Kazakhstan’s economic freedom score is 65.4, making its economy the 59th freest in the 2019 Index. Its overall score has decreased by 3.7 points because of a steep decline in the score for fiscal health. Kazakhstan is ranked 12th among 43 countries in the Asia–Pacific region, and its overall score is above the regional and world averages.

Kazakhstan has a growing labor force and considerable development potential, but the poor business environment, weak competition in some sectors, and long distances to global markets remain significant constraints. Growth in recent years has been driven largely by expansion of the extractive sector and high commodity prices, which have supported growth in consumption and government spending. The government has made little progress on its policy priority of diversifying industrial production away from mining. Investors remain concerned about corruption, bureaucracy, and arbitrary law enforcement, especially at the regional and municipal levels.

**ECONOMIC FREEDOM SCORE**

**65.4**  
(▼ DOWN 3.7 POINTS )

**REGIONAL AVERAGE**  
60.6  
**WORLD AVERAGE**  
60.8

**RELATIVE STRENGTHS:** Tax Burden and Labor Freedom  
**HISTORICAL INDEX SCORE CHANGE (SINCE 1998):**  
+23.7  
**CONCERNS:** Government Integrity and Fiscal Health

**FREEDOM TREND**

**QUICK FACTS**

**POPULATION:** 18.2 million  
**GDP (PPP):** $477.6 billion  
4.0% growth in 2017  
5-year compound annual growth 3.3%  
$26,252 per capita

**UNEMPLOYMENT:** 4.9%  
**INFLATION (CPI):** 7.4%  
**FDI INFLOW:** $4.6 billion  
**PUBLIC DEBT:** 21.2% of GDP

**BACKGROUND:** A vast semi-arid steppe, Kazakhstan was once the largest Soviet Republic. President Nursultan Nazarbayev, whose rule began in 1989 when Kazakhstan was still in the Soviet Union, won a sixth five-year term in 2015. Kazakhstan joined the Russia-backed Eurasian Economic Union in 2015 and has been gradually recovering from a 2014–2015 economic slowdown. Kazakhstan’s vast hydrocarbon and mineral reserves, especially in the Caspian Basin, form the backbone of its economy. Kazakhstan is the world’s largest producer of uranium and also has a large agricultural sector featuring livestock and grain.

2017 data unless otherwise noted. Data compiled as of September 2018.
Property rights are not protected effectively, although the government has somewhat improved contract enforcement by introducing suggested time limits for court proceedings and improving the system for resolution of property disputes. The judicial system is subject to political influence. Corruption is widespread, political opponents are subject to arrest, and the politically well-connected are sometimes able to act with impunity.

The flat personal income tax rate is 10 percent, and the standard corporate tax rate is 20 percent. The overall tax burden equals 12.8 percent of total domestic income. Over the past three years, government spending has amounted to 23.3 percent of the country’s output (GDP), and budget deficits have averaged 6.0 percent of GDP. Public debt is equivalent to 21.2 percent of GDP.

The regulatory framework has undergone a series of reforms. The private sector faces fewer constraints, although there is still much room for reform. Labor regulations are relatively flexible, facilitating the development of a more dynamic labor market. Kazakhstan is subsidizing renewable energy with the goal of meeting 10 percent of its needs by 2030 and continues to subsidize water, agriculture, wheat transportation, and electricity.

The combined value of exports and imports is equal to 60.3 percent of GDP. The average applied tariff rate is 2.5 percent. As of June 30, 2018, according to the WTO, Kazakhstan had 35 nontariff measures in force. Foreign investment in some sectors is restricted, and state-owned enterprises distort the economy. About 66 percent of adult Kazakhs have access to an account with a formal banking institution. Nonperforming loans remain a problem.