

**Czech University of Life Sciences in Prague  
Faculty of Economics and Management**

**Department of Economics**



**Bachelor thesis**

**Analysis of tourism in Kazakhstan**

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**CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE**

Department of Economics

Faculty of Economics and Management

# **BACHELOR THESIS ASSIGNMENT**

Alikhan Karipkhan

Economics and Management

Thesis title

**Analysis of tourism in Kazakhstan**

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## **Objectives of thesis**

Evaluate incoming tourism industry in Kazakhstan and outgoing tourism of citizens of Kazakhstan.  
Propose specific measures to improve quality of tourism infrastructure in Kazakhstan.

## **Methodology**

Literature review is done using methods of synthesis, deduction, induction and extraction. Analytical section makes use of various tools of quantitative and qualitative data analysis such as predictions (trend analysis methods), numerical methods and basic statistical methods.

**The proposed extent of the thesis**

35-40 pages

**Keywords**

Kazakhstan, tourism, economy, incoming tourism, outgoing tourism

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**Recommended information sources**

Lundberg, Donald E, M Krishnamoorthy, and Mink H Stavenga. Tourism Economics. New York: Wiley, 1995. Print.

Madedova, Rita. Tourism Development In Kazakhstan. Saarbru&#776;cken: LAP LAMBERT Academic Publishing, 2013. Print.

Page, Stephen, and Joanne Connell. Tourism. Los Angeles: SAGE, 2010. Print.



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**Declaration**

I declare that I have worked on this bachelor thesis titled “Analysis of tourism in Kazakhstan” on my own with the use of only those literature resources which are listed at the end of this work.

In Prague on..... signature

## **Acknowledgement**

I would like to express my heartfelt gratitude to my supervisor Ing. Petr Prochazka, Ph.D., MSc for his useful suggestions, providing materials and encouragement throughout, motivation, enthusiasm, and immense knowledge. His guidance helped me in all the time of research and writing of this thesis. I could not have imagined having a better supervisor and mentor for my BSc. study.

**Analysis of tourism in Kazakhstan**

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**Analýza cestovního ruchu v Kazachstánu**

## **Summary**

The first part contains the literature definition of tourism and mainly is about history and development of tourism, about the importance of this nowadays. The second part of this work is about analysis of tourism in Kazakhstan. Theoretical and methodical basis of the research were the scientific works of foreign and domestic scholars devoted to the issues of tourism, customer's experience and the theory of tourism entrepreneurship, also methods of comparative analysis, deduction, induction, and application of SPSS (Statistical Package for the Social Sciences) software to analysis of initial data collected personally by the author during the research.

## **Key words**

Kazakhstan, tourism, UNESCO, infrastructure, investment, economy, potential, market, information, culture, competitive, industry

## **Souhrn**

První část je zaměřena na definici cestovního ruchu a jde hlavně o historie a rozvoj cestovního ruchu. Druhá část této práce se zaměřuje na analýzu cestovního ruchu v Kazachstánu. Metodologická část je základem použité analýzy, jakož i použití vědeckých přístupů: historických, logických, srovnávacích a dalších. Metodou mé práce je v jejím úvodu především analýza a deskripce stavu, přičemž budu postupovat od obecného k detailnímu.

### **Klíčová slova**

Kazachstán, cestovní ruch, UNESCO, infrastruktura, investice, ekonomika, potenciál, tržní, informace, kultura, konkurenční, průmysl



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## **Introduction**

Since gaining the independence Kazakhstan has become opened with its sightseeing to the world. Before that it was the security-guarded territory, where weapons has been tested and produced, along with mining of natural resources. This soviet image obscured the real country and because of that impression it's difficult to see that the Kazakhstan as original and beautiful place.

Kazakhstan has extended and rich history which is connected with numerous nomadic tribes and great nations of the past. Turbulent history of nomadic tribes and nations had been deployed against the background of splendid views of Kazakhstani nature: steppes and semi-deserts, mountain chains, great lakes and the shores of Caspian Sea. Anyone who arrives in Kazakhstan's biggest city Almaty can sense might and grandeur of Zailiyskiy Alatau Mountains and the beauties of Kazakhstani nature right from the airplane.

I could describe the natural beauty and historical monuments of Kazakhstan for a long time. There are seven miracles in Kazakhstan, which are petroglyphic drawings of Tamgaly-tas, dombra, nomads tent, Golden man from the grave-mound of Saka tribe, rock mosques of Mangystau, mausoleum of Akhmed Yassaui, and the Astana symbol, built up on the President of the Republic of Kazakhstan initiative — Astana-Baiterek.

Except the miracles it worth to see the mausoleum of the older Genghis Khan's son — Dzhuchi, to visit Alma-Arasan's hot springs situated near the Almaty city, to attend the mountains and lakes of Bayan-aul national nature park, Borovoe resort, to climb up Chimbulak ski resort and to look at the other places of interest.

Many people will be surprised those sights are absent into guide-books and the way to them is difficult to find out. There is nothing strange. Kazakhstan is having hard times of tourist industry formation after the Soviet Union period, when Kazakhstani culture and history were ignored by the ruling party. Kazakhstani historical monuments had been destroying; Kazakh children were learning Russian history at schools. Upraise of interest to Kazakhstani history and culture is growing nowadays, so the rebirth process is taken place.

Kazakhstan also has broad opportunities on tourism and pleasure travel industry development. Zailiyskiy and Dzhungarskiy Alatau mountains are suitable for ski resorts; lakes, particularly the lake Balkhash, give many chances for sport-fishing. Tourists can also feel themselves as nomads and pass horse route over the prairies, semi-deserts and mountains. Mangyshlak is especially beautiful; it is the peninsula in Caspian Sea, where the nature is of extremely and fantastically beautiful.

However, a great job must be done on the way of Kazakh people cultural heritage become available broadly. Most of cultural monuments and artifacts aren't available because of the lack infrastructure, such as comfortable roads, hotels, engineering communications and different services. This is the heritage from the Soviet Union period, when the attention was mainly paid to production and to extraction of raw materials but not culture and tourism. There were built farms but not museums at the places of historical events.

Hypothesis:

1. Kazakh cultural heritage is the part of global cultural heritage. Kazakhstan is in need of support to maintain his history and culture, to create his own tourism industry for the purpose to make this heritage free for all mankind.
2. Ecological tourism in Kazakhstan has become one of the key developments in Kazakhstan.
3. Kazakhstan tourism potential is not fully realized

## **Goals and methodology**

Aim of research is an analysis of the potential of tourism development in Kazakhstan. In order to achieve this goal the following objectives have been developed:

1. To determine the nature of tourism.
2. To analyze the demand for tourism through the study of customers' preferences and individual needs.
3. To analysis of the current state of tourism industry of Kazakhstan and the prospects for it's further development
4. To evaluate the tourism development potential of Kazakhstan.
5. To provide recommendations for tourism development and overcoming the existing problems.

For the creation of this work and understanding of the problem were used lots of methodological tools. First of all, literature search of the literature on this subject, the method of observation of tourism and detailed analysis of this.

The first part contains the literature definition of tourism and mainly is about history and development of tourism, about the importance of this nowadays. The second part of this work is about analysis of tourism in Kazakhstan. The scientific procedures will entail the identification and description of pertinent facts and issues based on the available literature and other sources, including study cases.

In the practical patr will be analysis tourism in Kazakhstan and Strength-Weakness-Opportunity-Threat (SWOT) analysis of tourism in Kazakhstan. The research will be predominantly qualitative. The conclusions will be reached in a critical, and practical manner and will be oriented towards innovative observations and suggestions.

Theoretical and methodical basis of the research were the scientific works of foreign and domestic scholars devoted to the issues of tourism, customer's experience and the theory of tourism entrepreneurship, also methods of comparative analysis, deduction, induction, and application of SPSS (Statistical Package for the Social Sciences) software to analysis of initial data collected personally by the author during the research.

# Literature Review

## **1. The essence of tourism and major development trends**

### **1.1. Classification of tourism forms**

Tourism is a relatively new phenomenon, which has become a mass only after the Second World War and has deep historical roots.<sup>1</sup> Tourism in the original sense understood as a movement and temporary stay of people away from their permanent residence. However, in the historical development of the content and meaning of this concept has been constantly undergoing changes and additions.<sup>2</sup>

Tourism is often seen as a global phenomenon with an almost incomprehensibly massive infrastructure. Its importance is evident from the fact that its influence thoroughly penetrates society, politics, culture and, above all, the economy. Indeed, this is the branch of the global economy with the most vigorous growth: the World Tourism Organisation (WTO) estimates that in 2007 it encompassed 904 million tourists who spent 855 billion US dollars. They thereby supported a global system with roughly 100 million employees in the modern leisure and experience industry. There exists a complex, interwoven world-wide structure dedicated to satisfying the specific touristic needs of mobile individuals, groups and masses. Since its inception, tourism has polarised: it reveals numerous views ranging from the total approval of its potential for enriching self-realisation combined with recreation to critical rejection due to the belief that it causes harm through the systematic dumbing down of entertainment and avoidable environmental destruction.<sup>3</sup>

Today, tourism studies means the multi-disciplinary bundle of academic approaches in the sense of an undisguised "transdiscipline", which can find different applications. However, tourism studies does not exist as an integrated field of study. Instead, there are countless empirical accounts, case studies, approaches, theories and perspectives in

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<sup>1</sup> Durovich A.P Kabushkin N.I, Sergeeva T.M. (2003) *Tourism Organization*, M.: New knowledge.

<sup>2</sup> Birzhakov M. B. (2008) *Introduction to tourism*. The edition 9th processed and added. SPb.: «Gerd's publishing house».

<sup>3</sup> Birzhakov M. B. (2008) *Introduction to tourism*. The edition 9th processed and added. SPb.: «Gerd's publishing house».

individual disciplines, including economy, geography, psychology, architecture, ecology, sociology, political science and medicine.<sup>4</sup>

At first, the fields of business studies and economics dominated a study of tourism that was grounded in an institutional approach; general accounts, analyses from the cultural sciences and historical surveys came conspicuously late. Admittedly, cultural and social history, as well as historical anthropology, have been opening up to the questions surrounding tourism for some time. However, these are perceived differently to those studies undertaken by economists and social scientists. At the same time, it is impossible to ignore the historical prerequisites and development of travelling habits and holidaying styles if one wants to understand the nature of tourism today. This is true not only of concepts and ideas associated with the topic, but also the specific insights which the disciplines employed aim to provide. Conducting historical research on tourism within the context of the discipline of history is not synonymous with the task of writing a history of tourism (or parts of it).<sup>5</sup>

This article takes the second approach. It is a conscious attempt to give an overview that picks up on the classic processes, stages, types and trends of modern tourism in order to place them in the context of their historical development. In general, there is a consensus that one should understand tourism as a phenomenon of modernity and place its appearance in the context of middle-class society from about the middle of the eighteenth century. However, this does not exclude historically older, "related" forms of travel, which should at least be remembered here. Not every journey is a touristic journey; mobility has many modalities. It is sensible to separate travelling as a means to an end (for example, expulsion, migration, war, religion, trade) and travelling as an end in itself in the encoded sense of tourism (education, relaxation, leisure, free time, sociability, entertainment).<sup>6</sup>

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<sup>4</sup> Ch. Ryan (2003) *Recreational Tourism: Demand and Impacts Aspects of tourism*. Channel View Publications. ISBN 9781873150566.

<sup>5</sup> Guljaev V. G. (2003) *Tourism: economy and social development*. M: Finance and statistics.

<sup>6</sup> Bogolyubov V.S., Orlov V.P., (2005) *Tourism economy*. M: Academy.

The system of tourism, according to Swiss researchers K. Kaspar, is based on two subsystems:<sup>7</sup>

- the subject of tourism, tourists is the consumers of tourism services with the diversity of their needs and motives;
- a tourist destination, which consists of three elements: a tourist region, tourism businesses and tourist organizations.

The economic performance of the tourism is largely determined by its shape, implying a corresponding set of services that meet the needs of tourists. Distinguish two forms of tourism: domestic and international tourism.

Domestic tourism is a travel within their own country of persons residing within the borders of their state, without occupying a remunerated activity in a place of temporary residence. The share of domestic tourism in the world accounts for 80-90% of trips.<sup>8</sup>

International tourism is a tourism is in another country with tourist purposes without gainful activities in the place of temporary residence. On average, about 65% of all international tourist arrivals are in Europe, about 20% for America and about 15% for other regions.<sup>9</sup>

Duration of the trip is the time that is spent during tourist trips or stay in the place visited, or country.

Day trips are classified as follows:<sup>10</sup>

- At least three hours;
- 3-5 hours;
- 6-8 hours;
- 9-11 hours;
- 12 hours or more.

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<sup>7</sup> Guljaev V. G. (2003) *Tourism: economy and social development*. M: Finance and statistics.

<sup>8</sup> Quartalnov V.A. (2004) *Strategic management in tourism*. - M.: Inter.

<sup>9</sup> Krupenina T. (2001) *Social problems of tourism development*. Human Resource Management.

<sup>10</sup> Christopher Holloway J., Taylor N. (2006) *The Business of Tourism*. Pearson Education. ISBN 9780273701613.



Travelling with an overnight stay can be classified as follows:<sup>11</sup>

- 1-3 nights;
- 4-7 nights;
- 8-28 nights;
- 29-91 night;
- 92-365 nights.

## **1.2.Early Forms of Travel and Types of Journey**

Recreational and educational travel already existed in the classical world and, even earlier, in Egypt under the pharaohs. In the latter, there is evidence of journeys emanating from a luxury lifestyle and the search for amusement, experience and relaxation. The privileged groups of the population cultivated the first journeys for pleasure. Their writings tell us that they visited famous monuments and relics of ancient Egyptian culture, including, for example, the step pyramid of Sakkara, the Sphinx and the great pyramids of Gizeh – buildings that had been constructed a good thousand years earlier. The Greeks had similar traditions. They travelled to Delphi in order to question the Oracle, participated in the Pythian Games (musical and sporting competitions) or the early Olympic Games. Herodot (485–424 B.C.) , the well-travelled writer with an interest in both history and ethnology who visited Egypt, North Africa, the Black Sea, Mesopotamia and Italy, pioneered a new type of research trip.<sup>12</sup>

Classical Rome also gave impetus to travelling and particular forms of holiday. Holiday travel became increasingly important due to the development of infrastructure. Around 300 A.D., there existed a road network with 90,000 kilometres of major thoroughfares and 200,000 kilometres of smaller rural roads. These facilitated not only the transport of soldiers and goods, but also private travel. Above all, wealthy travellers seeking edification and pleasure benefited from this system. In the first century after Christ,

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<sup>11</sup> Christopher Holloway J., Taylor N. (2006) *The Business of Tourism*. Pearson Education. ISBN 9780273701613.

<sup>12</sup> Phillimore J., Goodson L. (2004) *Qualitative Research in Tourism: Ontologies, Epistemologies and Methodologies Contemporary geographies of leisure, tourism and mobility*. Psychology Press. ISBN 9780415280877.

there was a veritable touristic economy which organised travel for individuals and groups, provided information and dealt with both accommodation and meals. The well-off Romans sought relaxation in the seaside resorts in the South or passed time on the beaches of Egypt and Greece. The classical world did not only have the "bathing holiday", but also developed an early form of "summer health retreat" in swanky thermal baths and luxury locations visited by rich urban citizens during the hot months. Something that had its origins primarily in healthcare soon mutated into holidays for pleasure and entertainment, which could also include gambling and prostitution. The decline of the Roman Empire caused the degeneration of many roads. Travel became more difficult, more dangerous and more complicated.<sup>13</sup>

The mobility of mediaeval corporate society was shaped by its own forms and understandings of travel tailored to diverse groups, including merchants, students, soldiers, pilgrims, journeymen, beggars and robbers. From the twelfth century, the movement of errant scholars became increasingly important. Journeys to famous educational institutions in France (Paris, Montpellier), England (Oxford) and Italy (Bologna) became both a custom and a component of education. The desire to experience the world emerged as an individual, unique guiding principle.<sup>14</sup> Travelling tuned from a means into an end: now, one travelled in order to learn on the road and developed in doing so a love of travel and life that not infrequently crossed over into licentiousness and the abandonment of mores. With regard to the motivation for travel, one can see here an important process with long-term repercussions – travelling and wandering has, since then, been seen as a means of confronting oneself and achieving self-realisation. "Das subjektive Reiseerlebnis wird zu einem Kennzeichen der beginnenden Neuzeit: auf Reisen erlebt das eigene Ich seine Befreiung."<sup>15</sup>

The journeyman years of trainee craftsmen can be seen as a counterpart to those errant students "studying" at the "university of life". The travels of journeymen were part of the highly traditional world of artisan and guild structures, for which documentation

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<sup>13</sup> Horner, S., Swarbrooke, J. (2003) *Tourism, accommodation and catering use free time*. 1st ed. Praha: Grada Publishing. ISBN 80-247-0202-9.

<sup>14</sup> Gavin J., Alison M. Phipps. (2005) *Tourism and Intercultural Exchange: Why Tourism Matters. Tourism and cultural change*. Channel View Publications. ISBN 9781845410179.

<sup>15</sup> Horner, S., Swarbrooke, J. (2003) *Tourism, accommodation and catering use free time*. 1st ed. Praha: Grada Publishing. ISBN 80-247-0202-9.

exists from the middle of the 14th century. Beginning in the 16th century, the guilds prescribed the common European practice of journeying as an obligatory element of training, often lasting three to four years. This survived as an institution with a rich and highly regimented set of codes well into the 18th century. The fundamental idea was that one could mature and learn while travelling, experience the world and improve one's craft in order to grow through a test and return as an accomplished man. The fact that not all journeymen were successful and often suffered terrible fates is evident from reports of an "epidemic of journeymen" that circulated in the 17th and 18th centuries.<sup>16</sup>

### **1.3. The Foundations of Modern Tourism**

In the context of the history of tourism, the term "introductory phase" refers to all the developments, structures and innovations of modern tourism between the first third of the 19th century and around 1950. This had its own "starting phase", which lasted until 1915. This period witnessed the beginning of a comprehensive process characterised by a prototypical upsurge in a middle-class culture of travel and its formation, popularisation and diversification. It prepared the way for a mass tourism recognisable to modern concepts of spending leisure time. The development progressed episodically and built upon a number of changing social conditions and factors. The most important undoubtedly include not only the advance of industrialisation, demographic changes, urbanisation and the revolution in transportation, but also the improvement of social and labour rights, the rise in real income and the resulting changes in consumer demand.

As early as the beginning of the 19th century, the opening up of the Central European system of transport brought about enormous change that genuinely deserves the designation as a "revolutionary development". It also improved the mobility of tourists and created new trends. Short-stay and day trips became popular and made use of the modern advances in transport technology. Steam navigation began in Scotland in 1812; the continuous use of steam ships on German watercourses followed in 1820 and, in 1823, Switzerland received its first steam ship on Lake Geneva. Railways also created

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<sup>16</sup> Brent W. Ritchie, Neil C., Christopher P. Cooper (2003) *Managing Educational Tourism Aspects of tourism*. Channel View Publications. ISBN 9781873150504.

greater mobility. The first sections of track were opened in England in 1825, in France in 1828, in Germany in 1835, in Switzerland in 1844/1847 and in Italy in 1839. However, the railway's use and popularisation of touristic routes and destinations only began somewhat later with the introduction of mountain railways towards the end of the 19th century. The Vitznau-Rigi railway in Switzerland was Europe's first mountain railway in 1871. The new means of transport enabled not only an increase in transport carrying capacity, but also reduced the cost of travelling. Moreover, ship and rail travel extend tourists' field of vision, bringing about a distinct form of "panoramatised" perception (i.e. the background replacing the foreground as the centre of attention) and encouraging an interest in travel writing.<sup>17</sup>

It is true that the railway was not created to promote tourism. However, from mid-19th century, the latter employed the convenience of rail transport for its own purposes. The railway therefore is rightly considered to be the midwife at the birth of modern mass tourism. One must still keep in mind that touristic travel remained the preserve of privileged parts of the population. This travelling acted as a form of middle-class self-therapy, the removal of the middle-class self from its existence in the shadow of the old aristocratic world in order to learn about modernity via a paradigmatic experience. It was another century before the lower middle and working classes could go on holiday. At first, they had to make do with day trips by train and ship in order to escape the city briefly. The foremost practitioners of middle-class tourism were the manufacturing and trading families, educated professionals working in the state bureaucracy, schools and universities, as well as the new 'freelance professions', including writers, journalists, lawyers, artists, who were able to take the first steps out of the corporate society. From the 1860s, there were portentous indications of a popularisation. Travelling became a form of popular movement and an answer to the desire to relax among large sections of the population following the advance of industrialisation and urbanisation.<sup>18</sup>

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<sup>17</sup> Horner, S., Swarbrooke, J. (2003) *Tourism, accommodation and catering use free time*. 1st ed. Praha: Grada Publishing. ISBN 80-247-0202-9.

<sup>18</sup> Peter, Z., Holubová J. (1994) *Economics of Tourism*. 3rd Ed., Praha: IDEA Servis. ISBN 80-901462-5-2.

## 2. The concept of ecotourism

Ecotourism is the fastest growing sector in the tourism industry business today, and is still without a standard industry definition.

The International Ecotourism Society (TIES), founded in 1990, is the largest and oldest ecotourism organization in the world. TIES' defines ecotourism as the responsible travel to natural areas that conserves the environment and sustains the well-being of local people.<sup>19</sup>

Much attention has been paid to the question of what constitutes ecotourism, and numerous concepts and definitions exist. The Ecotourism Society, based in the US and the most international of the ecotourism organizations, defines ecotourism as responsible travel to natural areas that conserves the environment and improves the welfare of local people. Ecotourism is now defined as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education". Education is meant to be inclusive of both staff and guests.

Ecotourism is about uniting conservation, communities, and sustainable travel. This means that those who implement, participate in and market ecotourism activities should adopt the following ecotourism principles:<sup>20</sup>

- Minimize physical, social, behavioral, and psychological impacts.
- Build environmental and cultural awareness and respect.
- Provide positive experiences for both visitors and hosts.
- Provide direct financial benefits for conservation.
- Generate financial benefits for both local people and private industry.
- Deliver memorable interpretative experiences to visitors that help raise sensitivity to host countries' political, environmental, and social climates.
- Design, construct and operate low-impact facilities.

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<sup>19</sup> Wood, M. (2002). *Ecotourism: Principles, practises & policies for sustainability*. UNEP.

<sup>20</sup> Wood, M. (2002). *Ecotourism: Principles, practises & policies for sustainability*. UNEP.

- Recognize the rights and spiritual beliefs of the Indigenous People in your community and work in partnership with them to create empowerment.

The concept of ecotourism is one of ambiguity and dispute. There is no universal definition for ecotourism, nor is there a certifying agency. A common misconception is that ecotourism is just nature based tourism, the act of surrounding yourself with nature's little wonders. The truth is far more complex. Ecotourism has to be both ecologically and socially conscious. Its goal is to minimize the impact that tourism has on an area through cooperation and management and in some cases it even encourages travellers to have a positive impact on their new surroundings.<sup>21</sup>

By the mid 1990s, ecotourism, as a concept, began to enter a period of maturity. Many of the claims made in earlier years began to be disputed, and the legitimacy of many players to call themselves ecotourism products was challenged. The travelling public either has become more aware of what ecotourism encompasses or more critical about the idea to accept blindly the claims that mass tourism destinations are ecotourism destinations. Assumptions regarding the benefits of ecotourism have been challenged through empirical research. As a result, a more realistic understanding of what the product entails and the benefits it can provide is emerging.

Given the importance of sustainability within the ecotourism definition, a fundamental question is "What is sustainability?" In simplified terms, tourism sustainability is postulated to result from a positive overall balance in environmental, experiential, sociocultural, and economic impacts ("experiential impact" is used to describe the effect of visitors on each other and "sociocultural impact" is used to describe the effect of visitors on local residents). Thus, tourism activities that generate more positive net benefits would be more sustainable, in general, than tourism activities that generate fewer positive net benefits.<sup>22</sup>

The focus on benefits also clarifies ecotourism-related objectives. Historically, many sites have sought to increase the number of tourists, but this objective slowly is giving way to increasing tourist expenditure (a positive benefit), which does not always require

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<sup>21</sup> Fennell, D. (2003). *Ecotourism*. 2nd. ed. Routledge, CABI Publishing.

<sup>22</sup> Fennell, D. (2003). *Ecotourism*. 2nd. ed. Routledge, CABI Publishing.

increasing the number of tourists. Hopefully, this objective will progress to one of increasing income generated in the region of question (again, which need not involve an increase in expenditure). Ultimately, the objective should be to increase net benefits, a measure of benefits less costs. This refinement of objectives to focus on net benefits enhances the likelihood that ecotourism will be sustainable.

With respect to visitor types and activities, a key consideration is the diversity within the ecotourism market. Ecotourists may differ greatly in several aspects, including:<sup>23</sup>

- distance travelled;
- length of stay;
- desired level of physical effort and comfort;
- importance of nature in trip motivation;
- level of learning desired;
- amount of spending;
- desired activities; and
- personal demographics.

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<sup>23</sup> Fennell, D. (2003). *Ecotourism*. 2nd. ed. Routledge, CABI Publishing.

## Case study

### **3. Tourism in the Republic of Kazakhstan**

#### **3.1. Current state and prospects of the development**

Tourism in the Republic of Kazakhstan is a priority. The main purpose of tourism development in Kazakhstan is the creation of a modern highly efficient and competitive tourist complex on the basis of which will be provided the conditions for the development of the industry as a sector of the economy, integration into the global tourism market and the development of further international cooperation in the field of tourism. Given that Kazakhstan has a unique natural potential, the country has all opportunities for the development of different types of tourism.

As noted by international experts in the field of tourism, the state of tourism industry development in Kazakhstan in recent years is characterized by its progressive and sustainable development. In the coming years country has the opportunity to become one of the largest economies in the travel and tourism.

Abroad are beginning to consider Kazakhstan as one of the most stable countries with unique tourism opportunities. Tourism is defined by one of the major clusters of non-oil sector of the economy by the President of Kazakhstan. The republic set demanding task in the near future to enter the top 50 most competitive countries in the world.

It is important to understand today – Kazakhstan's tourist complex can be a powerful lever for accelerating the pace of overall growth and modernization of the economy. These are evidenced by growth trends in inbound and domestic tourism and create a system of state regulation of tourism activities in the framework of tourism development. Significantly increased the number of foreign tourists has increased the demand for travel within the country.

By definition of WTO, countries are divided into: the «countries that are in the first place, troop-tourists» and «countries in the first place, receiving tourists». Kazakhstan on the gradation of the country belongs to the supplier of tourists. In world practice, supplier countries are highly developed country with an enormous industrial potential.



Kazakhstan on many economic parameters is this country, and should try to attract tourists to the country in order to ensure the inflow of capital. The prevalence of outbound tourism in the early years of reform was associated with a decline in production in light industry, breaking the traditional relations, which led to the impoverishment of the consumer goods market and caused a «boom» shop-tourism. Dramatically increased the number of travelers to tourist trips resulting in significant tourist traffic was not in favor for Kazakhstan. Recently, with increasing incomes, the share of domestic tourism was increased.

The leading position of tourism, due to processes of economic globalization, the rapid development of aviation and transport, media, computing and advertising industry, the liberalization of visa regimes, rising living standards and the degree of informativeness of the population in developed economies, the emergence in the world of new centers of economic breakthrough irreversible process of internationalization of the criteria defining the key concepts of human values.

The initiating factor in the rapid development of tourism was also negative environmental impacts of industrialization and urbanization of the society, encouraging people to seek for rest and rehabilitation of health ecofriendly places abroad. Geography and species composition of international tourism are in the state, mostly stable, positive centrifugal dynamics, resulting in the emergence of new centers and the tourist industry while maintaining the traditional popularity.

Becoming increasingly popular trip, providing an opportunity to meet in professions or interests, travels of the fans on the international sports competitions, and participate in carnivals, national holidays and festivities of the local population (especially – the indigenous peoples). But along with these processes is gaining a pilgrim tourism. The number of pilgrims and just want to get acquainted with the culture of other nations is growing. This is especially important today, given the ethnic conflicts on religious grounds. Now began to appear, some encouraging signs that allow being optimistic about the future of Kazakhstan's tourism in general, and pilgrim aging tourism in particular. A good sign of close government attention to the high economic potential of tourism, was the message of President to the people of Kazakhstan «Kazakhstan 2030», as well as the annual message of the President of the Republic of Kazakhstan.

Recently, interest to the Kazakhstan as a tourist destination, has increased significantly worldwide, and thus, year by year the range of tourist services offered by local tour operators to attract more travelers. Today we attract tourists from Kazakhstan, Germany, England, Japan, Korea and China. The Germans and the

British had already explored tourist destinations in Kazakhstan. Today, Kazakhstan has almost all the existing forms of tourism – cognitive, entertaining, pilgrim, ecological, and others. Tourists invited to a large number of routes of travel throughout the territory of Kazakhstan.

Kazakhstan is a huge country, which has a unique natural potential, unique culture and art. Many Kazakh resorts for many years been abandoned, dilapidated, and therefore of little interest, not only foreigners, but fellow citizens. They turned their attention, in fact, quite recently, and we can not say that all problems have been solved manifested.

Today in the republic has over a thousand travel agencies and operators. But most of them focused not on domestic and inbound tourism, they work with abroad travels.

During the 2007– 2010 development of the industry based on the State Program of development of tourist industry of the Republic of Kazakhstan for 2007– 2011, approved by Decree of the Head of State on December 29, 2006 № 231.

During this period, work was carried out to improve the regulatory framework. In 2008 changes were made to some legislative acts on tourist activities and approved by the orders of the Ministry of Tourism and Sports of the Republic of Kazakhstan, which from January 20, 2012 Presidential Decree «On further improvement of the system of government of the Republic of Kazakhstan» was reorganized into the Agency for Sports and Physical Education on tourism.

It should be noted that the Agency on an ongoing basis, work on the formation of the image, including the promotion of tourism information of Kazakhstan abroad. The main tools are the creation and broadcasting of promotional videos on leading TV channels of the world, conducting information tours for representatives of leading international media, participation in major international tourism fairs.

The main event in a certain image in 2009 was held in Astana in October 2009 – the 18th session of the General Assembly of the World Tourism Organization (UNWTO), which brought together over 700 delegates from 146 countries, the actual members of the UNWTO, as well as representatives of foreign world media.

At the end of the UNWTO General Assembly adopted important documents of strategic importance to the world of tourism:

1. Astana Declaration on development of tourism on the Silk Road.
2. The Support of the initiative of the President of the Republic of Kazakhstan – Nursultan Nazarbayev – to declare an August 29 – the World Day of free of nuclear weapons.

Result of these measures, about Kazakhstan, finally talked about as a country with huge potential for tourism, unique nature and rich historical and cultural heritage. In order to identify major problems and causes hindering the development of tourism on the ground, during June 2008 to July 2009 were carried out research of the Korean International Cooperation Agency in December 2009, developed a master plan of «Creation of a national tourism cluster along the international highway «Western Europe – Western China»».

The recommendations of the Master Plan provided the basis for the formation of further vision for the development of tourism in the State program of forced industrial-innovative development of Kazakhstan for 2010– 2014. Despite of the fact that there has been a steady trend of growth, mainly placements are located in cities and large towns. To create favorable conditions for tourists, not only foreign but also domestic, given the long distances between settlements, it is important to their location along highways in certain areas.

However, the absence of the accommodation directly to the places where the tourist facilities and tourist routes in the nodal points prevents the development of inbound and domestic tourism of mass. As a result, domestic tourism is dominated by one-day routes with a length of 400– 500 km, indicating a significant amount of time spent on the road. Such trips are boring and leave the bad memories for most travelers. Another of the

problems to be solved is the fact that the global financial crisis, domestic investors will not risk further invest in the construction of tourist facilities. Creating a mechanism for long-term lending preferences of the tourism organizations for the development of tourism infrastructure helps for the increasing the investments for the development a competitive tourism industry.

In countries that make a bet on the development of tourism, usually taken legislative measures to encourage the development of tourism infrastructure, particularly hotels. At the same time government agencies and financial institutions based on the fact that investment in tourism is creating new jobs and generates some income. Therefore, in most legislative decisions are taken to facilitate the attraction of foreign and domestic investments and loans, for example by establishing for them tax breaks. The target group of tourists with an interest in Kazakhstan:

- 1) lovers of wild unspoiled nature and amazing landscapes;
- 2) fans unexplored tourist destinations, curious tourists who want to be pioneers.

The development of all of types of tourism will contribute for the economic stability and profitability of tourist and recreational valuable natural medicinal resources of the country, improve the provision of tourist and recreational services, creating conditions for the formation and development of a competitive tourism industry in the country.

Despite of the development of tourism infrastructure, quality of service at many tourist sites remained low. This is due to the fact that the implementation of measures to improve the system of training for the tourism industry takes time.

July 5, 2008, the Law of the Republic of Kazakhstan «On making amendments and addenda to some legislative acts of the Republic of Kazakhstan on issues of tourist activities» was adopted. As part of this law established the regulatory framework to ensure that employers have a real opportunity with the formation of associations and organizations to introduce vocational training, retraining and skills they need tourist staff. An important issue is the introduction of higher educational institutions (hereinafter – institutions of higher education) of the country, preparing personnel for

the tourism industry of the quality of tourism education «WTO-Ted- Qual», recommended by the World Tourism Organization.

For this purpose, together with experts from the UNWTO and the Ministry of Education and Science continues to investigate the issue of a pilot project to introduce the system of certification based on one of the leading public institutions of higher education in Kazakhstan. Kazakhstan plans to become a center of tourism in the region, it is necessary to take measures to improve the system of training in the tourism industry, where the impact is particularly acute shortage of qualified professionals in middle and senior managers in demand in the tertiary sector.

Agency with the participation of business associations, employers, and managers of higher, technical and vocational schools that train personnel for the tourism industry, has developed a new qualification structure of the tourism industry within the framework of the European Training Foundation (ETF), «National Qualifications Frameworks in Central Asia». For approval of its experimental testing is needed. For this purpose, with the support and direct participation of the Agency implemented a pilot project to introduce a flexible qualification structure in the tourism sector as a pilot project.

In the past two years, work was undertaken on amendments and additions to the Classification of Economic Activities and Classifieds areas of training by industry in conjunction with the Ministries of Labour and Social Welfare, Education and Science and the Statistical Agency, the Ministry initiated in connection with the implementation of cluster development tourism.

At the same time, was introduced an auxiliary account in the tourism, which is formed on the basis of tourism statistics, and which allows us to estimate the contribution of the tourism industry to the economy of the state. However, it still needs to continue the improvement statistics on a par with countries, the share of tourism in the economy of more than 50 %.

**Conclusion:** Hypothesis 1 is confirmed

#### **4. Ecological tourism in Kazakhstan**

Ecological tourism in Kazakhstan has good potential, but not sufficiently developed. The state program of tourism development for 2007– 2011, ecotourism was highlighted as one of the priorities, and provided for the development of national, regional and local policies for its development. However, to date has not yet formed as the policy itself, as well as common organizational approaches. Ecotourism is not aimed at increasing tourist flows to natural areas; it allows you to preserve nature, which does not require the implementation of investment projects that can have a negative impact on the environment. In Kazakhstan there are 118 protected areas, including 11 state national parks, which allowed the use of controlled tourism, aimed at the development of ecotourism. Given that its objects can be both natural and cultural attractions, natural and natural-anthropogenic landscapes, where traditional culture is integral with the natural environment, the development of ecotourism can provide not only financial support for natural areas, but also give the opportunity to create interest in their preservation. Rural Ecotourism also has the potential for developing. Its development is limited to rural areas and due to the activity for the production of agricultural products. As part of this form of tourism in Kazakhstan have developed guest houses, living in which tourists are rural way of life, become familiar with everyday of the Kazakh culture and natural attractions.

Since 2005, the Information Resource Center operates the Ecological Tourism in Almaty, who works for the creation and development of these guest houses. These homes are part of the concept of ecological and sustainable tourism in the Republic of Kazakhstan. The study of international experience on the subject shows that the socio-economic role of ecotourism in different areas with different functions. In the agricultural areas of ecotourism can be an additional source of income for sustains production, landscape and traditional way of life of local people. In the territories, the main function is to protect the natural and cultural heritage; eco-tourism is a major source of revenue, cost-justifying the execution of this function. In industrial areas, the role of ecotourism is to protect natural areas unchanged and maintaining physical and mental equilibrium of the population.

In general, the potential interest in ecotourism in the international market is 8,9 million (or 63 % of total capacity). This tourism product is the best position in the global tourism market and has become one of the key developments in Kazakhstan.

Kazakhstan has an ancient and unique history, as evidenced by the presence of twentyseven thousand ancient monuments such as Saki mounds / hills, the Golden Man of Issyk, and many others. Kazakh section of the Silk Road is a unique complex of historical monuments, archeology, architecture, urban planning and monumental art. They are the ancient cities of Otrar, Taraz, Sairam (Ispidzhab), Turkestan (Iasi), Balasagun and others who were not just shopping centers but also centers of science and culture. All of this should contribute for the effective development of cultural tourism, but considering the dependence on the sector on many factors, such as a lack of advertising and information materials, poor infrastructure, including small number of placements near the tourist facilities, poor quality of roads, there is its low competitiveness. With its unique natural and mineral resources and climate, Kazakhstan could also develop a medical spa and ski tourism. The market situation for the provision and development of therapeutic services is changing towards a quantitative increase in business tourism and recreational areas. Analysis of the status of this issue shows that since 1999, begins a gradual rise and development of sanatoriums and recreation organizations, whose number grew to 121 by end of 2010.

The study of international experience in this highly topical issue in Kazakhstan indicates that the leadership of tourist arrivals to the spa treatment, thanks to the Czech Republic belongs to the largest and the world famous health resort of Karlovy Vary. According to the National Tourism Administration of the Czech Republic every year it is visited by about 50 thousand people from more than 70 countries for the treatment and about 2 million tourists in recreational and fitness purposes. For Kazakhstan, the development of ski tourism is of high importance; its development in some regions can be the basis of socio-economic development. The unique natural conditions make it possible to create a large modern ski centers with a high level of comfort and services.

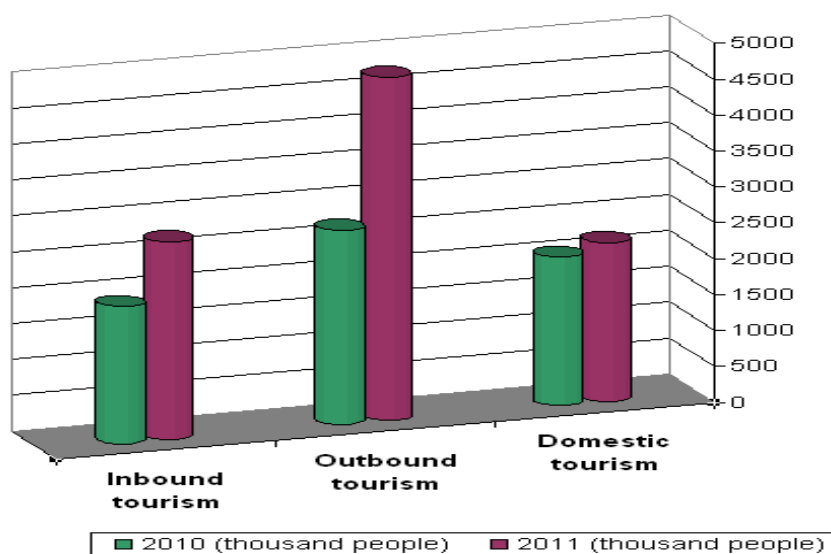
**Conclusion:** Hypothesis 2 is confirmed

## 5. Analysis of the current state of tourism in Kazakhstan

According to the Statistical Agency of the Republic of Kazakhstan in 2010, the number of visitors served by tourist firms totaled 459,337, an increase compared to the year 2009 by 32 % (in 2009 – 347,413 people). There has been an increase in tourist traffic served by tourist firms of inbound travel:

- number of tourists traveling through the territory of the Republic of Kazakhstan, has increased by 29 % compared with 2009 and amounted to 157,986 persons;
- number of visitors inbound tourism increased by 27 % compared with 2009 and amounted to 39,640 persons.

**Figure 1.** Key indicators of tourism development in the Republic of Kazakhstan for the first half of 2011 (compared to the first half of 2010)



**Source:** Compiled by author based on data from the Statistical Agency of the Republic of Kazakhstan

The total volume of services in tourism industry increased on 5,1% to \$ 34,9 billion tenge (in January-June 2010, 33,2 billion tenge).

During the reporting period, an increase in tourist traffic in all directions:



- number of inbound tourism visitors has increased on 44,1% and amounted to 2747,4 thousand people (in January-June 2010 1906,9 thousand people);
- number of outbound tourism visitors has increased on 76.7% and made up 4770,5 thousand people (in January-June 2010 2699,4 thousand people);
- number of domestic tourism visitors increased to 7,2% and amounted to 2211,9 thousand people (in January-June 2010 2062,7 thousand people).

**Table 1.** The number of tourist companies by the regions of the Republic of Kazakhstan for the period 2006–2010 years

<b>Regions of Kazakhstan Years</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Akmolinskaya	17	20	26	26	22
Aktubinskaya	18	20	27	26	27
Almatinskaya	50	47	54	43	37
Atyrauskaya	23	21	25	18	21
Zapadno-Kazakhstanskaya	8	10	11	10	13
Zhambylskaya	13	19	21	21	19
Karagandinskaya	52	54	72	76	81
Kostanaiskaya	13	19	26	26	27
Kyzylordinskaya	4	4	3	2	4
Mangistauskaya	21	22	26	29	30
Yuzhno-Kazakhstanskaya	18	18	26	22	27
Pavlodarskaya	32	48	52	56	59
Severo-Kazakhstanskaya	16	18	20	23	21
Vostochno-Kazakhstanskaya	39	40	47	48	42
Astana city	44	57	88	87	158
Almaty city	553	587	639	690	664
<b>Republic of Kazakhstan, total</b>	<b>921</b>	<b>1004</b>	<b>1163</b>	<b>1203</b>	<b>1252</b>

**Source:** Compiled by author based on data from the Statistical Agency of the Republic of Kazakhstan

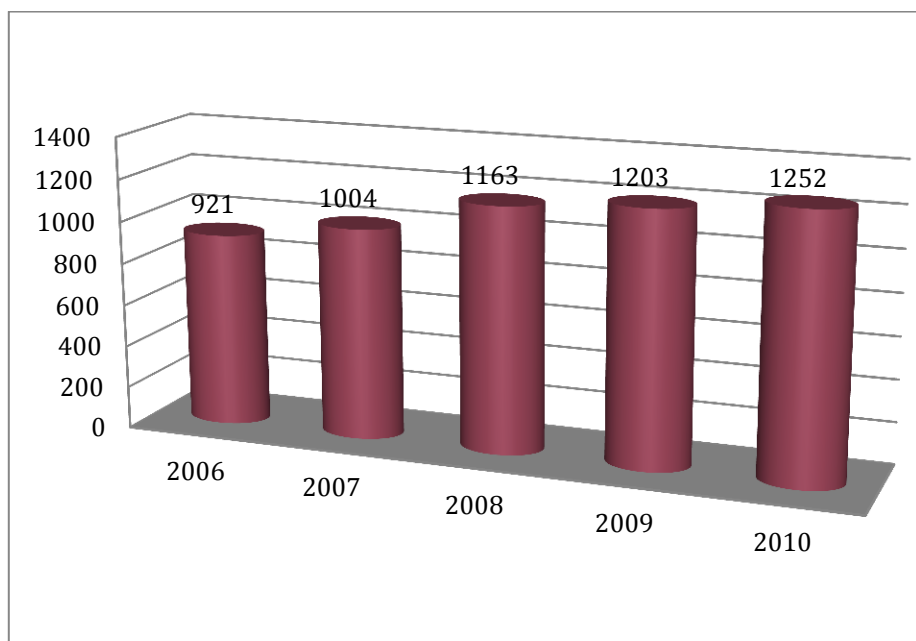
In locations, there are 35326 rooms, their time capacity increased on 6% and made 76931 beds (in January-June 2010 - 72549 beds).

According to the Statistical Agency, in Kazakhstan in 2014, registered travel agencies in 1252. Of those in the public domain is a travel company and the remainder in private ownership and enterprises with foreign participation.

As the table shows, there is a positive growth of tourism firms. Compared with 2006, in 2010 the number had increased by 36 %. The greatest numbers of firms are located in Almaty, Astana, Karaganda, Pavlodar and East Kazakhstan regions. A small number of tourist firms observed in the Kyzylorda region.

Kazakhstan, with a wealth of tourist and recreational potential, characterized by underdevelopment of tourism. Its share in the gross domestic product (counted only services for accommodation and meals) is about 0,3%. In 2012 revenue from tourism activities amounted to 151,7 billion. tenge, which is almost 2 times more than in 2008 (77,6 bln.). The number of people employed in the industry was 129000 people. Taxes paid to the budget of the republic was 24,2 bn. tenge in 2012.

**Figure 2.** The number of tourist companies in the Republic of Kazakhstan for the period 2006–2010 years



**Source:** Compiled by author based on data from the Statistical Agency of the Republic of Kazakhstan

In 2012 the country had 1,994 tourist organizations that were served 641,3 thous. people, which is 1,7% more than in the previous year (630,6 thousand. people in 2011) and 32,1% more than in 2010 (485,6 thousand. people). In the structure of tourist

activity, domestic tourism amounted to 31,5%, inbound tourism – 4,7%, outbound tourism – 63,8%.

In January-September 2013 in the country functioned 1705 tourist organizations, which were served 424,7 thous. people, which is 16,3% lower than in the corresponding period of 2012. In the structure of tourist activity, domestic tourism was 44,4%, inbound tourism – 2,3%, outbound tourism – 53,3%. If these figures are compared with the data for January-September 2012, the overall structure of tourist services is observed decrease in the proportion of outbound tourism by 8% and inbound 2,3% increase in domestic tourism by 10,3%.

As of 2012 operating in Kazakhstan 1526 placement capacity of 83,103 beds, which is 2,6% more than in 2011. Of the total number, 61,5% were of the hotel, including 26,8% of hotels with the category, 34,7% with no category, 38,5% were other placements.

The main part (55,3%) is concentrated in the Almaty (14,7%), Astana (9,7%), East Kazakhstan (19,2%) and Karaganda (11,7%).

The growing demand for domestic and inbound tourism in Kazakhstan in the period from 2000 to 2007, followed by recession in 2008 and 2009 due to the economic crisis. With the economic recovery in 2010, growth in demand for tourism resumed in 2011 and reached a record level in 2012, an increase tourist arrivals by 6,3% and the increase in the number of overnight stays by 6,7%:

- from 43,298 visitors in 2000 to 3,026,227 visitors in 2012;
- of 1250649 overnight stays in 2000 to 7560134 overnight stays (bed-days) in 2012.

In 2012 tourist arrivals structure characterized by the following indicators:

- the types of accommodation facilities: 88,7% of the visitors were placed in hotels (46,3% of the visitors - in hotels categories, 42,4% of visitors in hotels with no category), 11,3% of visitors in other placements;
- by region: 49% of visitors are registered in Astana (18,4%) and Almaty (18,2%) and East Kazakhstan region (12,4%), in the Karaganda region of 7%, 6,9% in Atyrau in Mangistau 5,9% and other areas 31,2% of visitors;

- country of origin: 82,8% local visitors from non-resident visitors (519222 people) – 27,3% of visitors from the Russian Federation, 10,4% of visitors from the United Kingdom of Great Britain and Northern Ireland, 7,6% of visitors from the United States, 6,2% of visitors from Turkey, 6,1% of visitors from Italy, 4,7% of the visitors from Germany, 4,5% of visitors from China and 33,2% of visitors from other countries;
- by purpose of travel: business and professional - 64%, holidays and vacation - 30%, visiting friends and relatives – 4,1%, other purposes – 1,9%. It is noteworthy that, compared with foreign visitors traveled more Kazakhs in order to rest and leave (34,6%), while non-residents mainly with business and professional goals (88,1%).

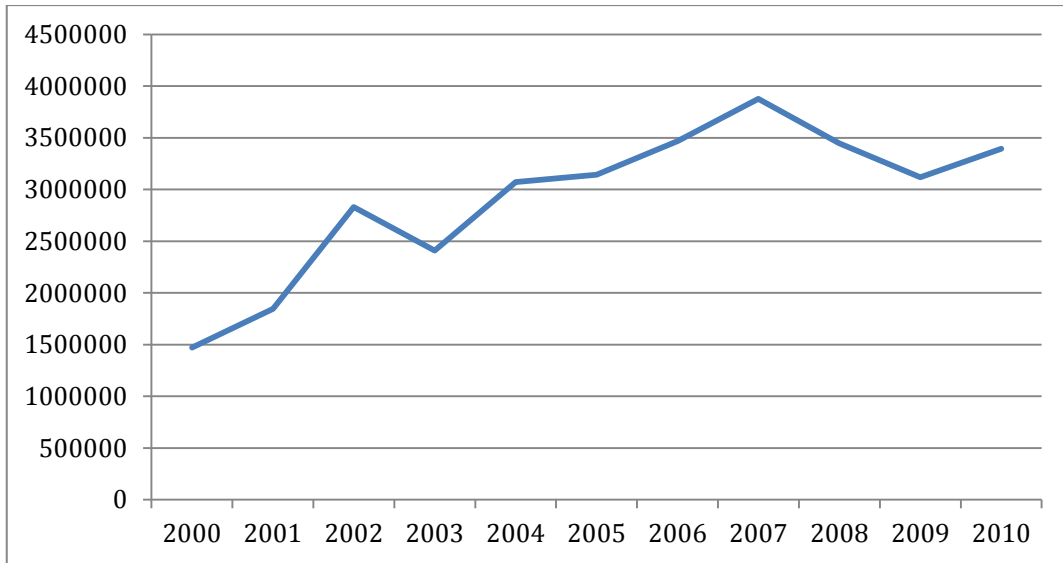
As can be seen from the above, tourism in Kazakhstan is based mainly on the local population, as well as business and professional travel of foreign residents.

Analyzing the change in the basic economic indicators of tourism development, it can be concluded that the potential of Kazakhstan's tourism is not fully realized, since the development of the tourism industry depends on the creation of a modern competitive tourist complex that includes the necessary infrastructure transport and logistics system, including taking into account the reconstruction of crossing points the state border of the Republic of Kazakhstan (road, air, rail), providing ample opportunities to meet the needs of local and foreign citizens in tourism services. Creating a tourist complex will also make a significant contribution to the economy through tax revenues, foreign exchange inflows, increasing the number of jobs, and provide control over the conservation and management of cultural and natural heritage.

The value for International tourism, number of arrivals in Kazakhstan was 3,393,000 as of 2010. As the graph below shows, over the past 10 years this indicator reached a maximum value of 3,876,000 in 2007 and a minimum value of 1,471,000 in 2000.

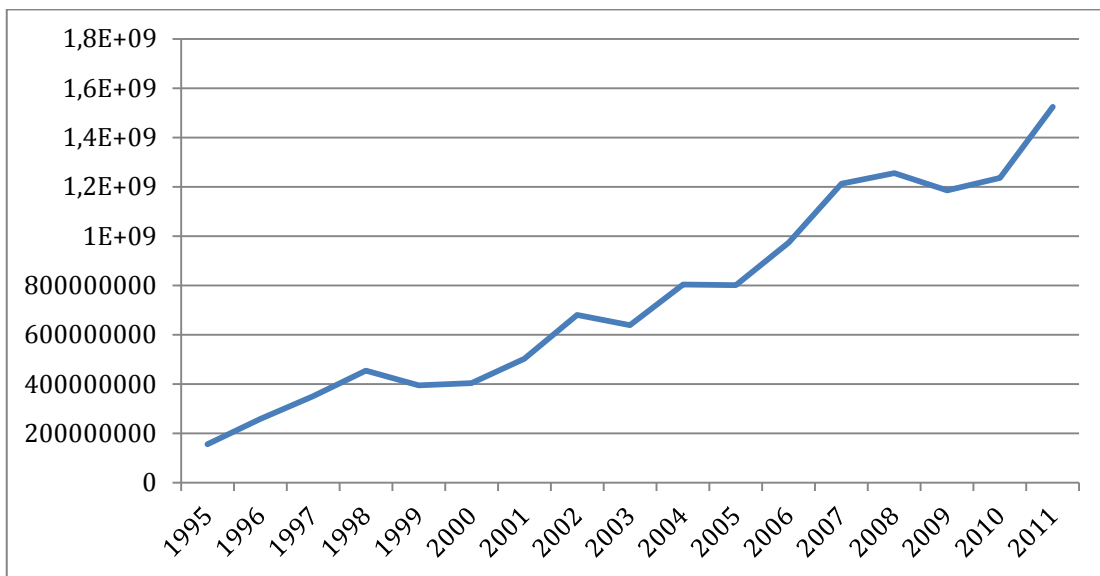
The latest value for International tourism, receipts (current US\$) in Kazakhstan was \$1,524,000,000 as of 2011. Over the past 16 years, the value for this indicator has fluctuated between \$1,524,000,000 in 2011 and \$155,000,000 in 1995.

**Figure 3.** Number of arrivals in Kazakhstan



**Source:** Compiled by author based on data from the Statistical Agency of the Republic of Kazakhstan

**Figure 4.** International tourism, receipts (current US\$)



**Source:** Compiled by author based on data from the Statistical Agency of the Republic of Kazakhstan

**Conclusion:** Hypothesis 3 is confirmed

## **6. Stages and expected results of tourism industry in Kazakhstan to 2020**

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

- creation of the necessary innovation, energy-efficient infrastructure;
- establishing a system of new tourist "experience" and the development of internationally competitive products and services for local and foreign tourists;
- development of eco-tourism and environmental education, including in protected natural areas;
- The creation of a professional control and regulation of the tourism industry;
- providing easy access to Kazakhstan and domestically.

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

- an increase in the contribution of the tourism industry in the economy of the state;
- stimulate economic growth and investment, given the significant growth potential of the tourism industry in the Republic of Kazakhstan;
- the creation of jobs in the tourism industry and related sectors of the economy;
- development of business, including SMEs in related industries, and human potential in the whole country and regions, including rural areas.

In order to increase the investment attractiveness of the tourism industry and to ensure the development of the industry as one of the priority sectors of the economy are needed to create modern and highly competitive tourist complex to integrate Kazakhstan tourism in the world tourism market. The main indicators of tourism development are the number of tourist arrivals, the number of bed-days, as well as the amount of revenues from tourism activities. Achieving the goals and objectives of this concept is determined by the growth indicators of tourism development at each stage of development. To achieve these goals and objectives include the following stages of the development tourism in Kazakhstan:

- stage 1 2015 - 2016;
- phase 2 2017 - 2018;
- phase 3 2019 - 2020.

Stage 1 is the most important, because the success of the subsequent stages depends on the performance of work under the first stage: the adaptation of existing and creation of new legal measures and institutional arrangements, most of which should be ready in 2015. This stage is also the first stage of development, during which it is desirable to prepare all national (large) tourism projects and initiate their construction, promote the development of other (small) tourism projects, invest in common infrastructure and human resources to define and implement a system of marketing, branding national tourism and other related activities, as well as measures aimed at obtaining quick results. As part of the first stage of development it is recommended about 30% of the total investment for the period from 2015 to 2020. In view of the implementation of the measures envisaged in the first stage, the expected flow of tourists at this stage will be 4,1 million tourist arrivals, the number of bed-nights – 13,3 million. Income from tourism activities was 4,6 billion US dollars.

Stage 2 is a continuation of development. In terms of investment recommended execution of major construction works, in particular, placements and tourist infrastructure in the development of national tourism projects, including projects with low risk and the ability to implement in a short time. During this phase, it is important to continue to develop infrastructure, capacity building of human resources and the implementation of various works in the field of marketing. As part of phase 2 recommend development of about 45% of the total investment for the period from 2014 to 2020. In view of the implementation of the measures envisaged in the second stage, the expected flow of tourists at this stage was 6,5 million tourist arrivals, the number of bed-nights - 23 million. Revenues from tourism activities was 7,6 billion US dollars.

Phase 3 is the final stage of development, during which will continue the implementation of activities carried out within the framework of the second stage, the diversification of tourism offerings and significant support to small and medium-sized businesses for the development of tourism projects across the country. As part of the

third phase of the development recommend about 30% of the total investment for the period from 2015 to 2020. In view of the implementation of the measures envisaged in the third stage, the expected flow of tourists at this stage will be 8,5 million tourist arrivals, the number of bed-nights – 33,8 million. Income from tourism activities was 10,2 billion US dollars.

**Table 2.** Indexes of competitiveness of some countries in the sphere of tourism and travel

Country	2012		2010
	place /133	points	place /130
Switzerland	1	5,68	1
Austria	2	5,46	2
Germany	3	5,41	3
USA	8	5,28	7
New Zealand	20	4,94	19
Turkey	56	4,2	54
Russia	59	4,14	64
Georgia	73	3,89	72
Azerbaija	76	3,84	79
Ukraine	77	3,84	77
Albania	90	3,68	92
Armenia	91	3,65	89
<b>Kazakhstan</b>	<b>92</b>	<b>3,65</b>	<b>91</b>
Moldova	93	3,64	98
Mongolia	105	3,46	100
Kyrgyzstan	106	3,45	103
Tajikistan	110	3,41	114
Nepal	80	3,25	116
Chad	78	2,52	130

**Source:** Compiled by author

The concept of "regional tourism cluster", which refers to the shape of the spatial organization of tourism, presented a set of enterprises in the tourism and related service industries, combined horizontal links, synergy which results in increased efficiency of



the population as a whole and its individual companies, the effect of the emergence of innovation, enhances intra-and inter-regional division of labor. Domestic tourism is concentrated in the existing tourism flows within the country, and the external tourism positions Kazakhstan on the international market. The development of these priorities requires the consolidation of public and private organizations and reconciles actions of concerned ministries and agencies.

## 7. SWOT-analysis of tourism in Kazakhstan

**Table 3.** SWOT-analysis of tourism in Kazakhstan

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• availability of infrastructure of tourism industry;</li> <li>• legislative and regulatory framework for the development of the tourism industry;</li> <li>• high interest in ecotourism in the international market (8,9 million people or 63% of total capacity), for development of which Kazakhstan has potential: <ul style="list-style-type: none"> <li>▪ information Resource Center acts of ecotourism in Almaty;</li> <li>▪ create a guest house.</li> </ul> </li> <li>• the unique culture and history of Kazakhstan allows us to develop cultural tourism;</li> <li>• natural conditions for the development of ski tourism;</li> <li>• provision of human resources;</li> <li>• rapid economic growth in Kazakhstan (the annual increase in GDP, respectively, the purchasing power of the population);</li> <li>• political stability in Kazakhstan;</li> <li>• a better spaceport in the world.</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• virtually all infrastructure is located in cities and large towns;</li> <li>• non-compliance with international requirements of infrastructure;</li> <li>• there are no conditions for a multi-day stay of tourists at the sites of interest;</li> <li>• lack of mechanism of subsidies and preferential tax benefits to investors;</li> <li>• do not formed approaches and policies of ecotourism in Kazakhstan;</li> <li>• poor quality / lack of access roads to tourist sites;</li> <li>• training program does not meet the real needs of the market.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• creation of new jobs, including in rural areas;</li> <li>• high level of awareness of Kazakhstan in the international market of tourist services that provide investment and income to the budget;</li> <li>• establishment of a national tourist product;</li> <li>• increase in tourist traffic on inbound and domestic tourism.</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• increasing the number of one-day routes;</li> <li>• the decline in tourist flows;</li> <li>• the low level of investment activity;</li> <li>• formation of an image of Kazakhstan as a country hostile to tourism, as well as the reduction of its investment attractiveness.</li> </ul>

**Source:** Compiled by author

## **8. Forecast for the tourism industry in Kazakhstan**

Kazakhstan is an upper-middle-income country with per capita GDP of nearly US\$13 thousand in 2013. Kazakhstan's real GDP growth slowed from 6 percent in 2013 to 3.9 percent during the first half of 2014, due to internal capacity constraints in the oil industry, less favorable terms of trade, and an economic slowdown in Russia. The contribution of net exports to GDP growth improved materially followed by a sharp devaluation of the Kazakhstan tenge in February 2014, leading to a strong drop in imports of goods that became more costly. As a result of the devaluation, domestic inflation, as measured by the consumer price index (CPI), increased from 4.8 percent year-on-year in December 2013 to 6.9 percent in August 2014, due to higher imported input prices.

Income growth in the country had a positive impact on poverty indicators, with prosperity shared broadly. The share of the Kazakhstan population living in poverty went down from 47 percent in 2001 to about 3 percent in 2013, as measured by the national poverty line. Similarly, at the international poverty line, as measured by the purchasing power parity (PPP)-corrected US\$2.50 per capita per day, poverty in Kazakhstan fell from 41 percent in 2001 to 4 percent in 2009. However, against a benchmark of a higher poverty line at the PPP-corrected US\$5 per capita per day (which is more appropriate for countries with a higher level of income per capita), some 42 percent of Kazakhstan's population were still living in poverty in 2009, though down from 79 percent in 2001. Kazakhstan's performance in the World Bank's indicator of shared prosperity also shows progress, with growth rate of consumption per capita of the bottom 40 percent of households of about 6 percent, while the average consumption growth for all households was about 5 percent during 2006-2010.

Trade policy will remain a central instrument to help the country integrate into the global economy, but Kazakhstan will face a complex trade policy environment in the medium-term. The economy is adjusting to the Eurasia Customs Union which it joined in 2010 and is pursuing an accelerated schedule of further integration into the Common Economic Space by 2015. Kazakhstan is also expected to join the World Trade

Organization in the near future while its trade strategy lists several free trade agreements to be negotiated.

Education is a high priority for Kazakhstan, and in 2011, Kazakhstan ranked first on UNESCO's "Education for All Development Index" by achieving near-universal levels of primary education, adult literacy, and gender parity. These results have reflected Kazakhstan's efforts of expanding pre-school access and free, compulsory secondary education. For the next 10 years, Kazakhstan is embarking on further major reforms across all education levels. Kazakhstan faces challenges in restructuring its healthcare system. The country's health outcomes lag behind its rapidly increasing income. The major causes of adult mortality are non-communicable diseases such as cancer, cardiovascular disease, other tobacco and alcohol-related diseases and injuries. The new State Health Care Development Program recognizes health as one of the country's major priorities and a pre-requisite for sustainable socioeconomic development.

Looking forward, despite the short-term vulnerabilities accentuated by the uncertain regional economic outlook, Kazakhstan's medium-term prospects look promising. In the medium term, the economy will continue to grow on the back of the expanding oil sector, while growth of the non-oil economy will be lower due to lower domestic demand. In the longer run, Kazakhstan's development objective of joining the rank of the top 30 most developed countries by 2050 will depend on its ability to sustain balanced and inclusive growth. Enhancing medium- to long-term development prospects depends on Kazakhstan's success in diversifying its endowments, namely, creating highly skilled human capital, improving the quality of physical capital, and more importantly, strengthening institutional capital—all of the necessary ingredients for the development and expansion of the private sector in the country. (See appendix 1)

Kazakhstan joined the World Bank in 1992. Since then the Bank has provided 40 loans to the country for a total amount of more than US\$6.8 billion, of which about 65 percent, or over US\$4.4 billion, has already been disbursed.

The World Bank's current portfolio is composed of 12 projects with a total net commitment of US\$3,671 million, of which US\$1,453 million has been disbursed. While over 80 percent of the commitments are concentrated in the two big South-West

Road and East-West Road projects, the portfolio remains diverse, with two-thirds of the projects focused on institutional building in the areas of education, health, innovations, and the revenue administration agenda. The lending pipeline includes several projects at various stages of preparation.

Kazakhstan's awareness on the Asian market is 80%, and on the European market — 45%. Social and economic growth and political promotion of Kazakhstan on the world arena has increased foreign business interest in developing commercial relations, which, of course, leads to an increase in the number of business trips to Kazakhstan and abroad.

According to statistical data, the flow of Kazakh travellers to the CIS amounts to 6,3% and to the countries outside the CIS — 93,6%. Most resident travellers went to the CIS countries — Kyrgyzstan and Russia. The most popular destinations outside the CIS are China, Turkey, United Arab Emirates, Germany, the Netherlands, and Thailand. In 2009 travellers from Kazakhstan visited about 86 countries of the world. The average stay of Kazakh travellers in the CIS was 6 days, in the countries outside the CIS — 7 days. The main travel purposes were business and professional interests. As for incoming tourism in Kazakhstan, business travel still dominates (82 — 84%), the rest accounts for ecotourism and sports tourism. The seasonal fluctuation of outgoing travel (the maximum tourist flow) falls at the third quarter of the year — 35% of all outgoing travellers, although in general seasonal changes in outgoing tourism are not great.

The outlook for the growth of Kazakhstan's business travel market is far-reaching. This trend is facilitated by various factors. First of all, Kazakhstan is situated in the centre of the most rapidly growing outgoing travel market in the world. China and Russia, as well as India and the Middle East are expected to demonstrate growth by 220 million outgoing travellers per year by 2020. Second, after Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan join the Customs Union, social and economic integration in the Central Asia will increase twofold, which also affects the frequency of business trips and the growth of the business travel market. Third, increased competition in the Central Asia between Russia and China is promising great economic prospects for business travel.

## **9. Recommendations for tourism development and overcoming the existing problems.**

The main reasons hindering the rapid development of tourism in the country include:

- insufficient development of engineering, transport and social infrastructure in the areas of tourism, the inaccessibility of tourist facilities, low level of service in tourism destinations, insufficient quantity and quality of roadside service infrastructure;
- lack of qualified staff in the tourism sector - including academic education, a certain detachment of educational programs on the requirements of the labor market, the needs of production, expectations of employers, etc .;
- lack of regulatory tourism and hospitality industry in the absence of a definition of the placement, as well as the standards applicable to certain types of placements in the absence of legislation regulating the rules of social tourism applied with regard to workers and employers (the lack of tourist certificates) lack of tax incentives tourism industry;
- potential barriers to the development of the tourism business, including administrative barriers, the presence of state support tools that require further improvement.

There are five major economic and social interests to consider tourism as one of the national development priorities in the Republic of Kazakhstan:

- the ability to provide in the field of tourism more than 230 thousand jobs, including people living in rural and remote areas, and youth without departing from the traditional rural way of life;
- promote a culture of entrepreneurship among the general population, creating business opportunities for families, small and medium-sized enterprises;
- contribute to the development of regions and rural areas of the Republic of Kazakhstan, including the development of engineering and transport infrastructure in remote areas, infrastructure crossing the state border of the Republic of Kazakhstan;

- to promote cooperation and creating opportunities in other sectors of the economy, including agriculture, engineering, light and food industries, non-manufacturing sector;
- foster positive and productive intercultural relations conducive to the promotion of national and transnational understanding.

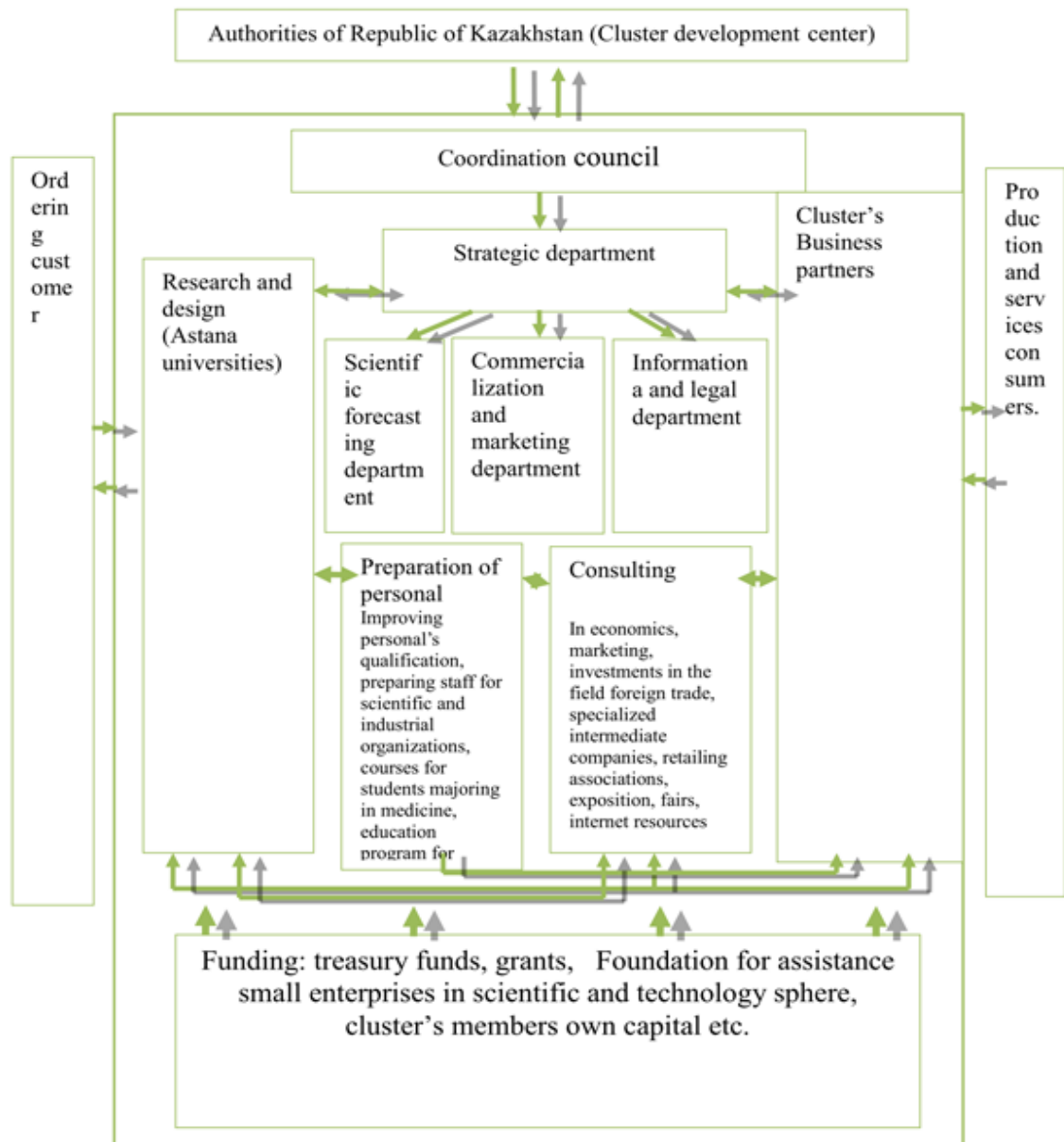
In order to achieve the national goals of economic diversification and improving the welfare and quality of life of the population of the Republic of Kazakhstan, the tourism industry has to develop in certain tourist clusters with competitive tourism businesses that are engaged in the tourism professionals, offering attractive tourism products in domestic and international tourism markets. Development in this area will encourage strong and sustainable growth of revenues from tourism activities for all involved stakeholders - government, business and workers.

Innovations in tourism are stimulated and in some EU countries. For example, in Italy was adopted a law “About the reform of national legislation of tourism”. By this Act tourist enterprises equated to industrial, on them were spread exemptions, deductions, subsidies, incentives and benefits of any kind, which are provided by acting legislative standards for the industrial sector, of course, within the financial capabilities for this purpose. The law is aimed at strengthening the mutual cooperation of various agencies and institutions to pursue a single national policy in sphere of tourism, also to use fully capabilities of entrepreneurship in tourist activities. Interactions within the cluster lead to the development of new ways to compete and generate an entirely new opportunities to overcome isolation on domestic issues, inertia, inflexibility, and collusion between competitors that reduce or completely block the beneficial effects of competition and the emergence of new firms. Evaluating touristic- recreational potential of Kazakhstan and building model of organizational structure of tourist cluster. Thus, the presence of the cluster allows domestic industry to maintain its advantage, and not give it to those countries that are more inclined to upgrade.

However, it should be noted that in the local (Soviet) literature the problems associated with the functioning of the clusters are not sufficiently developed. Issues of formation and realization of regional cluster policies are poorly understood.

The suggested structure reflects the system of cooperation between suppliers and consumers of touristic services (picture1).

**Figure 5.** Model of structure touristic cluster in Republic of Kazakhstan



**Source:** Compiled by author

The central management body of the cluster is Coordinational council. It has the following functions:



- identification of the goal indicators in development of the cluster,
- evaluation of intermediate results in accordance with the goal indicators,
- developing and taking actions to support the members of the cluster,
- realization of investment and research projects.

Cluster management body is responsible for informing, in a timely manner, all participants about perspective development directions of the cluster, also about potential and material technical resources of scientific and educational institutions with the aim of realization of mutual projects. In order to represent the interests of the participants and to provide guarantees cluster management body must provide standard way of forming contract relationships and realization of mutual projects in spheres of development, production and realization of the products.

Coordination council of cluster consists from ordering customer's representative, representative of scientific group and business group. Ordering customer's representative is employee of center of cluster development. Representative of scientific group is pro-rector for research one from one of the University in Astana. The aims of scientific representative find in their subdivision people or scientific groups that enable accomplish strategic goals of cluster. Business group representative is one of the directors of enterprise that is a member of cluster. He gives an information regarding possibility of project realization in on of the direction. Strategic department reporting to and under the control of coordination council and includes:

- Science forecasting department that determines prospective direction of scientific development. The functions of department includes: monitoring of scientific research, to compose informative sheet-reports about current scientific research, projects and developments.
- Commercialization and marketing department which the main goal is identify source of funding, promotion of products and monitoring of grant, stock and other kinds of support.
- Information and Legal department that serves informational-analytical and legal support to the participants of the cluster, as well as interaction with innovative infrastructure of the city, region, Kazakhstan and other countries. This department

makes interaction contracts among cluster's participants, defends and protects the rights of intellectual property, responsible for creating web site and its supports. Also, this department responsible for electronic database of scientific and industrial products of cluster.

- A scientific-research group includes universities and research institutes of Astana, that are aimed to develop fundamental science, to increase competitiveness of universities' graduates in the labor market, facilitating commercialization participant's elaborations, to secure and effective usage of intellectual property. Interaction in the research group will accomplish within joint research projects during the forecasting process of development of science, technology, and the commercialization of research results. In order to increase effectiveness of universities' potential it is necessary to create groups that directly involved in the process technological development, scientific and technological forecasting, are resource centers for enterprises and organizations that provide with consulting and analytical activities. The main activities of the universities have to be supplying small enterprises – cluster's participants that are industrial grounds for realization scientific researches and constant influx of highly qualified personals. Companies give opportunities for a student and young scientists to intern in tourism firms.

Model of regression analysis that has been created for calculating key factors of touristic-recreational potential of Kazakhstan enabled determine travel service's effectiveness and line of development. Based on gathered data the author offered model of organization of this cluster that illustrates direction and interaction instruments its participants among each other in the cluster and with suppliers as well as with consumers touristic products. Essential principal of cluster's participant selection must be usage of innovative technology in the field and interest of cluster's members in the input of their implementation to market. As a possible weaknesses and problems during the forming tourism cluster may be lack of experience in cluster interaction; distrust of cluster's member to each other and to government, cluster inside competition and absence or lack of experienced managers that can identify problem of travel service market. All of these problems are temporary and can be solved during the process efficient function of cluster.

Comparative payback and high profit, the tourist cluster solves one problem of the social plan – promotes increase of local population that is expressed at once in several aspects:

- it is inflow of monetary receipts to the tourist region, during a season;
- increase profits of the tourist organizations;
- increase of compensation of employees;
- Increase an employment of locals.

It is not full list of positive influence of branch of a tourist cluster on a population living.

Nevertheless, development of a tourist cluster in the country depends on certain factors and demands social preconditions. The constitution of the Republic of Kazakhstan proclaimed the Republic of Kazakhstan the social state. Now in our country is following of consecutive social modernization. «Stable development of economy allows us to strengthen a social orientation of reforms. It is the most important result on our economic policy. Today state had a possibility to allocated such a large funds for improvement of social security of Kazakhstan citizens. And we are realizing this possibility».

Besides functions of social character, the tourist cluster is a great importance in solution of economic problems of society. The tourist cluster influences economy in the following aspects:

1. The income source for local population of the tourist centers
2. Stimulates development of the branches, connected with release of subjects consumption, as such as tourists increases demand for many types of goods
3. Promotes development of informative and entertaining business, but the great attention is given to "hospitality resources», preservation a cultural heritage (monuments, museums, architectural complexes), to creation various of attractions for entertainments
4. Makes profit and promotes development of transport enterprises and organizations

5. Stimulates development of communication services, as well as, supporting contacts with place of residence, tourists use a mail, a telegraph, a phone, the Internet centers
6. Went up demand for products on the local industry, souvenirs, realization of such production causes serves as good advertizing for the tourist center
7. Promotes inflow to the country, big sums of money in foreign currency.

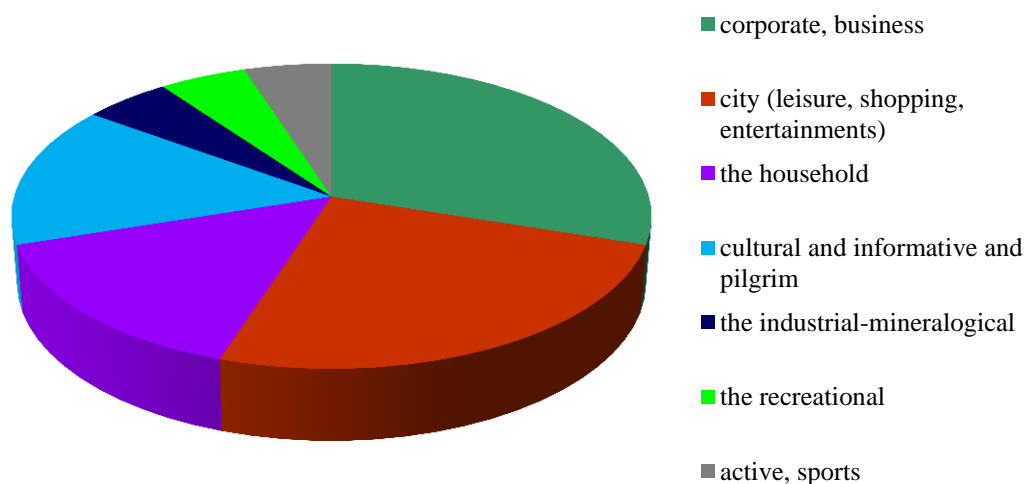
Investments of the government into infrastructure and material base of tourism stimulate investment for the numerous enterprises of a small business. Initial investments into tourism involve still big investments in the future in auxiliary and supporting branches of an economy. Large investments into the main hotels, restaurants, shopping centers, ports, the airports etc. Absolutely thanking for tourism infrastructure of the region also used as well by locals.

The industry of tourism is based the numerous enterprises of a small business, which support the industry, the proceeds from tourism are quickly distributed among a general population of accepting region, thus, all society receives an economic benefit.

Value of tourism in nation-wide scale consists in possibility to bring receipt from profit in the state budget over taxes, and also to fill up budget funds. Generally

Travelers come from other regions, their expenses for the government of the host country represent expanded tax base. Airport collecting, entrance and customs duties, visa collecting are some examples, which used methods of the taxation of tourists. Except these special cases, usual taxes collected from tourists, and on locals, rise owing to tourist expenses. Thus, tourism raises a region incomes, employments, investments, etc. In each state tourists are developing a policy government, which is one of the types of social and economic policy on the state. It is help for obtaining the maximum benefit. The tourist policy state is an set of forms, methods and directions influence of the state on functioning a sphere of tourism for achievement specific goals preservation and development of a social and economic complex. So, any state want to developing tourism, aspires to reach maximum economic efficiency. Economic efficiency of tourism means receiving a prize (economic effect) from tourism organization, a tourist service population of the region, serving activity of tourist firm.

**Figure 6.** An assessment prospects of development of a tourist cluster in the Republic of Kazakhstan



**Source:** Compiled by author

It is natural, if an import exceeds export, GNP will have a small value. Therefore for the Kazakhstan economy it is more favorable to involve more tourists for country and to encourage them to spend more money here, than to send the Kazakhstan citizens to travel abroad. Directly influence of tourism on national economy or the region is a result of the income of the tourist on purchase of services and the tourism goods. Directly influence of tourism for economy, it is a result contribution of money by tourists on tourist enterprises, the material supply of workers in tourism and creation new workplaces. There is also indirect influence of tourist expenses on region development, or «effect of the animator» which comes into process of circulation of tourist expenses in the region. It is possible to show animator action income of tourism on the following conditional example. A group of foreign tourists, traveling to Borovoe, spends for purchase of the goods and services. The income of a region is the taxes received from this revenue and left at the disposal of the region.

The combination of direct and indirect influence a scheme expenses of tourists defines influence on local economy as a whole. The most share of the income spent within the

region; it is more effectively of the animator. Ability to hold the tourist income within the region depends on economic isolation of area and independence of a local economy. If a local economy is capable to make goods and services which are in demand at tourists, the effect of the animator will be very considerable. However if many goods it is imported from other regions, so consequences it is less effective from the animator.

## **Conclusion**

Tourism is one of the most profitable industries in the world, and experts predict the UNWTO in the XXI century of its growth will continue. But, in any case, whatever the predictions for the future one main conclusion is obvious: to succeed in tourism activities in the twenty-first century requires a professional, based on customer needs and fulfilling the requirements of the law approach to the organization of production, promotion and implementation of the tourism product.

Assessing the current state of the tourism industry in Kazakhstan, it should be noted the main trends of its development. Tourism in Kazakhstan recognized as promising direction of development of non-oil sector of the economy and is included among the seven national priority clusters. At the regional level adopted regional tourism development program. Marked tourist breakthrough projects of international importance, such as Jana - Ile, Aktau City, Kapshagay. For these projects Kazakhstan actively attracts private investors, including foreign ones.

If we consider the dynamics of the development of tourism in Kazakhstan, it may be noted that the tourist activity of the citizens in 2008 increased compared to 2004 by more than half, and indicators on inbound tourism for the period from 2004 to 2007 increased by 2 times more. However, in 2008, a sharp fall in the reception of foreign tourists compared to 2007, the decrease was almost 2 times, that is levels of intake of foreign tourists in 2008 closed to those in 2004.

However, in an effort to actively develop tourism, our country faces some challenges. To Kazakhstan at the present stage the most serious obstacles in the development of tourism are the problem of training, poor infrastructure, and weak positioning in the international market. The solution of these problems will allow Kazakhstan to more rapidly develop tourism and to enter the international market with its unique product.

State of the infrastructure at the present stage of development of tourism in Kazakhstan can be assessed as satisfactory. According to the Statistics Agency of the Kazakhstan in 2008 on the territory of the Republic was 964 tourist facilities, including hotels – 528, campsites - 7, resorts - 36, sanatoriums – 15, dispensaries – 12, health-care centers - 5, boarding - 4, recreation areas – 29, holiday homes – 27, tourist centers – 24, camps - 35,

mountain ski centers – 4, guest houses – 13, hunting houses – 9, centers of youth tourism - 1, recreation centers - 7, museums - 198, mausoleums - 2, state-owned enterprises – 3, points (clubs, towns craftsmen) - 5.

Present the main elements of the transport, communications infrastructure, accommodation facilities. Exist infrastructure which is not able to provide further development of tourism. Also should be taken into account the development of new tourist centers of international importance (Jean-Ile, Kendirli, Aktau City, etc.) that do not have the infrastructure of tourism. The creation of these TourCenter occurs from begining. Level of infrastructure development indicates the level of development of tourism in general. It is necessary to pay much attention to the development of infrastructure, such as an integrated basis of the tourism industry.

For Kazakhstan, the problem of improving the system of training for the tourism industry has particular importance due to the fact that the development of domestic tourism requires highly qualified specialists. Growth areas of tourism in Kazakhstan in the near future will experience a lack of trained personnel.

A key element of the country's image in general serves its tourist attraction. It inherently involves a number of components that determine the high competitiveness of the region (for example, a high level of security, service, infrastructure development, with a clear cultural heritage, etc.). Kazakhstan in the international market of tourist hasn't got image. On average in the world, only 42% of respondents have an idea about the image of Kazakhstan. Greater awareness of Kazakhstan is in Asia. So from foreign countries in Asia, the best know Kazakhstan Japanese - 75% of respondents. In Europe, the case with the image of Kazakhstan is much worse. So the best result of recognition of our country have shown the British - 41% participated in the survey.

Tourist infrastructure of Kazakhstan at the present stage of tourism development is on the stage of rapid growth. But this rapid rise serving the tourism industry will meet the needs of tourists only in the near future, while at the present time, there is no infrastructure to meet all the requests of both domestic and foreign tourists.



It is necessary to unite the efforts of state and business structures in order to improve implementation of the planned program objectives and measures to enhance public-private partnerships in the form of concessions, contracts, outsourcing and others.

Investing to the tourism development infrastructure should include processes to scale projects in terms of investment funds business and the state based on the criterion of return and payback period; activities to ensure the openness of the system by placing the information on existing and emerging projects in the Internet on the website of the Ministry of Tourism and Sports of the Republic of Kazakhstan.

In the development of regional tourism infrastructure must be present principle of gradual development of tourism infrastructure through public-private partnership in the use of public property.

Common way of interaction of state bodies with investors is the creation of cluster areas of tourism development. This mechanism allows the development of tourism investors not to invest in a project, and in the range of tourist facilities.

Also develops the concept of creating modern multifunctional tourist centers of world-class in Almaty, Akmola and Mangistau regions. Estimated amount of attracting investment for these projects is more than 30 billion US dollars.

For Kazakhstan is important to intensify work to create a positive tourist image of the country. Kazakhstan must be recognizable worldwide. It is important not just to attract tourists, but also to encourage them to come regularly to visit the area.

Conductors of the tourism product in the main source markets abroad can and should become the official representatives of the Republic of Kazakhstan on tourism abroad, which should provide a link with the tourist industry in these markets, the media and other tourism stakeholders.

Experience in the implementation of government advertising and information strategy indicates the needs for diversification of the tourism product: along with the traditional tourist offer should ensure display of new tourism products, wider dissemination of

information about national traditions, crafts, new museums and exhibitions, event management and tourism services.

Tourism development at the present stage in the Republic of Kazakhstan demonstrates a positive trend. Evenly develop all kinds of tourism. But in spite of this there are certain aspects that hinder a dynamic development. Problems inherent in domestic tourism are normal for many developing countries with economies in transition and reflect a situation where tourism has received little attention. This situation was until recently in Kazakhstan. It was only in 2005, when President of Kazakhstan highlighted tourism as one of seven priority clusters of economic development. Given the current trend of tourism development can safely predict that in the near future, taking into account the decisions presented problems of tourism in Kazakhstan will enter the international market with its unique tourist product.

Advantages of development of a tourist cluster to the country:

- increase in a cash flow to the region, including inflow of foreign currency;
- growth of a gross national product;
- creation of new workplaces;
- reforming of structure of rest which can be used both tourists, and local population;
- attraction of the capital, including foreign;
- Increase in tax collecting for accepting region.
- Shortcomings of development of branch have shown that a tourist cluster:
  - influences a rise in prices for the local goods and services, on ground and other natural resources and real estate;
  - promotes outflow of money abroad at a tourist import;
  - causes environmental and social problems;
  - Can cause damage to development of other branches.

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## Appendix

### Appendix 1. Economic Forecasts of Kazakhstan (2014-2050 Outlook)

<b>Markets</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Currency	182,78	185	189	199	179	161
<b>GDP</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
GDP	224,41	250	256	374	588	1017
GDP Growth Rate	8,6	6,16	6,02	6,07	3,06	3,06
GDP Annual Growth Rate	4,3	2,76	2,31	3,66	3,67	3,67
GDP Constant Prices	38033	19630	13771	25759	23574	23522
GDP per capital	5424,63	5691	5740	6491	7020	7206
Gross Fixed Capital Formation	5104	9140	10250	10176	10176	10176
GDP per capita PPP	22466,73	23571	23772	26879	29063	29832
<b>Labour</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Unemployment Rate	5	5,26	4,96	4,94	4,94	4,94
Unemployed Persons	459,6	459	459	459	459	459
Wages	119280	131462	135775	196702	220567	224889
Population	17,16	17,22	17,28	18,46	19,94	21,42
Employed Persons	6000	6018	6011	6005	6005	6005
Wages In Manufacturing	171388	138547	137405	129605	118921	110008
<b>Prices</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Inflation Rate	6,1	7,61	6,39	5,58	0,48	0,37
Consumer Price Index CPI	546,27	548	555	704	940	1299
Core Inflation Rate	7,53	8,32	8,48	6,69	8,04	7,06
Producer Prices	91,7	92,3	94,16	95,3	95,3	95,3
Food Inflation	7,4	7,4	8,05	6,54	6,46	6,43
Inflation Rate Mom	0,4	0,97	0,01	1,28	1,3	1,3
<b>Money</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Interest Rate	5,5	6,5	6	7,5	6,5	34,8
Money Supply M0	1035712	980985	918600	846831	846831	846831
Money Supply M1	2800476	2697270	2657946	2622105	2622106	2622106
Money Supply M2	7630557	7152217	6959273	6914409	6914409	6914409
Money Supply M3	12403086	12346304	12505059	14751372	17048022	18632775
Foreign Exchange Reserves	29080	30142	30741	39524	42060	42241
Banks Balance Sheet	18239255910	17899351754	18307445125	2,4151E+10	2,7222E+10	27958783625
Central Bank Balance Sheet	3172178	3096615	3096435	3156557	3156558	3156558
<b>Trade</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>

**Continued appendix 1. Economic Forecasts of Kazakhstan (2014-2050 Outlook)**

Balance of Trade	2089,4	1729	1666	1865	1849	1847
Exports	4808	4902	5142	5534	5518	5515
Imports	2718,6	3173	3476	3669	3668	3668
Current Account	-1415,7	87	856	143	197	195
Current Account to GDP	-0,05	-0,5	-0,59	-1,26	-1,32	-1,32
External Debt	155156	159736	161264	150500	160987	163479
Capital Flows	-3077,3	-2287	-1701	-2155	-2159	-2159
Gold Reserves	183,97	190	189	189	189	189
Crude Oil Production	1578	2059	2060	1988	1872	1687
Foreign Direct Investment	6762,36	6577	6643	6637	6637	6637
<b>Government</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Government Budget	-2,1	-1,66	-1,61	-1,47	-1,47	-1,47
Government Debt to GDP	13,53	14,5	14,7	16,75	17,15	17,17
Government Budget Value	30037,3	-491018	-654249	-975885	-975432	-975432
Government Spending	3030120	1664241	2110724	2271172	2305987	2307272
Credit Rating	63,75					
<b>Business</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Business Confidence	7	7,37	9,2	7,26	7,05	7,83
Industrial Production	1,6	1,75	1,17	1,88	1,88	1,88
Changes in Inventories	1420400	1031181	925731	1294744	1295699	1295699
Industrial Production Mom	-18,7	5,95	-4,23	0,02	0,02	0,02
Manufacturing Production	4,7	-0,44	0,45	0,04	0,03	0,03
<b>Consumer</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Consumer Confidence	17	14,39	12,1	14,93	14,93	14,93
Retail Sales Mom	25,6	8,37	4,25	22,96	22,96	22,96
Retail Sales Yoy	10,9	10,9	14,08	12,86	12,86	12,86
Consumer Spending	1132676 5,9	6507318	7254646	8839542	8833499	8841043
Consumer Credit	3987803	3969595	3936840	3829868	3829320	3829320
<b>Taxes</b>	<b>Actual</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>2020</b>	<b>2030</b>	<b>2050</b>
Corporate Tax Rate	20	20	20	20	20	20
Personal Income Tax Rate	10	10	10	10	10	10
Sales Tax Rate	12	12	12	12	12	12
Social Security Rate	21	21	21	21	21	21
Social Security Rate For Companies	21	21	21	21	21	21

**Source:** Compiled by author based on data from

[http://www.astana.stat.kz/ru/socio\\_economic/](http://www.astana.stat.kz/ru/socio_economic/)