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RESEARCH ARTICLE

INTENSIVE DEVELOPMENT OF THE ECONOMY OF KAZAKHSTAN AND ITS ROLE IN INTEGRATION PROCESSES IN CENTRAL ASIA

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Abstract

The article is devoted to problems of economy development of the Republic of Kazakhstan and its achievements for years of independent existence as the state, and its role in implementation of integration processes in Central Asia. Great value is attached to innovative way of development which is considered as a source of economic growth along with the natural resource potential determined by rich deposits of Kazakhstan mineral resources. Intensively carried out economic transformations according to state programs on industrial and innovative development of the country created necessary prerequisites for transition of the economy on qualitatively new level of development with new tasks of its restructuring on the basis of science-intensive branches. In this regard, the real sector of the economy of Kazakhstan started to develop according to the world trends based on science-intensive innovative model.

Special place in the article is given to integration processes in Central Asia where Kazakhstan plays an important stabilizing role. Together with the Central Asian Republics Kazakhstan multiplies the natural and energy potential of the region and makes much effort for transformation of Central Asia into worthy and independent part of modern, civilized and safe world that is developing within national and regional interests. In this regard the priority directions of integration processes carried out in Central Asia are defined and concrete measures on them allow to cope with its challenges in conditions of the world globalization and enter into the global processes more effectively.

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1. INTRODUCTION

Modern Kazakhstan is the most economically strong state in the Central Asian region which territory makes 3882 thousand sq.m with population more than 53 million people. Friendly independent states as Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan coexist here after collapse of the USSR. For the years of its independent development Kazakhstan created sufficient resource potential which promoted economic growth of the country, and thereby made a breakthrough in the development that are characteristic for a Central Asian leopard. According to the global rating of integrated power nowadays Kazakhstan takes the 34th position in the world. For this historically short period the gross domestic product (GDP) of the country increased by more than 18,7 times (Collection of Agency, 2013). In 2013 GDP size made more than US \$ 22 billion, that is the largest in this region. At the present time GDP per capita in the country makes more than US \$ 13 thousand, that by several times exceeds level of this indicator in the Central Asian republics except Turkmenistan where this indicator is much more than in Uzbekistan, Kyrgyzstan and Tajikistan taken together, but much less than in Kazakhstan.

The achieved level of Kazakhstan development is defined by the available natural resource potential and correctly weighed policy pursued in the country by the President of the Republic of Kazakhstan N. A. Nazarbayev.

By the occupied territory Kazakhstan is on the 9th place in the world and the 2nd place among CIS countries, having more than 17 million of population. It is rich in minerals, possesses unique resources of hydrocarbonic raw materials including rich deposits of oil and gas. Today economic growth of Kazakhstan is mainly based on development of oil and gas branch which production occupies a big specific gravity reaching 80% in country's export structure. In the nearest future the oil and gas sector will remain a basis of economy development in the republic and its export potential will remain as well (The message, 2014).

It is known that the mineral raw materials are not renewable resources therefore Kazakhstan formed a model of balanced and stable development of the economy, setting a course for advancing development of manufacturing industry due to income use from both oil and gas and mining industry branches. With this aim a number of state programs on development of Kazakhstan till 2020 are successfully being realized in the country. In programs on forced industrial and innovative development of the Republic of Kazakhstan for 2010 - 2014 and development of innovation and assistance to technological modernization in the Republic of Kazakhstan for 2010-2014, and also "Road map of business – 2020", "Industrialization map of the country" basic problems of developing the national economy on forthcoming period are accurately designated (The program, 2010). In accordance with these programs 162 projects with total amount of an investment of KZT 6,5 trillion that makes more than 40% of gross domestic product of the country will be realized in the republic (Industrialization, 2010). During realization of the above mentioned programs the economy of Kazakhstan will pass to high-quality new level of development focused on innovative character. The innovative way of development in the republic is considered as a basis of diversification and modernization of national economy and reconstruction of its regional economy, it is considered to be an important source of economic growth, as well as minerals, which rational and effective use promoted early implementation of basic provisions of strategy "Kazakhstan – 2030" and enter into 50 developed competitive countries of the world (The message, 2012).

Transition to industrial and innovative way of development will allow Kazakhstan to carry out diversification and modernization of national economy and form its modern branch structure (Zamanbekov, 2014, 250-256). On this basis the republic will have more and more opportunities to maintain mutual relations with the neighboring republics of the Central Asian region on mutually favorable conditions making decisive impact on development of integration processes in this region.

2. MATERIALS AND METHODS

For the last four-five years Kazakhstan despite the most difficult period of the world crisis kept positive dynamics of the economy development, improved its branch structure having created car – and aircraft industry, production of a locomotive, passenger and freight cars, road bitumens of chemical industry and electric cars by intensity to 63 thousand kilowatt. Within the program of forced industrial and innovative development of the Republic of Kazakhstan for 2010 – 2014, 780 new enterprises in the country were put into operation, 160 thousand workplaces were created. According to this program 130 more enterprises will be launched in the current 2014 (The Vremya, 2014). As a result, more than 250 types of new production will appear in Kazakhstan, appreciable part of which will represent a concrete type of product innovation. These indicators characterize not only results of a set program task, but also testify that Kazakhstan firmly and consistently carries out innovative and technological transformations in national economy for its restructuring on the basis of primary development of manufacturing industry and innovative infrastructure. Today technopolices, science and technology parks, innovative clusters are successfully functioning in the republic, and sinterings in four large cities of the country that have to provide a sustainable development of Kazakhstan in the forthcoming years on the principles of science-intensive economy will be created soon

In his message to the people of Kazakhstan of January 17, 2014 "Kazakhstan way - 2050: common purpose, common interests, common future" the President of the Republic of Kazakhstan N. A. Nazarbayev specified that "It is important to increase development of rare-earth metals considering their importance for science-intensive branches as electronics, laser equipment, communication and medical education". Availability and development of such branches in the country is a real prerequisite of creating science-intensive economy in Kazakhstan, so that it gives an industrial type to it. For intensive development of the economy of Kazakhstan new horizons in connection with realization of the adopted new strategy "Kazakhstan – 2050" are opening now. The task of entering Kazakhstan into the number of 30 developed countries of the world in perspective is set in this Strategy. In this regard it is planned to reach annual GDP growth not lower than 4% in the economy that will provide increase of GDP per capita by 4,5 times – US \$ from 13 thousand to US \$ 60 thousand (The message, 2014). If the national economy as before, in separate years will have 6–8% of growth rates, so a task set by the Strategy "Kazakhstan – 2050" will be carried out much earlier than the stipulated term.

For solution of this important task the real sector of national economy has already been formed according to the world trends based on science-intensive innovative model. To provide transition of the economy of Kazakhstan in the future from industrial to post-industrial economy the President of the Republic of Kazakhstan with long-sightedness that is characteristic of him as an experienced strategist also specified in the Message that "within the second and the following five-year period till 2050 it is necessary to found branches of mobile and multimedia, nano-space technologies, robotics, genetic engineering, search and discovery of energy of the future". According to these instructions of the head of the state not only enterprises with high technology production providing creation of industrial economy in the country will be built in Kazakhstan, but work on its transformation in post-industrial system with essentially other values of development will be carried out at the same time. International specialized exhibition "EXPO-2017" that will be held in the capital of Kazakhstan Astana city promotes it, so it will give new impulse to republic development in the forthcoming prospect by means of phased transition of the country's energy sector to alternative basis. It is necessary to notice that for successful realization of basic regulations of strategy "Kazakhstan – 2050", the republic has a favorable condition except the abovementioned types of potentials, defined by geographical location of the country in the center of the Euroasian continent that gives to Kazakhstan appreciable transport potential in the field of transit traffic.

Extent of land highway of the republic makes about 110 thousand km., 14 thousand km of them are main train lines. Over the last ten years nearly 50 thousand km. including 1,1 thousand km. of railroads in the country were constructed and reconstructed from the specified roads. The railroad to Turkmenistan and Iran with an exit to the Persian Gulf was built. A new railroad "Zhezkazgan-Shalkar-Beyneu" by extent of 1,2 thousand km. which will allow to go to Europe through the Caspian Sea and the Caucasus is being built. Construction of a transport corridor Western Europe and Western China is coming to the end. Along with it construction on creation of a network of transport and logistic centers with corresponding infrastructure that will be integrated into the international system is coming to the end as well. Creation of transport and logistic complex will be one of the drivers of national economy growth. According to JSC "NC Kazakhstan Temir Zholy" forecasts, total effect of a gross value added from implementation of developing transport and logistic system program for the period till 2020 will make US \$ 15 billion, and the average annual effect in growth of GDP will be at the level of 1% (The newspaper, 2013).

Certainly, intensive development of the economy of Kazakhstan depends not only on internal resources and favorable conditions of their use, but also on external factors and extent of participation in globalization processes of the world, including integration processes within the Euroasian union and Central Asia. Thus special attention is paid by Kazakhstan to strengthening and development of multilateral and bilateral cooperation with bordering republics, including the countries of Central Asia. It is connected with intensifying of the global competition where competitive positions of Central Asia countries are not in the best conditions that can be explained with a number of following objective and subjective factors:

- insufficient level of economic potential and capacity of domestic market;
- unsatisfactory development of processing productions;
- small volume of investment into non-oil sector of economy;
- low level of technological development;
- impracticability of many social problems in the field of education, health care, employment of the population and improvement of people's welfare (Zamanbekov, 1030-1035, 2013).

Today countries of the Central Asian region realized the necessity of developing regional cooperation and integration, as one of the most optimum instruments of adaptation to globalization process. In this regard, determination of priority directions of developing regional integration and effective ways of its strengthening is very important.

3. RESULTS AND DISCUSSION

The Central Asian states are connected by general basins of the Syr-Darya and Amu Darya rivers, common ecological system and similarity of economy on many positions. Therefore, development of regional cooperation and integration with the Central Asian Republics Kazakhstan considers as one of the most optimum instruments of adaptation to globalization process. In this regard, Kazakhstan relying on its created potential makes all efforts to use it for economic upturn of the Central Asian region, promotes dynamic development of Central Asia and the republics entering it. A number of contracts between Kazakhstan and the Central Asian countries on strategic partnership, industry agreements, programs of cooperation and joint statements are signed for this purpose. Implementation of these documents will provide transformation of Central Asia into a worthy, independent, modern, civilized and safe world that is developing, first of all, within national and regional interests.

The Central Asian republics in return are also making considerable efforts for solution of general task set before the region, increasing its potential and accelerating economic growth of their countries. For example, in 2013 GDP growth in Uzbekistan made 8%, and Kyrgyzstan on GDP growth rate outstripped all CIS countries. In 2013 Turkmenistan entered the first ten countries of the world on the index of attracting direct foreign investments that promoted growth in the economy, including production of over 1 million tons of wheat and almost so much - cotton. Tajikistan having finished tunnel construction Hatlon and hundred kilometers of international and local roads in 2013, left communication isolation that is "the most important achievement of the last years" (From speeches, 2014).

These various indicators clearly demonstrate state of the economy of these countries that during independent development adapted for conditions of the market relations and their productions began normally function under the influence of market laws (Zamanbekov, 747-750, 2013). Participating together with Kazakhstan in integration processes in the region they ensured a number of strategic benefits for development of their country by:

- expanding opportunities for realization of foreign and domestic policies based on national interests;
- creating additional tools for increasing the competitiveness;
- forming rather favorable external conditions for internal economic and political development of the country;
- receiving a certain advantage by joining the national markets and increasing overall demand for their production;
- attracting product and process innovations used in the republics' region for development of the economy on innovative basis (Economic approaches, 1995).

Nowadays due to the held position in the center of the Central Asian region and importance of its powerful achievements Kazakhstan plays a role of the engine of economic development of this region and growth of its importance in solution of global problems of the present time. Today Kazakhstan having multiplied its potential from year to year, continues to show initiatives for accelerating the Central Asian region's integration development and practically makes a notable contribution for this region to be a competitive and stable, successfully following the developed regions of the world (Zamanbekov, 1183-1186, 2013). The president of the Republic of Kazakhstan regularly holds meetings with the Presidents of the Central Asian republics to discuss common problems of the region and take measures for activization of their participation in further development of integration processes in the following priority directions:

- joint rational use of natural resources of the region, first of all, in power engineering and water usage sphere;
- expansion of trade and economic sphere and increasing mutual delivery of goods;
- development of close cooperation in transport and communication sphere;
- creation and strengthening of production cooperation and development of direct economic connections;
- carrying out common coordinated migration policy in the region;
- consolidation of efforts on environmental protection in the region and assurance of ecological safety.

According to priority directions of integration process the Central Asian republics adopted various interstate agreements by the initiative of Kazakhstan. But owing to objective reasons (various subjects of social and economic transformations in transitional period to market economy, lack of financial resources, crisis situations, etc.) most of them remained unrealized. Therefore, this problem continues to remain topical, demanding urgent decision under the influence of new factors caused by necessity of developing economic integration in the region within developing integration processes between certain countries in connection with creation of Euroasian economic union in CIS territory.

4. CONCLUSION

As a mechanism of settling the problems according to specified priority directions of integration processes the Central Asian republics have to:

- carry out constructive negotiations with specification of the states' interaction in solution of these problems on the basis of such standard principles as equal partnership, taking into consideration national interests and conscientious implementation of the assumed mutual obligations;
- assure harmonization of the customs and tax legislation for elimination of existing obstacles connected with various external tariffs, excises, various techniques on value added tax collection etc., that restrict free trade regime development;
- approach standard and legal base in the field of transport and carry out by all its types, including transportation of goods and passengers common tariff policy;
- create equal social and economic conditions for managing subjects in the territory of region states;

- coordinate national legislation according to registration of population migration in the region and provide with interstate information on migrating part of the population;
- develop and adopt the interstate program for environmental protection in the region and implement joint efforts on its realization.

These measures must have concrete character for intensifying the regional integration and interaction between the Central Asian countries for multiplication of their potential in order to enter the global processes more effectively, i.e. with the least losses, but with a certain benefit for each state. In conditions of the world globalization it is very difficult for each country of the region to cope separately with its challenges of negative character. It is impossible to create production that meets the requirements of the international standards and transfer it on innovative basis relying on their forces under the influence of global competition. Therefore Kazakhstan which has broken through in its development among the Central Asian countries clearly realizes necessity of showing the initiative to play an important stabilizing role in Central Asia by means of common use of general capacity of the region that together with them to be integrated into the global world on more favorable conditions

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