

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

The role of tourism in the economy of Kazakhstan

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BACHELOR THESIS ASSIGNMENT

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Business Administration

Thesis title

The role of tourism in the economy of Kazakhstan

Objectives of thesis

The aim of the thesis is to study the state of international tourism in Kazakhstan. The influence of tourism on the economy of Kazakhstan.

Methodology

The methodology selected for this Bachelor thesis is the descriptive analysis. For the theoretical part there will be used books, websites, scientific works dealing with tourism. Theoretical part in bachelor will be devoted to explaining terms that are important for clarifying the issue of tourism. The practical part will consist of graphs and tables that were made in MS Excel and MS Word.

The proposed extent of the thesis

40 – 50 pages

Keywords

Tourism, the development of tourism, GDP

Recommended information sources

BEAVER, Allan. A dictionary of travel and tourism terminology. 2nd ed. Cambridge, MA: CABI Publ., c2005. ISBN 0851990207

Climate change adaptation, resilience and hazards. New York, NY: Springer Berlin Heidelberg, 2016. ISBN 9783319398792.

Kvartalnov V. A., Zorin I. V., the Economics of tourism.2005.



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Declaration

I declare that I have worked on my bachelor thesis titled "The role of tourism in the economy of Kazakhstan" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 14.03.2018

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The role of tourism in the economy of Kazakhstan

Summary: The main aim of this bachelor thesis is to uncover the concept of tourism, define the role of the tourism in economy of Kazakhstan, to consider the types of tourism and their impact on the economy, creation of international tourist organizations and their activities, to reveal content of tourism, indicate tourist from which countries prefer tourism in Kazakhstan, to analyze contribution of tourism to economy and to GDP, to make SWOT analysis and forecast of tourism in Kazakhstan.

Tourism is one of the largest and most dynamic sectors of the economy. High rates of its development, large volumes of foreign exchange earnings actively influence the different sectors of the economy, which contributes to the formation of its own tourist industry. The work is primarily aimed at making recommendations for the development of tourism. Any economic system around the world depends in part on the tourism sector. Kazakhstan is a rapidly developing country that has excellent prospects and many resources. There are several ways to improve the tourism sector. They are shown in this bachelor thesis.

Key Words: Tourism, the development of tourism, types of tourism, impact, contribution to GDP, analysis, contribution to employment, SWOT analysis.

Role cestovního ruchu v ekonomice Kazachstánu

Souhrn: Hlavním cílem této bakalářské práce je odhalit koncept cestovního ruchu, definovat roli cestovního ruchu v ekonomice Kazachstánu, zvážit typy cestovního ruchu a jejich dopad na ekonomiku, vytváření mezinárodních turistických organizací a jejich činnosti, odhalit obsah cestovního ruchu, uveďte turisty, ze kterých země upřednostňuje cestovní ruch v Kazachstánu, analyzovat přínos cestovního ruchu k ekonomice a HDP, provádět SWOT analýzu a prognózu cestovního ruchu v Kazachstánu.

Cestovní ruch je jedním z největších a nejdynamičtějších odvětví ekonomiky. Vysoké tempo jejího vývoje, velké objemy devizových příjmů aktivně ovlivňují různé sektory hospodářství, což přispívá k vytváření vlastního cestovního ruchu. Cílem práce je především poskytnout doporučení pro rozvoj cestovního ruchu. Jakýkoli ekonomický systém na celém světě závisí částečně na sektoru cestovního ruchu. Kazachstán je rychle se rozvíjející země, která má vynikající vyhlídky a mnoho zdrojů. Existuje několik způsobů, jak zlepšit odvětví cestovního ruchu. Jsou uvedeny v této bakalářské práci.

Klíčová slova: Cestovní ruch, rozvoj cestovního ruchu, typy cestovního ruchu, dopad, příspěvek k HDP, analýza, příspěvek k zaměstnanosti, SWOT analýza.

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List of abbreviations

GDP – Gross Domestic Product

USD - United States Dollar

BN - Billion

OECD - The Organisation for Economic Co-operation and Development

IUOTO - International Union of Official Travel Organisation

VFR - visiting friends and relatives

USA – United States of America

UNWTO - United Nations World Tourism Organization

WTTC - World Travel & Tourism Council

GDS - Global Distribution System

UNESCO - United Nations Educational, Scientific and Cultural Organization

ITB - Internationale Tourismus-Börse Berlin

CIS - Commonwealth of Independent States

KZT – Kazakhstan Tenge

SWOT – Strengths Weaknesses Opportunities Threats

1.Introduction

In the conditions of market relations, tourism is one of the fastest growing sectors of the economy. The quick pace of its development actively affects various sectors of the economy that helps the formation of the country's own tourist industry. An important advantage of the tourism industry is that with a small investment it allows you to immediately receive income, at the same time it insures a quick turnover of funds.

The tourism industry is multifaceted and includes a variety of services created to attract customers. Examples: hotels, fitness centres, travel agencies, clubs etc. Tourism is one of the largest employers in the world. It employs a large number of people, from professionals directly in the tourism and economic industries to transport workers, and a huge number of various entertainment facilities.

A significant effect and the social functions of tourism appear in developing or small countries, where tourism is often the main source of income budget.

The growing influence of tourism on the global economy in general and on the economy of individual countries and regions is one of the most significant, permanent and long-term trends, which accompanies the formation and development of the world economy. Tourism is one of the factors of world integration processes, and it is now becoming a significant sector of economy.

The potential for tourism resources and historical and cultural heritage of Kazakhstan allows reaching into the international market of tourism and to reach intensive development of tourism in the country. This will ensure a stable growth of employment and population incomes, encourage the development of sectors related to tourism and increase the inflow of investments into the national economy.

The tourism industry in Kazakhstan at the state level is recognized as one of the priority sectors of the economy. Analysis of statistical and empirical data indicates that interest in Kazakhstan's tourism product increases and it shows that there is a tendency of growth of the number of tourists and the expansion of markets.

2.Objective and Methodology

2.1 Objectives

The aim of the thesis is to study the current state of international tourism in Kazakhstan, its impact on the economy.

To achieve this goals it is necessary:

- to study the basic theoretical aspects of tourism;
- to reveal the value of tourism activity for the economy of the Republic of Kazakhstan;
- to research the structure of the tourism industry and analyze the potential of tourism resources of the country;
- to conduct the analysis of the factors influencing the development of tourism;
- to reveal the main directions and prospects of tourism development in the Republic of Kazakhstan.

2.2 Methodology

The theoretical part discusses the main directions and tendencies of international tourism development worldwide. Also this part the current state of international tourism in the Republic of Kazakhstan is examined, the analysis of the structure of the tourism industry in general and with certain elements of the industry is provided. Potential tourism resources are studied. The analysis of the tourist resources of Kazakhstan in general and in specific areas of the country is carried out. In the practical part, there is an analysis of the impact of tourism from an economic point, the impact on GDP of Kazakhstan, contribution to employment, SWAT analysis of tourism on Kazakhstan, forecast of GDP and international tourism expenditures.

The theoretical and methodological basis for writing the bachelor thesis were the scientific works of domestic and foreign authors, data from statistical agencies, the press and other sources. References will be performed using the data collection and sampling methods, data analysis, both quantitative and qualitative studies.

3.Theoretical concept of tourism

3.1 The Place and role of international tourism in the world economy

3.1.1 Tourism information in general

“International tourism is one of the fastest-developing sectors of foreign economic activity and occupies an important place in the modern world economy, and its role is constantly increasing.

International tourist arrivals reached 1,235 million in 2016. 2016 saw growth in international arrivals of some 46 million, or 4% over 2015. Tourism has grown above average, at around 4% per year, for seven straight years. 300 million more people travelled internationally for tourism between 2008 and 2016. [1].

Besides among the various types of services tourism takes one of the leading places, and today represents one of the largest sectors. International tourism is included in the number of three largest export industries, behind the oil industry and the automotive industry.

International tourism has a significant impact on global GDP. “The direct contribution of Travel & Tourism to GDP in 2016 was USD2,306.0bn (3.1% of GDP). This is forecast to rise by 3.8% to USD2,394.2bn in 2017. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 4.0% pa to USD3,537.1bn (3.5% of GDP) by 2027.” [2]

3.1.2 Definition of tourism

Tourism is a phenomenon. The word "tour" is most often associated with a trip, then with the temporary absence of the person in his home because of the business or for a pleasant stay and then gradually developed a modern interpretation of the word "tourism". Tourism is a relatively young phenomenon with roots going back far into the past. People can face with this concept almost every day. This may be the messages of the advertisements on the radio, TV, Internet; conversation of the people surrounding us who have been on some tours ; the view from the street of the tourist firms, on the front door of which you can always see ads about the "burning" trip tickets. Each of us imagines tourism as an industry more or less famous since almost everyone went somewhere and spent a holiday away from home.

One of the original and most accurate definitions of tourism was given by the professors of the Berne University Professors Hunziker and Krapf, which was later adopted by the International Association of scientific experts of tourism. Initially, these scientists were of the opinion that tourism can be defined as the number of events and relationships resulting from travel

of people, as long as it leads to a permanent stay outside the place of permanent residence and is not connected with the receipt of any benefits (profits). This definition does not apply to tours, business travel connected with making a profit even when the profit is not received in the host country. It should be noted that it is difficult to distinguish between business travel and those being made with the purpose of entertainment, as most trips are a combination of these two types of travel.

Over time, the basic concept of tourism has expanded to include a variety of types of business that do not lead to a permanent stay in the country and does not imply making a profit.

In order to identify the features of the present stage of tourism development, it is necessary to consider the history of its origins.

"Modern tourism is the phenomenon, on the one hand, it became famous only after the Second world, on the other hand, tourism has deep historical roots, because travelling is known to mankind since the ancient times." [3]

"Tourism is not a product of the first necessities of life, so it becomes a pressing human need only when a certain level of his income and a certain level of wealth of society." [4]

Vital importance of the development of international tourism was also the desire of individual countries to increase foreign exchange earnings from tourism and creating with this purpose a sector of the economy — tourism industry. This includes hotels and other accommodation facilities, transport, public catering enterprises, enterprises producing Souvenirs and other goods of tourist demand.

3.1.3The content of tourism

The interpretation of the tourism terminology – the subject of developers debates of the theory of tourism. In order to determine the value of tourism and better describe the sphere of its activities, it is necessary to allocate a different group of entities that interact in the tourism:

1.Tourists. People who are experiencing various mental and physical needs, their nature determines the direction and types of people to participate in tourism activities as consumers.

2.Organizations providing tourists with goods and services. They are the entrepreneurs who see in tourism the opportunity to make a profit by providing goods and services.

3.Local authority. Consider tourism as an important economic factor associated with the income that local citizens can gain from this business in the form of taxes paid to the local budget.

4.Host. The local population perceives tourism primarily as a factor of employment. For this group the result of interaction with tourists, including foreign is important.

Thus, tourism can be defined as the totality of phenomena and relationships arising from the interaction of tourists, suppliers, local authorities and the local population in the process of tourism activities

The study of tourism from a scientific point of view has recently attracted the attention of scientists of many fields of knowledge. In this context there is a need for developing accurate and consistent definitions and terms. Search of the solutions to this problem is undertaken every year by various organizations, including the United Nations, United Nations World Tourism Organization, Organization for Economic Co-operation and Development.

International organizations turn to the topic of tourism terminology.

“The first global attempt to formally define tourism was in 1937. The Committee of Statistical Experts of the League of Nations (OECD) defined as “International tourist. In 1950, the International Union of Official Travel Organization (IUOTO) revived the 1937 definition and included students on study tours as "tourists". IUOTO also defined two new terms: "international excursionists" (an individual visiting another country for pleasure for less than 24 hours) and "transit travellers" (person travelling through a country without stopping en route)." [5]

3.1.4 Types of approach to the study of tourism

The study of tourism is carried out using different approaches and methods. For example, a reputable American Professors R.W. Macintosh, Ch. R. Goeldner, J.R. Ritchie recommend the following approaches:

The first approach implies the study of different tourist institutions such as restaurants, hotels, travel specialists and so on. This strategy requires investigation of the hierarchical procedure, operational techniques, business condition, and so on.

The second research-based approach explores different tourism products in conjunction with their production, promotion and sale. However, this approach takes a long time to study and does not allow researchers to determine the basis of tourism.

The third is historical. It includes an analysis of the activities of tourist institutions in the historical perspective and the impact of innovation on their development. This evolutionary approach has not been widely developed since tourism has acquired a mass character relatively recently.

The fourth management approach, according to experts, is the most important and promising, as it is focused on individual tourist firms, that is, it has a microeconomic nature. This approach is focused on such types of management activities necessary for the functioning of the tourist organization, for example arranging, control, evaluating, advertising, etc. The importance and prospects of this approach are due to the fact that institutional changes, product changes and

even societies imply that it is the management goals and procedures that should trigger the change mechanism taking into account the changes taking place in the tourist environment.

The fifth is the economic approach. Due to the importance of tourism domestic and the world economy, it is actively studied by economists in terms of demand and supply, its impact on the balance of payments, exchange rate, employment, economic development and other economic factors. Using this approach, it is possible to develop a scheme for analyzing tourism and its economic impact on the economy of the country.

The sixth is sociological approach. The method is conditioned by the fact that tourism is a social activity, therefore the attention of sociologists is directed to the study of individual and group behavior of tourists and the influence of tourism on society. With this approach, scientists consider social groups, propensities and habits of guests and residents of the host country. Social aspects of tourism and recreation have not been sufficiently studied, and this predicts a wider application of the sociological approach.

The seventh geographical approach specializes in studying the tourist area (tourist flows in these areas), landscape, climate, as well as economic and socio-cultural aspects. Of particular importance here is the course of recreational geography, as tourism and recreation are closely interrelated.

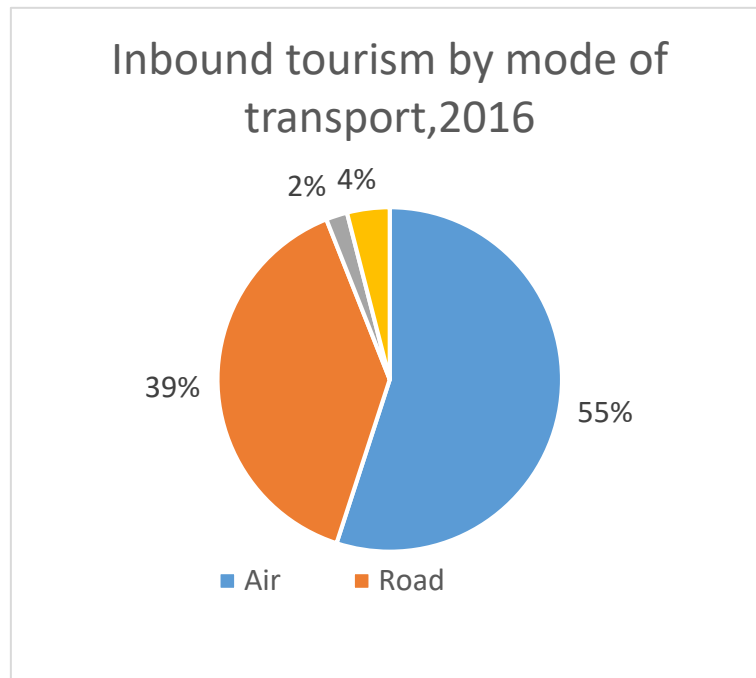
The eighth approach is called interdisciplinary. It is conditioned, first of all, by the fact that tourism covers almost all aspects of the life of society. Since travelers have very different purposes, it is necessary to use a psychological approach when marketing and promoting a tourist product. When studying cultural tourism, among other things, it is expedient to apply an anthropological approach. In order for the tourism industry to function, it is necessary for legislative bodies to provide an appropriate legal basis in the form of tourism laws and other regulations.

The last one is the systematic approach. The systematic approach to the study of tourism integrates other approaches into a single integrated approach, through which it is possible to investigate the activities of tourism firms in a competitive environment, their markets, and their relationships with other systems, such as political, legal, economic and social "

3.1.5 Types of tourism

International tourism can be outbound and inbound. Outbound tourism is the travel of permanent residents in the territory, to another country. Outbound tourism is the travel of permanent residents in the territory, to another country. Inbound tourism is travelling within the country by persons who are not residents of this country.

Figure 1- Inbound tourism by mode of transport,2016



Source: World Tourism Organization (UNWTO)

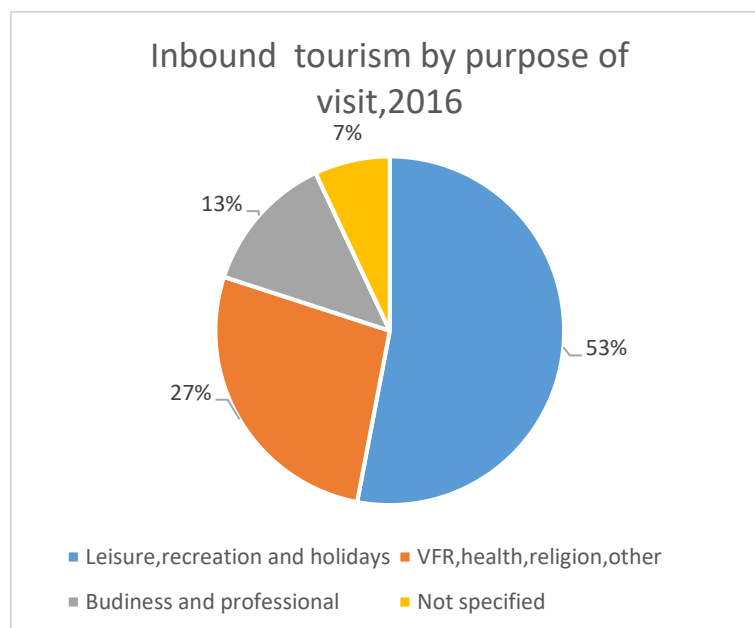
Figure 1 shows that travelling by air was slightly more widely used than other types of transportations. More than half of the visitors travelled to the destination point by air, this amounted to 55%, the rest travelled by surface transports 45% among them 39% by road, 2% by rail and 4% by water. Every year the trend towards an increase in air transport is faster than surface transport.

As per the specifics of representing budgetary outcomes, there are two sorts of tourism in the financial backing which called active and passive.

At the point when the foreign vacationers land to the country is an active tourism. The active tourism is a factor in the import of cash in this country. The travel where the tourists arrive in one country from another is called a passive tourism. The passive tourism is a factor of export of cash from the country.

Depending on the main purpose of the trip there are the following types of tourism: recreational, educational, scientific, business.

Figure 2- Inbound tourism by purpose of visit,2016



Source: World Tourism Organization (UNWTO)

“Travel for holidays, recreation and other forms of leisure accounted for just over half of all international tourist arrivals in 2016 (53% or 657 million). Some 13% of all international tourists reported travelling for business and professional purposes, and another 27% travelled for other reasons such as visiting friends and relatives (VFR), religious reasons and pilgrimages, health treatment, etc. The purpose of visit for the remaining 7% of arrivals was not specified.”[6]As it is noticeable from figure 2.

Recreational tourism is tourism with the purpose of recreation, rehabilitation and treatment. Thus it follows that the stay of citizens in special sanatoriums does not apply to tourism, in this case a sanatorium is a kind of hospital.

Cognitive, or cultural, tourism is a journey to familiarize with historical and cultural attractions and unique natural objects for a particular program.

Scientific tourism is dominated by visits to congresses, symposia, etc., and usually is followed by an excursion.

Business tourism (business trips for business purposes) is the most dynamic and profitable form of tourism. Tourism can be individual, group, organized and unorganized.

Taking in consideration the duration of stay of tourists in the journey, short-term and long tourism are distinguished. The tourism is short-term when the tour duration does not exceed three days. Long tourism is tourism in which journey continues for more than three days. Tourism is also differentiated according to whether a personal vehicle is used for travel or public transport. These types of tourism include trailering, caravan cruise, sea and river cruises, etc.

In addition, tourists can be provided certain types of services according to their choice or a full range of services. A full range of services can be provided through the sale of so-called inclusive tours or package tours.

There is no fundamental difference between these concepts. In Western European countries the term "inclusive-tour" is more common, in the USA - "package tour". The structure of these tours varies greatly depending on the country, the composition of tourists, their availability of purchasing, the nature, range and quality of the services offered.

3.1.6 Institutions engaged in tourism

UNWTO

“The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

As the leading international organization in the field of tourism, UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

UNWTO encourages the implementation of the Global Code of Ethics for Tourism, to maximize tourism’s socio-economic contribution while minimizing its possible negative impacts, and is committed to promoting tourism as an instrument in achieving the Sustainable Development Goals (SDGs), geared towards reducing poverty and fostering sustainable development worldwide.

UNWTO generates market knowledge, promotes competitive and sustainable tourism policies and instruments, fosters tourism education and training, and works to make tourism an effective tool for development through technical assistance projects in over 100 countries around the world.

UNWTO’s membership includes 158 countries, 6 Associate Members and over 500 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.”[7]

WTTC

“The World Travel & Tourism Council (WTTC) was formed in 1991 by a group of Travel & Tourism CEOs who felt that the sector’s contribution to economies and job creation was not being recognised. Its objectives were to use empirical evidence to promote awareness of Travel & Tourism’s economic contribution; to expand markets in harmony with the environment; and to reduce barriers to growth. WTTC is the only global body that brings together all major players in

the Travel & Tourism sector (airlines, hotels, cruise, car rental, travel agencies, tour operators, GDS, and technology), enabling them to speak with One Voice to governments and international bodies. It is important that WTTC has the broadest geographical representation and includes all aspects of the sector, including organisations that provide vital services to Travel & Tourism. With Chief Executives of over 150 of the world's leading Travel & Tourism companies as its members, WTTC has a unique mandate and overview on all matters related to Travel & Tourism. WTTC works to raise awareness of Travel & Tourism as one of the world's largest sectors, supporting 292 million jobs and generating 10.2% of global GDP. WTTC advocates partnership between the public and private sectors, delivering results that match the needs of economies, local and regional authorities, and local communities, with those of business, based on: Governments recognising Travel & Tourism as a top priority Business balancing economics with people, culture and environment A shared pursuit of long-term growth and prosperity” [8]

3.1.7 Statistical data and impact of tourism to economy

International tourism, in many countries has become a relevant source of income growth and growth of the national economy. By the number of arrivals and revenues from international tourism, United Nations World Tourism Organization annually makes a rating of ten leading countries.

Table 1- International tourist arrivals

Rank		(million)		Change (%)	
		2015	2016	15/14	16/15
1	France	84,5	82,6	0,9	-2,2
2	United States	77,5	75,6	3,3	-2,4
3	Spain	68,5	75,6	5,5	10,3
4	China	56,9	59,3	2,3	4,2
5	Italy	50,7	52,4	4,4	3,2
6	United kingdom	34,4	35,8	5,6	4
7	Germany	35	35,6	6	1,7
8	Mexico	32,1	35	9,4	8,9
9	Thailand	29,9	32,6	20,6	8,9
10	Turkey	39,5	..	-0,8	

Source: World Tourism Organization UNWTO

“When ranking the world's top international tourism destinations, it is preferable to take more than a single indicator into account. Ranked according to the two key tourism indicators international

tourist arrivals and international tourism receipts – it is interesting to note that eight out of the Top 10 destinations appear on both lists, despite showing marked differences in terms of the type of tourists they attract, as well as their average length of stay and their spending per trip and per night. It should be noted that changes in the ranking of international tourism receipts not only reflect the relative performance of the destinations, but also exchange rate fluctuations of the local currencies against the US dollar.” [6]

Table 2- International tourism receipts

Rank		US \$				Local cur	
		(billion)		Change(%)		Change (%)	
		2015	2016	15/14	16/15	15/14	16/15
1	United States	205,4	205,9	7	0,3	7	0,3
2	Spain	56,5	60,3	-13,3	6,9	3,8	7,1
3	Thailand	44,9	49,9	16,9	11	23	14,7
4	China	45	44,4	2,1	-1,2	3,6	5,3
5	France	44,9	42,5	-22,9	-5,3	-7,6	-5,1
6	Italy	39,4	40,2	-13,3	2	3,8	2,3
7	United kingdom	45,5	39,6	-2,3	-12,9	5,2	-1,4
8	Germany	36,9	37,4	-14,8	1,4	2	1,7
9	Hong Kong(China)	36,2	32,9	-5,8	-9,1	-5,8	-9
10	Australia	28,9	32,4	-8,2	12,3	10,2	13,5

Source: World Tourism Organization (UNWTO)

The United States of America tops the rating table of the international tourist’ earnings ranking in the table 2. In 2016, they earned about 206 billion US dollars. After the USA, Spain ranks second in size, which earned \$ 60 billion US dollars. Thailand earned about 50 billion US dollars, rose from 5th position to 3rd position in the table in comparison with last year. China earned about 44 billion US dollars, and received the 4th place in the table of the international tourist’ earnings, as well as in the table 1 of International tourist arrivals in the ,where 59 million tourist visited China in 2016. The first place on the arrival of tourists is France, in that year 83 million tourists came

there. America was visited by about 76 million tourists, so it ranks 2 in the table. With a small margin, Spain ranks third in the table International tourist arrivals.

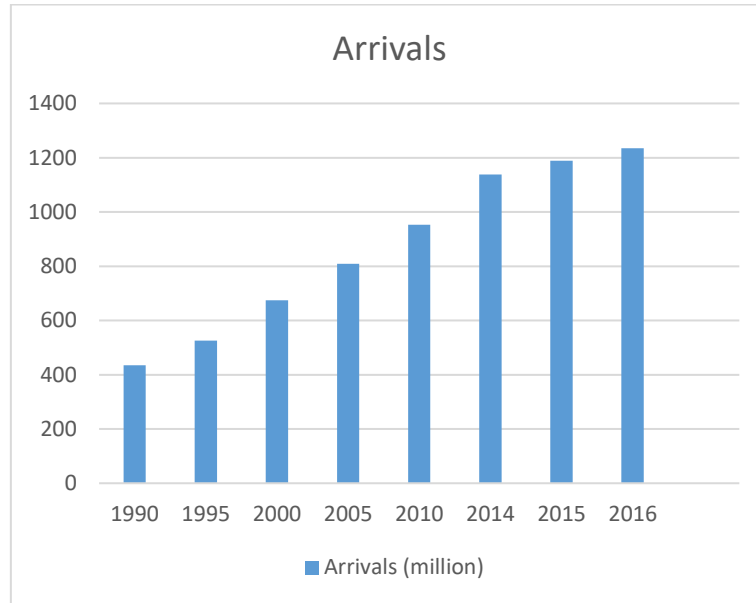
Table 3 - The dynamics of the number of arrivals of tourists and tourism revenues worldwide for the period 1990-2016

Destinations	International tourist arrivals by region of origin (million)								Market Share (%)		Change (%)		Average a year (%)
	1990	1995	2000	2005	2010	2014	2015	2016*	2016*	14/13	15/14	16*/15	2005-16*
World	435	526	674	809	953	1 138	1 189	1 235	100	4	4,5	3,9	3,9
From:													
Europe	251,2	303,5	390,3	452,3	496,7	567,6	583,8	596,1	48,3	1,5	2,9	2,1	2,5
Asia and the Pacific	58,7	86,3	114,1	152,8	206	272	293,6	316,5	25,6	7,1	8	7,8	6,8
Americas	99,3	108,1	130,6	136,5	155,6	188,6	200,2	209,9	17	7,4	6,2	4,9	4
Middle East	8,2	8,5	12,8	21,4	33,5	34,8	37,4	34,8	2,8	5,7	-0,6	-6,9	4,5
Africa	9,8	11,5	14,9	19,3	28,3	39,2	36	39,2	3,2	7,3	4,7	9	6,6
Origin not specified	7,4	8,1	11	26,8	33	38,8	38,5	38,8	3,1				

Source: World Tourism Organization (UNWTO)

Thus, the number of arrivals between 1990 and 2016 has increased by almost 3 times as it indicated in Figure 3. Average annual growth in the number of arrivals of foreign tourists, amounting in 1990 to 2016 reflect the viability and sustainability of international tourism in the face of economic fluctuations.

Figure 3 - Number of arrivals



Source: World Tourism Organization (UNWTO)

The growing importance of tourism in the economic development of an increasing number of countries confirms the assumption that the share of revenues from international tourism in the coming decade will grow.

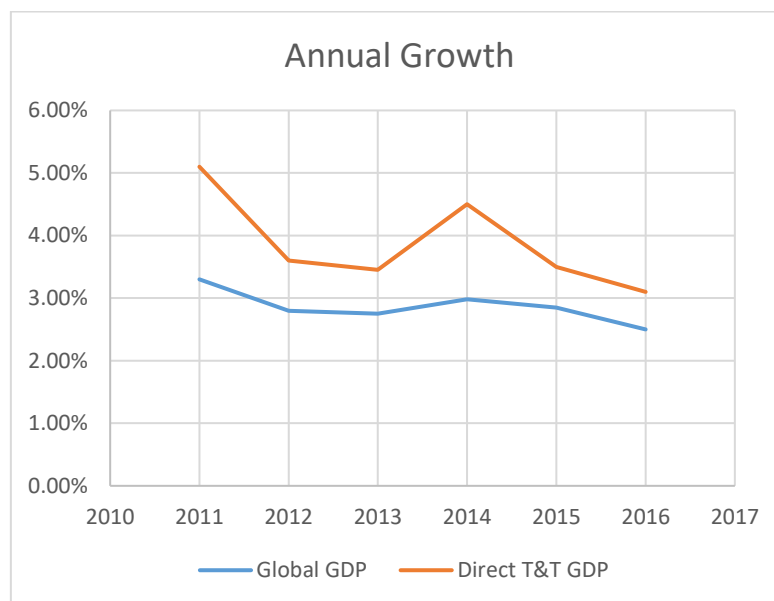
In 2016 total employment was about 290,000 jobs, almost 10% was the contribution of Travel & Tourism.

“Travel & Tourism generated 108,741,000 jobs directly in 2016 (3.6% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2027, Travel & Tourism will account for 138,086,000 jobs directly, an increase of 2.2% pa over the next ten years.” [2]

The development of tourism has a stimulating effect on key sectors of the economy, such as transport, communications, trade, construction, agriculture, production of consumer goods and is one of the most promising areas of economic restructuring. The increase in the volume of capital investments in tourism also indicates the economic importance of this area at the world level.

“Travel & Tourism is expected to have attracted capital investment of USD806.5bn in 2016. This is expected to rise by 4.1% in 2017, and rise by 4.5% pa over the next ten years to USD1,307.1bn in 2027. Travel & Tourism’s share of total national investment will rise from 4.5% in 2017 to 5.0% in 2027.” [2]

Figure 4 - Annual Growth



Source: World Tourism Organization (UNWTO) TRAVEL & TOURISM GLOBAL ECONOMIC IMPACT & ISSUES 2017

“Travel & Tourism's direct contribution to GDP grew by 3.1% in 2016. This was faster than the global economy, as a whole which grew at 2.5%, meaning that for six consecutive years, the Travel & Tourism sector has outperformed the global economy. The direct contribution of Travel & Tourism to employment grew by 1.8% in 2016 meaning almost 2 million net additional jobs were generated directly by the sector, and a total of around 6 million new jobs created as a result of total direct, indirect and induced activity. This means that almost 1 in 5 of all new jobs created in 2016 were linked to Travel & Tourism.” [9] As seen in figure 4.

International tourism contributes to economic and social development on a global scale. These data confirm once again that international tourism is an important and significant role in the global economy

3.2 Development of international tourism in Kazakhstan

3.2.1 Current state of the tourist industry in the Republic of Kazakhstan

Let's consider the basic concepts and categories from the point of view of norms. In the law of the Republic of Kazakhstan "About Tourists Activities in the Republic of Kazakhstan", the following definition is given. “tourism is travel of physical persons lasting from twenty four hours up to one year or is less than twenty four hours, but with spending the night for the purpose of, not connected with paid activities in the country (place) of temporary stay; the tourist - the physical person visiting the country (place) of temporary stay from twenty four hours to one year and performing

at least one spending the night in it (in it) in improving, informative, professional and business, sports, religious and other purposes without occupation paid activities.”[10]

Kazakhstan has unique natural resources and original culture of nomadic people. The country has an unrealized potential for tourism development at the international and regional markets. "Over the last half-century, tourism experienced continued expansion and diversification, becoming one of the largest and dynamically developing sectors of external economic activities". [11]

“The facilities for conducting small and medium business by citizens of one state in the territory of other participating countries are expanding. Eurasian integration gives many advantages for the fruitful development of cultural and humanitarian ties and tourism. All these are concrete benefits for millions of people. Now it is nearly impossible to imagine that all of these aspects could not have happened.” [12].

In the Republic of Kazakhstan, tourism is at the stage of rapid development. All kinds of tourism are actively developing. Every year number of travel companies and number employed in tourism are increasing.

Prior to independence in Kazakhstan, tourism was financed by a residual principle and had no significant economic significance. However, today in Kazakhstan great attention is paid to tourism as a profitable sector of the economy and the state is taking all the necessary measures for its development. Conditions are created for attracting foreign tourists to the republic. One of the steps taken in this direction is a simplification of visa procedures for citizens of politically and economically stable countries.

Since 1993 Kazakhstan has been a Full Member of the World Tourism Organization (UNWTO). Recognizing the priority of the industry development, during the official visit to Spain in October 2000, the President of the Republic of Kazakhstan, NA. Nazarbayev visited the headquarters of the UNWTO in Madrid. At the meeting with the Secretary General of UNWTO, Mr. Francesco Frangialli, the President of Kazakhstan expressed interest in cooperation in the development of tourism in Kazakhstan, including the UNESCO and the UNWTO project "The Silk Road".

In October 2001 the first International Silk Road-Kazakhstan Festival took place in Almaty, where the international seminar of the World Tourism Organization “Ecotourism, a Tool for Sustainable Development in the 21st Century in the transitional economies of the CIS countries, China and Mongolia.

“Preparatory Seminar for the International Year of Ecotourism” was held and the first Kazakhstan International Exhibition "Tourism and Travel". More than 200 representatives from Great Britain, Turkey, Mongolia, Azerbaijan, Kyrgyzstan, Turkmenistan, Russia, Ukraine, cities

and regions of Kazakhstan participated in the work of the seminar, which undoubtedly made a great contribution to the development of ecotourism in Kazakhstan and neighbouring countries. In 2017 in a number of cities of Kazakhstan started the international festival "Travel on the Great Silk Road in Kazakhstan. The main goal of the Festival is to develop tourism in the places included in the cluster "Revival of the Great Silk Road"

In order to build and strengthen the tourist image of Kazakhstan abroad, the country takes part in the world's largest tourism exhibitions in Berlin (ITB), in London (World Travel Market), in Moscow (International Exhibition "Tourism and Travel").

One of the main tasks is to stimulate medium and small entrepreneurship, including in the sphere of tourism. Today more than 1000 tourist organizations work in the tourist market of Kazakhstan. Local authorities through the transfer of long-term rental of unused holiday homes, boarding houses, children's camps and other facilities are entrusted to support entrepreneurs engaged in tourist activities for the reception and servicing of foreign tourists. It should be noted that the services of tourist organizations working to receive tourists from abroad are not subject to value-added tax.

Kazakhstan has all the opportunities to create a competitive and profitable tourism industry: a favorable geopolitical position of the country, political stability, the uniqueness of Buddhist, Christian, Muslim monuments, the availability of historical architectural and urban complexes and roads, the availability of a network of museum, cultural and entertainment institutions reflecting the multinational culture of Kazakhstan, a variety of tourist-recreational zones, natural landscapes, flora and fauna.

3.2.2 Tourism sectors in Kazakhstan

The Republic of Kazakhstan provides a lot of types of tourism: entertainment, ethnical, ecological, sports, hunting, horseback riding, educational, adventure. For tourists, more than 800 travel itinerary are offered throughout the territory of Kazakhstan. As Kazakhstan becomes more popular in the field of tourism with foreign citizens, all conditions for active and useful rest are created for them.

The first kind of tourism is business tourism. Business tourism in Kazakhstan is developing at a high pace, as the Republic becomes the center of various international exhibitions and events. Very often important international negotiations and meetings are held in the capital of the country, they are attended by a large number of foreign employees who can become potential tourists. Residents of such countries as Russia, China, countries of European Union visit such types of tours.

The second type of tourism in Kazakhstan is recreational tourism, which is also gaining popularity and is among the priorities for the development of this industry. It can be accounted to the fact that there are sources on the territory of Kazakhstan that are famous for their healing properties. In the republic there are several balneotherapy resorts, therapeutic mineral waters. Very popular are such resorts for citizens of Russia and Germany and other foreign countries.

The third type of tourism is cognitive tourism. As already mentioned above, other countries learn more and more about Kazakhstan, therefore, the door to ancient cities and the ancient culture of the state of central Asia opens to lovers of culture. Where are concentrated historical monuments of architecture. This is very popular for European countries, Russia, India, China.

The fourth type is adventure or active tourism. The main species are: mountain, pedestrian, water, ski, bicycle, etc. All types of active tourism depend on seasonality, so they can be divided into two large groups: summer and winter activities. This is very popular for European countries, Russia, India, China.

Another type is ethnic tourism. This tourism is one of the directions of cultural and educational tourism, which is now tempting for many countries, including for Kazakhstan. The most important in the organization of ethnic tourism is to familiarize participants with the traditions and culture of ethnoses. This is a good way to learn more about the roots, the history of the distinguished people. Very popular are such resorts for citizens of Russia and European Union and other foreign countries.

Fifth type is eco tourism. Ecological tourism is currently a priority sector and contributes to the sustainable development of the economy. In general, it can be characterized as a combination of the recreational-cognitive and environmental components of a journey made to preserve places. Residents of such countries as Russia, China, countries of European Union take such types of tours.

3.2.3 Touristic places in Kazakhstan

Geographically Kazakhstan is a unique region of the CIS. Being in the centre of the Eurasian continent, it represents a special natural complex, incorporating the brightest examples of the landscape of both parts of the continent.

One of the main natural symbols of the republic is rightly considered the northern part of the Tien-Shan mountain range, or Zhetysu, as local residents call it. Zhetysu is a unique region, but not only with cultural and historical diversity, but also with a lot of reserves and resorts.

In the north-eastern part of Kokshetau, there is the State National Nature Park "Burabai". The park is located on the territory of the balneological resort Borovoe. For accommodation of

tourists Shchuchinsko-Borovsky resort zone there are 204 hotel buildings. The number of served visitors in the placements for 9 months of 2017 amounted to about 125 thousand people, while the volume of rendered services - 3.3 billion tenge.

There are wonderful natural monuments in Kazakhstan. These include various national parks and reserves: Aksu-Dzhabagly, Altyn-Emel, Bayanaul, Naurzum reserve. In the natural park Altyn-Emel, there is a famous singing barkhan, with the wind in dry weather, the grit produces sounds similar to the sound of the organ. The uniqueness of the Naurzum reserve is in plants that grow only on its territory.

There are several historical monuments on the territory of the country. The most famous of them are burial mounds with ancient graves, for example, Bes-Shatyr or Issyk. Turkestan, founded in the 5th century, through which the Great Silk Road passed. In the city there are ancient fortress walls

The total cost of tourism projects of national importance in Kazakhstan is \$ 7 billion. Currently, investors are being searched for projects. National tourism projects include the Burabai resort zone (near Astana), the Southern Kaskelen ski resort (near Almaty), Bukhtarma-Katon-Karagai (East Kazakhstan) and Kenderli (Mangistau region). The project is the development of five zones with 11 hotels, with a total of 5,000 thousand beds and 4,500 thousand residences.

The international exhibition EXPO which was placed in the year 2017 in the capital Astana is also worth mentioning. The exhibition was a huge breakthrough in the sphere of Kazakhstan's tourism industry. Demonstration of the new technologies had its impact on the activity of tourism. The increased flow of tourists contributed to the increase of purchasing capacity, that has affected the economic development in many sectors of the economy of the country. Revenue increased because of the fact that taxes to local and Republican budget increased as well.

"Today, the entire infrastructure has been created in Astana to host various international scale congresses and exhibitions. We have the Congress Center and Independence Palace. The second point is recreational tourism. If the city hosts a big event, it is necessary to create gravity points: various museums, an East Village, theatres for people to attend; for the purpose of inducing tourists to stay here longer, cultural life must reign in the city. The third line is medical tourism. Today, Astana has many serious medical facilities with international class surgeons." [13].

Due to the exhibition, the number of tourists visiting the country has doubled, passed a new serious impetus to the development and for small and medium businesses in the capital and surrounding regions, especially the service sector, hotel business and internal tourism. One of the new and profitable types of tourism is event tourism. Events of event tourism have a great economic importance. In the period of their performing there will be an active operation of all objects of the tourist industry.

Consider the basic concepts and categories from the point of view of norms. “Tourism is the temporary short term movement of people to destinations outside the places where they normally live and work and their activities during their stay at these destinations: it includes movement for all purposes as well as day visits or excursions” [14].

Since a large part of the territory of Kazakhstan is mountainous, they are the most attractive resource for travellers from abroad. Adventure tourism is in high demand in the global tourism market.

In addition to natural attractions, Kazakhstan is rich in historical and cultural monuments located on the Silk Road, it has universal significance. Organization of transit tours on the Great Silk road is especially important, as it will provide Kazakhstan with an opportunity to enter an area of interest of countries such as Japan, Malaysia, China, Korea, and European countries.

3.2.4 Goals and objectives of the development of tourism industries in Kazakhstan till 2020

The main goals of the development of the tourism industry in the Republic of Kazakhstan until 2020 are:

- 1) creation of the necessary innovative, energy efficient infrastructure;
- 2) the creation of a system of new tourist "experiments" and the evolution of international competitive products, services for foreign tourists;
- 3) development of ecological tourism and environmental education, including in specially protected natural areas;
- 4) creation of a professional system of management and regulation of the tourism industry;
- 5) provision of simplified access to Kazakhstan and within the country.

The main objectives of the development of the tourism industry in the Republic of Kazakhstan until 2020 are:

- 1) increasing the contribution of the tourism industry to the state economy;
- 2) stimulation of economic development and ventures, taking into account the significant evolution potential of the tourism industry;
- 3) creation of work places in the tourism industry and related industries;
- 4) development of entrepreneurship, including small-medium business

The expected growth in tourism demand will occur, mainly due to the development of new tourist offers and their professional commercialization. The structure of the total number of tourist arrivals in 2020:

In the next years new accommodation will be built for tourist arrivals, with half of tourists coming to the clusters of city Almaty and West Kazakhstan, while the other half will be concentrated on clusters of Astana, East Kazakhstan, Southern Kazakhstan and other regions.

3.2.5 Tourist Cluster of Kazakhstan

In the era of high international competition, tourist demand is undergoing significant dynamic changes. In this regard, it is necessary to develop new principles and approaches to the formation and promotion of the tourism product of the Republic of Kazakhstan by interested structures in order to create the most effective system of tourist "experience" for domestic and international visitors. It should be taken into account that, despite the uniqueness and quality of the tourist product, the lack of a highly developed infrastructure (transport infrastructure, telecommunications channels, consumer services, etc.) reduces the degree of satisfaction from travel, which, as a result, leads to a reduction in the number of tourist arrivals and a decrease in the level of competitiveness of the territory in the domestic and world tourist markets.

In this regard, it is necessary to develop new approaches to the organization of tourism at various territorial levels (country, region, district, city). One of these methods is the cluster approach.

A tourist cluster is the concentration within one limited territory of interconnected enterprises and organizations engaged in the development, production, promotion and sale of a tourist product, as well as activities adjacent to the tourism industry and recreational services.

The purpose of creating a tourist cluster - improving the competitiveness of the territory of the tourist market due to synergy effects, including:

- 1) improving the efficiency of enterprises and organizations that are members of the cluster;
- 2) stimulating innovation and developing new tourist destinations.

The creation of a tourist cluster actually determines the positioning of the territory and influences the formation of a positive image of the region, which, on the whole, will create highly integrated tourist offers and competitive tourist products. In Kazakhstan, it is possible to create five tourist clusters: Astana, Almaty, East Kazakhstan, South Kazakhstan and Western Kazakhstan.

Cluster Astana is a cluster that includes the city of Astana, Akmola region, southwestern part of North Kazakhstan region, western part of Pavlodar and north-eastern part of Karaganda region. The city of Astana will be the center of the cluster, in which the following key tourist attractions are located:

- 1) State national nature park "Kokshetau";
- 2) State national nature park "Burabai";

- 3) State national nature park "Buyaratau"
- 4) the city of Karaganda;
- 5) Karkaraly State National Natural Park;
- 6) Bayanaul State National Nature Park.

In the future, the cluster can be supplemented with new tourist places interest included in the preliminary list of UNESCO: barrows with split boulders of the Tasmolinskaya culture, burial grounds of Begazy-Dandybaevskaya culture, related to the megalith period, as well as objects included in the Serial transnational nomination "Silk Road".

The Almaty cluster is a cluster that includes the city of Almaty and part of the Almaty region. The city of Almaty will be the center of the cluster, in which the following key tourist destinations are identified:

- 1) archaeological landscape of Tamgaly with petroglyphs (UNESCO site);
- 2) state national natural park "Altyn-Emel", incorporated into the preparatory rundown of UNESCO;
- 3) Charyn Canyon in the territory of Charyn State National Park;
- 4) the Kapchagay reservoir;
- 5) mountain-skiing areas near the city of Almaty with the Ile-Alatau National State Park included in the UNESCO preliminary list;
- 6) tourist center "Jean-Ile".

In the future, the cluster may incorporate different parts of the Almaty region, as well as represent new places of tourist interest.

Cluster East Kazakhstan includes the northern and eastern parts of the East Kazakhstan region. The city of Ust-Kamenogorsk will be the center of the cluster, in which six key tourist destinations are identified:

- 1) objects of the State historical and cultural reserve-museum "Berel";
- 2) the reservoir of Bukhtarma;
- 3) The Kalzhir Canyon;
- 4) Katon-Karagai State National Natural Park;
- 5) Ridder - Anatau and Ivanovskie mountains;
- 6) Lake Alakol;

In the future, the cluster can expand, including the remaining parts East-Kazakhstan region.

Southern Kazakhstan is a cluster that includes the central and eastern parts of the Kyzylorda region, the southern part of the South Kazakhstan region and the south-western part of the Zhambyl region. The city of Shymkent will be the center of the cluster, which presents key tourist attractions:

- 1) objects of ancient Turkestan and the State Historical and Cultural Reserve-Museum "Azret-Sultan" (UNESCO site);
- 2) archaeological sites of the medieval town of Otrar and Otrar oasis included in the UNESCO preliminary list;
- 3) Sairam-Ugam national state natural park;
- 4) Baikonur cosmodrome;

In the future, the cluster can expand, including the rest of all three areas, as well as represent new places of tourist interest.

Western Kazakhstan is a cluster, which includes the entire Mangistau region and part of the West Kazakhstan region. The city of Aktau will be the center of this cluster, in which the following key tourist attractions are located:

- 1) underground mosques Beket-Ata, Shopan-Ata and Karaman-Ata, the mausoleum of Omar and Tours;
- 2) necropolises of the Mangyshlak Peninsula;
- 3) Mount Sherkala;
- 4) Karakia - Karakol State Nature Reserve;
- 5) complex of monuments "Bokeyevskaya Horde";
- 6) Kenderli resort.

In the future, the cluster can expand, Cluster West Kazakhstan will be positioned as "Caspian Riviera". The main tourist products that will be developed in this cluster include beach tourism, cultural tourism and tours.

Other parts of Kazakhstan. For regions not included in the cluster, as well as at the district level, it is necessary to identify promising tourist products for the development, mainly, of domestic tourism. In this case, it is advisable to develop and implement small projects to develop the appropriate infrastructure.

4. Practical part

4.1 Introduction

Recently there has been an increase in the interest of foreign tourists to the sights of the Republic of Kazakhstan. This phenomenon is conditioned, first of all, by the geographical position of the republic, by the great potential in the field of organization of tourist attractive routes, EXPO, etc. The tourist attractiveness of Kazakhstan is explained by the presence of unique natural areas and reserves, historical and cultural landmarks of world level. The proper use of these resources contributes to the development in the country of almost all types of tourism.

Tourism has an important social and economic significance, because it :

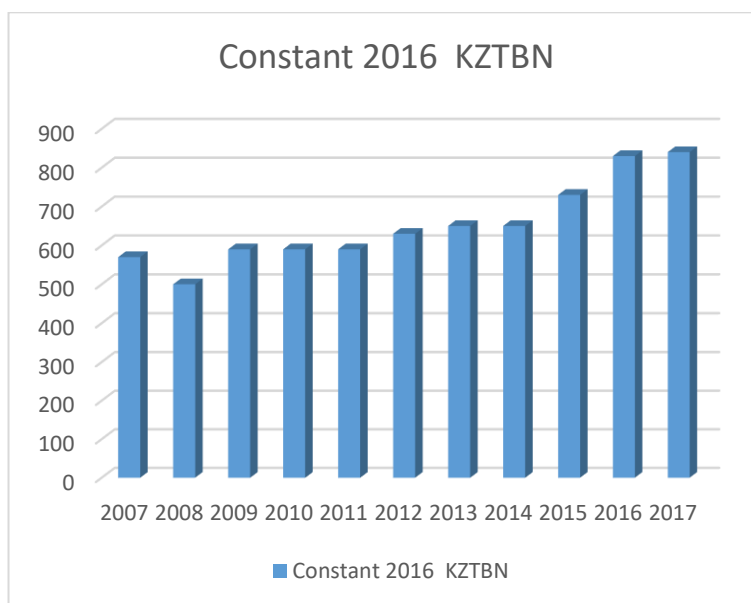
- increases local income;
- creates new jobs;
- develops all branches related to the production of tourist services;
- develops social and industrial infrastructure in tourist centres;
- activates the activities of the centres of folk crafts and the development of culture;
- ensures the improvement of living standards of the local population;
- increases foreign exchange earnings.

4.2 Contribution of tourism to the GDP in Kazakhstan

Figure 5 shows in 2016 the direct contribution of Travel & Tourism to GDP was about KZT 830.0bn and in 2017 about KZT845.0bn. In the Figure 6 in 2016 direct contribution is 1,9% of GDP and in 2017 it didn't change. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and alternative traveller transportation services. It additionally includes, for instance, the activity of eating house and leisure industries.

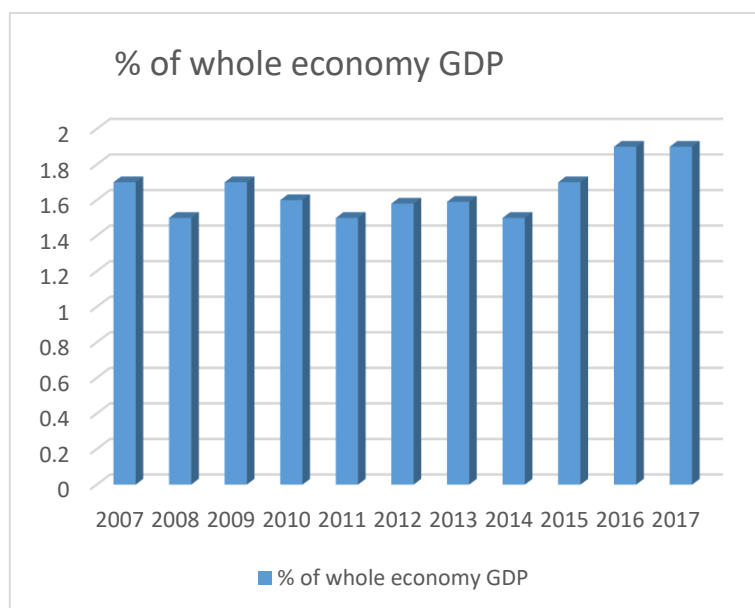
As can be seen in the figure, the contribution of tourism to GDP is still quite small, but in recent years there has been a steady upward trend. So, back in 2015 Kazakhstan among the 141 countries of the world took the 85th place in the rating of The Global Competitiveness Index in the sphere of tourism and travel, but today this figure is much higher. Now Kazakhstan is on the 57th place in the rating.

Figure 5 - KAZAKHSTAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

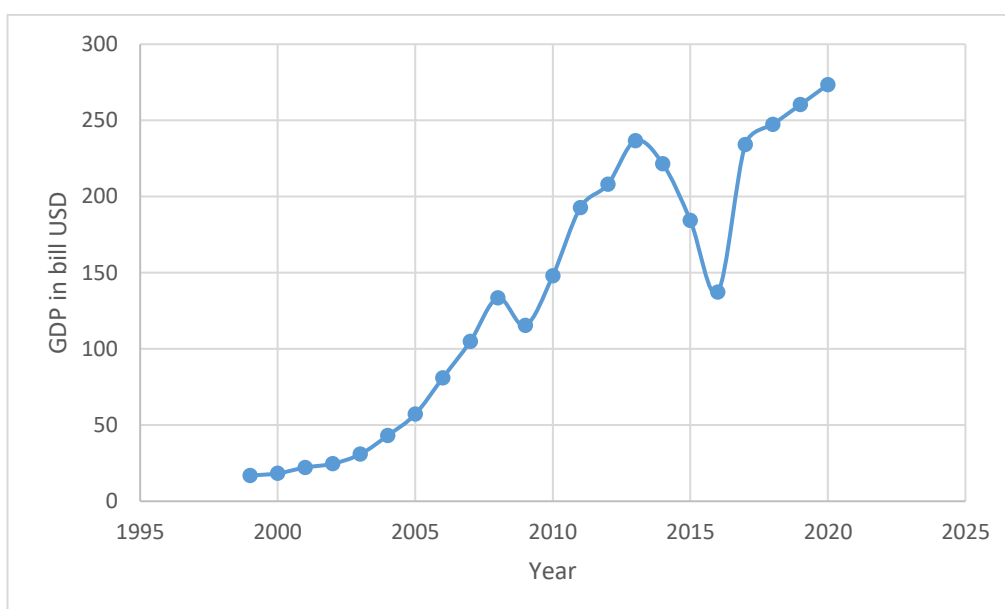
Figure 6 - KAZAKHSTAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

From the period from 1999 till 2016 GDP of Kazakhstan noticeable increased, almost 8 times as seen on figure 7. Also on the graph predictions of GDP were constructed. GDP of Kazakhstan will increase from 2017 and reach the peak in 2020 about 273 billion USD. This forecast is illustrative, since the development of GDP depends heavily on the nature of the government of Kazakhstan. But there are a number of risks, the impact of which can adversely affect the country's macroeconomic development in the following predicted years. Among the external risks, a significant reduction in energy prices in world markets and volatility in oil prices, as well as a sharp and more substantial tightening of the policy of the Federal Reserve System without preliminary preparatory rhetoric.

Figure 7-Prediction of development of GDP in Kazakhstan (in billion USD)



Source: World Bank Group, Own proceed

Table 4-Prediction of Development of GDP in Kazakhstan

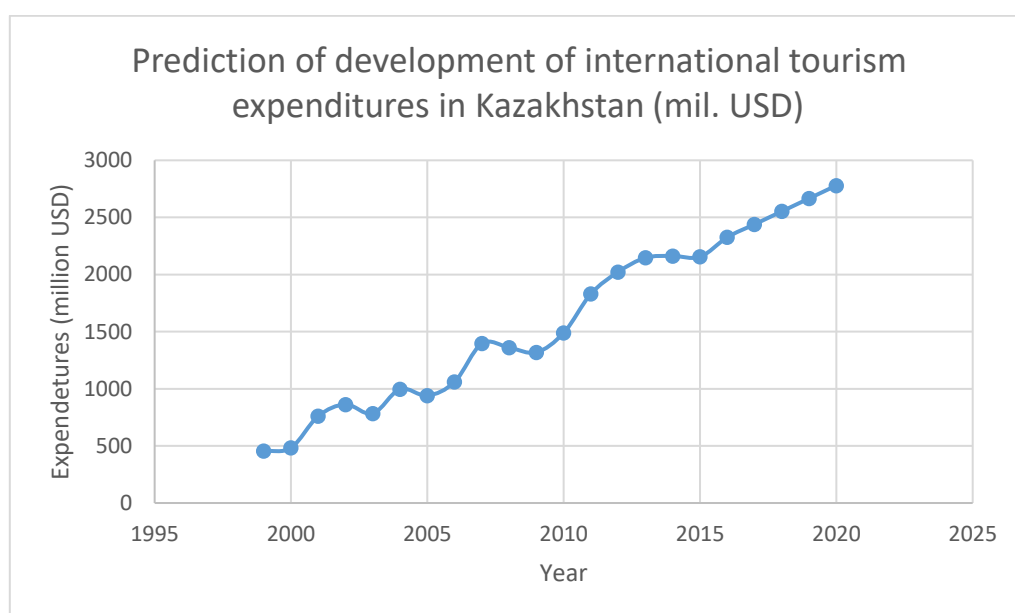
Year	2017*	2018**	2019***	2020****
GDP (billion USD)	234,17	247,26	260,36	273,46

Own proceed

“International tourism expenditures are expenditures of international outbound visitors in other countries, including payments to foreign carriers for international transport. These expenditures may include those by residents traveling abroad as same-day visitors, except in cases where these are important enough to justify separate classification. For some countries they do not include expenditures for passenger transport items.”[15]

Figure 8 shows that the highest expenditures from international tourism were reached in 2016 and made about 2326 million USD. Under the forecast in the following years expenditures will increase, but not significantly. In 2020 it will reach the maximum 2779 million USD. This forecast also illustrative.

Figure 8-Prediction of development of international tourism expenditures in Kazakhstan (mil. USD)



Source: <https://knoema.ru/atlas/Казakhstan/Расходы-на-туризм>, Own proceed

Table 5-Prediction of development of International tourism in Kazakhstan

Year	2017*	2018**	2019***	2020****
Expenditures (mil. USD)	2440	2553	2666	2780

Own proceed

For the calculation of dependency of international expenditures on GDP in the Republic of Kazakhstan SAS statistical program and its linear regression analysis were used. There is the equation:

$$Y = -47.85451 + 0.11557X$$

Y represents GDP and X represents tourism expenditures. If expenditures change by 1 unit, total GDP of Kazakhstan will change by 0.11557 units. The important thing that P-value less than 0.0001, so it is smaller than Alpha, which is equal 0.05. From analysis comes conclusion that H0 (there is no dependence between GDP and tourism expenditures) hypothesis was rejected and H1 (there is dependence between GDP and tourism expenditures) hypothesis was accepted. This results indicates strong dependence and dependence between Gross Domestic Product and international expenditures.

GDP can depend on many factors, this calculation shows that tourism expenditures is one of them. R-square which counted from the given data indicates more than 91 percent, which is a very good result and most likely it is right.

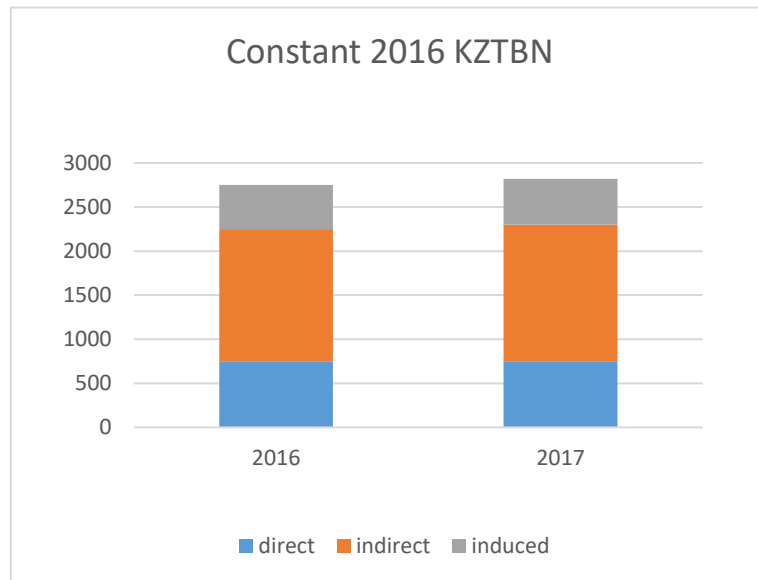
Table 6-Dependency of international tourism expenditures on GDP

Linear Regression Results					
The REG Procedure					
Model: Linear_Regression_Model					
Dependent Variable: GDP					
Number of Observations Read					23
Number of Observations Used					22
Number of Observations with Missing Values					1
Analysis of Variance					
Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	1	154670	154670	224.97	<.0001
Error	20	13751	687.52563		
Corrected Total	21	168421			
Root MSE		26.22071	R-Square	0.9184	
Dependent Mean		135.96859	Adj R-Sq	0.9143	
Coeff Var		19.28439			
Parameter Estimates					
Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	1	-47.85451	13.47054	-3.55	0.0020
Expenditures	1	0.11557	0.00771	15.00	<.0001
Generated by the SAS System ('Local', W32_8PRO) on March 12, 2018 at 12:29:33 PM					

Own proceed

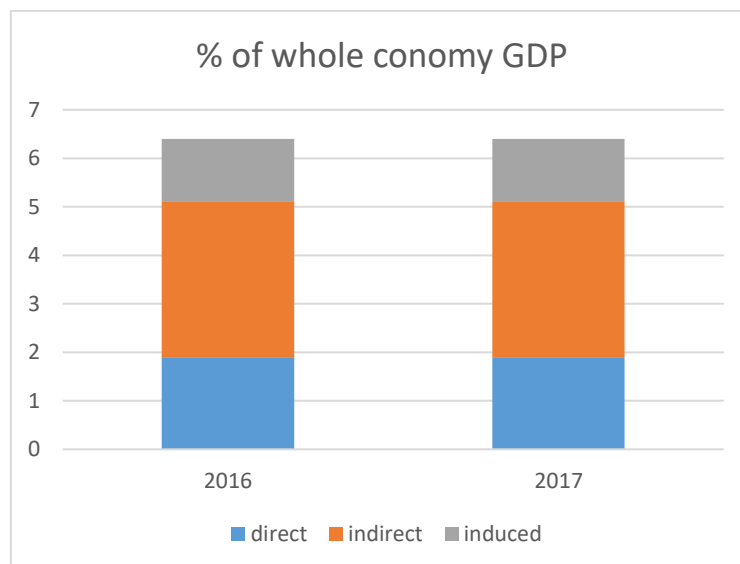
As shown in Figure 9 total contribution of Travel & Tourism to GDP in 2016 in Republic Kazakhstan was about KZT 2700.0bn. In 2017 about KZT 2800.0bn. In the Figure 10 In 2016 contribution is 6,2% of GDP and in 2017 it didn't change.

Figure 9- Kazakhstan : Total contribution of Travel & Tourism to GDP



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

Figure 10- Kazakhstan : Total contribution of Travel & Tourism to GDP

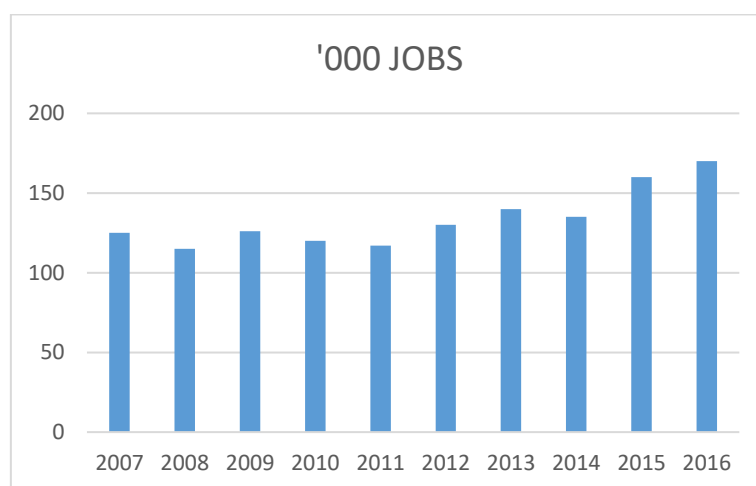


Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

4.3 Contribution of tourism to employment in Kazakhstan

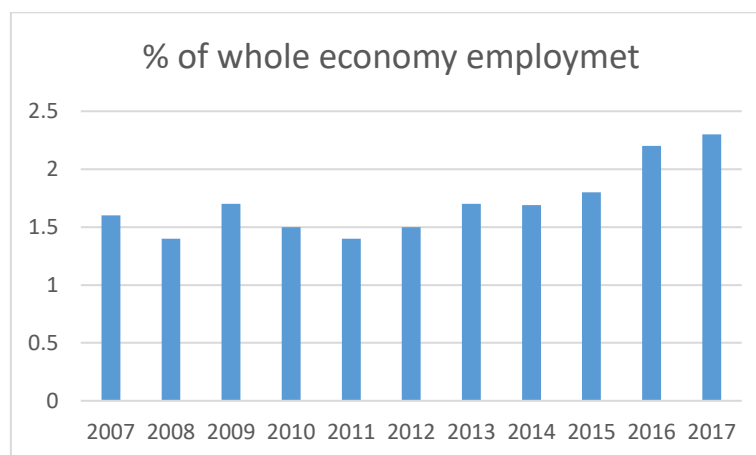
According to the Figure 11 it is noticeable that because of Travel & Tourism about 182,000 jobs were provided in 2016 and 187,000 in 2017. In the Figure 12 in 2016 direct contribution of Travel & Tourism is 2,2% of total employment in 2017 2,3% of total employment. That consist of employment by hotels, travelling agents, airlines and alternative traveler transportation services. It additionally includes, for instance, the activity of eating house and leisure industries. The rapid development of international tourism has led to a significant increase in jobs. Tourism can provide jobs directly through hotels, restaurants, taxis and when selling souvenirs, and indirectly - through the supply of goods and services that the tourist business needs. According to WTO data, in the world 1 out of 10 people work in tourism.

Figure 11 - KAZAKHSTAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

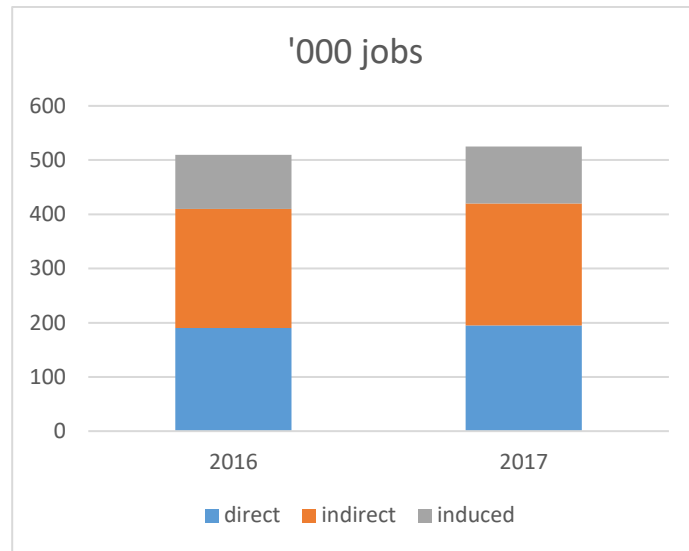
Figure 12 - KAZAKHSTAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

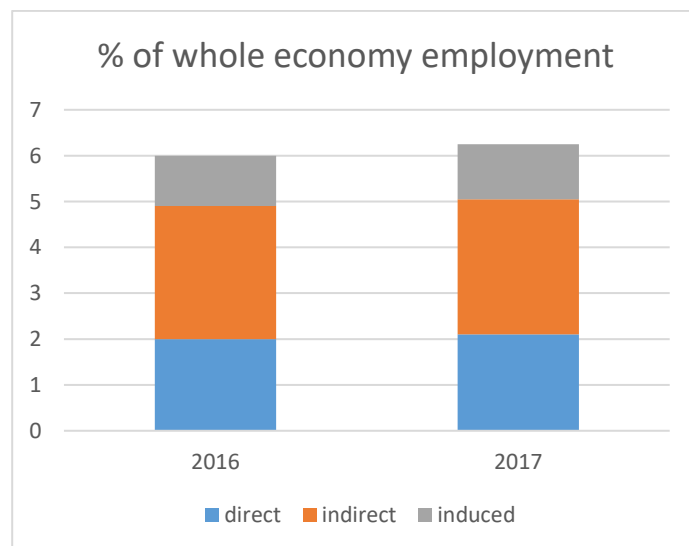
In the Figure 13 the total contribution of Travel & Tourism services to employment is shown. In 2016 it was 520,000 jobs and in 2017 530,000 jobs. Figure 14 shows percentage value of contribution of Travel & Tourism to employment in 2016 it was 6% of total employment and in 2017 6,1% of total employment.

Figure 13- KAZAKHSTAN: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

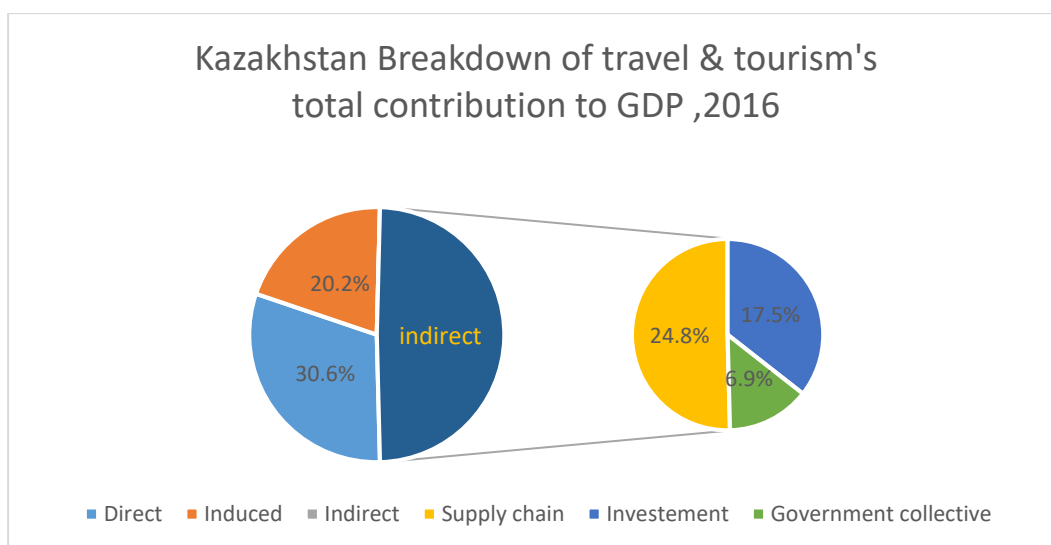
Figure 14 - KAZAKHSTAN: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

Figure 15 indicates total contribution of Travel and Tourism to GDP is 3 times greater than direct contribution.

Figure 15 – KAZAKHSTAN BREAKDOWN OF TRAVEL & TOURISM'S TOTAL CONTRIBUTION TO GDP, 2016



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

Table 7 - Country rankings real growth,2017

Travel & Tourism's Total Contribution to GDP		2017 % growth
33	Azerbaijan	6.6
34	Iran	6.6
85	Romania	4.6
87	Armenia	4.6
112	Bulgaria	3.9
	World	3.6
127	Ukraine	3.4
	Central Asia	3.1
139	Belarus	2.8
144	Kazakhstan	2.6
161	Russian Federation	1.5
171	Turkey	1.0

Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

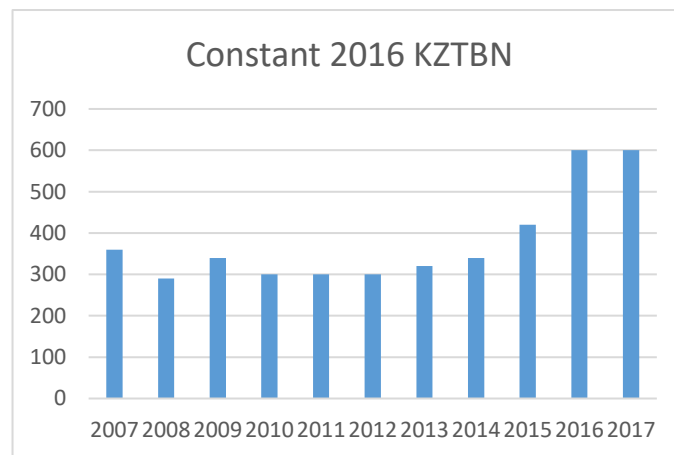
The Republic of Kazakhstan occupies the 144th place according to the GDP indices from the tourism indices in 2017 in the Table 7.

4.4 Analysis of visitors in the Republic of Kazakhstan

Kazakhstan strengthens its position on the map of international tourism, for 9 months of 2017 the republic was visited by a record number of foreign tourists - 5.8 million people. The big influence was rendered by EXPO which took place in Astana. Visitor exports are a very important component of the direct contribution of Travel & Tourism.

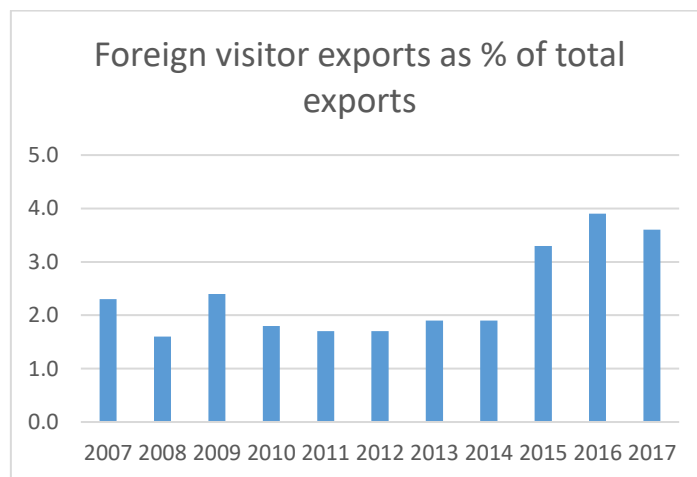
Figure 16 shows that in 2016 Kazakhstan generated about KZT600.0bn and in 2017 the same amount in visitor exports. In Figure 17 in 2016 foreign tourist made about 4% export of total export and in 2017 little bit lower about 3,6% export of total export

Figure 16- KAZAKHSTAN:VISITOR EXPORTS AND INTERNATIONAL TOURIST ARRIVALS



Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

Figure 17- KAZAKHSTAN:VISITOR EXPORTS AND INTERNATIONAL TOURIST ARRIVALS

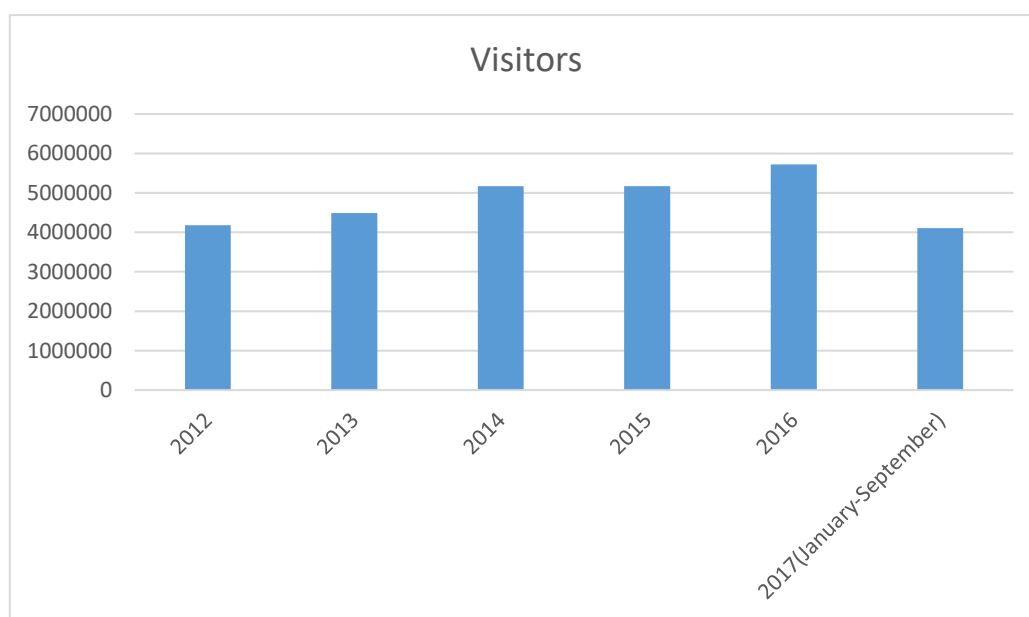


Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 KAZAKHSTAN

From the graph presented in Figure 18, it can be seen that the average annual increase in tourism activity varies between 37% per year. So for the period from 2012 to 2016 the number of tourists served increased from 4181285 people almost in 1.5 times and amounted to 5722583 people and in 2017 from January till September according to statistical data 4107907 visitors were served.

Favourable trends in the domestic economy permit to assume that the growth trend in the total number of tourists will continue to grow.

Figure 18- Number of visitors served by regions and resort areas of the Republic of Kazakhstan



Source: (Ministry of national economy of the Republic of Kazakhstan Committee on statistic data)

Table 8- The volume of services provided by the accommodation facilities

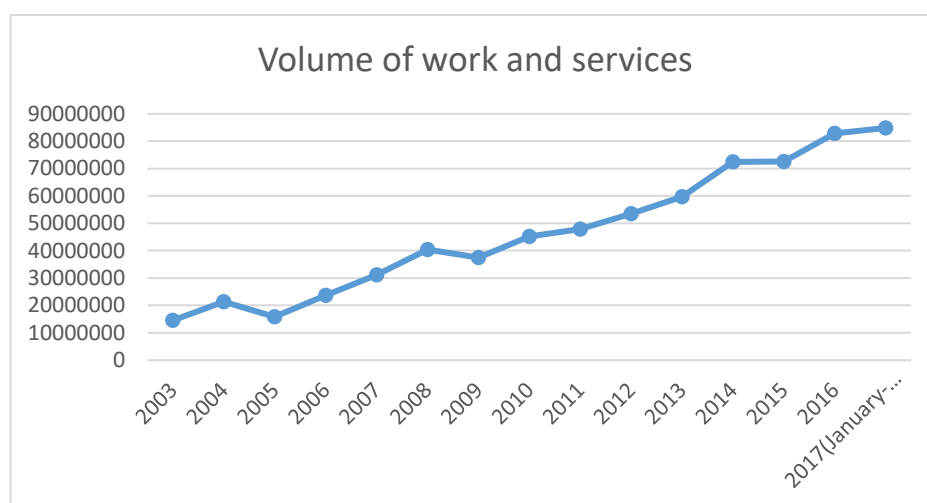
	2012	2013	2014	2015	2016
Aktobe	88378	92008	89514	87699	88824
Atyrau	216021	237119	195338	245362	244647
Jambyl	86625	101109	107179	105255	103748
Karaganda	257047	259609	299570	301844	293611
Kostanay	175464	198395	203112	176928	170579
Mangystay	178246	177113	175322	176880	193438
Pavlodar	285886	211104	257139	245536	281549
Almaty	569396	601973	803095	757244	841430
Astana	560043	611768	732615	724367	734732

Source: (Ministry of national economy of the Republic of Kazakhstan Committee on statistic data)

In the table 8 in 2016 the largest volumes of services provided by accommodation facilities were provided by the city of Almaty (841430), further in the ranked row are Astana (734732),

Karaganda (293611), Pavlodar (281430), Atyrau (244647), Mangystau (193438), Kostanay (170579), Jambyl (103748) and Aktobe (88824).

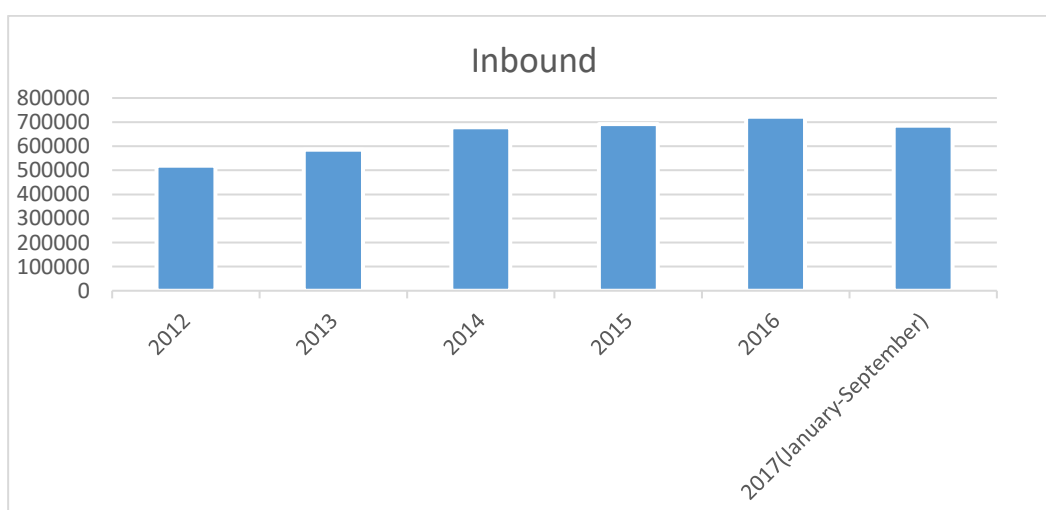
Figure 19- Volume of work and services



Source: (Ministry of national economy of the Republic of Kazakhstan Committee on statistic data)

The data shown in Figure 19 indicate positive dynamics of the volume of work performed and services in the tourist industry of the republic. As of 2003, the volume of work performed was KZT 14540143.3, and with the increase in 2017 in the period from January to September amounted to 84844678.7 KZT. During this period, the volume of works and services increased almost by 5 times. The structure of the tourism industry of the Republic of Kazakhstan is similar to the world one and includes 3 components: outbound, inbound, internal.

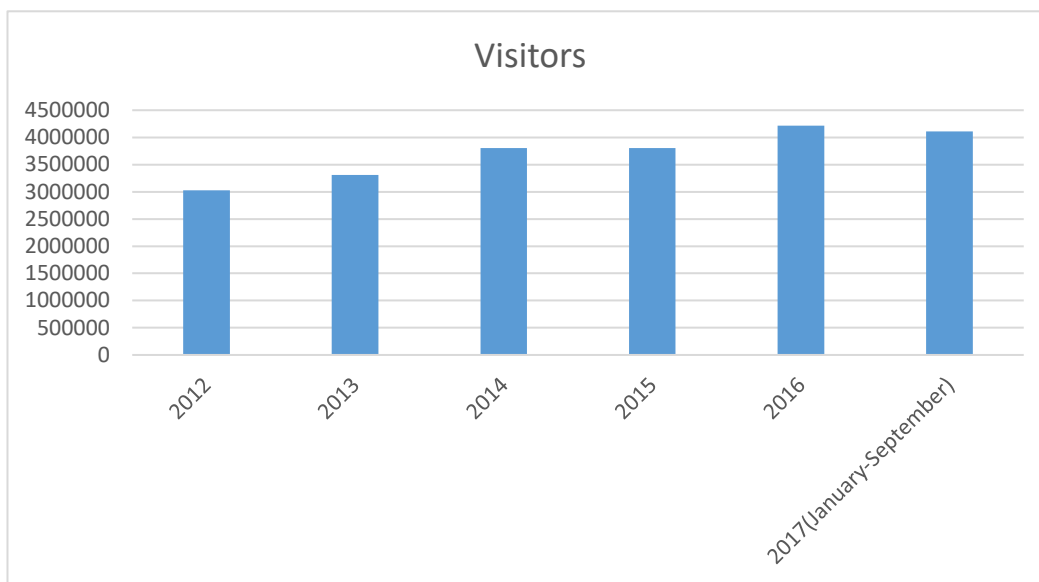
Figure 20- The visitors are accommodated by accommodation facilities for inbound tourism (non-residents)



Source: (Ministry of national economy of the Republic of Kazakhstan Committee on statistic data)

According to the statistical data presented in Figure 20, in 2016 tourist companies of Kazakhstan serviced 722515 people who entered Kazakhstan, which is 4% more than in the previous year. The data shown in figure 21 In 2016, according to the Ministry of National Economy Republic of Kazakhstan The Committee on Statistics of Tourist Organizations served 4217782 tourists.

Figure 21- Number of served visitors in places of accommodation



Source: (Ministry of national economy of the Republic of Kazakhstan Committee on statistic data)

4.5 SWOT analysis of tourism in Kazakhstan

To analyze the advantages and shortcomings of the activities of various enterprises around the world, use the SWOT analysis method. SWOT is an abbreviation that stands for Strengths, Weaknesses, Opportunities, Threats. This universal method is especially effective in analyzing the advantages and disadvantages of the tourist region and the country. SWOT-analysis helps to find out under what circumstances a tourist country develops, to balance the influence of internal advantages and disadvantages with the influence of favourable opportunities and threats.

SWOT-analysis of tourism in Kazakhstan will be carried out. In the table above it is noticeable that a larger number of tourists served were in the cities of Almaty and Astana. The analysis of tourism activity showed that tourists arriving from abroad to the cities of Astana and Almaty have business purposes of the visit (business tourism) and prefer to stay in hotels that provide high-quality services and a full range of services. It is the business tourism that the further development of the hotel chain of international level will depend on in the large cities - business centres of the country.

Table 9 - SWOT analysis of tourism in Kazakhstan

Strengths	Weakness
-The infrastructure of the tourism industry	-Almost all infrastructure is located in cities and large settlements
-Legislative and regulatory framework for the development of the tourism industry	-There are no conditions for a long stay of tourists at sites of interest
-High interest in eco-tourism in the international market, for the development of which Kazakhstan has the potential	-Insufficient advertising among foreign tourists.
-Guest houses are created	-The cost of a tourist product that does not correspond to the quality of the services provided;
unique culture and history of Kazakhstan, allowing to develop cultural-cognitive tourism	-Poor quality of access roads to tourist sites
-Natural conditions for the development of ski tourism	
-Security of human resources	
-Strong rates of economic growth in Kazakhstan	
-Political stability	
-Presence of a cosmodrome	
Opportunities	Threats
-Creation of new jobs, including in rural areas	-Decrease in volume of tourist flows
-High level of recognition of Kazakhstan in the international market of tourist services, which will ensure the inflow of investments and income to the budget	-Low level of investment activity
-Creation of a national tourist product	The formation of the image of Kazakhstan as a
-Increase in tourist flows for inbound tourism	-Country not for tourism

Own proceed

Analysis shows that there are a number of problems because of which the tourism industry in Kazakhstan can achieve a sustainable level of development. These problems have been discussed many times government officials and various experts. The main difficulties for the development of tourism in Kazakhstan are: insufficient advertising among foreign tourists, the cost of a tourist product that does not correspond to the quality of the services provided, poor quality of access roads to tourist sites, almost all infrastructure is located in cities and large settlements, there are no conditions for a long stay of tourists at sites of interest.

For the development of inbound tourism in the Republic of Kazakhstan according to Table 9, it is necessary to level out the weaknesses and use the opportunities. Solving these problems will allow Kazakhstan to develop tourism more dynamically and enter the international market with its unique product.

5. Conclusion

The Republic of Kazakhstan has objective prerequisites for a more active entry into the world tourist markets. The main tourist product of Kazakhstan is a variety of natural resources, historical and cultural heritage. The analysis of statistical and empirical data testifies to the growing interest in tourism products of Kazakhstan and the positive trends in the development of tourism.

The main goal of the development of tourism in Kazakhstan is the formation of an ecologically and socially oriented, highly profitable and competitive tourism industry capable of meeting the needs of tourists in a variety of tourism services, bringing in revenues to the country and new jobs, including in related sectors of the economy. The role of international tourism in the economy of Kazakhstan is determined by the degree to which this goal is achieved.

The study found that the tourism industry in Kazakhstan is able to maximize its competitive advantages while concentrating market forces on certain types of tourism and target markets. The most competitive and attractive types of tourism are:

- Resort and recreational tourism,
- Business tourism;
- Tourism on the Great Silk Road;
- EXPO.

These types of tourism are the most promising until 2020, as they are attractive for tourists and have a high economic return on their investment in a short period of time.

The conducted research showed a low level of attractiveness of certain regions of the republic. The planned solution of the problems of increasing the attractiveness of the regions of the republic for tourists, the development and implementation of additional tourism development programs in the regions, their timely financing and modernization of the existing infrastructure will in the future significantly increase the attractiveness of all tourist regions of Kazakhstan.

According to the SWOT analysis, it was noticeable that tourism in Kazakhstan is doing well with strengths than with weakness. The solution of the problems of the modern tourist market in Kazakhstan should be carried out in stages, together with representatives of the executive authorities in the regions and in the regions, which will greatly simplify and accelerate the processes of shaping the tourist attractiveness of the republic on the world market of tourist services.

Currently, the revenues of the tourism industry are about 500 million US dollars, but revenue growth will increase, which can become a significant contribution to the country's GDP, as well as to the formation of the balance of payments.

In recent years, there has been a significant increase in the entry of foreign nationals into Kazakhstan. If this growth trend continues, it can be expected the increase in the flow of visitors from foreign countries by 2020 twice.

Thus, the above data indicate the growing role of international tourism in the economy of Kazakhstan at present, as well as the prospects for the development of tourism in the near future.

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