MEETING MINUTES

OECD KAZAKHSTAN MINING COMPETITIVENESS PROJECT

Fifth meeting of the Working Group

21 June 2016
Rixos President Hotel
Astana, Kazakhstan
Participants

Chair

- Mr. Albert Rau, Vice-Minister of Investments and Development

Ministry of Investments and Development

- Mr. Azamat Shalabayev, Deputy Director
- Ms. Danagul Adamyshina, Head of division
- Ms. Dinara Abdualiyeva, Expert, Department of subsoil use
- Ms. Dostan Salimbayev, Head of division

Private sector

- Mr. Daniyar Muratuly, Managing partner, Legat Consulting
- Mr. Diyar Yereshev, Partner, OlympexAdvisers
- Mr. Dmitriy Sukhanov, Head of division, Eurasia Group
- Mr. Makset Taubayev, BD director, Fluor
- Mr. Ramil Dissembayev, Senior manager, Eurasia Group
- Mr. Sergei Vataev, National partner, Dechert
- Mr. Timur Odilov, Associate, White&Case
- Ms. Larissa Mamikonyan, Director for legal monitoring, Eurasia Group
- Ms. Roza Sautova, Paralegal, OlympexAdvisers
- Ms. Saule Bukharbayeva, Senior Lawyer, KazMinerals

Other Institutions:

- Mr. Baubek Toktagazin, Expert analyst, Republican Association of Mining and Metallurgical Enterprises
- Mr. Dastan Tleubekov, Head of division, Ministry of energy
- Mr. Maxim Kononov, Deputy executive director, Republican Association of Mining and Metallurgical Enterprises
- Mr. Talgat Temirkhanov, Department director, Republican Association of Mining and Metallurgical Enterprises
- Mr. Yerbol Zakariyanov, Deputy executive director, Republican Association of Mining and Metallurgical Enterprises
- Ms. Moldir Tuyakbayeva, Geologist, Kazgeology JSC

International Organisations / Other countries

- Mr. Adam Barbolet, Senior Trade Commissioner and Vice-Consul, Embassy of Canada to Kazakhstan
- Mr. Dmitriy Kalmykov, Expert, GIZ
- Mr. Konstantin Kim, Expert, GIZ
- Ms. Robyn Camp, Deputy Chief of Party and Carbon Market Specialist, Kazakhstan Climate Change Mitigation Program (KCCMP)

OECD

- Mr. Jean-François Lengellé, Project Manager, Kazakhstan Mining Competitiveness project, OECD Eurasia Competitiveness Programme
- Mr. Miguel Castro, Project Co-ordinator, Kazakhstan Mining Competitiveness project, OECD Eurasia Competitiveness Programme
- Ms. Ana Deligny, Policy Analyst, Kazakhstan Mining Competitiveness project, OECD Eurasia Competitiveness Programme
- Ms. Ana Eliseeva, Policy Analyst, Kazakhstan Mining Competitiveness project, OECD Eurasia Competitiveness Programme

OECD EURASIA Competitiveness Programme
• Mr. Dan Devlin, Senior Economist – Natural resources taxation, Tax and Development Programme, Centre for Tax Policy and Administration, OECD
• Mr. Krzysztof Michalak, Senior Programme Manager, Environmental Governance and Financing, Environmental Directorate, OECD
• Ms. Mikaela Rambali, Policy Analyst, Environmental Governance and Financing, Environmental Directorate, OECD
• Mr. Ilyas Iskakov, Local consultant in Kazakhstan
## Detailed agenda
**Tuesday, 21 June 2016**

### Part I  
**Introductions**

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| 10.00–10.10 | Welcome by:  
  - Mr. Albert Rau, Vice-Minister of Investments and Development          |
| 10.10–10.20 | Introduction and update on the project activities by:  
  - Mr. Jean-François Lengellé, Project Manager, OECD Eurasia Competitiveness Programme |

### Part II  
**Highlights on taxation regimes in mining industry**

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| 10.20–10.50 | Key points on the capacity building seminar: Taxation regimes in mining industry, with a focus on the mineral-rich OECD countries  
  - Mr. Dan Devlin, Senior Economist – Natural resources taxation, Tax and Development Programme, Centre for Tax Policy and Administration, OECD |

### Part III  
**Environmental payments in the mining industry**

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| 10.50–12.00 | Overview of environmental payments for regulating mining activities and operations in a fair and sustainable approach  
  - Mr. Krzysztof Michalak, Senior Programme Manager, Environmental Governance and Financing, Environment Directorate, OECD  
  - Remarks from the Ministry of Energy  
  - Open discussion |
| 12.00–13.00 | Lunch break |

### Part IV  
**Environmental payments in the mining industry in local and international context**

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| 13.00–13.20 | Presentation of the local context and introduction to the existing framework in Kazakhstan  
  - Republican Association of Mining Enterprises  
  - Kazakhstan Business Council for Sustainable Development |
| 13.20–14.50 | Overview of environmental payments and the application of the Emission Trading System in Kazakhstan  
  - Mr. Dmitry Kalmykov, Expert, Deutsche Gesellschaft für Internationale Zusammenarbeit: Reform of environmental taxation and other economic instruments in environmental policies in Kazakhstan  
  - Mr. Sergei Vataev, Dechert Kazakhstan: Environmental liability in the mining and |
oil and gas sector in Kazakhstan

- Ms. Robyn Camp, Deputy Chief of Party and Carbon Market Specialist, Kazakhstan Climate Change Mitigation Program (KCCMP): Progress and challenges in implementing the GHG Emissions Trading Scheme in Kazakhstan (KazETS)

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<th>Part V</th>
<th>Discussion and conclusions</th>
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<td>14.50 – 15.10</td>
<td>Discussion on potential recommendations and ways forward</td>
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<td>15.10 – 15.15</td>
<td>Concluding remarks</td>
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Key decisions and next steps

The Working Group meeting presented the highlights on the capacity building seminar on taxation regimes in the mining industry organised on Monday, 20 June 2016; and focused on the environmental payments in the mining industry, by presenting the subject in a local and international framework. The Working Group benefited from the experience of OECD experts, representatives of the private sector, business associations, governmental agencies and international organisations participating in the meeting.

The analysis provided was based on OECD member countries’ practice case studies.

The following decision points were addressed:

1) Continue to adopt and integrate OECD good practices on taxation in the mining sector in Kazakhstan.

(a) Ensure a transparent regulatory framework and provide for reform predictability with respect towards tax administration.

(b) Provide high quality information on the tax legislation and the legislative updates.

(c) Regularly review and improve the tax administration system with aim to an alignment to good international practices.

2) Promote environmental responsibility and further encourage cross-sector dialogue to adopt a sustainable use of resources through the effective use of environmental charges in line with OECD good practices.

(a) Open a dialogue to refine the mine site reclamation guarantees with the purpose of including provisions for financial guarantees for the rehabilitation of mine sites in the Subsoil and Subsoil use Code and align appropriately the extending provisions included in other regulatory sources.

(b) Review the Integrated environmental permit principles and evaluate possible areas for improvement in line with good international practice.

(c) Analyse good international practice in the field of redistribution of state income from environmental payments from mining activities.

3) Discuss additional topics for further analysis in the framework of this project.

(a) In addition to discussing the above elements, the working group agreed to consider additional topics for further analysis including tentatively:

i) Voluntary environmental compliance in mining
ii) Land rights allocation and land owners’ rights of disposition, possession and use of subsoil
iii) Waste management regulation and effective mine closure

The OECD will work together with the Ministry of Investment and Development on a work plan for addressing these topics until December 2016, with the involvement from OECD member country experts and in consultation with the local governmental, private and non-governmental sector representatives as relevant.