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Bachelor Thesis

Economic Development of Republic of Kazakhstan

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Economic Development of Republic of Kazakhstan

On the current day, we can recognize that in the world society Kazakhstan stands as the state with a market economy. Apart of this, Kazakhstan is one of the first CIS country, which has attained the investment rating. In addition, the World Bank has included Kazakhstan in the list of top-20 of the most attractive countries for investing. Within 29 years of independence, the economics of the state raised over 21 billion of US dollars from the foreign investors. According to the model, which was adopted in the strategic plan, Kazakhstan is being formed as a state with opened economy. The economics of Kazakhstan is directed on the exporting of goods, services, capital and labor, based on the competitiveness and mutually beneficial cooperation with all countries of the globe.

We can state that the economy of Kazakhstan has laid a good start towards the adopted strategic plan's implementation. In the middle-term perspective, it is necessary to continue the accelerated development and along with that, the quality changes in economic and social spheres are needed. One of the fundamental changes that characterize the restructuring of Kazakhstani economy are the intensive financial sector formation, active development of the financial markets and creation of the relevant institutions. Investments remain the most acute problem among the key conditions that define the course of reforms. The global nature of the investment problem in Kazakhstan is the need to create an analysis and forecasting tool for the situation in this area.

Today, the Kazakhstani market is attractive enough for the foreign investments. In its turn, the foreign investors look primarily about the investment climate that has developed in the Republic of Kazakhstan. It is determined by the independent experts and serves to indicate the efficiency of the investments in a particular country. Hence, for the current moment, the topic of researching is relevant and important.

Introduction

During 29 years of independence the series of global and structure changes have happened in the economy of Kazakhstan. The gradual and staged approach to Kazakhstani model of economic development formation has contributed to the raise of macroeconomic

indicators of the state and, consequently, improving of the citizens' living standard, ensuring employment and a high level of their social development.

On today's moment, Kazakhstan demonstrates the surpassing tempos of development in the various fields of activity. The country relies on the solid economical fundament, which was laid in the first years of independence. The fundament that is able to withstand any of external economic fluctuations on the way to the sustainable development.

The Republic of Kazakhstan is the country with the largest economy of the Central Asia. Kazakhstan has large reserves of minerals, oil, and metals. In addition, the country has a significant potential in the agricultural sector, possessing vast steppe lands that accommodate both livestock and grain production. In the Republic there is also the developed cosmic infrastructure, which provides the launches of spaceships to the International Space Station. ("Kazakhstan-2050" Strategy)

The relevance of this work is the need to more fully and comprehensively consider the features of the modern market relations formation and the development of the innovative economy of the Republic of Kazakhstan. Because the economic sphere acts as an economic space in which all the of the country's business life is organized, the interaction of all sectors of the economy as well as the international economic cooperation are carried out. In the economic sphere, there is an interaction of all objective and subjective factors of economic development. The importance of this sphere for the society development is fundamental. This determines the relevance of the research topic.

Today, the acute problem of Republic of Kazakhstan as state is its role in the world economic system. There is also another serious problem- the development of its local market and the expansion of the economy. In all economic systems, the state regulates the economy. Such regulation in a modern market economy is carried out on a much smaller scale than in the administrative-command system. Nevertheless, even here the economic role of the state is big. In the economy of Kazakhstan, the great emphasis is placed on the centralized planning. The Kazakhstan economy is a predominantly market system. At the same time, the economic functions of the state play a very significant role in it.

The main purpose of the diploma thesis is to elaborate the measures on the socio-economic development of Republic of Kazakhstan for 2018-2022 based on the conducted analysis of the country's economy for 2017-2019.

Methodology of research

The diploma work consists of several parts: theoretical and practical.

Theoretical part overviews such questions as: the definition of the state as macroeconomic system; the description of macroeconomic indicators of socio-economic development of state; geographic characteristic of Republic of Kazakhstan; the study of the administrative-territorial structure of the country.

Practical part of research contains the analysis of economy of Republic of Kazakhstan for 2017-2019 in such fields as the sectors of economy; investments; labor market; state budget indicators; inflation and monetary policy; description of the available strategies and programs on the development of economy of Republic of Kazakhstan.

The Recommendation part of diploma work, based on the conducted analysis, considers such questions as the SWOT-analysis of the state economy, identified problems of the development of economy of Kazakhstan; suggestions of some measures on improvement and development of economy of Republic of Kazakhstan; presentation of the forecast of socio-economic development of Republic of Kazakhstan for 2018-2022 based on the data of Ministry of National Economy of the Republic of Kazakhstan (Committee of Statistics).

In conclusion, the main findings of the study are formulated, the results are summarized.

The list of literature contains all the sources used in the process of writing of this work.

For this diploma work writing as the research methodological base I selected: legal acts of the Republic of Kazakhstan works of domestic and foreign scientists devoted to the problem of research, materials from websites, data of the Ministry of National Economy of the Republic of Kazakhstan (Committee of Statistics).

Summary

The objectives of this study were to analyse the economy of the Republic of Kazakhstan, identify problems and suggest prospects for the development of the economy of Kazakhstan in the modern period.

To achieve this goal, the following tasks were solved:

-the theoretical aspects were studied and a literature review on the research topic was conducted;

-the practical research and analysis of the economy of the Republic of Kazakhstan for 2017-2019 was conducted;

-a SWOT analysis of the economy of Kazakhstan was carried out, problems were identified and measures were proposed to improve the socio-economic development of the Republic of Kazakhstan;

-the forecast of socio-economic development of the Republic of Kazakhstan for 2020 - 2022 was described.

So, based on the foregoing, in the thesis, we can conclude that today, Kazakhstan has received recognition as a country that successfully develops its economy. This is confirmed by the world competitiveness rating. In 2015, Kazakhstan was ranked 59th in the global competitiveness index among 140 countries and rose most rapidly in such categories as “macroeconomic environment” (25th place) and “labor market efficiency” (18th place). Such indicators were achieved due to the government’s policy of the investment climate improvement.

Based on the SWOT analysis, I determined that for the stable functioning of the national economy of the Republic of Kazakhstan, it is necessary to strengthen the positive, competitive socio-economic conditions, which means the need of:

- further growth of investments in infrastructure development;
- improving the tariff policy, making it more favourable for the population and the small and medium-sized businesses;
- introduction of a progressive income tax and luxury tax;
- use of tax incentives (lower rates, tax holidays);
- solving the problems of regulating VAT and customs duties for importers and exporters;
- credit stimulation.

In general, Kazakhstan has a lot of work to do on macroeconomic stabilization as part of the Strategic Development Plan implementation until 2025 towards the Third Modernization of the country, which carries the name “National Technology Initiative of Kazakhstan”. For this we need the cooperated work of the National Bank and the Government of the Republic of Kazakhstan with the interaction of all ministries, departments and the business community.

Today, a task has been set and active work is being carried out to ensure Kazakhstan's entry into the list of 30 most developed countries of the world. An important step in this direction is the entry of the Republic of Kazakhstan into the Investment Committee of the Organization for Economic Cooperation and Development. All these measures are aimed at creating the most comfortable conditions for investors, national and foreign, and further promoting Kazakhstan to the world stage as a regional investment hub.

The new course of Kazakhstan's economic policy, focused on the industrial and innovative development in the terms of global challenges, requires improving the system of qualified personnel training, capable of providing the labor force with the priorities for the development of the national economy.

For this purpose, the following questions should be resolved:

- the medium and long term forecasting of the human resources requirements;
- the formation of a model of continuing education, including an interconnected system of technical and vocational, engineering and additional professional education;
- development of the mechanisms of interaction between the state and business to attract specialists to the economy's priority sectors;
- development of the funding-enhancing mechanisms for the science and higher education system to maximize the training of competitive domestic highly-qualified personnel;
- development of the higher education system 's modernization measures to improve the quality of educational services and their accessibility for all segments of the population;
- stimulating the creation of business-incubators and small innovative enterprises, technology parks;
- introduction of the modern educational standards, unification of the Kazakhstani educational system and the development of the mechanisms of effective interaction with the educational services consumers;
- development of public-private partnership (PPP) during training of personnel for innovative sectors of the economy.

Therefore, I believe that these measures will make a breakthrough in improving of the global competitiveness of the Kazakhstani economy possible.

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