

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Economics of tourism in Kazakhstan

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Economics of Tourism in Kazakhstan

Objectives of thesis

Object of the bachelor thesis: tourist industry in Kazakhstan

The subject of the bachelor thesis: trends and prospects for the development of the tourism in Kazakhstan.

In order to achieve this goal it is necessary to solve the following tasks:

- 1) define the term tourism economics;
- 2) determine the role and importance of tourism in the economy.
- 3) analyze the market of tourist services in Kazakhstan;
- 4) identify the main directions and prospects for the development of tourism in the country;
- 5) highlight the main economic aspects of Kazakhstan tourism.

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In this bachelor thesis there are applied the following research methods: historical method, content analysis, method of induction, method of comparative analysis, etc.

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Erdavletov, S. (2000), Geography of tourism. Almaty.

Gelvanovsky M., Zhukovskaya V., Trofimova I. (1998), Competitiveness in micro-, meso- and macrolevel measurements. Russian economic journal. Moskow: Academy of Management and Business Administration.

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Morozov, M. (2009), Economy and entrepreneurship in the socio-cultural service and tourism. Moskow: Academy.

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Declaration

I declare that I have worked on my bachelor thesis titled " Economics of Tourism in 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 14.03.2019

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Economics of Tourism in Kazakhstan

Abstract

The main aim of this bachelor thesis is to analyze the specific on tourism economy in Kazakhstan, identify prospects for the development of the tourism industry of the Republic of Kazakhstan, identify strengths and weaknesses of tourism in this country. This thesis consists of two parts. First part includes theoretical aspects, describes main economic function of the tourism industry and main directions of tourism economics. The second part describes the current situation in tourism sector of Kazakhstan, evaluates the role of tourism in economy of RK. Also we research the specific of the functioning of the economic mechanism in Kazakh tourism and perspectives of tourism development in Kazakhstan

Keywords: Tourism, Economy, Kazakhstan, Almaty, economic mechanism.

Ekonomika cestovního ruchu v Kazachstánu

Abstrakt

Cílem této bakalářské práce je analyzovat specifické aspekty cestovního ruchu v Kazachstánu, identifikovat vyhlídky na rozvoj turistického průmyslu Republiky Kazachstán, identifikovat silné a slabé stránky cestovního ruchu v této zemi. Tato práce se skládá ze dvou částí. První část obsahuje teoretické aspekty, popisuje hlavní ekonomické funkce odvětví cestovního ruchu a hlavní směry ekonomiky cestovního ruchu. Druhá část popisuje současnou situaci v odvětví cestovního ruchu v Kazachstánu, hodnotí roli cestovního ruchu v ekonomice RK. Také zkoumáme specifické aspekty fungování ekonomického mechanismu v kazašském cestovním ruchu a perspektivách rozvoje cestovního ruchu v Kazachstánu

Klíčová slova: Turismus, Ekonomika, Kazachstán, Almaty, ekonomický mechanismus.

List of tables

Table 1 19

Table 2 Data 30

Table 3 Correlation matrix 30

Table 4 Backward stepwise regression..... 31

Table 5 Regression analysis 32

Table 6 The place of Kazakhstan in the global ranking of tourist attractiveness 38

Table 7 SWOT Analysis..... 40

Table 8 List of types of direct and related activities of tourism..... 43

Table 9 Accommodation prices 48

Table 10 Regions of the country with unique natural resources for the development of ecological tourism..... 53

Table 11 Places to visit in Almaty region 54

List of figures

Figure 1. The main types of tourist products 23

Figure 2 Number of tourists entering [75-77] 46

Figure 3 The direct contribution of the tourism industry to GDP in relative terms of (%)..... 47

Contents

1.	Introduction.....	10
2.	Objectives and Methodology	12
2.1	Objectives	12
2.2	Methodology.....	12
2.2.1	The rational for studying economics of tourism in Kazakhstan.....	12
2.2.2	Methods used in the thesis	13
3.	Theoretical part.....	15
3.1	Literature review.....	15
3.1.1	Theoretical aspects of tourism economics	15
3.1.2	Efficiency and effectiveness of the operation of tourist system.....	18
3.1.3	Tourism in Kazakhstan	25
4.	Practical part	29
4.1	Regression analysis	29
4.2	Practical aspects of tourism development in Kazakhstan	33
4.2.1	Problems of tourism in Kazakhstan	33
4.2.2	SWOT analysis.....	39
4.2.3	Specific of the functioning of the economic mechanism in Kazakh tourism.....	42
5.	Development of a tourist route in Almaty (Kazakhstan)	51
6.	Conclusion	57

1. Introduction

Tourism plays a major role in the global economy, providing a tenth of the world's gross national product (GNP). The annual growth of investments in the tourism industry is about 30%. In addition, tourism is the most profitable type of business in the world.

As the ninth largest country in the world, Kazakhstan is full of plenty to explore. Much of the country is covered in vast steppe, broken by mountains, forests, lakes, and cities. The geographical size and diversity of the country, plus relatively well-developed infrastructure, means that tourism in Kazakhstan is growing and expanding. Any trip to Kazakhstan is an opportunity to explore this beautiful country and all its unexpected destinations.

Almaty is the historical capital and the biggest city, full of tree-lined streets, cute cafes, and beautiful museums. Astana is the modern capital, where buildings were designed by international architects and the streets are wide and clean.

Kazakhstan also has a rich culture and history, from spiritual leaders to artisans and performers. Applied arts are still popular for decorating houses and yurts, while museums hold some of the finest examples of workmanship by Kazakh artists.

The economic effect of tourism in practice was felt by Kazakhstan during the EXPO, when more than 7 million visitors came to Kazakhstan thanks to the personal participation of the Head of State Nursultan Nazarbayev. Citizens of 67 countries have the right to visa-free entry into Kazakhstan for tourist purposes. Until the end of 2018, a unique 72-hour visa-free transit for citizens of China and India through the cities of Almaty and Astana was introduced. According to preliminary estimates, by the end of 2019 this figure will amount to 1 million transit visitors from China and India.

Despite the intensification of the modern tourism problems study, the process of socio-economic development of tourism as a factor of the formation of the market economy of modern Kazakhstan, remains insufficiently researched. There is practically no profound analysis of Kazakh tourism market's development in the literature and scientific research devoted to tourism. Therefore, it is necessary to develop new approaches to the formation of an organizational and economic mechanism for the

development of tourism in increasing the efficiency of its functioning in the international and national economy of the country. This actualizes the theme of the bachelor thesis.

2. Objectives and Methodology

2.1 Objectives

Possessing rich cultural, historical and natural resources, Kazakhstan faces the challenge of creating a modern tourism industry able to attract foreign and domestic tourists.

Kazakhstan is the country of the rich history and culture where coexisted for a long time religious and cultural traditions of peoples inhabiting it. Kazakhstan, being a large country, also has unique natural resources. The purpose of the research is to analyze the current state of the tourism economy in Kazakhstan and give practical recommendations for its development.

Object of the bachelor thesis: tourist industry in Kazakhstan

The subject of the bachelor thesis: trends and prospects for the development of the tourism in Kazakhstan.

In order to achieve this goal it is necessary to solve the following tasks:

- 1) define the term tourism economics;
- 2) determine the role and importance of tourism in the economic and socio-cultural development of the country;
- 3) analyze the market of tourist services in Kazakhstan;
- 4) identify the main directions and prospects for the development of tourism in the country and Almaty;
- 4) explore the impact of tourism on the economy of Kazakhstan;
- 5) highlight the main economic aspects of Kazakhstan tourism.

2.2 Methodology

2.2.1 The rationale for studying economics of tourism in Kazakhstan

International tourism is currently one of the most dynamically developing branches of foreign economic activity. The steady growth of the influence of tourism both on the world economy as a whole and on the economies of individual countries and regions is one

of the most significant, permanent and long-term trends that accompany the formation and development of the world economy

Kazakhstan, possessing unique natural resources and original culture of the nomadic people, has a huge untapped potential for the development of tourism in the international and regional markets.

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 a growing interest in the Kazakhstan tourist product and favorable trends in the growth of the number of tourists and the expansion of sales markets.

The republic is becoming more attractive for businessmen, athletes, scientists, lovers of extreme recreation, as well as for people interested in the history and present of the countries located on the Great Silk Road.

Since most of the territory of Kazakhstan is occupied by mountains, they are the most attractive resource for foreign tourists. Adventure tourism is in high demand in the global tourism market.

2.2.2 Methods used in the thesis

In theoretical and methodological basis of the research the author relied on the works by the classics of world Economics, modern economic scientists in the field of tourism as a factor of economic growth. Descriptive method for comprehensive disclosure of the topic, as well as a method of synthesis that combines the positions of scientists with regard to the topic of the thesis are also used during the writing theoretical part. Also used scientific development of the Institute of Economics (RAS) on the formation of strategic goals in social, economic and spatial development, as well as the materials of Kazakhstan's Ministry of Tourism and Sport. The materials of the thesis also contain strategic approaches to managing the long-term development of Kazakhstan mentioned in the Messages of the President of the Republic of Kazakhstan to the parliament, as well as in the concept of long-term tourism and economic development of the Kazakhstan, Strategy of development of tourism. The research was carried out with steadfast attention to the

system method, methods of formal logic: deduction, induction, comparison and analogy. It was also important to apply dialectical methods: the unity of historical and logical, the ascent from the abstract to the concrete. The economic and mathematical methods were also of great use: correlation and regression analysis, statistical method. The developed methodical approach to the quantitative measurement of tourism were not covered by the Statistical observation of Kazakhstan, which expands the methodological tools of analytical studies of tourism and provides the objectivity of their results. All these methods can also be applied for assessing the dynamics of growth and make informed management decisions in the field of tourism and choice of governing instruments.

3. Theoretical part

3.1 Literature review

In the thesis we used works of Kazakhstan and foreign authors. Literature review was done by examining articles, books, research papers that author of this thesis considered as relevant. All resources mentioned below were published by accredited scholars and researchers. Chosen literature disposes the research topic within the context of the previous academic findings and sets the background for further studies.

3.1.1 Theoretical aspects of tourism economics

Today tourism is a global force for economic and regional development of any country. Tourism development carries with a mix of costs and benefits and the rashly growing field of tourism economics creates an essential contribution to tourism activity, planning, policy and business practices. People living in a developed society, in addition to biological needs, have many other needs and desires. One of the needs is need for travel. Satisfaction of tourist needs and desires involves the production of tourist products and services, and this, in turn, affects the development of production activities and development of tourist resources.

There are a lot of approaches to the interpretation of the term tourism economics, different researchers give different interpretations to it. For example, Russian researcher Morozov (Morozov, 2014) gives the next definition: “The tourism economy is a science that studies and analyzes economic relations arising in the process of production, distribution and consumption of tourism products and services intended for the needs and desires of travelers. The subject of the tourism economy is economic relations, arising in the process of production, distribution and consumption of tourist products (services) intended for the needs of tourists. The object of the tourism economy is economic patterns and methods of their effective use in conditions of limited resources”¹.

¹ Morozov M80 Tourism Economics: textbook / Morozov, Morozova, Karpova, Khoreva.: Federal Agency for Tourism, 2014. - 320 p.

Tourism is a multidimensional field of activity, interacting with different spheres of knowledge, such as tourism and law, tourism and medicine, tourism and ecology and etc.

Dwyer, Forsyth, Spurr and van Ho (2005) notice that tourism's economic impact refers to the changes in the economic contribution that result from specific events or activities that comprise 'shocks' to tourism demand. These changes generate three types of impacts or effects: direct impacts, indirect effects and induced effects. To estimate the economic impacts an economic model is needed. The impact of higher visitor spending is highly sensitive to the assumptions one makes about the economy².

There are four main problems in the tourism economy:

- 1) the problem of efficient distribution of limited and rare tourist resources;
- 2) the problem of maintaining a sustainable tourism economy;
- 3) the problem of development or growth of the tourism economy;
- 4) the problem of the fair distribution of tourism production or tourist income.

Mentioned problems of tourism economy mostly are solved by mechanisms of the tourist market, including distribution of tourism resources, maintenance of a sustainable economy tourism, its development or increase, as well as the distribution of tourism income.

The basis of tourism economics is people who satisfy their needs and desires in the field of tourism. Therefore, the existence of tourism economy depends on the existence of a large number of people.

The environment is important in attracting tourism flows with their attendant economic effects. Conservation of valued environmental features can help to maintain tourism visitation and tourism's contribution to the economy. Tourism affects the environment through its interplay with natural, human, and built resources. Tourism impacts on the environment both direct and indirect, and often it is not easy to observe. Conversely, the range and quality of such resources can influence tourism flows.

Production of tourist goods is necessary to satisfy needs of tourists, on the one hand, it directly depends on desires of the consumers themselves (tourists). On the other

² Dwyer, Forsyth, Spurr and van Ho (2005). *Economic Impacts and Benefits of Tourism in Australia: a General Equilibrium Approach*. Sustainable Tourism Cooperative Research Centre, Gold Coast, Qld.

hand, development of the tourism industry is affected by many different external and internal factors. Therefore, tourism economy is rapidly developing, dynamic, stochastic component of the economy, but in many countries it is still at the stage of development.

Tourism economy is very specific sphere, and its specificity, of all, is that it is fallen under a number of factors that impede successful functioning, and most factors have a stochastic (random, uncertain) character. All factors can be divided into global and local. Among the global factors we can identify seasonal, political, economic and natural factors. First of all, the tourism industry is influenced by the seasonality.

People usually run all kinds of events in order to attract tourists in the low season: exhibitions, conferences, symposiums, sports competitions, etc., which allows companies to support their business activity. This factor highlighted a new direction in tourism - business tourism, or MICE-tourism (Meeting, Incentives, Congress / Conference, Exhibitions).

Economic factors also play an important role in the development of tourism.

As a rule, the better the country's economy is developed, the better tourism is developed (both domestic and international), because there is well-developed material and technical base (transport, accommodation facilities and food for tourists, infrastructure, modern information and communication technology) in the country, and the level of population's well-being is high enough to promote tourism.

The influence of natural factors is considered in connection with various natural deviations. The most significant damage for the development of tourism is caused by natural disasters: floods, tsunamis, earthquakes, hurricane winds, fires, etc.

Various industrial accidents also hinder the development of tourism, because they violate the ecology of the region (for example, shipwreck, which caused a large amount of fuel). At present time, ecology plays the important role in the development of international tourism.

There are many other restrictions that are derived from mentioned factors and negatively affect the production activity of tourism enterprises, which hamper the efficiency of their functioning.

Restrictions can be classified the next way (Morozov 2014)³:

- restrictions in tourist's demand
- restrictions in the tourist proposal
- environmental restrictions
- time restrictions
- legal restrictions
- limitations due to lack of knowledge
- restrictions due to lack of resources

Such resources include, for example, money-capital, specialized staff, hotels, restaurants, transport, etc.

Limited availability of such resources reduces the possibility of satisfaction needs and wishes of tourists.

3.1.2 Efficiency and effectiveness of the operation of tourist system

Tourism is one of the most visible and fastest growing aspects of globalization in developing countries. Despite widespread policy interest, however, we currently have limited empirical evidence on the economic consequences of this channel of market integration. Tourism is a peculiar form of market integration. Instead of shipping goods across space, tourism involves the export of non-traded local amenities, such as beaches, mountains or cultural amenities, and local services, such as hotels, restaurants and local transport, by temporarily moving consumers across space. Tourist expenditures on these local services are then reported as tourism exports in cross-country data on services trade flows. Over recent decades these tourism exports have grown to become a quantitatively important channel of global integration, and this is particularly the case for developing countries (<http://unctad.org/en/pages/Statistics.aspx>)⁴.

³ Morozov M80 Tourism Economics: textbook / Morozov, Morozova, Karpova, Khoreva.: Federal Agency for Tourism, 2014. - 320 p.

⁴ World tourism exports were USD 1.25 trillion in 2014, making it the single largest sector of global trade in services (accounting for one quarter). Tourism exports of low and middle income countries have grown at an average annual rate of 11 percent over the period 1982-2012. For this group of countries, tourism exports over the past decade have been of the same magnitude as 75 percent of all food and agriculture

Tourism has a dual effect on culture. One side, tourism helps to preserve it, and on the other hand it helps to deprive it of its foundation. In many developing countries local society adapts to tourists without losses for their religion and culture.

Table 1

Benefit	Damage
Economic consequences	
1. Increased participation in the international division of labor 2. Use of local resources 3. Attraction of foreign capital and income in foreign currency 4. Growth of local business turnover 5. Structural shifts in the national production of goods and services 6. Increase in the number of employees 7. Receipt of taxes in the state treasury 8. Growth of personal incomes 9. Balanced regional disparities 10. Creating an economic state image abroad	1. Leakage of hard currency 2. Growth of imports 3. Outflow from traditional spheres of the employment 4. Seasonal employment 5. Inflation 6. Usurpation of power by foreign companies 7. Dependence on political situation, international economic conjuncture 8. The emergence of economic crises
Socio-cultural consequences	Socio-cultural consequences
1. Breaking the language, social, class religious barriers 2. Increase of educational level	1. Negative attitude of local inhabitants 2. Creation of stereotypes 3. The effect of the demonstration

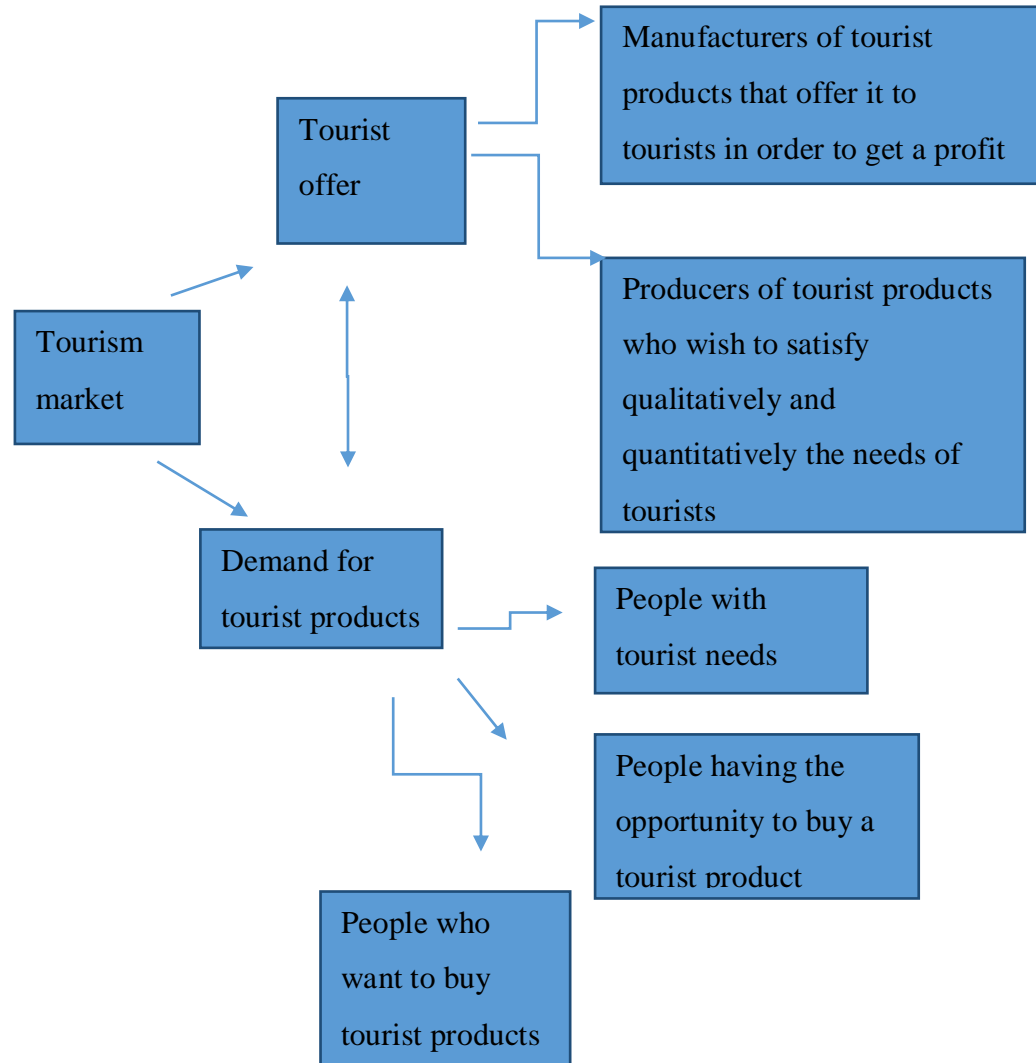
exports combined. These figures are based on UNCTAD statistics (see <http://unctad.org/en/pages/Statistics.aspx>).

<ul style="list-style-type: none"> 3. Preservation of works of art and traditions 4. Access to information 	<ul style="list-style-type: none"> (imitation in consumption) 4. Commercialization of culture, religion, art 5. Growth of social problems 6. Changes in the public structure
Environmental effects	Environmental effects
<ul style="list-style-type: none"> 1. Creation of national parks and nature reserves 	<ul style="list-style-type: none"> 1. Pollution of the environment 2. Degradation of landscapes 3. Excretion of agricultural land from turnover

Source: Consequences of tourism development (Kvashnina 2012)

It is known that the tourist market is a system of economic, legal, social relationships linking a large number of producers of tourist products and services, real and potential buyers, which are able and willing to buy this product due to a specific tourist motivation.

Figure 1. Structure of tourism market



Like any other industry in the economy, the tourism industry can be economically viewed from the outputs (services) it delivers and from the inputs it needs to perform the production of tourist products or services. Before any country or region within a country can attract tourists on a large scale, certain important inputs (facilities and services) must exist and be provided for tourists to cater for their needs from their time of arrival to their departure. The organizations or businesses that provide these facilities make up a tourism

industry. The most important services sectors or branches that directly relate to the tourism industry are the following:

Travel and transport services, catering and accommodation services, leisure and business facilities, marketing and promotional services this are the most important services to the tourism industry.

Because tourism industry is defined as a heterogeneous group of enterprises, Singh and Kaur (1982) grouped tourist related enterprises into different sectors (branches of economic activity). These sectors are:

- Energy
- Basic metals
- Manufacturing of electrical machines, apparatus, appliances, etc
- Manufacture of chemicals and chemical products
- Manufacture of wood
- Manufacture of textiles, leather and rubber products
- Food manufacturing industries and tobacco
- Agriculture Forestry Construction
- Transport and communication
- Trade and catering
- Miscellaneous manufacturing industries
- Services rendering arts and crafts
- Others

All these sectors are directly and indirectly linked to the tourism industry. This grouping of different enterprises and sectors confirms the fact that there are extensive linkages between tourism as an economic sector and other economic sectors. This also shows the linkages that exist between tourism industry as a tertiary industry and both the primary and secondary industries.

There are three possible offers of services on the tourist market. The first type is a complex tourist service offering accommodation, food, transport, household, sightseeing, sports and health services, united by a single goal and program of staying. The second type includes separate tourist services, such as accommodation, meals, as well as transport,

sightseeing, sports, health and household services. The third type includes goods of the tourist appointments, for example, tents, sleeping bags, rucksacks, souvenir tourist products, etc.

Classification of enterprises producing products and services for tourists:

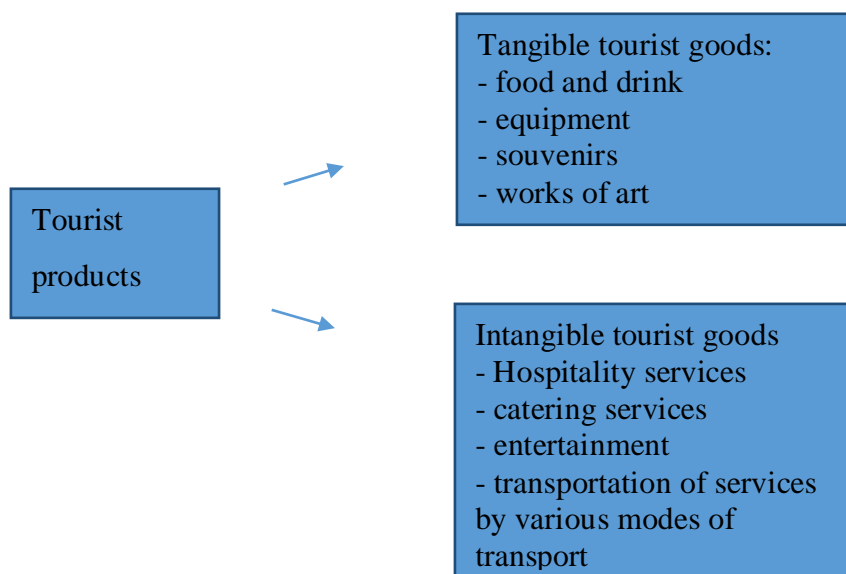
- primary - designed directly for tourists (hotels, sanatoriums, boarding houses, camp sites, etc.);

- secondary - designed primarily to serve tourists, although their services can be used by local residents (public catering establishments, cultural institutions etc.);

- tertiary - as a rule, designed to serve local residents, but their services can also be used by tourists (public transport, post office, etc.).

The characteristic feature of the tourism industry is that it combines enterprises that produce both material (goods) and intangible products (services).

Figure 1. The main types of tourist products



The economic importance of tourism (financial results) are reflected in local budgets and in the budget of the country. And tourism can both contribute to the flow of additional funds, and its outflow from the budget of the country (region). Based on economic considerations, many countries make efforts to develop domestic tourism.

Gross tourist product can be considered in two aspects:

- 1) as the sum of all costs made in the tourism economy for production tourist goods and services for a certain period;
- 2) as the sum of all income from the sale of tourist goods and services for a certain period.

Let's consider the first version of the definition of gross tourist product as the sum of all costs. Different costs for production tourist goods and services can be classified the next way:

- 1) the cost of tourist consumption and use (it means all tourist costs for the purchase of goods and services);
- 2) private tourist investments, including the total amount costs when implementing new investments;
- 3) public tourist costs, including general ones, that are made by the state in order to purchase tourist goods and services;
- 4) tourist exports minus imports. In this category, the total volume costs for the export of tourism from the country should be added to the gross tourist product and, conversely, the total volume import of tourist products must be deducted from the gross tourist product.

Now consider the gross tourist product as income. In this case the gross tourist product consists of different categories of income generated in the period of production of tourist goods and services. It includes:

- 1) sales of tourist products and services, including employee benefits (wages) and the granting of a loan (credit) for various types of tourist activity;
- 2) revenue (income), obtained from the rental of rooms, apartments etc.;
- 3) The percentage that the tourist industry receives from providing a loan.

Profit is calculated as a difference between profit from sales tourist products and the costs of their production and sale.

The result may turn out to be negative, because one part of the income can not return to the manufacturer and such production will be unprofitable.

The operations of the tourist market are governed by the same principles (market forces) as any other market. Prices are determined by the interaction of the demand and

supply forces. Any factor (s) that affects the demand and / or supply of tourist products a disequilibrium position (where the demand is not equal to the supply). All these shifts and the extent of the market supply of tourist products are dependent on the elasticity of demand and supply of tourist products.

The amount of any product that firms plan to sell/supply depends on many factors, such as:

- price of the product
- price of other products
- prices of resources used to produce the product
- number of suppliers
- level of technology.

In the service sector, which includes tourism, one of the main competitive advantages is the quality of services.

In conclusion, we must say that tourism is one of the most promising spheres of the economy. It impacts on the development of a region, contributes to the effective use of natural, cultural and historical heritage, access to which, on the one hand, serves to expand cultural competence, health and recreation of citizens, and on the other - economic development.

3.1.3 Tourism in Kazakhstan

Tourism is a complex, multifaceted concept, representing an entire system of interrelated industries, it is a type of activity, a form of recreation, a branch of the national economy and a way of spending leisure time.

Tourism has become one of the most profitable businesses. At the beginning of the new millennium, the share of tourism already accounted for 15% of the world trade in goods and services, which allowed it to take the third place after oil exports and car sales.

Kazakhstan is the ninth largest country in the world, and we have everything from snow and glaciers to sand dunes and mountain peaks. The country is unique in its state of natural landscapes, which are characterized by an wonderful diversity and inexhaustible opportunities for outdoor activities.

There are many beautiful places in Kazakhstan, but this powerful potential is almost not claimed by the tourist business. International tourism is going through hard times. The country has great potential both for the development of domestic tourism and for the reception of foreign travelers. It has everything you need - a vast territory, a rich historical and cultural heritage, and in some regions untouched, wild nature.

Kazakhstan is rapidly developing in a market economy, but mainly oil-producing and metallurgical industries are developing, as far as tourism is concerned, it is at the stage of protracted origin.

Kazakhstan has a good tourist potential, because the country can offer tourists various types of tourism.

The indicator of tourist mobility of the population of Kazakhstan is one of the lowest in the world. The vast majority of travel agencies prefer to engage in sending their compatriots abroad, and only a few firms work to attract tourists to Kazakhstan. Mostly tourists visit Almaty and Astana.

It is beneficial for Kazakhstan to develop inbound tourism, which provides additional income in the form of foreign currency.

For us, tourism could be one of the stimuli for the development of the economy, which will provide an opportunity to create additional jobs, expand the export potential of the market for goods and become one of the sources of foreign exchange earnings.

Kazakhstan is rich in tourism resources, but the level of tourism development does not correspond to the international one. The tourism industry is focused on the development of outbound tourism, not paying enough attention to the development of inbound and domestic tourism.

It is well known that the development of inbound tourism is important for the country. This is explained by the fact that inbound tourism has a number of advantages from an economic point of view, including:

- revenue for the country, in the form of foreign currency, through the sale of vouchers and through the purchase of services and goods in the country of visit;
- development of the hotel sector in the country;
- formation of a developed tourism infrastructure;
- development of tourism related industries;

- creation of additional jobs;
- conducting full-scale sociological and marketing research to create the necessary tourist product.

Currently, tourism is an industry that does not mobilize foreign exchange earnings in the Republic, but, on the contrary, it is a channel for currency leaks on an impressive scale. Offers of recreation abroad are in demand in Kazakhstan because there our tourists are offered a higher quality service and at reasonable prices. Often there is a situation when it is cheaper relax abroad than in Kazakhstan.

It should be noted that the pace of development of outbound tourism is more dynamic than domestic and inbound. This is due to the increase in the standard of living of the population of our country and the lack of competitive tourist offers in the country that would combine quality and price indicators.

It is necessary to note the urgent need for the development of domestic and inbound tourism.

However, the material base of accommodation facilities, including hotels, boarding houses, houses and recreation centers, as well as sanatorium-resort institutions, is characterized by a high degree of moral and physical deterioration. Most of the fixed assets of the hotel industry in the country were commissioned in the Soviet period, and were developed by individual entrepreneurs, but not by the state. The state develops various programs for the development of tourism in the country, but almost no one is responsible for their implementation. Kazakhstan needs:

- improve infrastructure;
- organize professional organization of catering services;
- prepare qualified personnel.

Development of tourism in Kazakhstan depends on many factors:

- legal support of the tourist industry;
- passport and visa formalities for crossing the state border;
- the level of infrastructure development, as an indicator of the attractiveness of the region;
- the state of recreational resources and the tourist product that we can offer;

- the cost of the tourist product that does not correspond to the quality of the services provided;

- insufficient advertising among foreign tourists.

The development of tourism is greatly influenced by the state of the transport infrastructure. Transport is a link between the individual elements of the tourism industry and contributes to its development. The transport infrastructure serves not only to provide communications between tourist centers, but it can also be used by ordinary citizens in everyday life, without tourist purposes. One of the main factors influencing the development of international tourism is passenger air travel. In our country, tourists arrive mainly by air.

4. Practical part

4.1 Regression analysis

To understand how tourism sector, influence the economic indicators, author will use on of the most appropriate analysis – regression analysis.

To conduct regression analysis with the time period from 2006 to 2017 for tourism in Kazakhstan we will use the following factors:

Dependent:

z – Kazakh GDP (USD bl)

Independent:

a – International Tourism: Expenditures (USD mn)

b – Expenditures: % of Total Imports

c – Expenditures: for Passenger Transport Items (USD mn)

d – Expenditures: for Travel Items (USD mn)

e – International Tourism: Number of Arrivals (Person thousand)

f – International Tourism: Number of Departures (Person thousand)

g – International Tourism: Receipts (USD mn)

h - International Tourism: Receipts: for Travel Items (USD mn)

Table 2 Data

Year	a	b	c	d	e	f	g	h	z
2006	940000	3692	187000	753000	4365000	2975000	801000	701000	57.1
2007	1060000	3224	239000	821000	4707000	3615000	973000	838000	81
2008	1396000	3103	314000	1082000	5311000	4449000	1214000	1014000	104.9
2009	1361000	2746	283000	1078000	4117000	4239000	1255000	1012000	133.4
2010	1319000	3382	187000	1132000	3774000	5309000	1185000	963000	115.3
2011	1489000	3364	216000	1273000	4097000	5893000	1236000	1005000	148.05
2012	1831000	3568	220000	1611000	5685000	7852000	1524000	1209000	200.38
2013	2023000	3287	337000	1686000	6163000	8875000	1572000	1347000	215.9
2014	2147000	3394	304000	1843000	6841000	9310000	1779000	1522000	243.78
2015	2163000	3796	231000	1932000	6333000	1023000	1701000	1467000	227.44
2016	2155000	4744	176000	1979000	6430000	1118000	1734000	1534000	184.36
2017	1796000	4521	111000	1658000	6509000	1205600	1716000	1549000	137.28

Source: Ceic Data, 2018

Using Excel, we obtain a correlation matrix (Table 3), which show us the factors that can be included in the model of multiple regression:

Table 3 Correlation matrix

	a	b	c	d	e	f	g	h	z
a	1								
b	0.448682	1							
c	0.114646	-0.72766	1						
d	0.98996	0.554394	-0.0262	1					
e	0.847552	0.5486	0.064263	0.839881	1				
f	0.134225	-0.55208	0.634406	0.045465	0.008949	1			
g	0.96741	0.492634	0.001825	0.970611	0.852855	0.069901	1		
h	0.947747	0.57997	-0.06229	0.959169	0.890763	-0.02858	0.987277	1	
z	0.938955	0.172375	0.304483	0.903003	0.716666	0.381985	0.8761	0.817736	1

Source: Author's own table.

The analysis of matrix of paired coefficients show us the presence of multicollinearity (several coefficients are greater than 0.8), therefore for providing a regression analysis we have to exclude multicollinearity from our data. This task will be solved via using the method of backward stepwise regression (Table 12, 13)

Table 4 Backward stepwise regression

```

Sequential elimination using two-sided alpha = 0.05

Dropping c          (p-value 0.588)
Dropping h          (p-value 0.477)
Dropping e          (p-value 0.063)
Dropping a          (p-value 0.354)
Dropping g          (p-value 0.080)
Dropping f          (p-value 0.100)

Test on Model 1:

Null hypothesis: the regression parameters are zero for the variables
a, c, e, f, g, h
Test statistic: F(6, 3) = 3.18728, p-value 0.184634
Omitting variables improved 0 of 3 information criteria.

Model 2: OLS, using observations 2006-2017 (T = 12)
Dependent variable: z

-----
                coefficient      std. error      t-ratio      p-value
-----
const          105.232           21.6946         4.851         0.0009 ***
b              -0.0501005           0.00721461     -6.944         6.73e-05 ***
d              0.000162124           9.49086e-06    17.08         3.63e-08 ***

Mean dependent var    154.0742    S.D. dependent var    60.09439
Sum squared resid    1153.260    S.E. of regression    11.31989
R-squared             0.970969    Adjusted R-squared    0.964517
F(2, 9)              150.5051    P-value (F)           1.21e-07
Log-likelihood        -44.41991    Akaike criterion      94.83982
Schwarz criterion     96.29454    Hannan-Quinn          94.30123
rho                  0.306523    Durbin-Watson         1.162801

```

Source: Author's own table.

After applying method of backward stepwise regression with two-sided p-value = 5%, we exclude 6 factors of 8. It means, that for regression analysis we will use only b (Expenditures: % of Total Imports) and d (Expenditures: for Travel Items (USD mn)) factors.

Regression analysis:

Table 5 Regression analysis

```

Model 2: OLS, using observations 2006-2017 (T = 12)
Dependent variable: z

      coefficient      std. error      t-ratio      p-value
-----
const      105.232          21.6946         4.851         0.0009 ***
b          -0.0501005         0.00721461      -6.944        6.73e-05 ***
d           0.000162124         9.49086e-06     17.08         3.63e-08 ***

Mean dependent var      154.0742      S.D. dependent var      60.09439
Sum squared resid      1153.260      S.E. of regression      11.31989
R-squared                0.970969      Adjusted R-squared      0.964517
F(2, 9)                 150.5051      P-value(F)              1.21e-07
Log-likelihood          -44.41991      Akaike criterion        94.83982
Schwarz criterion       96.29454      Hannan-Quinn            94.30123
rho                     0.306523      Durbin-Watson           1.162801

Test for normality of residual -
Null hypothesis: error is normally distributed
Test statistic: Chi-square(2) = 0.594064
with p-value = 0.74302

White's test for heteroskedasticity -
Null hypothesis: heteroskedasticity not present
Test statistic: LM = 1.92294
with p-value = P(Chi-square(5) > 1.92294) = 0.859701

LM test for autocorrelation up to order 4 -
Null hypothesis: no autocorrelation
Test statistic: LMF = 0.757854
with p-value = P(F(4, 5) > 0.757854) = 0.594367

```

Source: Author's own table.

By providing the regression analysis (Table 5), we saw that the coefficient of determination is 0.97, which is high result that approved our assumption about a high influence on Kazakh GDP of these 2 factors (b and d). The multiple regression coefficient is 0.98, in other words the connection between factors are close and high.

The value of Fisher's F-test is greater than F-criterion. Hence, $F_{fact} > F_{table}$, the null hypothesis is rejected, and the regression equations are statistically significant. Moreover, it is established

that the model meets the general requirements for the normality of residuals, homoscedasticity and lack of autocorrelation.

Regression equation:

$$Z = 105.232 - 0.05b + 0.000152d$$

It means, that with the increase of b "Expenditures: % of Total Imports" by 1, GDP will decrease by 0.05 (negative relationship), and with the increase "Expenditures: for Travel Items" GDP by 1 will rise by 0.000152 (positive relationship)

4.2 Practical aspects of tourism development in Kazakhstan

4.2.1 Problems of tourism in Kazakhstan

Tourism is the calling card of every country. There are many picturesque places in Kazakhstan where you can relax with your family without going abroad. However, our compatriots have become accustomed to spend their money outside the country.

Briefly about Kazakhstan:

Official name: Republic of Kazakhstan

Capital: Astana

Major cities: Almaty, Karaganda, Shymkent, Aktobe, Taraz, Pavlodar, Ust-Kamenogorsk.

Languages: Kazakh language is the state language of the country, Russian is also used by the population of Kazakhstan, English is used as the language of international communication.

Currency: The national currency of Kazakhstan is Kazakhstan Tenge (KZT). Russian rubles, US dollars, Euros, and other major currencies can be easily exchanged at banks and exchange offices.

The current exchange rate 1 EUR=426.91 KZT, 1 USD=377.73 KZT,
1 CZK=16.67 KZT.

Population: Kazakhstan is a multinational country, the main nationality is Kazakhs, there are also many Russians, Uzbeks, etc. The total population is 18.376.178 people.

Weather: Due to the sharply continental climate, winters in Kazakhstan are cold and summers are hot. More about climate

Time Zones: Kazakhstan is located in two time zones: UTC +5 and UTC +6. Astana and Almaty are in the UTC +6 belt. The country does not shift to summer time.

Food: Kazakh, Central Asian and Russian cuisines are popular in Kazakhstan, it is also easy to find Italian, Turkish, Korean restaurants in big cities. Organic, natural ingredients are usually used for cooking in Kazakhstan, which gives food an exceptionally rich taste.

In 2011, our republic for the first time held on its territory the largest sports event of the international level - Asian Games, and in 2014 - the World Weightlifting Championship. In 2017, Kazakhstan hold two major events - the Universiade in Almaty and the World Expo in Astana.

Today we observe the growing interest among foreign tourists. Thus, a surge in the number of foreign guests fell during the period of EXPO-2017. Basically, the country is visited in August-September. Most of all, guests from the UK come to Kazakhstan: they account for 10% of the total tourist flow.

Also country is visited by the Koreans and the French - 8% and 6%, respectively. And the top five leaders are the Germans and the Japanese. It is noteworthy that the youngest tourists are more common among Koreans and French, while the Japanese are the oldest. Among the latter, more single travelers, couples - only 10%. Regarding to the French, for example, this figure reaches 32%.

World-famous Swedish traveler Johan Nilsson arrived in Kazakhstan to take part in the international mountain sports festival. During his life he has made more than 30 expeditions in 140 countries of the world. And the most famous journey lasted 18 months, followed by more than a billion viewers around the world. In his speech, he described the shortcomings of the tourism industry in Kazakhstan. And first of all, it is the lack of information about the country outside. Tourists simply do not know what Kazakhstan is.

First of all, people need to discover Kazakhstan. Kazakhstan has direct flights and visas for Europeans, but the country needs more restaurants and events. Infrastructure is very important for Kazakhstan, the roads should be better, the level of hotels and restaurants should be higher.

This trend is due to the fact that people have become tired of the all inclusive beach holiday and Central Asia from this point of view is more attractive - there are many unexplored and even untouched places.

Previously, people feared countries with the name "-Stan". And now they come and compare Almaty with a European city. Kazakhstan is more for the middle class of Europe. It is not particularly interesting for rich people.

According to the observations of Kazakhstan tour operators, Europeans really prefer independent rest. In Kazakhstan, they are attracted by horseback riding, steppe safaris, historical mausoleums and ecological tours. Asians prefer more city tours, shopping and casinos. And they often use the services of tour operators. Astana, Almaty and Shymkent are in the top three popular cities. Older people book tours, and young people are increasingly traveling at random. At the same time, requests from customers are different - from traditional to completely unpredictable.

Tourists also travel to Kazakhstan due to the simplified visa regime. For citizens of many European countries, for example, a visa is not needed at all. In addition, since 2017 July 1 the deadlines for submitting invitations for the entry of foreigners into the republic were reduced. Now, invitations must be submitted no later than five working days before the expected date of entry of the visa recipient to Kazakhstan. Previously, this period was 14 days.

Kazakhstan is convenient and in terms of transit tourists travel through Kazakhstan to Russia by bike.

In 2017, the exhibition EXPO had a major impact. There was an increase in tourists by 80% compared with 2016 - about 45 thousand people, including foreigners, visited the region during the exhibition.

Many tourists visit Turkestan. Europeans mainly come to the reserve Aksu-Zhabagly, that is, they are more interested in ecological tourism. Most tourists from Turkey, Malaysia, Indonesia come with pilgrimage purposes, visit primarily Turkestan.

In general, foreign tourists in Kazakhstan are attracted by the rich historical, archaeological and cultural heritage. Many people want to get acquainted with the ancient cities of the Great Silk Road, the corresponding tours are organized by foreign, including Chinese companies.

What is the problem of Kazakhstani domestic tourism today and when can we have a quality “product”? Tourism today announced a priority industry and, of course, the implementation of the strategic plan is going now. At the moment, domestic tourism is at the development stage. It is not developed yet, but it is already starting to take the first steps. The government also takes measures to support the tourism business.

Thus, the main task of the state under current conditions - the establishment in Kazakhstan and highly competitive tourist complex providing ample opportunities to meet Kazakhstan and foreign customers in a variety of tourist services. In addition, the main tasks of the state in this area are to develop strategies of tourist activities, identify areas of development, encouraging the development of hotel-and tourism complex (including by funding promising tourist programs), an appropriate economic policies, agreements with other states to create better conditions for the development of economic relations.

Need to develop a systematic methodology that supports the functions and processes of management of the tourist complex and involves the collection and analysis of information, planning and forecasting, development of control actions and regulatory procedures.

A distinctive feature of the tourist complex in Kazakhstan include the fact that the resort was originally the dominant industry in the Kazakhstan tourism, it is the most widespread network of rest and most powerful material base. In addition, the spa industry has been put on a scientific basis in the field of systematic study and protection of natural medicinal resources, and the organization of patient care in the resorts.

In recent years significantly increased the demand for statistics on tourism. This is due primarily to the rapid development of the tourism industry, increasing its role in the economy and the social sphere. The presence of a full statistical information creates the conditions for the development of effective public policy in the field of tourism, making appropriate decisions in the field of tourism and hospitality industry, enhance the investment attractiveness of the country.

Kazakhstan ranks 85th in the World Tourism Forum's 2017 Travel and Tourism Competitiveness Index.

This ranking presents the results of a study of the competitiveness of 141 countries in 14 key parameters (State, problems and priorities of development of Kazakhstan tourism, 2017):

1) the business climate - the first three - Singapore, Hong Kong, Qatar; Kazakhstan ranks 44th ;

2) safety and security - the first three - Finland, Qatar, the United Arab Emirates; Kazakhstan - on the 72nd place;

3) health and hygiene - the first three - Austria, Germany, Lithuania; Kazakhstan takes the 7th place;

4) HR and the labor market - the first three - Switzerland, Iceland, Singapore; Kazakhstan - 37th place;

5) information and communication technologies progress. Leaders - Finland, Hong Kong, Denmark, Sweden, Norway; Kazakhstan - on the 48th place;

6) the priority of tourism - the leaders - Malta, Mauritius, Cyprus, Singapore; Kazakhstan - on the 84th place;

7) international openness - the first three - Singapore, Chile, New Zealand; Kazakhstan - in 124 place;

8) price competitiveness - the first three - Iran, Egypt, Indonesia; Kazakhstan - in 49th place;

9) environmental sustainability - the first three - Switzerland, Ireland, Finland; Kazakhstan – 91 place;

10) air transport infrastructure - the first three - Canada, USA, United Arab Emirates; Kazakhstan - on the 76th place;

11) land and sea infrastructure - the first three - Hong Kong, Singapore, Holland; Kazakhstan - on 102 place;

12) tourist service infrastructure - leaders –Austria, Cyprus, Italy, Spain, Switzerland; Kazakhstan - in 81 places;

13) natural resources (not subsoil) - the first five - Brazil, Austria, USA, Mexico, Costa Rica; Kazakhstan - on the 111th place;

14) cultural resources and infrastructure for business tourism - the leaders are Spain, France, Italy, China, Germany; Kazakhstan takes 101 place. From the countries of the post-Soviet space, Kazakhstan (38th place), Russia (45th place), Latvia (53rd place), Lithuania (59th place), Georgia (71st place) are located above Kazakhstan in this ranking. Azerbaijan, having the same index as Kazakhstan (3.48), is in 84th place in this rating. The rest of the post-Soviet states are ranked below Kazakhstan: Armenia (89th place), Moldova (111th place), Kyrgyzstan (116th place), Tajikistan (119th place).

Table 6 The place of Kazakhstan in the global ranking of tourist attractiveness

Rank	Country	Index
1	Spain	5.31
2	France	5.24
3	Germany	5.22
4	United States	5,12
5	United Kingdom	5.12
6	Switzerland	4.99
7	Australia	4.98
8	Italy	4.98
9	Japan	4.94
17	China	4.50
38	Estonia	4.20
44	Turkey	4.10
45	Russia	4.10
71	Georgia	3.68
84	Azerbaijan	3.48
85	Kazakhstan	3.48
89	Armenia	3.42

The development of inbound tourism has an active stimulating effect on other sectors of the economy (including transport, communications, trade, communications), and contributes to the increase of the tax base and tax payments to budgets of all levels.

The Republic of Kazakhstan is most often visited by citizens of Germany, Russia, Turkey, the United States, China, Italy, and the United Kingdom. The geography of tourists visiting Kazakhstan recently has widened considerably, but the goal of visiting the country for most tourists is not recreation. A significant proportion of foreigners come to the country for business purposes.

We believe that the main obstacle for the development of tourism in Kazakhstan is the lack of adequate infrastructure, low qualification of personnel and weak state support.

4.2.2 SWOT analysis

Kazakhstan is a dynamically developing region. Despite the distinctly expressed industrial specialization in the economic orientation, the tourist industry is developing mostly in the cities.

The tourist potential of the region is represented by the presence of rich natural and recreational resources (Lake Kaiyndy, Charyn Canyon, Ile-Alatau Nature Reserve, etc.).

These territories comprise the main natural resources that attract many tourists from Kazakhstan, Russia, CIS countries and far abroad.

The uniqueness of the natural potential (well-preserved monuments of nature and history of international importance, the high attractiveness of nature, the presence of large bodies of water, etc.) and the highly developed industry and geopolitical position of Kazakhstan determine the main competitive tourist product of the region:

- business tourism;
- educational tourism;
- ecological tourism,
- sports tourism (ski, ski, cycling, etc.);
- cultural and educational tourism.

To identify the main problems, I conducted a SWOT analysis. As a result of the SWOT analysis, both favorable and unfavorable events have been identified that influence or may affect the situation in the region, that is, “opportunities” and “threats”. The matrix

of the SWOT-analysis offers options for strategies that can be implemented depending on the correlation of the factors "strength", "weakness", "opportunities", "threats".

The assessment of possible threats to the development of the region was carried out using the matrix of threats according to the standard form used in the SWOT analysis.

Table 7 SWOT Analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. geographical location of the region; 2. the diversity of landscapes, the presence of unique natural, cultural and historical monuments; 3. interest of Kazakhstani and foreign investors; 4. development of transboundary routes; 5. the presence of state reserves; 6. the possibility of holding thematic conferences, seminars and exhibitions; 7. joint projects with border regions in order to promote macro-regional tourist products; 8. pursue a targeted regional policy and the integration of subjects of the tourist market in order to increase the competitiveness of the tourism industry. 9. natural resources; 	<ol style="list-style-type: none"> 1. the low level of tourist and transport infrastructure, including the poor low level of training, retraining and advanced training of personnel, lack of scientific base of tourism, the need for qualified management and support staff; 2. low quality of tourist services; 3. weak promotion of tourism products in the domestic and international markets; 4. the absence of a recognizable and attractive image of Kazakhstan in the world; 5. lack of professionally trained personnel in the tourism industry; 6. inconsistency of quality and price for services; 7. the absence of zoning, the involvement of real estate in the market; 8. crime; 9. a large amount of human impact on the

	<p>environment;</p> <p>10. an increase in emissions of harmful substances due to transport emissions, pollutants;</p> <p>11. increasing volumes of garbage.</p>
<p>Opportunities:</p>	<p>Threats:</p>
<ol style="list-style-type: none"> 1. the creation of a competitive tourist infrastructure; 2. ensuring employment of the population; 3. an increase in the volume of tourists in domestic and inbound tourism and an increase in budget revenues; 4. an increase in the number of tourists 5. the creation of equestrian base, 6. budget opportunities for targeted financial support 7. the possibility of increasing the market of tourist services, provided that the existing tourist infrastructure is used rationally and resources; 8. interest of large companies in maintaining the health of their employees; 	<ol style="list-style-type: none"> 1. the possibility of losing existing tourist resources and facilities in the event of failure to take measures for protection; 2. growing competition among the tourist regions of Kazakhstan; 3. reduction in the profitability of the main sectors of the regional economy, leading to a decrease in the effective demand of the population; 4. the threat of a decrease in tourist flow due to the high crime situation in the locations of tourist facilities; 5. the growth of outbound tourism in the border regions and abroad due to the low level of services provided by their high cost; 6. competitive struggle of cities and regions for leadership; 7. customs barriers, high tariffs.

<p>9. the increased interest of citizens to the historical and cultural heritage;</p> <p>10. potential for market expansion; small business development.</p>	
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This analysis contributed to the identification of a number of problems and issues whose solution can contribute to the achievement of the set goal - the creation and development of a competitive tourism industry and raising the country's image:

- 1) low level of development of tourism and transport infrastructure;
- 2) a high degree of deterioration of the material base of accommodation facilities, including hotels, hotels, tourist bases and rest houses;
- 3) non-compliance with international standards and requirements of the scale of tourism, types, quality and offer of accommodation facilities for tourists;
- 4) unsatisfactory condition or lack of highways to tourist sites or places of interest.
- 5) the lack of reliable means of communication in remote areas of the region to control safe movement along the route and in case of emergency assistance.
- 6) insufficient promotion of the tourist image of the region and its settlements on the international tourist market, the need to increase the volume of advertising and information about the natural, cultural and historical potential of the region as an object of tourism.
- 7) practically there is no souvenir production industry.

4.2.3 Specific of the functioning of the economic mechanism in Kazakh tourism

Today, tourism is one of the drivers of the economic development of the country along with transport, industry, agriculture, construction and trade. The economic effect of

tourism in practice, Kazakhstan felt during the EXPO-2017, when, thanks to the personal participation of the Head of State, more than 7 million visitors came to Kazakhstan. Domestic tourism flows increased by 20% and amounted to about 6 million visitors. Everyone left from 50 to 350 dollars per visit in the economy of the country.

In order to preserve the effect of the post-EXPO, the Government adopted the Concept for the Development of the Tourist Industry until 2023. An office was created to promote and attract investment in the tourism industry represented by JSC NC "Kazakh Tourism". Systematic work is under way to develop: domestic tourism within the framework of the Ruhani Zhangyrou program; tourist infrastructure in key destinations, including in the Shchuchinsk-Borovoe resort area and etc.

Table 8 List of types of direct and related activities of tourism

№	Name	General Classification of Economic Activities
Direct tourism activities		
1	Accommodation services	55
2	Activities of tour operators, travel agents and other organizations providing services in the field of tourism	79
3	Activity of sanatorium organizations	86302
Related tourism activities		
1	Production of souvenirs	32993
2	Passenger rail transport, intercity	491
3	Other passenger land transport	493
4	Sea and coastal passenger transport	501
5	River passenger transport	503
6	Air passenger transport	511
7	Services in the field of water transport	5222

8	Air Transport Services	5223
9	Food and Drink Services	56
10	Movie screening activities	5914
11	Non-state insurance of damage	65122
12	Services related to foreign currency (exchange offices)	661213
13	Services for the rental and maintenance of real estate own or rented residential	682011
14	Services for the sale of residential buildings and land occupied by them, provided for a fee or on a contractual basis, except for property acquired at resorts for annual use during a fixed period of time	683111
15	Services for the sale of real estate in resorts for annual use during a fixed period of time, provided for a fee or on a contractual basis	683112
16	Real estate property management services provided on a fee or contract basis, except for property acquired at resorts for annual use during a fixed period of time	683211
17	Property management services purchased at resorts for annual use over a fixed period of time, provided for a fee or on a contractual basis	683212
18	Photography activities	742
19	Rent and lease of cars and cars	7711
20	Hire and rental of entertainment and sports equipment	77210
21	Rental and rental of water vehicles and equipment	7734
22	Rent and lease of air vehicles and equipment	7735
23	Information referral services	822
24	Organization of conferences and trade shows	823
25	Sports and leisure education	85510
26	Other types of education that are not included in other	85599

	categories	
27	Educational Support Services	85600
28	Activity of sanatorium establishments	86103
29	Activities in the field of art, arts and entertainment	90
30	Activities of libraries, archives, museums and other institutions of cultural services	91
31	Gambling and betting activities	92
32	Activities in the field of sports, recreation and entertainment	93

Source: Meruyert Amangeldi (data from stat.gov.kz)

At the same time, in accordance with the Strategic Development Plan of the Republic of Kazakhstan until 2025, individual information and advertising strategies will be developed for the first-priority countries.

Depending on the interests and characteristics of the media consumption of target audiences, different strategies and promotion tools will be used, aimed at both direct communication with potential tourists (Pull-strategy) and interaction with tour operators and travel agents of target markets (Push-strategy).

With a pull-strategy, where the target audience will be the end users, the coverage of advertising and other messages on the promotion of destinations should be at least 310 million people worldwide. In Kazakhstan, the coverage should comprise the entire adult population of the country (71%), i.e. 12.8 million people.

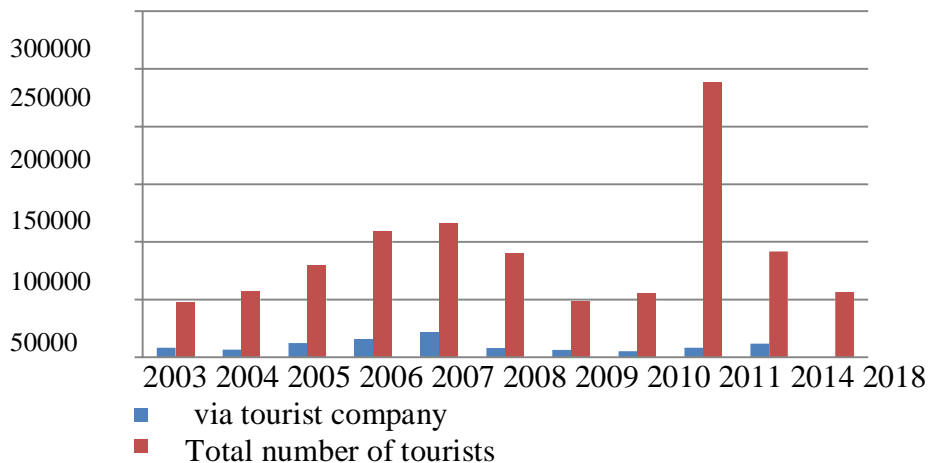
The planned global audience coverage for the first stage (2019-2021) is distributed in accordance with the target markets as follows, with a subsequent increase in the coverage of promising markets:

- 60% of the audience is planned to reach in the countries of the first target group (Russia and China);
- 25% - in countries of the second target group;
- 15% - in promising markets.

Starting the analysis of the tourism industry in Kazakhstan, one should distinguish between the flows of people coming to Kazakhstan with the purpose of rest and people coming on business issues. The presence in the country of a large number of visitors for

business purposes does not depend on the development of the tourist industry, but is only an indicator of the degree of business activity. Unfortunately, in statistical data it is not always possible to distinguish between these two categories, but where this is possible, this separation will be implemented.

Figure 2 Number of tourists entering [75-77]



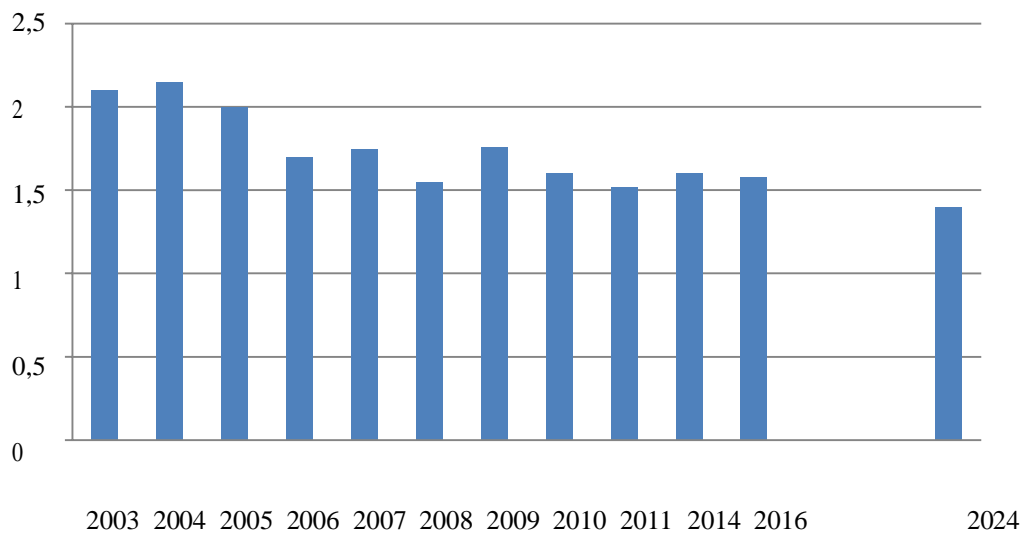
Source:Meruyert Amangeldi (data from stat.gov.kz)

The graph presents data on the number of people visiting the Republic of Kazakhstan over the past 10 years. As can be seen from the graph, there are far fewer people using the services of travel companies than tourists visiting the country. This is explained by the fact that 90% of tourists are citizens of the CIS [75-77] and very many of them have relatives in Kazakhstan, where they stay or live in rented apartments. Such accommodation methods do not make a big contribution to the tourism industry.

The decline in the dynamics of tourism indicators in 2008-2010 was a consequence of the global financial crisis. A large flow of tourists in 2011 was caused by the holding of the Asian Winter Games. But in 2012 this flow returned to its original value, which once again confirms the instability of the development of the industry in the case of one-time huge investments in large projects.

In general, the figures for the number of tourists entering are very small, and their contribution to the economy is small, which is clearly disproportionate to the investments that are invested in the image and large projects.

Figure 3 The direct contribution of the tourism industry to GDP in relative terms of (%)



Source: Meruyert Amangeldi (data from stat.gov.kz)

General statistics also showed some positive dynamics: according to the tourism industry committee of the Ministry of Culture and Sports of Kazakhstan, in 2017 the share of tourism in gross domestic product (GDP) of Kazakhstan was one percent, and this

despite the fact that the total number of tourists, both foreign and domestic, increased by 5.2 and 18.3 percent, respectively. In absolute terms, this means that in 2017, 10.3 million compatriots visited the tourist sites in Kazakhstan and another 7.7 million tourists came from abroad.

Kazakhstan has recorded record numbers of growth in the number of foreign tourists. In the first quarter of 2018, 1 million 780 thousand people from abroad visited our country. There is a growing interest in Kazakhstan among citizens of India, Malaysia,

Poland and South Korea. The rate of domestic tourism also increased, reaching a record high of 1 million 86 thousand people. In the East Kazakhstan and Atyrau regions there are more guests of hotels and guest houses. More Kazakhstanis began to travel abroad. Their number reached 2 million 270 thousand. This is the maximum figure for three years⁵.

Table 9 Accommodation prices

	Hotels			Sanatoriums		
Kazakhstan	2017	2018	growth for the year	2017	2018	growth for the year
Astana	14713	11851	24.1%	14682	14039	4.6%
Almaty	16120	15627	3.2%	11833	10927	8.3%
Aktau	10835	11249	-3.7%	8853	8441	4.9%
Shymkent	10057	9670	4.0%	8241	7647	7.8%
Kzyl-Orda	7313	7422	-1.5%	10449	8605	21.4%

Source: Meruyert Amangeldi (data from stat.gov.kz)

Citizens of 67 countries have the right to visa-free entry into Kazakhstan for tourist purposes. Until the end of 2018, a unique 72-hour visa-free transit for citizens of China and India through the cities of Almaty and Astana was introduced. According to preliminary estimates, by the end of 2019 this figure will amount to 1 million transit visitors from China and India.

Republican tourism map of Kazakhstan is being developed around points of tourist growth, large investors and international financial institutions are already involved to the tourism development process.

At the same time, a symbiosis of the development of all sectors of the economy related to tourism (culture, sports, healthcare, education, nature reserves), according to the best experience of developed tourist countries (France, Great Britain, Spain, Turkey), requires a systematic state approach.

The weakening of the national currency in 2015 made its own adjustments to the development of the tourism industry in Kazakhstan and fairly threw the country back - the

⁵ <https://24.kz/ru/news/economy/item/265918-v-kazakhstane-rekordno-vyroslo-chislo-inostrannykh-turistov>

volume of outbound tourism in that year decreased by 80%. However, gradually the people of Kazakhstan were able to adapt to the circumstances and resumed their trips.

According to TDS, over the past year, the share of Internet penetration in Kazakhstan increased to 94%, which positively affected the development of e-commerce in the country. So, in 2017, the growth in the e-commerce market amounted to about 20%, and the passenger traffic segment reached a volume of \$ 92.3 million. Santufei grew 6 times, closing the year with a total of \$ 12 million.

Google's data also confirms the increased interest in the travel-sphere search queries in the travel and tourism category in Kazakhstan increased by 14% in the fourth quarter of 2017. The peak season in 2018 was in July, during this period people were most actively looking for airline tickets.

There is an active transition of users to mobile devices. The share of search queries made via smartphones in the Kazakhstan market is about 70%, in the tourism sector this figure increased to 73%. Indicators for requests made through tablets and computers show a decline - by 22% and 2%, respectively.

Commitment to computers due to a large proportion of corporate clients. For them, some Kazakh companies have developed a special solution that saves travel expenses due to the possibility of self-checkout of air tickets.

Domestic tourism is developing - this is a fact, although there are quite a lot of tasks and problems that need to be solved in order to bring it to the proper level. Speaking of outbound tourism, it is worth noting the increase in the share of international travel. But the directions that people choose are changing. For example, the United Arab Emirates gained a new wave of popularity, especially after the reached visa agreement between our countries. Sales in this area for I quarter of 2018 increased by 4 times.

In world practice, the countries-suppliers of tourists are highly developed countries with a huge industrial potential and a high standard of living. Kazakhstan is still inferior to such countries in many economic parameters. Nevertheless, the tourism industry of Kazakhstan is characterized by a high concentration of tourists leaving the country, which is one of the main problems in this sector. Such a bend in the direction of outbound tourism in Kazakhstan does not reflect the real picture of the development of the country's economy and impedes the growth of domestic tourism.

5. Development of a tourist route in Almaty (Kazakhstan)

Introduction

Kazakhstan has great potential for the development of domestic and ecological tourism for both citizens and foreign tourists: a huge territory, rich historical and cultural heritage, preserved natural landscapes in some regions. Ecotourism is a developing sphere in the Republic of Kazakhstan, and the impact of ecotourism on the country's economy is insignificant, but adequate to the state's contribution to its development.

Project implementation territory: Almaty and Almaty region

The aim and objectives of the project: development of ecological tourism in Kazakhstan, attracting foreign tourists to the republic and increasing public awareness of environmental issues.

The aim can be achieved by solving the following tasks:

- attracting the attention of the regional audience and adjacent areas to unique natural resources, introduction to its rich natural potential;
- promotion of the region's brand in Kazakhstan and international tourist services markets;
- attracting the attention of state and public organizations, charitable international foundations to problems of protecting the nature;
- selection and creation of the best eco-product in Almaty region;
- formation of patriotism and love for the native land, respect for nature; environmental awareness and environmental responsibility among the population;
- attraction of tourists;
- effective provision of reliable and complete information through the media (television, press, Internet);
- development of a quality product, including the exchange of experience;
- effective development of tourism in harmony with the unique nature of the Almaty region;

- development of joint system work with potential partners (tour operators, travel agencies, Akimats, airlines, regions, etc.);
- strengthening cooperation between government agencies, business structures and NGOs.

Problem situation. Tourism is one of the most promising sectors of the world economy, but its potential is not sufficiently used in the Republic of Kazakhstan. At the same time, almost all regions of Kazakhstan, especially Almaty region, have a certain tourist attractiveness and potential for the development of tourist infrastructure. Currently, eco-tourism is a priority industry that contributes to the sustainable development of the economy. Analysis of the tourist market in Kazakhstan shows that there is a huge potential of untouched nature with a large number of reserves and national parks, as well as outstanding cultural heritage.

Research and survey (about 10,000 questionnaires) conducted in Germany, Great Britain, France, South Korea and Japan have shown that there is a high interest in environmental tours to Kazakhstan among foreigners. The country has good tourist opportunities for the development of ecotourism. According to expert estimates, to turn Kazakhstan into a well-known tourist destination until 2020, an investment of \$ 1 billion will be required.

Today all destinations concerning the tourist industry actively develop in Almaty.

33 industries related to tourism feel the effect of its development. This raises the importance of tourism for the economy of Kazakhstan.

This also concerns the improvement of the mountain cluster, accommodation facilities, public transport, catering system, promotion of the tourist potential of the metropolis at the international level.

18 380 guests can stay in Almaty at the same time. The number of accommodation facilities compared to last year increased by 21 percent.

90 tour options for tourists in Almaty are offered by 39 tour operators registered on the TripAdvisor site.

The 1st place is occupied by the Shymbulak ski resort in the ranking of the most popular resorts of the CIS for active recreation in the mountains.

Types of tourism in Kazakhstan:

- 1) specialized tours,
- 2) extreme tours,
- 3) Silk Road tours in combination with other states.

In our opinion, these tourist products are not the most promising, since the promising tourist product should be focused on providing high-quality services within the country.

Tourist products with the greatest potential:

- Business tourism;
- Ecological tourism.

The main tourist product of Kazakhstan today is eco-tourism, which has a weak competitiveness in the international tourist market. Ecotourism has the best position in the global tourism market and should be one of the key for the tourism development in Kazakhstan.

Offers for the global market:

- Natural resources,
- beautiful untouched landscapes.

Table 10 Regions of the country with unique natural resources for the development of ecological tourism

South Kazakhstan	Central Kazakhstan	North Kazakhstan	East Kazakhstan	West Kazakhstan
Ecological	Ecological	Ecological	Ecological	Ecological
Mountain	Sightseeing	Ski	Mountain	Aquatic
Walking	Aquatic	Walking	Informative	Walking
Cycling	Speleological	Sightseeing	Sightseeing	Sightseeing
Sightseeing	Historical			Historical
Historical				Pilgrim
Pilgrim				

Table 11 Places to visit in Almaty region

1	Medeo
2	Turgen gorge
3	Chimbulak
4	Big Almaty Lake
5	Charyn canyon
6	Almarasan
7	Kolsai Lakes

Places to visit (approximate directions of eco-tours):

- 1) Excursion to the “Charyn canyon”.

The Charyn canyon is considered to be the younger brother of the Grand Canyon of the USA and is also deservedly often compared with it. The natural dimensions of this magnificent creation of nature are, with respect to a length of 200 km and with respect to a height of 100 and over 300 meters. The best option when choosing a country holiday in Almaty is an excursion to the Charyn canyon. Getting to this beautiful place is simple: 200 km away, from Almaty in the east is the Charyn River. It is there that Charyn canyon awaits its guests.

Price for group excursion 22 USD per person (excursion according to the program, available on Sat and Sun)

Price per jeep tour 172USD per car + guide (6 places) at the request of the client, descent and ascent into the canyon by car.

Lunch box 10 USD (sandwich with chicken or horse meat and snacks)

Lunch in the canyon 30 USD per person (at choice pilaf, shish kebabs, salads, bread basket, tea)

Accommodation + 3 meals a day in the Charyn canyon 93 USD per person (a choice of bungalows, yurts, hotel)

The cost of the tour on a bicycle 238 USD, number of seats 6 people + 6 bicycles

Bicycle rental 16 USD (maintenance on the way)

2) Excursion to the “ Kainda Lake”

Kainda Lake is a truly perfect example of the creation of nature. It is located among the huge coniferous forest at an altitude of more than 2000 thousand meters above sea level. It was formed by a landslide of a huge cluster of limestone, as well as subsidence. The lake is quite large and quite full-flowing: in the deepest places over 30 meters. Once upon a time trees grew in its place, now they are in the middle of the lake itself, giving it an already extraordinary look.

"Kaindy" in Kazakh means birch. Unique views of the lake are harmoniously combined with birches and conifers growing in the gorge. His views do not stop looking. Especially beautiful landscapes are opened from the ridge of the cliff: so you can admire the gorge of Kaindy, Saty, view the valley of the Chilik river. If you plan to make an excursion to the water and natural spaces, a better option than a trip to the Kainda excursion is hard to come up with.

Price for a group tour 53 USD per person (program tour)

The tour includes: accommodation, meals, transport, excursion program, environmental fees.

3)Excursion to the “Big Almaty Lake”

At a distance of 2.8 kilometers south of Almaty, which is 1 hour and twenty minutes in one direction, there is the place in the city that attracts tourists so much. The unusual beauty of the Big Almaty Lake will captivate you. Big Almaty Lake is considered to be the highlight of the Trans-Ili Alatau, towering to 2510 meters above sea level and being within the limits of the Alatau-Ili National Park. Because of the height, in summer the water temperature in the lake does not exceed 8 degrees.

When you rise above this wonderful lake located in the mountains, you will see a space station. It is the highest point of the Big Almaty Lake, being at an altitude of 3200 m above sea level. In the Big Almaty Lake - tourism has received a huge development here. For lovers of ski resorts it will be interesting to get up on skis or go snowboarding.

Price for group excursion 15 USD per person (program excursion)

Price for jeep tour 105 USD per car (6 seats)

Meals 3 times a day 30 USD per person (lunch, breakfast, lunch)

Positioning: Kazakhstan is the best place for ecological tourism. Almaty region is one of the best.

Almaty region is a region of beauty and picturesque nature. Excursions on dizzying mountain slopes, fishing on a trout farm in a turbulent river, exploring the local flora and fauna, national hunting, a trip to remote nature reserves, visiting historical places and unique natural places - these are the few that we are ready to offer today in eco-tours via Almaty area.

Visitors will be able to taste dishes of national cuisine: beshbarmak, syrne, kazy, zhaya, kespe, kumyz, kurt and much more.

We believe that ecotourism in the Almaty region has very great prospects. There are truly diverse nature, ranging from sand, rivers, lakes and forests. There perfectly clean air in the mountains. As soon as the sun sets, there comes a blessed coolness. Having been here, you can get a good charge of vivacity for the whole year.

6. Conclusion

Analysis of tourist activity showed that tourists arriving from foreign countries and near-abroad countries prefer hotels offering high quality services and services that correspond to the costs associated with purchasing a tour to the country or a business visit. Therefore, it is business tourism that can largely determine the success of the further development of the network and hotels of international level that is being formed in large cities of the country where its business life is concentrated (in Astana, Almaty, etc.).

The underdevelopment of tourist infrastructure is due to such factors as objective economic difficulties, and especially the lack of state standards required to monitor the development of this area of economic activity and respect for the rights of suppliers and consumers of tourist services.

In connection with the above factors, the following conclusion can be made:

a) The international market of services, including tourist services, influences the fact that the world market of tourist services, in the functioning of which all the states of the world are involved, is becoming increasingly complex and multi-level.

b) the processes of the world economy affect the segments of the global tourist market.

c) the content and functioning of tourism in general, as well as, in particular, international tourism as aspects of economic activity are a reflection of the functional orientation of their impact on the economy at the world, national and regional levels, which is the three-unity of the functions they perform:

- 1) economic
- 2) recreational
- 3) humanitarian

d) to obtain and increase the social and economic effect it is necessary to use effectively the following factors: diverse climatic conditions; numerous natural and cultural-historical monuments; high attractiveness; excursion significance.

The study showed that the formation and, most importantly, the maintenance of a positive tourist image is a strategic direction for Kazakhstan in the development of

inbound tourism. Of course, the presence of a developed infrastructure, competent personnel, high corporate culture, developed switching and information support of tourism with state support of the tourism industry are important aspects, but without recognizing Kazakhstan in the world, all these elements of a developed tourism industry are secondary. Therefore, domestic tourism should use rich international experience and modern marketing technologies to form the image of Kazakhstan as a new tourist destination.

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