property) had the right to conduct foreign economic activity without special registration, with the exception of the export of some goods of governmental significance (e.g. oil, gas, coal, rolled steel, grain, cotton, and wool). In practice, this means that Western investors must register with the Ministry of Finance and the Ministry of Foreign Economic Relations.

The most significant features of this body of legislation from the point of view of the foreign partner are:

1. Foreign legal persons may engage in joint ventures at any share of ownership, or may operate as fully owned subsidiaries of foreign firms.

2. Foreign legal persons have the same rights and obligations as Kazakh persons, except for areas defined by the laws and international treaties of Kazakhstan (e.g. free economic zone privileges and tax holidays — see below).

3. Foreign investment is permitted in any sphere of economic activity, except for the production of goods of direct military significance.

4. There is a 25 per cent tax on the profits of joint ventures. However, with the exception of the natural resource and fishing industries, joint ventures are exempt from tax on profits for the first two years of profitable production. Joint ventures involved in consumer goods production, agricultural development, biotechnology, electronics, and the copper industry are entitled to a five-year tax holiday and to a 50 per cent reduction in tax in profits for another five years.

5. Nationalization of foreign property is prohibited.

Although this is an impressive and liberal body of legislation, it corresponds only loosely to economic reality. Much has yet to be worked out with regard to the constitutional division of powers between the centre and other levels of government. Projects can be and are blocked or delayed at the national, regional, and local levels. Decision-making authority seems to be distributed informally among office holders, with little indication for outsiders as to who has the power to decide and to make it stick. Formal institutions are paralleled and perhaps eclipsed in significance by informal networks of influence and family and clan ties. The upshot is that while the investment regime on paper is quite liberal, success in the endeavour to arrange joint-venture investment requires considerable patience and persistence to ascertain what the lay of the land really is.