

On the defense industry and the state defense order

Unofficial translation

The Law of the Republic of Kazakhstan dated March 18, 2019 No. 236-VI.

Unofficial translation

This Law regulates social relations in the field of the defense industry, the state defense order, as well as some issues relating to the turnover of weapons and military equipment.

Chapter 1. GENERAL PROVISIONS

Article 1. Basic concepts used in this Law

The basic concepts used in this Law are as follows:

1) military-related works – an activity relating to the design, construction, overhaul of defense facilities, the development, production (assembly), overhaul, modernization of weapons, military, automotive and special equipment, technical and special means, information, telecommunications and geo-information systems, automated control systems, as well as scientific research and another activity related to the support of defense, security and law and order in the state, the result of which is tangible;

2) domestic supplier of military-related works and military-related services (hereinafter referred to as the domestic supplier of works, services) - a legal entity that is a resident of the Republic of Kazakhstan, able to perform military-related works and render military-related services meeting the quality requirements;

3) military-related services - activities related to technical and regulated maintenance, technical examination and diagnostics, technical support, maintenance and repair of weapons, military, automotive and special equipment, technical and special means, sale, liquidation through destruction, disposal, burial and processing of unused property, as well as scientific research and other activities related to ensuring defense, security and legal order in the state that do not have a tangible result;

4) military goods (products) - weapons, military, automotive and special equipment, technical and special means, clothing and special property, documentation, objects of intellectual property, equipment for the production, testing of military goods (products), components and spare parts for the specified goods (products);

5) domestic producer of military goods (products), dual-use (application) goods (products) (hereinafter referred to as the domestic producer of goods) - a legal entity that is a resident of the Republic of Kazakhstan and has production facilities in the Republic of Kazakhstan required for the production of military goods (products), dual-use (application) goods (products) meeting the quality requirements;

6) military representative offices – stand-alone structural units of the Ministry of Defense of the Republic of Kazakhstan housed by organizations, regardless of forms of ownership, to carry out quality control and to accept supplied military goods (products), dual-use (application) goods (products), military-related works performed and military-related services rendered for the purpose of a state defense order;

7) military equipment - combat vehicles, warships (boats and naval auxiliary vessels), military aircraft, as well as ships (boats and other vessels), aircraft and other flying machines, with which the Armed Forces of the Republic of Kazakhstan, other troops and military units, special state and law enforcement bodies of the Republic of Kazakhstan are equipped;

8) military technical assistance (technical assistance) - providing (receiving) weapons, military equipment and other military goods (products), dual-use (application) goods (products), military-related works and military-related services, as well as services for technical support, training of specialists on a gratuitous or another preferential basis to a foreign state (from a foreign state, international organization);

9) military-technical cooperation – an activity in the field of international relations aimed at meeting the needs of military organizations of states, and also supporting and (or) developing their defense industry;

10) entities of military-technical cooperation - state bodies, as well as legal entities entitled to a relevant type of activity in relation to military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services in accordance with the legislation of the Republic of Kazakhstan;

11) entities of research and (or) scientific and technological activities - legal entities carrying out research and (or) scientific and technological activities, the requirements for which are established by the rules for organizing and conducting research for the purpose of a state defense order;

12) modernization - a set of works resulting in the change of certain performance components of weapons, military, automotive and special equipment, technical and special means without altering their main purpose, involving the replacement of obsolete models, technical means and components used in them with new, more modern ones (or using new technical solutions), aimed at improving performance characteristics of a model;

13) repair - a set of operations aiming to restore the health or serviceability, to eliminate the causes of failure and to restore the operational life of mechanisms, components or their parts of weapons, military, automotive and special equipment, technical and special means;

14) weapons - various types of weapons, complexes and systems designed to destroy personnel, equipment and infrastructure, to damage buildings (fortifications), simulators of these components, ammunition, as well as systems, devices, carriers and tools;

15) the turnover of weapons and military equipment - development, production, repair, purchase and sale, assembling, commissioning, modernization, installation, use, storage, repair and maintenance, transfer, liquidation through destruction, upcycling, burial and

processing, importation into and exportation from the Republic of Kazakhstan of weapons and military equipment;

16) the defense industry - an industry operating to ensure the production of military goods (products), dual-use (application) goods (products), the performance of military-related works and rendering of military-related services in order to build the capacity of the defense-industrial base;

17) the capacity of the defense-industrial base - the ability of domestic producers and domestic suppliers of works, services to perform tasks to satisfy the needs of the Armed Forces of the Republic of Kazakhstan, other troops and military units, special state and law enforcement bodies of the Republic of Kazakhstan in military goods (products), dual-use (application) goods (products), military-related works and military-related services, and also to fulfill foreign customers' orders;

18) the military-industrial complex - an integral part of the state's military establishment, including a set of legal entities, regardless of forms of ownership, whose social relations arise in the field of the defense industry;

19) the military-industrial complex entities - domestic producers of goods and domestic suppliers of works, services licensed in the field of the turnover of weapons and military equipment;

20) modernization of the military-industrial complex entities - a set of works on technical re-equipment of production, application and introduction of new technologies enabling to increase production efficiency, expand the range of manufactured military goods (products), including the creation of new types of weapons and military equipment and rendering of military-related services;

21) dual-use (application) goods (products) - products and technologies used for civilian purposes, which can be used or subsequently repurposed and used as military goods (products);

22) a state defense order - a legal act of the Government of the Republic of Kazakhstan approving a list (nomenclature) of military goods (products), dual-use (application) goods (products), military-related works and military-related services purchased for defense needs, for ensuring security and law and order in the state, the activity of special state and law enforcement bodies of the Republic of Kazakhstan, for the state material reserve, mobilization, the space activity, and implementation of international treaties and commitments by the Republic of Kazakhstan;

23) a state defense order recipient - a central executive body, a state body directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments applying for the purchase of military goods (products), dual-use (application) goods (products), military-related works and military-related services, which are part of a state defense order, and receiving such goods (products), works, services;

24) the register of domestic producers of military goods (products), dual-use (application) goods (products) and domestic suppliers of military-related works and military-related services within the framework of a state defense order (hereinafter referred to as the register) - a list of legal entities, regardless of forms of ownership, producing military goods (products), dual-use (application) goods (products), performing military-related works and rendering military-related services, which meet qualification requirements;

25) a state defense order contractor - an authorized organization and a legal entity fulfilling a state defense order;

26) scientific researches within the framework of the state defense order (hereinafter - scientific researches) - applied and fundamental scientific researches, scientific-research, development and technological work in the field of creating new models of weapons, military equipment, technical and special means, modernization of weapons and military equipment being on supply, aimed at increasing the defense capability and ensuring the national security of the state;

26-1) scientific-research work within the framework of the state defense order - work related to scientific research, conducting researches, experiments in order to expand existing and obtain new knowledge in the field of creating new models of weapons, military equipment, technical and special means, modernization of models of weapons and military equipment being on supply, aimed at increasing the defense capability and ensuring the national security of the state;

26-2) design and experimental works within the framework of the state defense order - a set of works performed during the creation (modernization) of weapons and military equipment, technical and special means, development or, in agreement with the recipient of the state defense order, modification or adjustment of design and technological documentation for prototypes of weapons and military equipment, technical and special means, their production and testing;

26-3) prototype within the framework of the state defense order - a sample of goods (products) for military purposes, goods (products) of dual-use (application), manufactured during design and experimental works on a newly developed, modified or adjusted (for modernization purposes) of design and technological documentation to verify by testing the compliance of such a sample with the tactical and technical specifications (technical specifications, tactical and technical characteristics) for carrying out development works within the framework of the state defense order, the correctness of the technical decisions made, as well as determining the possibility of adoption and subsequent transfer to mass production;

27) liquidation of assets - the state-controlled activity on destruction, upcycling, burial of unused assets;

28) upcycling of assets - bringing unused assets into a condition disabling their combat properties or use as intended, and also their dismantling for subsequent use of components;

- 29) burial of assets - isolation of unused assets not subject to further use in specially designated places in order to prevent the ingress of hazardous substances in the environment;
- 30) processing of assets - bringing unused assets into a condition disabling their use as intended, extracting raw materials or other materials to be later used in the production (manufacture) of goods or other products, and also changes in their characteristics to facilitate their handling, reduce their amount or decrease hazardous characteristics;
- 31) destruction of assets - complete cessation of existence of unused assets;
- 32) ammunition - weapons components intended exclusively for the destruction of personnel, equipment and infrastructure, for the damage of buildings (fortifications), and also these components' simulators;
- 33) unused assets - decommissioned, unfit for use as intended, written off, with expired warranty storage periods in stocks, not used excess military property of the Armed Forces of the Republic of Kazakhstan, other troops and military units, except for defense facilities, and deactivated, unfit for use as intended, written off, with expired warranty storage periods in stocks, not used excess weapons, military equipment, special means, personal defense equipment, radiation, chemical and biological protection property, special purpose vehicles, special technical means, technical means of special state and law enforcement bodies of the Republic of Kazakhstan;
- 34) regulated maintenance - periodic maintenance of weapons, military, automotive and special equipment, technical and special means after a certain period of their running, operation or an interval indicated in operating instructions, to maintain their performance or serviceability during their service (operational) life;
- 35) technical inspection and testing - a set of measures aimed at identifying faults, defects in order to assess the technical condition of weapons, military, automotive and special equipment, technical and special means and to develop proposals for their further operation, repair or modernization;
- 36) technical means - means, systems, complexes, devices intended for the use, maintenance, repair of weapons, military and special equipment, and their storage, training and logistics support, communications, optical and electro-optical instruments, means of protecting state secrets, electronic warfare, radio-technical and radio-electronic reconnaissance, as well as technical security equipment ensuring security (surveillance), defense (anti-sabotage defense) of defense and other protected objects;
- 37) maintenance - a set of measures to maintain and restore the technical readiness of weapons, military, automotive and special equipment, technical and special means between overhauls when used as intended, during their storage and transportation, the need for which is determined by their technical condition;
- 38) the authorized body for the defense industry and the state defense order (hereinafter referred to as the authorized body) - the state body responsible for the management and inter-sectoral coordination in the field of the defense industry and the state defense order;

39) an authorized organization - a legal entity assigned by the Government of the Republic of Kazakhstan, importing military goods (products), dual-use (application) goods (products), military-related works and military-related services, engaged in the sale (including export), liquidation through destruction, upcycling, burial and processing of unused assets, except for ammunition, rendering services for property lease (rent) of unused defense facilities, participating in international defense industry exhibitions and organizing them in the Republic of Kazakhstan.

Footnote. Article 1 as amended by the Law of the Republic of Kazakhstan dated March 31, 2021 No. 24-VII (shall be enforced ten calendar days after the day of its first official publication); dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 2. Legislation of the Republic of Kazakhstan on the defense industry and the state defense order

1. The legislation of the Republic of Kazakhstan on the defense industry and the state defense order is based on the Constitution of the Republic of Kazakhstan, consists of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international treaty ratified by the Republic of Kazakhstan establishes rules other than those contained in this Law, the rules of the international treaty shall apply.

Chapter 2. STATE REGULATION IN THE FIELD OF THE DEFENSE INDUSTRY AND THE STATE DEFENSE ORDER

Article 3. State regulation in the field of the defense industry and the state defense order

State regulation in the field of the defense industry and the state defense order includes:

- 1) development of state policy in the field of the defense industry and the state defense order;
- 2) development of main directions of the state policy in the field of military-technical cooperation;
- 3) legal regulation;
- 4) planning and implementation of measures for the development of the military-industrial complex;
- 5) protection of information constituting state secrets and other law-protected secrets, provision of information security;
- 6) scientific development in the field of national security and defense;
- 7) coordination of the activities of state bodies and the military-industrial complex entities ;
- 8) international cooperation;
- 9) regulation of the turnover of weapons and military equipment;
- 10) other activities in the field of the defense industry and the state defense order in accordance with the legislation of the Republic of Kazakhstan.

Article 4. Major goals of the state policy in the field of the defense industry and the state defense order

Major goals of the state policy in the field of the defense industry and the state defense order are as follows:

- 1) creation of effective system of the military-industrial complex;
- 2) provision of the Armed Forces of the Republic of Kazakhstan, other troops and military units, special state and law enforcement bodies of the Republic of Kazakhstan with modern military goods (products), dual-use (application) goods (products), military-related works and military-related services;
- 3) use of scientific and technological and industrial capacity of the military-industrial complex entities in civilian industries;
- 4) ensuring the creation of modern types of weapons, military and special equipment to enhance and strengthen the defensive power, security and law and order in the state;
- 5) support and further development of export potential of the military-industrial complex entities;
- 6) development of applied scientific research and development work and their further commercialization.

Footnote. Article 4 as amended by the Law of the Republic of Kazakhstan dated March 31, 2021 No. 24-VII (shall be enforced ten calendar days after the day of its first official publication).

Article 5. Powers of the Government of the Republic of Kazakhstan in the field of the defense industry and the state defense order

The Government of the Republic of Kazakhstan:

- 1) develops main directions of the state policy in the field of the defense industry and the state defense order;
- 2) makes decisions on the establishment, reorganization and liquidation of the Republic's state institutions, the defense-industrial complex entities, as well as organizations engaged in conducting research and (or) scientific and technological activities;
 - 2-1) makes decisions on the privatization of organizations of the military-industrial complex in compliance with the requirements provided for in paragraphs 3-1 and 3-2 of Article 98 of the Law of the Republic of Kazakhstan "On State Property";
- 3) makes decisions on the creation, reorganization and liquidation of the development fund for the military-industrial complex set up to financially support domestic scientific and technical developments and modernization of the military-industrial complex entities;
- 4) sets up the Defense Scientific and Technical Commission for Scientific Research (hereinafter referred to as the Defense Scientific and Technical Commission) and approves the regulations on it, and also its composition;
- 5) assigns an authorized organization;

6) approves the rules for the formation, placement and execution of the state defense order ;

7) approves the pricing rules for military goods (products), dual-use (application) goods (products), military-related works and military-related services within a state defense order;

8) approves a state defense order as advised by the authorized body;

9) approves the rules for on-site control over observance of quality requirements to a state defense order fulfilled by organizations regardless of forms of ownership;

10) organizes control over the turnover, including export and import, of weapons and military equipment, strategic materials, advanced technologies and military goods (products), dual-use (application) goods (products);

11) approves the rules for the turnover of weapons and military equipment;

11-1) adopts the regulations for the transfer of property between law enforcement and special government authorities, the Armed Forces of the Republic of Kazakhstan, other troops and military formations during a state of emergency or martial law throughout the territory of the Republic of Kazakhstan and in certain areas thereof;

12) approves the rules for transfer, sale, liquidation through destruction, upcycling, burial and processing of unused assets, and also for property lease (rent) of unused defense facilities ;

13) excluded by the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication).

Footnote. Article 5 as amended by Law of the Republic of Kazakhstan No. 136-VII of 11.07.2022 (shall be put into effect sixty calendar days after the date of its first official publication); dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication); dated 23.12.2023 No. 51-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 6. Functions of the authorized body

The authorized body:

1) forms and implements the state policy in the field of defense industry and the state defense order;

2) participates in implementation of a unified military-technical policy and state policy in the field of industrial safety;

3) organizes and carries out interaction with the Armed Forces of the Republic of Kazakhstan, other troops and military units, special state and law enforcement bodies of the Republic of Kazakhstan in the field of the defense industry and the state defense order;

4) participates in current and future planning of ensuring defense needs, security and law and order in the state with necessary types of weapons, military, automotive and special equipment, technical and special means;

5) carries out military-technical cooperation;

6) organizes and carries out interaction with central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments in the field of military-technical cooperation;

7) arranges and holds events aimed at building the capacity of the defense-industrial base;

8) is in charge of the activity of subordinate organizations, and also trust management organizations;

9) makes decisions and determines the procedure for granting measures of state support for the defense-industrial complex entities;

10) makes a proposal to be included in a state educational order on the list of specialists required by the military-industrial complex, taking into consideration the results of the military-industrial complex entities' monitoring of current and future needs for qualified human resources;

11) develops and approves the rules for certification of and issuance of a certificate to an organization maintaining and repairing state aviation equipment;

12) develops and approves certification requirements for organizations maintaining and repairing state aviation equipment;

13) develops the rules for the turnover of weapons and military equipment;

13-1) elaborates regulations for the transfer of property between law enforcement and special government authorities, the Armed Forces of the Republic of Kazakhstan, other troops and military formations during a state of emergency or martial law throughout the territory of the Republic of Kazakhstan and in certain areas thereof;

14) draws up the list of entities entitled to use weapons and military equipment;

15) exercises state control over the turnover of weapons and military equipment, except for the case specified in subparagraph 4) of Article 7 of this Law;

16) develops rules for the transfer, sale, liquidation through destruction, upcycling, burial and processing of unused assets, and also for property lease (rent) of unused defense facilities ;

16-1) develops and approves the rules for the organization of production activities of facilities for the disposal of ammunition and explosives, ensuring safety during these works and protection of facilities for the disposal of ammunition and explosives;

17) manages unused assets and makes decisions on the transfer, sale and liquidation through destruction, upcycling, burial and processing of unused assets in the manner determined by the Government of the Republic of Kazakhstan, and on the transfer of unused assets as a contribution in kind to the authorized capital of limited liability partnerships or as payment for acquired shares of joint-stock companies;

18) carries out inter-sectoral coordination and control over implementation of a state defense order;

19) develops rules for the formation, placement and execution of a state defense order;

20) develops pricing rules for military goods (products), dual-use (application) goods (products), military-related works and military-related services within a state defense order in coordination with the anti-monopoly body;

21) forms, approves and maintains the register of domestic producers of military goods (products), dual-use (application) goods (products) and domestic suppliers of military-related works and military-related services of a state defense order in accordance with the rules for the formation, placement and execution of a state defense order;

22) selects a state defense order contractor, except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

23) forms a state defense order, submits it for approval to the Government of the Republic of Kazakhstan and communicates the tasks of the approved state defense order to state defense order contractors in accordance with the rules for the formation, placement and execution of a state defense order;

24) enters into an agreement on the fulfillment of a state defense order with a state defense order contractor, except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

25) provides funding for a state defense order, except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

26) decides on redistribution of budgetary funds within a state defense order, within the limits allocated for a planning period, in case of savings, reduction of or increase in a contract amount, extension of an agreement on the fulfillment of a state defense order, when budgetary funds within a state defense order are provided for in the budget of the authorized body;

27) provides state defense order recipients with military goods (products) and dual-use (application) goods (products), except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

28) ensures compliance of military goods (products), dual-use goods (products), military-related works, and military-related services purchased within the framework of the state defense order with the tactical and technical specifications (technical specifications, tactical and technical characteristics), when budget funds within the framework of the state defense order are provided for in the budget of the authorized body, in accordance with the rules for the formation, placement and implementation of the state defense order;

29) carries out inter-sectoral research coordination;

30) coordinates the implementation of military technology projects;

31) develops and approves the rules for organizing and conducting research within a state defense order in coordination with concerned central executive bodies, government bodies directly subordinate and accountable to the President of the Republic of Kazakhstan;

32) develops and approves the rules for examining scientific research within a state defense order in coordination with concerned central executive bodies, government bodies directly subordinate and accountable to the President of the Republic of Kazakhstan;

33) develops specialized scientific areas within a state defense order in coordination with concerned central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan;

34) sets up expert councils on specialized scientific areas within a state defense order (hereinafter referred to as expert councils), approves regulations on them and their composition in coordination with concerned central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan;

35) approves reports on completed scientific research, except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

36) develops and approves the rules for testing the results of developmental and technological works in coordination with concerned central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan;

37) participates in scientific research;

38) organizes the development of state-funded research and scientific and technological projects and manages and oversees their implementation;

39) develops and approves the rules for the development, coordination, approval, registration, recording, change, revision, cancellation and enactment of national military standards used for the needs of the Armed Forces of the Republic of Kazakhstan, other troops and military units;

40) develops, coordinates, approves, changes, cancels national military standards and keeps record of them;

41) exercises other powers provided for by this Law, other Laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 6 as amended by Law of the Republic of Kazakhstan No. 136-VII of 11.07.2022 (shall take effect sixty calendar days after the date of its first official publication); dated 19.04.2023 No. 223-VII (shall be enforced ten calendar days after the date of its first official publication); dated 16.10.2023 No. 33-VIII (for the order of enforcement see Art. 2).

Article 7. Functions of central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments in the field of the defense industry and the state defense order

The central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments:

1) participate in the formation and implementation of the state policy in the field of the defense industry and the state defense order;

2) participate in military-technical cooperation;

3) transfer military property inside a state body on the basis of an act of the chief executive officer of a state body in the manner established by the legislation of the Republic of Kazakhstan;

4) monitor the turnover of weapons and military equipment under their management;

5) decide to recognize assets as unused;

5-1) carry out the destruction of ammunition;

6) transfer unused defense facilities to the authorized state body for property management, except for cases provided for by the legislation of the Republic of Kazakhstan;

7) determine performance characteristics for new models and weapons and military equipment proposed for procurement;

8) select state defense order contractors and communicate tasks of an approved state defense order to them in cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

9) develops and approves, in agreement with the authorized body, a list of military goods (products), dual-use goods (products), military-related works, and military-related services provided for in subparagraphs 1-1), 2), 3), 7) and 12) part one of paragraph 2 of Article 19 of this Law, purchased within the framework of the state defense order;

10) within their competence, ensure the fulfillment of tasks of a state defense order;

11) organize and conduct state testing of prototypes of weapons, military and special equipment, technical and special means, prepare documentation for their introduction into service, equipment, supply and operation in accordance with the legislation of the Republic of Kazakhstan;

12) participate in the preparation of documents for introduction of prototypes of weapons, military and special equipment, technical and special means into service, equipment, supply and operation, in the reconciliation of design, technical and other documents for their mass production in accordance with the legislation of the Republic Kazakhstan;

13) accept prototypes of weapons, military and special equipment, technical and special means for their introduction into service, equipment, supply and operation;

14) develop, reconcile, participate in the development, amendment and abolition of national military standards in accordance with the legislation of the Republic of Kazakhstan;

15) exercise other powers provided for by this Law, other Laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 7 as amended by the Law of the Republic of Kazakhstan dated November 15, 2021 No. 72-VII (shall be enforced ten calendar days after the day of its first official publication); dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 8. Functions of an authorized organization

An authorized organization:

1) imports military goods (products), dual-use (application) goods (products), military-related works and military-related services required to meet defense needs, to ensure security and law and order in the state, and also the activities of special state and law enforcement bodies of the Republic Kazakhstan, for the state material reserve, mobilization, the space activity, save for the import of indicated goods (products), works and services by domestic goods producers and domestic suppliers of works, services for the purposes of production of goods (products), works and services to execute a state defense order;

2) sells (also exports) unused assets;

3) liquidates unused assets, except for weapons, through destruction, upcycling, burial and processing;

4) renders services for the property lease (rent) of unused defense facilities;

5) participates in military-technical cooperation;

6) promotes weapons and military equipment produced by the military-industrial complex on the international market;

7) participates in and holds international exhibitions, conferences, seminars, presentation events, demonstrations, testing of military goods (products), dual-use (application) goods (products), military-related works and military-related services;

8) cooperates with the central executive bodies, government authorities directly subordinate and accountable to the President of the Republic of Kazakhstan and their agencies on the implementation of the internal system of control of specific goods under the laws of the Republic of Kazakhstan in the sphere of control of specific goods;

9) invites non-state loans under state guarantees;

10) concludes suspensory loan agreements on the purchase and supply of military goods (products), dual-use goods (products), for the performance of military-related works and rendering of military-related services in the field of the defense industry within projects financed with private loans under a state guarantee with organizations specified in a loan agreement;

11) performs other functions provided for by the legislation of the Republic of Kazakhstan.

Footnote. Article 8 as amended by Law of the Republic of Kazakhstan No. 173-VII of 28.12.2022 (shall be put into effect upon expiration of sixty calendar days after its first official publication).

Chapter 3. THE MILITARY-INDUSTRIAL COMPLEX

Article 9. Functions of the military-industrial complex entities

The military-industrial complex entities:

1) participate in implementation of the state policy in the field of the defense industry and the state defense order;

- 2) produce military goods (products), dual-use (application) goods (products), perform military-related works and render military-related services;
- 3) ensure safe production of weapons and military equipment, control, accounting and safety of weapons and military equipment produced;
- 4) carry out the foreign trade activity in relation to produced, manufactured military goods (products), dual-use (application) goods (products), performed military-related works and rendered military-related services;
- 5) participate in implementation of measures aimed at building the capacity of the defense-industrial base;
- 6) work out the price of items of a state defense order;
- 9) develops and approves, in agreement with the authorized body, a list of military goods (products), dual-use goods (products), military-related works, and military-related services provided for in subparagraphs 1-1), 2), 3), 7) and 12) part one of paragraph 2 of Article 19 of this Law, purchased within the framework of the state defense order;
- 9) implement research and scientific and technological projects in the military-industrial complex, including the expansion, reconstruction and technical re-equipment of production;
- 10) conduct scientific research in accordance with the rules for organizing and conducting research within a state defense order;
- 11) develop and participate in the development of national standards in accordance with the legislation of the Republic of Kazakhstan;
- 12) monitor current and future needs for qualified human resources;
- 13) carry out activities stipulated by mobilization plans of the Republic of Kazakhstan;
- 14) perform other functions provided for by the legislation of the Republic of Kazakhstan.

Article 10. State support measures to an activity related to the defense industry

1. State support to an activity related to the defense industry is carried out by providing the military-industrial complex entities with financial, information and advisory support, support for human resources development, support for foreign economic activity, granting state preferences and providing other support measures established by this Law and other regulatory legal acts of the Republic of Kazakhstan.
2. Laws of the Republic of Kazakhstan may establish features of application of state support measures to an activity related to the defense industry.
3. State support measures to an activity related to the defense industry are applied with account of the need for:
 - 1) ensuring the readiness of the military-industrial complex entities for the development, production, repair and modernization of modern weapons and military equipment;
 - 2) creating industrial infrastructure for the production of modern weapons and military equipment;
 - 3) improving the procedures for the placement and execution of a state defense order;

4) increasing the efficiency of state property management in the military-industrial complex.

Article 11. Financial support for the military-industrial complex entities

1. The forms of providing financial support for the military-industrial complex entities shall not be contrary to the legislation of the Republic of Kazakhstan.

2. Financial support for the military-industrial complex entities is provided by:

1) developing proposals for lending by second-tier banks and other financial organizations ;

2) granting subsidies from the state budget and other sources not prohibited by the legislation of the Republic of Kazakhstan;

3) state financing of investment projects aimed at modernizing and renewing fixed assets, technical upgrading of production, introducing modern technologies and equipment, organizing new productions, acquiring new technologies;

4) giving tax and customs privileges in accordance with the legislation of the Republic of Kazakhstan;

5) reimbursing expenses for exchange rate difference under transactions with foreign suppliers at the expense of budgetary funds in the manner established by the budget legislation of the Republic of Kazakhstan;

6) giving state guarantees and state suretyships to invite non-state loans in accordance with the legislation of the Republic of Kazakhstan;

7) involving the military-industrial complex entities in implementation of state programs aimed at supporting and developing entrepreneurship;

8) granting other financial support measures stipulated by the legislation of the Republic of Kazakhstan.

Article 12. Information and consulting support for the military-industrial complex entities

Information and consulting support for the military-industrial complex entities is provided by:

1) publishing and (or) maintaining reference books, catalogs, bulletins, databases containing information necessary for the development of the military-industrial complex;

2) placing information on the websites of state bodies necessary for the development of the military-industrial complex in accordance with the legislation of the Republic of Kazakhstan;

3) organizing exhibitions, conferences, seminars, presentation events, demonstrations, also by assisting in their holding in accordance with the legislation of the Republic of Kazakhstan.

Article 13. Support for the development of human resources of the military-industrial complex entities

Support for the development of human resources of the military-industrial complex entities is provided:

1) through information and consulting support to employees of the military-industrial complex entities;

2) by reaching an agreement with organizations regardless of forms of ownership, including foreign ones, on experience exchange, internships, retraining and advanced training of employees of the military-industrial complex entities;

3) by developing proposals and recommendations for selecting personnel from among graduates of technical colleges for their possible subsequent employment by the military-industrial complex entities;

4) by including specialties for the training of specialists necessary for the military-industrial complex entities in a state educational order on the basis of information submitted by the authorized body;

5) through other measures to support human resources development provided for by the legislation of the Republic of Kazakhstan.

Article 14. Support for the foreign economic activity of the military-industrial complex entities

The foreign economic activity of the military-industrial complex entities is supported by promoting military goods (products), dual-use (application) goods (products), military-related works and military-related services onto foreign markets, and also creating favorable conditions for the activity of the defense-industrial complex entities abroad.

Article 15. Features of the turnover of weapons and military equipment

1. The turnover of weapons and military equipment in the territory of the Republic of Kazakhstan is carried out in accordance with this Law and other legislation of the Republic of Kazakhstan.

2. The development, production, repair, acquisition and sale, assembly, commissioning, modernization, installation, use, storage, repair and maintenance, as well as liquidation through destruction, upcycling, burial and processing of weapons and military equipment are carried out in accordance with the legislation of the Republic of Kazakhstan.

3. A unit of weapons and military equipment produced in the territory of the Republic of Kazakhstan shall bear a marking.

4. Weapons and military equipment are purchased by the authorized body, an authorized organization, entities entitled to use weapons and military equipment, the list of which is approved by the Government of the Republic of Kazakhstan, and entities entitled to purchase weapons and military equipment in accordance with the legislation of the Republic of Kazakhstan on permits and notifications.

Weapons and military equipment are also purchased for the state material reserve.

5. Weapons and military equipment are sold by an authorized organization and entities entitled to sell weapons and military equipment in accordance with the legislation of the Republic of Kazakhstan on permits and notifications.

In accordance with the legislation of the Republic of Kazakhstan on permits and notifications, entities entitled to acquire and sell weapons and military equipment are not allowed to sell weapons and military equipment to each other, except for the military-industrial complex entities and (or) an authorized organization.

Unused assets in the form of weapons and military equipment shall be sold in accordance with Article 16 of this Law.

6. Weapons and military equipment may not be collateral securing the performance of obligations.

7. Importation of weapons and military equipment into the territory of the Republic of Kazakhstan and their exportation from the territory of the Republic of Kazakhstan are carried out in accordance with the legislation of the Republic of Kazakhstan.

8. The procedure for the turnover of civilian and service weapons is regulated by the legislation of the Republic of Kazakhstan on state control over the turnover of certain types of weapons.

Article 16. Features of the turnover of unused assets

1. The authorized body disposes of unused assets after a decision adopted by state bodies to recognize assets as unused.

2. Unused assets are transferred, sold, liquidated through destruction, upcycling, burial and processing in accordance with the rules for the transfer, sale, liquidation through destruction, upcycling, burial and processing of unused assets, and also for property lease (rent) of unused defense facilities.

3. Unused assets, except for weapons and military equipment, shall be assessed in accordance with the procedure established by the legislation of the Republic of Kazakhstan on the appraisal activity.

The initial price of realizable unused assets in the form of weapons and military equipment is determined on the basis of their book value.

4. Unused assets in the form of weapons and military equipment may be sold to entities entitled to purchase weapons and military equipment, and also to foreign legal entities in accordance with the legislation of the Republic of Kazakhstan.

All other things being equal, the military-industrial complex entities shall have the preferential right to purchase unused assets in the form of weapons and military equipment.

Unused assets in the form of weapons and military equipment shall be sold through closed tenders or auctions, providing their export.

If the military-industrial complex entities are appropriately equipped to repair and (or) modernize unused assets in the form of weapons and military equipment in need for repair and (or) modernization, these assets shall be sold under the condition of their obligatory repair and (or) modernization in accordance with the rules for the transfer, sale, liquidation through destruction, upcycling, burial and processing of unused assets, and also property lease (rent) of unused defense facilities.

5. Unused assets are sold by an authorized organization.

6. Proceeds from the sale of unused assets shall go to the state budget.

Services for the organization and conduct of bidding for the sale of unused assets shall be paid for by the buyer in accordance with the rules for the transfer, sale, liquidation through destruction, upcycling, burial and processing of unused assets, and also property lease (rent) of unused defense facilities.

7. Liquidation through destruction, upcycling, burial and processing of unused assets is carried out in accordance with the legislation of the Republic of Kazakhstan.

7-1. If it is not possible to dispose of ammunition recognized as unused, or when further storage of ammunition recognized as unused poses a real danger, the authorized body makes a decision on their destruction.

Criteria of real danger, as well as the procedure for the destruction of ammunition recognized as unused, are established by the rules for the transfer, sale, liquidation through the destruction, disposal, burial and processing of unused property, as well as the provision of property lease (lease) of unused defense facilities.

Footnote. Article 16 as amended by the Law of the Republic of Kazakhstan dated November 15, 2021 No. 72-VII (shall be enforced ten calendar days after the day of its first official publication).

Article 17. Legal regulation in the field of military-technical cooperation

Military-technical cooperation shall be carried out in accordance with the legislation of the Republic of Kazakhstan and international treaties.

Article 18. Areas and forms of military-technical cooperation

1. Entities of military-technical cooperation carry out military-technical cooperation in such areas as:

1) mutual supplies of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services, as well as other goods (products), works or services qualified as military goods (products), dual-use (application) goods (products), military-related works and military-related services by the legislation of parties to an international treaties;

2) creation of joint ventures, joint productions for the development, production, repair, modernization, liquidation and processing of military goods (products), dual-use (application) goods (products);

3) research in the field of the defense industry;

4) cooperation in the field of standardization and unification of weapons and military equipment, metrological support of the armed forces, other troops, military units, special state and law enforcement bodies of states - parties to international treaties;

5) training and education of military technical personnel;

6) advertising and exhibition activity within military-technical cooperation, as well as holding of exhibitions and demonstration inspections of weapons and military equipment;

7) joint testing of prototypes of weapons, military, automotive and special equipment, technical and special means;

8) other areas of military-technical cooperation, in which entities of military-technical cooperation of states - parties to international treaties will reach agreement.

2. Forms of military-technical cooperation are as follows:

1) conclusion of international treaties;

2) holding meetings of intergovernmental commissions for military-technical cooperation;

3) development and implementation of programs in the field of military-technical cooperation;

4) conclusion of agreements (contracts) between authorized bodies and (or) authorized organizations in accordance with the legislation of the states - parties to agreements (contracts);

5) holding consultations, inviting specialists on specific issues of military-technical cooperation, sharing experience and information;

6) receiving (rendering) military technical assistance (technical assistance);

7) other forms of military-technical cooperation, in which entities of military-technical cooperation of states - parties to international treaties will reach agreement.

3. Military technical assistance (technical assistance) to a foreign state or international organization is rendered, including on a gratuitous or another preferential basis, in accordance with international treaties ratified by the Republic of Kazakhstan.

Military technical assistance (technical assistance) from a foreign state or international organization is received on the basis of agreements, contracts, international treaties of the Republic of Kazakhstan.

Chapter 4. THE STATE DEFENSE ORDER

Article 19. The state defense order, its composition and content

1. The purchase of military goods (products), dual-use goods (products), military-related works, and military-related services specified in paragraph 2 of this Article shall be carried out within the framework of a state defense order, unless otherwise provided by this Article.

Special state bodies of the Republic of Kazakhstan acquire military goods (products), dual-use (application) goods (products), military-related works and military-related services both within a state defense order and in the manner established by the legislation of the Republic of Kazakhstan on public procurement.

Special state bodies of the Republic of Kazakhstan determine the list of military goods (products), dual-use (application) goods (products), military-related works and military-related services to be included in a state defense order as part of their budget requests.

A state defense order is financed by special state bodies of the Republic of Kazakhstan from the budget of special state bodies of the Republic of Kazakhstan.

2. A state defense order includes:

1) development, production (assembly), supply, modernization of weapons, military, automotive and special equipment, special means;

1-1) development, production (assembly), modernization and supply of spare parts and components for weapons, military, automotive, and special equipment, special means;

2) repair, technical and regulated maintenance, technical support, technical inspection and testing of weapons, military, automotive and special equipment;

3) development, modernization, production (assembly), delivery, installation, repair, maintenance and support, technical inspection and testing of technical means;

4) liquidation through destruction, upcycling, burial and processing of unused weapons, military equipment, technical and special means;

5) production of clothing and special equipment, personal defense equipment for military personnel of the Armed Forces of the Republic of Kazakhstan, other troops and military units and employees of special state bodies of the Republic of Kazakhstan, civil protection bodies;

6) research;

7) development of design estimates, construction and overhaul of defense facilities;

8) production, development and supply of containers;

9) supply of military goods (products), dual-use (application) goods (products) to the state material reserve;

10) development, modernization, production, supply, installation, repair, maintenance and technical support, technical inspection and testing, technical operation and upcycling of space systems and space objects for defense purposes;

11) space and satellite navigation services for defense purposes;

12) development, production, supply, maintenance, repair, modernization, technical support of automated control systems, as well as their spare parts and components.

The list of military goods (products), dual-use goods (products), military-related works, and military-related services provided for in subparagraphs 1-1), 2), 3), 7), and 12) of this paragraph shall be determined by the first head of a state body in agreement with the authorized body.

Military goods (products), dual-use goods (products), military-related works, and military-related services not included in the list specified in part two of this paragraph, in agreement with the authorized body, shall be purchased by recipients of the state defense order in the manner established by the legislation of the Republic of Kazakhstan on public procurement.

3. A state defense order must contain:

1) a list (nomenclature) and amount of supplied military goods (products), dual-use (application) goods (products), military-related works and military-related services, as well as deadlines for their delivery, performance, rendering;

2) projected total cost (price) of a state defense order and per unit of military goods (products), dual-use (application) goods (products), military-related works and military-related services, and also by sections and stages of implementation;

3) a list of state defense order recipients;

4) a list of state defense order contractors.

4. In the cases, provided for by paragraph 2 of Article 23 of this Law, no changes and additions shall be made to an approved state defense order.

Footnote. Article 19 as amended by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 20. Formation and placement of the state defense order

1. The draft of the state defence order shall be prepared based on the applications of the recipients of the state defence order pursuant to the Budgetary Code of the Republic of Kazakhstan, this Law and other normative legal acts of the Republic of Kazakhstan, development plans of public authorities, international treaties and obligations of the Republic of Kazakhstan.

When forming the Republic's budget, a draft state defense order shall be prepared for a relevant planning period in accordance with the rules for the formation, placement and execution of a state defense order.

2. State defense order recipients develop a military operational requirement (technical specification, performance characteristics) for military goods (products), dual-use (application) goods (products), military-related works and military-related services in accordance with national standards.

In case of no national standards, state defense order recipients independently develop a military operational requirement (technical specification, performance characteristics for military goods (products), dual-use (application) goods (products), military-related works and military-related services offered for procurement.

Recipients of the state defense order shall send tactical and technical assignments (technical specifications, tactical and technical characteristics) to the authorized body indicating the place of supply of military goods (products), dual-use goods (products) (application), performance of military-related works and provision of military-related services.

The authorized body studies military operational requirements (technical specification, performance characteristics) together with organizations included in the register, unless otherwise provided for by paragraph 7 of this article.

3. If the list of the state material reserve assets contains military goods (products), dual-use (application) goods (products) to be released in accordance with the legislation of the Republic of Kazakhstan on civil protection for their refresh, and they meet the

requirements of a state defense order recipient, these material assets shall be transferred from the state material reserve to state defense order recipients, and transportation expenses shall be paid by the state defense order recipient.

4. The selection of executors of the state defense order from among those included in the register shall be made on a competitive basis by the authorized body or the recipient of the state defense order based on the ability to provide the necessary conditions for the production of military goods (products), dual-use goods (products), performance of military-related works and provision of military-related services, the ability to produce military goods (products), dual-use goods (products), perform military-related works and provide military-related services of the required quality in the manner determined by the rules for the formation, placement and implementation of the state defense order.

During the procedure for selecting executors of the state defense order, representatives of organizations of the defense-industrial complex participating in the competition shall have the right to be present at a meeting of the competition commission when envelopes (price proposals) with audio and video recordings are opened and commission members sign the minutes of the meeting.

The order for inclusion in the register and removal from it, qualification requirements for legal entities and the list of documents required for inclusion in the register are established by the rules for the formation, placement and execution of a state defense order.

When it is necessary to work with classified information within a state defense order, it is necessary to take into account the possibility of legal entities included in the register to provide conditions required for their protection.

5. If it is impossible to select a state defense order contractor from the register, an authorized organization shall be recognized as a state defense order contractor.

6. If the authorized organization can't supply (import) military goods (products), dual-use goods (products), to ensure the performance of military-related works and the provision of military-related services, this event shall not be included in the state defense order, and the specified goods (products), works and services shall be purchased in accordance with the legislation of the Republic of Kazakhstan on public procurement, or budget funds allocated for this activity may be redistributed to other activities within the framework of the state defense order.

7. The contractor of a state defense order for the supply of military goods (products), dual-use (application) goods (products) to the state material reserve is selected from among storage facilities of material assets of the state material reserve and organizations with mobilization orders in accordance with the rules for the formation, placement and execution of a state defense order.

If storage facilities do not have material assets of the state material reserve and organizations with mobilization orders cannot produce or deliver military goods (products), dual-use (application) goods (products) of the required quality, the contractor of a state

defense order for the supply of military goods (products), dual-use (application) goods (products) to the state material reserve shall be selected in accordance with paragraphs 4, 5 and 6 of this article.

8. The provisions of this article do not apply to scientific research.

9. The provisions of paragraphs 3, 4, 5, 6 and 7 of this article do not apply to special state bodies of the Republic of Kazakhstan. Special state bodies of the Republic of Kazakhstan shall select state defense order contractors in accordance with the rules for the formation, placement and execution of a state defense order.

10. A state defense order cannot be executed and (or) imported military goods (products) cannot be supplied by a legal entity whose place of registration is a state or territory included in the list of offshore zones approved by the central authorized body for budget execution, or whose beneficial owner is a legal entity registered in offshore zones.

Footnote. Article 20 as amended by Law of the Republic of Kazakhstan No. 177-VII of 30.12.2022 (shall be enacted ten calendar days after the date of its first official publication); dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication); dated 23.12.2023 No. 51-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 21. Features of the formation of the state defense order for scientific research

1. The Defense Scientific and Technical Commission, on the basis of opinions on scientific research issued by expert councils, selects scientific research to be included in a draft state defense order.

2. The Defense Scientific and Technical Commission is a consultative and advisory body under the Government of the Republic of Kazakhstan.

The Defense Scientific and Technical Commission consists of representatives of central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments, scientific organizations, the defense industry complex entities and scientific public associations, leading scientists and its composition shall be approved by order of the Prime Minister Kazakhstan.

The tasks of the Defense Scientific and Technical Commission are as follows:

1) formation of strategic objectives and priorities aimed at the development of research, scientific and technical and innovative activities of the defense industry within a state defense order;

2) consideration and approval of specialized scientific areas;

3) development of proposals on state funding of research;

4) consideration of reports on completed research.

3. The formation of a state defense order for scientific research is determined by this Law, as well as the rules for organizing and conducting research within a state defense order.

4. Expert councils shall examine scientific research, as well as reports on completed scientific research in accordance with the rules for examining scientific research within a state defense order.

5. Expert councils are collegial bodies set up for each specialized scientific area approved by the Defense Scientific and Technical Commission.

6. Expert councils consist of competent Kazakhstani scientists, representatives of central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments, national development institutes, national companies, the defense industry complex entities, scientific organizations, and higher educational institutions, scientific public associations and their composition shall be approved by the authorized body.

7. The period for conducting scientific researches shall be determined based on the tactical and technical specifications for scientific researches.

8. The result of design and experimental works is a prototype within the framework of the state defense order, tests of which shall be carried out in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 21 as amended by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 22. The state defense order contract

1. A state defense order is executed under a state defense order contract concluded between the authorized body or a state defense order recipient and a state defense order contractor.

A state defense order contract is concluded both for the production of the entire set of military goods (products), dual-purpose (application) goods (products), performance of military-related works and military-related services, and for certain types of these goods (products), works and services.

2. The quality of military goods (products), dual-use (application) goods (products), military-related works and military-related services supplied under a state defense order contract must comply with the requirements of regulatory and technical documentation, military operational requirement (technical specification, performance characteristic) and the terms of the contract.

3. A contract for the execution of a state defense order may be concluded for a period of more than one financial year in the case of the purchase of military goods (products), dual-use goods (products), military-related works and military-related services, the period of delivery (performance, provision) of which, due to the duration of execution, is stipulated in the next financial year (subsequent financial years).

4. A state defense order contract shall specify the subject matter of the contract, the contract validity period and (or) deadlines for separate phases of the contract, the contract

value and advance payment, if any, quality control conditions, acceptance conditions, place and dates of delivery (performance, rendering), the amount of a forfeit (fine, penalty), the grounds for cancellation or termination of the contract, the liability of the parties and other conditions not contrary to the legislation of the Republic of Kazakhstan.

5. The authorized body or a state defense order recipient shall send a state defense order contract to a state defense order contractor within ten calendar days of adoption of a relevant act of the Government of the Republic of Kazakhstan on the approval of the state defense order.

6. A state defense order contract must be signed by a state defense order contractor within twenty calendar days of its receipt.

7. A state defense order contractor has the right to refuse to enter into a state defense order contract in case:

1) required military goods (products), dual-use (application) goods (products) are discontinued;

2) of declaration of international sanctions, embargo, occurrence of force majeure events;

3) if the technical specification for the contract, which is an integral part of it, does not correspond to the tactical and technical task (technical specification, tactical and technical characteristics), on the basis of which the executor of the state defense order was selected.

8. A state defense order contract must provide for full payment for the supply of military goods (products), dual-use (application) goods (products), performance of military-related works or rendering of military-related services within a period not exceeding thirty calendar days of fulfillment of obligations under this contract.

A state defense order contract must provide for VAT payment in accordance with the requirements of the tax legislation of the Republic of Kazakhstan.

9. A state defense order contract shall be deemed fulfilled subject to complete fulfillment of obligations assumed under the contract by the authorized body or a state defense order recipient and a state defense order contractor.

10. In case of non-fulfillment or improper fulfillment of obligations assumed under a state defense order contract by a state defense order contractor, the authorized body or a state defense order recipient shall collect a forfeit (fine, penalty) in accordance with the legislation of the Republic of Kazakhstan. The forfeit (fine, penalty) shall be credited to the Republic's budget.

11. When executing a state defense order contract, the name, quantity, quality, technical specification, value, place and terms of delivery of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services must comply with the subject matter of the contract.

12. A state defense order recipient and a state defense order contractor shall immediately inform the authorized body on the refusal from conclusion, late conclusion and termination of a state defense order contract, changes therein and additions thereto, and a failure to observe

the deadlines for the delivery of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services.

Footnote. Article 22 as amended by the Law of the Republic of Kazakhstan dated 15.11.2021 No. 72-VII (effective from 01.01.2022); dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 23. Grounds for modifying the state defense order contract

1. It is allowed to modify a state defense order contract:

1) in cases specified in paragraph 2 of this article, if this modification does not entail increase in the budget of an approved state defense order;

2) in case of relevant changes in and additions to an approved state defense order;

3) if such modification that does not entail a change in the subject matter of a state defense order, in accordance with the legislation of the Republic of Kazakhstan and a state defense order contract.

2. It is allowed to modify a state defense order contract in accordance with paragraph 1 of this article without relevant changes in and additions to an approved state defense order:

1) in case of reduction of the price for military goods (products), dual-use (application) goods (products), military-related works and military-related services, and decrease in the contract value mutually agreed on by the parties;

2) in case of changes in military operational requirements (technical specifications, performance characteristics) made in coordination with a state defense order recipient, provided that deadlines for the fulfillment of obligations assumed by the parties remain unaltered;

3) in case of decrease or increase in the contract value due to decreased or increased state defense order recipient's need for the amount of purchased military goods (products), dual-use (application) goods (products), performed military-related works and rendered military-related services, provided that the price per unit of goods (products), works, services specified in the concluded contract, and deadlines for the fulfillment of obligations remain unaltered;

4) in case of increase in the contract value, if the design and estimate documentation, examined in accordance with the legislation of the Republic of Kazakhstan, was amended and a decision was made to allocate additional sum equal to the amount of such an increase, and also in case of performance of additional works and (or) detection of non-repairable units requiring replacement in the course of fault inspection of weapons and military equipment;

5) in case of decrease or increase in the contract value caused by changes in tax, customs and other legislation of the Republic of Kazakhstan, as well as national legislation of the state whose resident concluded a contract with a state defense order recipient, an authorized organization or a state defense order contractor;

6) in case of changes in the amount for a current financial year of a contract, the term of validity of which exceeds the current financial year, provided that the total contract value

remains unaltered in case of changes in base costs of the second and third years of a planning period;

7) if a state defense order contractor in the course of execution of the contract, to which it is a party, offered applications improving the quality and (or) technical characteristics of military goods (products), dual-use (application) goods (products), military-related works and military-related services, provided that the price per unit and deadlines for the fulfillment of obligations remain unaltered.

8) changing the deadline for the execution of a contract for the implementation of a state defense order by mutual agreement of the parties in the event of force majeure circumstances.

Footnote. Article 23 as amended by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 24. Execution of the state defense order

1. It is mandatory to execute a state defense order as a matter of priority. The volumes of a state defense order depend on the funds allocated for its execution.

2. If organizations do not set up military representative offices, a state defense order recipient has legal capacity to second its representatives there for exercising quality control and accepting supplied military goods (products), dual-use (application) goods (products), performed military-related works and rendered military-related services within the limits established by the legislation of the Republic of Kazakhstan and the concluded state defense order contract.

The specified representatives enjoy the rights and assume the obligations provided for by this Law and other laws of the Republic of Kazakhstan.

3. The authorized body, a state defense order recipient have the right to second their representatives to state defense order contractors to monitor the execution of a state defense order and conformity of the quality of military goods (products), dual-use (application) goods (products), military-related works and military-related services supplied within a state defense order, in accordance with the laws of the Republic of Kazakhstan and the concluded state defense order contract.

The specified representatives enjoy the rights and assume the obligations provided for by this Law and other laws of the Republic of Kazakhstan.

4. Facilities for the storage of state material reserve assets and organizations with mobilization orders, which are state defense order contractors, use material assets of the state material reserve to execute a state defense order in order to refresh them.

In this case, the total volume of used material assets of the state material reserve shall not exceed thirty percent of actually available material assets transferred for storage.

Subsequent supplies of material assets to the state material reserve are carried out by facilities for the storage of the state material reserve assets and organizations with mobilization orders in accordance with the nomenclature and volumes of storage of the state

material reserve assets, within twelve months of the day of use of material assets for the purpose of the state defense order execution.

The procedure for the use of the state material reserve assets is determined by the rules for operating the material assets of the state material reserve, approved by the Government of the Republic of Kazakhstan.

5. The obligations and payments under state defense orders are assumed and made to ensure the protection of classified information under a special procedure for financing, showing the expenses as having the same specific nature of economic classification, in accordance with the budget legislation of the Republic of Kazakhstan.

Article 25. Functions of state defense order recipients

State defense order recipients:

1) submit applications for the need for military goods (products), dual-use goods (application) (products), military-related works and military-related services to meet defense needs, to ensure security and law and order in the state based on the prospects for material and technical re-equipment of central executive bodies, state bodies directly subordinate and accountable to the President of the Republic of Kazakhstan, their departments on the basis of maximum required staff size and standards, approved in the prescribed manner;

2) submit applications for necessary scientific research within approved specialized scientific areas;

3) establish the degree of sensitivity of classified information of a state defense order in accordance with the list of information to be classified by state bodies of the Republic of Kazakhstan;

4) make the state defense order tasks known to state defense order contractors in cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

5) develop and approve a military operational requirement (technical specification, performance characteristics) for military goods (products), dual-use (application) goods (products), military-related works and military-related services offered for procurement;

6) conclude a state defense order contract in cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient, and also accept military goods (products), dual-use (application) goods (products), military-related works and military-related services;

7) finance a state defense order and control its execution, except for cases when budgetary funds within a state defense order are provided for in the budget of the authorized body;

8) second their representatives to state defense order contractors to exercise control over the state defense order execution and conformity of the quality of military goods (products), dual-use (application) goods (products), military-related works and military-related services supplied under the state defense order, in accordance with the legislation of the Republic of Kazakhstan and the state defense order contract;

9) in case of no military representative office, they accept military goods (products), dual-use (application) goods (products), military-related works and military-related services in accordance with the terms of the state defense order contract;

10) if there is a military representative office, accept military goods (products), dual-use (application) goods (products), military-related works and military-related services by name, nomenclature and completeness of set in accordance with the terms of the state defense order contract, on the basis of a certificate confirming the quality of military goods (products), dual-use (application) goods (products), military-related works and military-related services;

11) decide on redistribution of budgetary funds within a state defense order to the extent allocated for a planning period, in case of savings, decrease or increase in the contract value, extension of the validity of the state defense order contract, when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient;

12) perform other functions in accordance with the legislation of the Republic of Kazakhstan.

Article 26. Functions of state defense order contractors

State defense order contractors:

1) provide, at the request of state defense order recipients and the authorized body, information on their activity;

2) study draft military operational requirements (technical specifications, performance characteristics) of state defense order recipients and develop proposals on a military operational requirement (technical specification, performance characteristic) for military goods (products), dual-use (application) goods (products), military-related works and military-related services;

3) substantiate prices for military goods (products), dual-use (application) goods (products), military-related works and military-related services;

4) ensure compliance of military goods (products), dual-use (application) goods (products), military-related works and military-related services with a military operational requirement (technical specification, performance characteristic) and the terms of a state defense order contract;

5) use budgetary funds paid by the authorized body and a state defense order recipient only for the execution of a state defense order;

6) keep separate records of financial results of each state defense order contract;

7) enable the authorized body and state defense order recipients to exercise control over the execution of the state defense order and conformity of the quality of military goods (products), dual-use (application) goods (products), military-related works and military-related services supplied within a state defense order;

8) import military goods (products), dual-use (application) goods (products), military-related works and military-related services required for the production of goods (

products) supplied within a state defense order, not applying the provisions of the legislation of the Republic of Kazakhstan on public procurement;

9) in case of a failure of military goods (products), dual-use (application) goods (products) produced, purchased, upgraded, repaired, or maintained within a state defense order, within the period provided for in the state defense order contract, immediately send their representatives to find the causes of their failure;

10) perform other functions in accordance with the legislation of the Republic of Kazakhstan.

Article 27. Tasks and functions of military representative offices

1. Military representative offices are housed by organizations executing a state defense order.

The need to house a military representative office by an organization depends on specific nature of the development, production, repair and modernization of weapons, military, automotive and special equipment, technical and special means, the need to ensure high accuracy of instruments and equipment, sufficient level of reliability of special uniforms, special equipment and individual defense equipment, and also in case of implementation of international treaties and obligations of the Republic of Kazakhstan.

2. Military representative offices organize and carry out quality control and accept military goods (products), dual-use (application) goods (products), military-related works and military-related services on the basis of state defense order contracts concluded by the authorized body or a state defense order recipient with a state defense order contractor for the supply of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services.

On the basis of these contracts, military representative offices develop the nomenclature of military goods (products), dual-use (application) goods (products), military-related works and military-related services subject to control and acceptance by a military representative office, which shall be approved by the authorized body or a state defense order recipient.

3. Military representative offices are responsible for:

1) participating in the preparation and approval of draft state defense order contracts;

2) checking the quality and completeness of a set of military goods (products), dual-use (application) goods (products), military-related works and military-related services, and their compliance with the requirements of technical documentation, a military operational requirement (technical specification, performance characteristic) and the terms of a state defense order contract;

3) accepting military goods (products), dual-use (application) goods (products), military-related works and military-related services within the time frames fixed in a state defense order contract, issuing a certificate confirming the quality of military goods (products

), dual-use (application) goods (products), military-related works and military-related services to state defense order contractors in accordance with the form approved by the Government of the Republic of Kazakhstan;

4) control over the development of technical documentation, a military operational requirement (technical specification, performance characteristic) of military goods (products), dual-use (application) goods (products), military-related works and military-related services, checking their compliance with the requirements of national standards, technical documentation, a military operational requirement (technical specification, performance characteristic);

5) keeping records of material assets created or purchased at the expense of budgetary funds within the framework of the execution of the state defense order;

6) control over state defense order contractors' observance of national standards for the development and production of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services;

7) participating in state defense order contractors' planning and evaluating measures of protection of state secrets taken in the course of development, production, repair, modernization, testing and supply of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services;

8) verification and conciliation of actual costs related to the development and production of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services both personally and also in cooperation in accordance with pricing rules for military goods (products), dual-use (application) goods (products), military-related works and military-related services within a state defense order.

4. When monitoring the quality of and accepting military goods (products), dual-use (application) goods (products), military-related works and military-related services, military representative offices are obliged to:

1) monitor the quality of production and testing of military goods (products), dual-use (application) goods (products), their units, assemblies and parts, as well as compliance of components and materials with the requirements of national standards, technical documentation, a military operational requirement (technical specification, performance characteristic);

2) monitor the quality of military-related works and military-related services, testing, and their compliance with the requirements of national standards, technical documentation, a military operational requirement (technical specification, performance characteristic);

3) participate in acceptance tests of military goods (products), dual-use (application) goods (products);

4) participate in periodic, qualification, type tests of military goods (products), dual-use (application) goods (products) and issue opinions on their results;

5) participate in the analysis of reliability of military goods (products), dual-use (application) goods (products) pursuant to the results of their production, testing and operation ;

6) monitor the implementation of decisions on issues related to the quality and reliability of military goods (products), dual-use (application) goods (products), state defense order contractors' observance of conditions of storage of accepted military goods (products), dual-use (application) goods (products) and their maintenance;

7) exercise control over metrological support of the production of military goods (products), dual-use (application) goods (products), performance of military-related works and rendering of military-related services, as well as introduction of and compliance with national standards;

8) suspend the acceptance and shipment of military goods (products), dual-use (application) goods (products) in case of a failure to fulfill the terms of a state defense order contract or decisions made to ensure good quality and reliability of goods (products), failed tests, in-service identification of defects that caused the failure of goods (products), if goods-(products-) in-process also have such defects;

9) suspend the performance of military-related works and rendering of military-related services in case of a failure to fulfill the terms of a state defense order contract or decisions made to ensure good quality and reliability of works, services.

5. It is forbidden to issue a certificate or another document for final acceptance of military goods (products), dual-use (application) goods (products), the production of which has not been completed, with incomplete set, without required testing and with other non-conformities to the terms of a state defense order contract.

6. The provisions of this article do not apply to the State Security Service of the Republic of Kazakhstan.

Footnote. Article 27 as amended by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 28. Distribution and transfer of military goods (products), dual-use (application) goods (products), military-related works and military-related services

Footnote. Article 28 is excluded by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Article 29. Reclamation

1. In case of on-site detection of a defect in or failure of military goods (products), dual-use (application) goods (products) military-related works and military-related services, which were produced, upgraded, repaired or maintained, the structural unit of a state defense order recipient, within the established warranty period, shall immediately notify the authorized body, military representative and a state defense order contractor thereof through a

state defense order recipient. This item of goods (product) shall be decommissioned and, in the manner excluding its further damage, delivered to the place of further storage until causes of the defect or failure are established.

2. To establish the causes of defects in military goods (products), dual-use goods (products), military-related works and military-related services produced, modernized, repaired, or undergone maintenance, a joint commission shall be created with the participation of representatives of the recipient of the state defense order, executor of the state defense order and military representatives (if available). The procedure for the work of the commission shall be determined by the rules for the formation, placement, and execution of the state defense order.

3. If a state defense order contractor is found guilty, military goods (products), dual-use (application) goods (products) can be returned to the state defense order contractor for their full replacement, given their operation helped establish that:

- 1) the goods (products) themselves or their spare parts and components are counterfeit;
- 2) the goods (products), their spare parts and components were not produced by the state defense order contractor, provided that one the requirements of the authorized body or a state defense order recipient, when selecting the state defense order contractor from the register, was their production by the state defense order contractor itself, which was fixed in a state defense order contract, a military operational requirement (technical specification, performance characteristic) and design and technological documentation;
- 3) a defect in goods (products) that cannot be repaired.

4. If a defect detected in military goods (products), dual-use (application) goods (products) that cannot be repaired is the fault of a state defense order contractor, and it is hidden and can only be found at a factory, when there are grounds to believe that all the goods (products) supplied under the state defense order contract have the same defect, the whole line of goods (products) shall be returned.

5. A state defense order contractor may at its own initiative withdraw military goods (products), dual-use (application) goods (products) or their lines to further replace them. In this case, the replacement period is accounted for in the amount of penalties imposed on the state defense order contractor.

6. If a state defense order contractor is found guilty, it is subject to penalties, the amount of which is provided for in a standard state defense order contract, the contents of which are determined by the rules for forming, placing and executing a state defense order, from the day of receipt of a notification of a defect found in military goods (products), dual-use (application) goods (products), military-related works and military-related services or their failure, which wear produced, upgraded, repaired or maintained as part of a state defense order within the established warranty period, until the completion of remedial actions.

7. A state defense order contractor shall not be found guilty if the commission establishes a causal link between improper operation and failure of military goods (products), dual-use (

application) goods (products), which were produced, upgraded, repaired or maintained within a state defense order.

Footnote. Article 29 as amended by the Law of the Republic of Kazakhstan dated 16.10.2023 No. 33-VIII (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Chapter 5. FINAL AND TRANSITIONAL PROVISIONS

Article 30. Liability for violation of the legislation of the Republic of Kazakhstan on the defense industry and the state defense order

Violation of the legislation of the Republic of Kazakhstan on the defense industry and the state defense order entails liability established by the laws of the Republic of Kazakhstan.

Article 31. Transitional provisions

1. State defense order contracts between state defense order operators and state defense order customers, concluded before this Law's enactment, shall be valid until their final execution or termination (cancellation).

2. The authorized body shall conclude a state defense order contract with defense order operators in the interests of state defense order recipients, except for cases when budgetary funds within a state defense order are provided for in the budget of a state defense order recipient until December 31, 2020.

Article 32. The procedure for the enactment of this Law

1. This Law shall take effect twenty-one calendar days after its first official publication, except for:

paragraphs 2, 3, 5 and 7 of Article 20, which shall take effect on September 1, 2019;

subparagraphs 39) and 40) of Article 6, paragraph 4 of Article 19, Articles 22 and 23, which shall take effect on January 1, 2020.

2. To invalidate the Law of the Republic of Kazakhstan "On State Defense Order" as of January 19, 2001 (the Vedomosti of the Parliament of the Republic of Kazakhstan in 2001 - № 2, Art.15; in 2004 - № 23, Art.142; in 2009 - № 17, Art.78; in 2011 - № 11, Art.102; in 2012 - № 4, Art.32; № 5, Art.41; in 2013 - № 14, Art.75; in 2014 - № 1, Art.4; in 2017 - № 11, Art.29).

*President of the
Republic of Kazakhstan*

N.NAZARBAYEV