



AMERICAN CHAMBER OF COMMERCE

IN KAZAKHSTAN

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10 December 2001

VIA FACSIMILE and COURIER

The Honorable Donald L. Evans
Secretary of Commerce
US Department of Commerce, Room 5858
14th Street and Constitution Ave., N.W.
Washington, DC 20230

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Attn: Albert Hsu and George Smolik

**Re: Comments on the Requests for Market Economy Status for the
Republic of Kazakhstan (Case No.: A-834-807)**

Dear Mr. Secretary:

On behalf of the American Chamber of Commerce in Kazakhstan, I would like to offer our full support for the reclassification of Kazakhstan to market economy status in accordance with the six determining criteria of the Tariff Act of 1930, Section 771(18)(B), as amended.

In Kazakhstan, the American Chamber of Commerce takes a proactive interest in Kazakhstan's legislative changes and provides a forum for investors of all sizes to raise their concerns and successes alike.

Our members' collective experiences clearly demonstrate Kazakhstan's success in moving from a Soviet to a market economy. The Government, as a whole, is open to mutual dialogue and has adopted many of the most important international business standards.

In our opinion, reclassifying Kazakhstan to market economy status could only serve to further improve upon the impressive foundation that Kazakhstan has established in a remarkably short time.

Specifically, we address below the six criteria upon which the Tariff Act of 1930, Section 771(18)(B) relies:

1 – Currency Convertibility

The National currency of Kazakhstan, the Tenge, has been freely convertible since 1996. The Central Bank has implemented sound macroeconomic policies,

which have helped stabilize the Tenge since it was floated in April 1999. The currency legislation has continued to preserve foreign investors rights to operate in any currency and repatriate profits accordingly. It is worth noting that currency convertibility and stability is one important reason that some significant American investors have relocated from neighboring post-Soviet countries to Kazakhstan. The National Bank is moving toward capital account convertibility and proceeded this year with a currency repatriation program, which should bolster confidence in the free movement of capital.

2 – Wage Rates

Wages are independently determined between workers and management. Most companies offer competitive wages, which approach Western standards for qualified local specialists. In addition to cash wages, many companies (domestic and foreign) have begun to focus on non-cash benefits such as health plans, retirement plans and other compensation schemes. One major American investor has initiated a private pension – one of the first of its kind in Kazakhstan – demonstrating the sophistication of employee rights and compensation.

3 – Joint Ventures and Foreign Investment

Western investment has been encouraged since independence, and foreign (specifically US) investment has continued to climb in Kazakhstan. At the current time, Kazakhstan legislation provides for stability and certain specific privileges for foreign investors.

4 – Means of Production

Most significant enterprises, including utilities, have been privatized and a significant share of the economy is in private hands. While major large-scale privatization has slowed, privatization of enterprises (particularly small and medium size firms) continues. State ownership of enterprises is increasingly limited to those industries and/or entities considered to be of strategic importance. The Government has implemented a number of programs to support small to medium size enterprises, and the past three to four years have seen measurable increase in the number of successful small businesses, particularly in the service industries.

5 – Government Control of Resources, Price, and Output

Market forces currently dictate price and output in virtually every sector of the economy, although the Kazakh Government maintains price control on natural monopolies. The US Government and other donors are providing assistance to

the Kazakh Government in order to improve the regulation of prices/tariffs in these sectors.

6 – Other Factors

In the ten years since declaring its independence, Kazakhstan has demonstrated significant effort and made measurable progress in moving towards a market economy. In the region, Kazakhstan currently has the strongest economy and the lowest unemployment.

Kazakhstan has prided itself on its strides to develop a working legislation to support the change in economic ideology. Recently, the pace of legislative change has slowed down, with some indication that future amendments will be more comprehensive and better orchestrated. One example of Kazakhstan's determination towards legislative stability is its commitment, embodied within the adoption of a new tax code, to limit amendments to no more than one per year.

Another area in which the collective business and investment communities continue to focus is transparency – legislative and administrative. Although this term is widely used and frequently misused, Kazakh Government officials are conscious of the need to increase investor confidence in the reliability of the judicial, legislative, and administrative procedures.

While it is difficult to adequately address all issues in one letter, the American Chamber of Commerce in Kazakhstan would summarize by stating our full support for Kazakhstan to be identified as a market economy. Market economy status would recognize the significant political and economic reforms made over the past decade.

The Chamber and its members are available should you or your staff has any questions or wishes to discuss in more detail the Chamber's views regarding the Kazakhstan business and investment climate. Please do not hesitate to contact me at +7 (3272) 980-615 or via the Chamber's e-mail at amcham@nursat.kz.

Sincerely yours,



Courtney Fowler
President
American Chamber of Commerce
Almaty, Kazakhstan

cc: Mr. Larry Napper, U.S. Ambassador to Kazakhstan

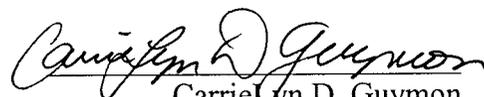
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FROM KAZAKHSTAN

A-834-807

PUBLIC CERTIFICATE OF SERVICE

I, CarrieLyn D. Guymon, hereby certify that a copy of the attached submission was served via first class mail, postage prepaid, on this 10th day of December, 2001, on the following party:

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CarrieLyn D. Guymon