

**THE IMPACT OF
AGRICULTURE-RELATED
WTO AGREEMENTS ON THE
DOMESTIC LEGAL
FRAMEWORK OF THE
REPUBLIC OF KAZAKHSTAN**

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**FAO
LEGAL PAPERS
ONLINE #57
June 2006**

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EXECUTIVE SUMMARY

Kazakhstan is about to complete negotiations to accede to the World Trade Organization (WTO). The accession process is leading to a number of significant changes in the agricultural sector. Among other things, accession requires major changes to the legal framework for agriculture. This paper analyses the implementation of WTO requirements in Kazakhstani laws affecting trade in agricultural goods, and assesses the scope for further improvement.

Kazakhstan's *Laws On Trade and On Regulation of Agriculture* provide the general framework for state regulation of the agricultural sector. These laws are not in conflict with WTO requirements, but they could do more to draw the implementers' attention to the relevance of WTO rules for state regulation of agriculture.

An examination of the *Customs Code*, the *Law On Land*, and related implementing legislation leads to the conclusion that Kazakhstan has made considerable steps towards lowering customs tariffs and fulfilling WTO requirements with regard to its general regulatory framework relevant to agriculture. Among the issues still to be resolved are an alcohol import licensing scheme, the status of the customs union with several CIS-states including Russia, and some customs procedure details.

Kazakhstan's legislation on animal and plant health, and food safety incorporates many of the principles stipulated by the WTO's *Agreement on Sanitary and Phytosanitary Measures*, but needs further elaboration in order to create a comprehensive framework ensuring implementation of all requirements. Provisions on the principles of necessity and least-trade-restrictiveness under all laws need to be revisited; other major deficiencies include language on risk assessment and international standards. Furthermore, some restrictions imposed upon imported goods seem to go beyond what is necessary to exercise effective sanitary and phytosanitary control. Legislation on technical standards and implementation of regulative transparency appear to implement the WTO's *Agreement on Technical Barriers to Trade* quite comprehensively.

Kazakhstan has considerably increased state intervention in the agricultural sector over the last years. While the total amount of support to agricultural production is still low by international standards, Kazakhstani agricultural policy includes a broad variety of support programmes to farmers, which are subject to reduction under the WTO's *Agreement on Agriculture*. This applies for example to tax breaks, input subsidies, machinery modernization, short term liquidity support, crop insurance support, and transport subsidies. The activities of the *State Food Contract Corporation* and *Malonimderi-Corporation* also include domestic support subject to reduction. SFCC's and *Malonimderi's* trading activities further raise some issues of incompatibility with GATT Art. XVII, on State Trading Enterprises. It is important to consider the entire range of support measures when drawing up WTO support reduction commitments, in order to engage in realistic commitments. Furthermore, several support programmes could be re-designed so as to meet conditions for exemption from reduction commitments under the WTO Green Box.

Kazakhstan's *Law On Selection Achievements* seems to be in compliance with the WTO's *Agreement on Trade-Related Aspects of Intellectual Property*, but Kazakhstan might want to take into account further, concerns of access to genetic resources intrinsically linked to plant variety protection.

As Kazakhstan intends to boost agricultural export and to increase self sufficiency in higher value agricultural goods and foodstuffs, WTO requirements and international standards are likely to be a continuous determinant of Kazakhstani agricultural policies. While the ultimate aim will usually be the implementation of an environment which is non-discriminatory and propitious to economic activities in the agricultural sector, a sound legal framework can contribute in various ways to achieve that objective.

