

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor thesis

The role of tourism in the economy of Kazakhstan

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Khamide Gassanova

Business Administration

Thesis title

The role of tourism in the economy of Kazakhstan

Objectives of thesis

The aim of this work is to describe the issue of tourism in the economy of Kazakhstan. The objective is to assess the impact of tourism in the economy of Kazakhstan.

Methodology

Descriptive and comparative methods will be used in the thesis. To develop theoretical part there will be used professional publications, textbooks, books and websites dealing with tourism. The theoretical part will deal with the explanation of terms that are important to clarify the issue of tourism. The practical part will focus on tables and graphs, which will be made in MS Word and MS Excel.

The proposed extent of the thesis

40 – 60 pages

Keywords

Economy, Kazakhstan, Tourism

Recommended information sources

ČESKÁ ZEMĚDĚLSKÁ UNIVERZITA V PRAZE. KATEDRA EKONOMIKY, – MAITAH, M. *Macroeconomics*.

V Praze: Česká zemědělská univerzita, Provozně ekonomická fakulta, 2009. ISBN 978-80-213-1904-2.

DOWLING, R. K. – FENNELL, D. A. *Ecotourism policy and planning*. Wallingford: Wallingford, 2003. ISBN 9780851996097.

KONDRASHOV, A. *The European tourism industry performance in the context of international trade*. Prague: Olga Krylova, 2015. ISBN 978-80-86811-55-0.

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Statutory declaration

I claim, that I wrote my bachelor thesis “The role of tourism in the economy of Kazakhstan” independently under direction of supervisor of my bachelor thesis and with use of specialized literature and other informational sources, which are quoted in work and inducted in the reading list at the end of the work. As an author of this bachelor thesis I proclaimed, that I did not breach copyright of the third person, when I wrote this work.

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I want to thank here my supervisor Assoc. prof. Ing. Mansoor Maitah, Ph.D. et Ph.D. his lead, professional advice, patience and knowledge, that he had for me when consulting about my work

Summary

The aim of the thesis is to define the role of the tourism in the economy of Kazakhstan Republic, to represent development periods of tourism, Kazakhstan tourism trade essence, to reveal the demanded tourism sectors, to point what countries tourists prefer Kazakhstan tourism mostly, to explain tourism influences on the economy, to compare the past and the current statement of Kazakhstan tourism and implement expected further forecasts. Nowadays, tourism is one of the demanded sector all over the World. It is certainly linked with economy. The work is primarily aimed to contribute recommendation concerning tourism development. Any economical system all over the World partly depends on a tourism sector. The significance of a tourism sector is determined by a government priorities, resources and politics. Kazakhstan is a developing republic, which has diverse resources and prospects. There are some ways for improving a touristic sector. They are offered in the thesis.

Key words: Sector, demand, direct contribution to GDP, direct contribution to employment, total contribution to GDP, total contribution to employment, indirect contribution.

Souhrn

Cílem práce je definice úlohy cestovního ruchu v ekonomice Kazašské republiky, reprezentace rozvojového období cestovního ruchu, obchodní podstata cestovního ruchu Kazachstánu, odhalování poptávaných sektorů cestovního ruchu, cílem je také poukázat, turisté kterých zemí dávají většinou přednost Kazachstánu, vysvětlit vlivy cestovního ruchu na ekonomiku, porovnat minulé a aktuální údaje cestovního ruchu Kazachstánu a provést další očekávané prognózy. V dnešní době, cestovní ruch je jedním z požadovaného sektoru po celém světě. To jistě souvisí s ekonomikou. Tato práce je zaměřena především přispět doporučení týkající se rozvoje cestovního ruchu. Jakýkoli ekonomický systém po celém světě závisí mimo jiné na odvětví cestovního ruchu. Význam odvětví cestovního ruchu se určí na základě priorit vlády, na základě zdrojů a politiky. Kazachstán je rozvíjející republikou, která má různé zdroje a perspektivy. Existuje několik způsobů zlepšení turistického sektoru. Jsou nabízeny v této práci.

Klíčová slova: Sector, poptávka, přímý příspěvek k HDP, přímý příspěvek k zaměstnání, celkový příspěvek k HDP, celkový přínos v oblasti zaměstnanosti, nepřímý přínos.

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1. Introduction

Tourism is one of the leading and most dynamic sectors of the economy. In many countries, tourism plays a significant role in the formation of gross domestic product indexes, the intensification of the trade balance, the creation of additional jobs and providing employment. Tourism has a huge impact on such key economic sectors as transport and communications, construction, agriculture, production of consumer goods and others. It is a kind of regulator of social and economic development. Moreover, demographic, natural-geographic, socio-economic, historical, religious, political and legal factors mainly influences on the development of tourism. Travel industry stimulates the development of other sectors of business such as: construction, trade, agriculture, production of consumer goods, communications etc. Relevance of the research is determined by necessity of the Republic to develop the tourism infrastructure in Kazakhstan. It can be attributed not only to the objective economic obstacles, but also tourist tax legislation. The majority of tourist companies are travel agents of foreign tourist companies, and this is due to the predominance of the number of Kazakh citizens traveling on holiday abroad, over the number of foreign citizens visiting Kazakhstan. It is not enough excellent organized work of Kazakhstani tourist enterprises. There is not an efficient result in key areas and factors of management in tourism, assessment methodology. As a result, the sustainable development of tourism in the country depends on the decision of a number of economic and social problems, such as the integration of environmental considerations in the implementation of economic development strategies, improving economic structure in favor of the development of the market of tourist services. Caring for nature and the environment is one of the guarantees to the successful tourism. It is noted that the effectiveness of many of the problems of tourism in the context of sustainable development have not received adequate research and development that requires its scientific justification.

2. Methodology and objectives

The aim of the thesis is to define the role of the tourism in the economy of Kazakhstan Republic, to represent development periods of tourism, the Kazakhstan tourism trade essence, to reveal the demanded tourism sectors, to point what countries tourists prefer Kazakhstan tourism mostly, to explain tourism influences on the economy, to compare the past and the current statement of Kazakhstan tourism and implement expected further forecasts. The theoretical part explains the Kazakhstan tourism trade essence and its functioning peculiarities. Also to represent the required sectors, tourism influence on the economy and its contribution.

In the second part it is analyzed the past and the current periods in the Kazakhstan tourism, make a comparison, find some features, then reveal expected forecasts.

In the third part it is attempted to recommend some ways for improving Kazakhstan tourism trends. The materials for the thesis it is obtained from books of tourism and economy, official statistic data. Also it is used valid internet resources.

Literature will conducted using methods of data collecting and sampling, data analysis, qualitative and quantitative researches, inductive and deductive approaches.

For processing this work used MS Word and MS Excel for making graphs.

3. Theoretical concepts of the tourism

3.1 Background of the Kazakhstan tourism development along the Silk Road

The Great Silk Road is a unique historical monument of human civilization. For centuries, trade on the ancient caravan route contributed to the development of Eastern and Western Eurasia peoples' economy and culture. Its importance is valuable nowadays also as modern tourism binds trade and business by cultural dialogue promoting understanding and peace between peoples. The Silk Road assists to establish multilateral relations among 24 member – states on the Silk Road Initiative project. The implementation of the measures taken improved economic growth and integration of the Eurasian area, which is the main Silk Road region, centralizing its three key poles: China, Russia and the Persian Gulf. Kazakhstan, located in the heart of Eurasia, is a bridge between these poles and Central Asia countries: Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan, as well as, it is the main transit corridor to achieve major markets of the Silk Road countries. Geostrategic location of Kazakhstan in the heart of Eurasia contributes to the fact that placed and places special emphasis on the revival of tourism on the Silk Road as a basic policy framework for tourism. In 1997 there was conducted the first tourism potential study in Kazakhstan as a part of UNWTO, UNESCO and UNDP "The Silk Road is the road of dialogue" transcontinental project. According to the results of this study, State Program "The Silk Road historic centers revival, preservation and successive development of the Turkic-speaking states cultural heritage, development of tourism infrastructure." was developed and approved by the Decree of the President of the Republic of Kazakhstan. According to the Bukhara Declaration, adopted on 27 October 2002, UNWTO "The Silk Road" project member - states pledged to make efforts to strengthen regional cooperation in tourism on the multilateral and international basis. In this respect, to foster tourism development in this area in cooperation with Transport and Communication Ministry of Kazakhstan since 2004 "The Silk Road Pearl" specialized tourist train project has been implemented on the following route “Almaty – Turkestan – Tashkent – Samarkand – Bukhara – Urgench – Marry – Ashgabat – Almaty”. Kazakhstan section of the Silk Road is a unique complex of historical, archaeological, architectural, urban and monumental art; at the moment 22 ancient settlements have

been opened here including the castles of the landlords. Two unique antiques are on UNESCO World Cultural Heritage List: the Mausoleum of Khoja Ahmed Yassau in Turkestan and "Tamgaly" archaeological complex near Almaty. Among the most important tourist destinations on the Silk Road are Almaty, Taraz, Turkestan and Otrar in South Kazakhstan.

The project of the State program of forced industrial-innovative development for 2010-2014 includes measures to establish a national tourism cluster building multipurpose centers and tourist complexes along the international transport corridor "Western Europe - Western China". This highway with a total length 2700 km. coincides with Kazakhstan section of the Silk Road and passes through the five areas (Almaty, Dzhambyl, South Kazakhstan, Kyzylorda and Aktobe), alongside the highway there is a population of about five million people, which provides a unique opportunity for the formation of a national tourism cluster along it. First of all, it's investment for 30 roadside infrastructure objects building, 8 motels on both sides of the road. The basic ideology of investment projects implementation along the Silk Road highway is to create a high-tourist cluster of the country, representing a network of integrated, inter-related tourist facilities and associated industries in the tourism industry.

On the branches of the Silk Road Kazakhstan section the most promising projects are:

- "Zhana-Ile" international tourist center building on Kapshagai Sea coast in Almaty oblast;
- "Ancient Otrar" and "Ancient Turkestan" tourist infrastructure developing in South Kazakhstan oblast;
- "Burabai" international tourist center building in Akmola oblast, which is a free economic zone;
- "Aktau - City" new millennium city building on the western turn-out of the Silk Road Kazakhstan section in Mangystau region.

Besides, "Kenderli" international tourist center is planned to be built on the Caspian Sea coast. Under the adopted plan of action for the International Tourism Exhibition 2010 WTM London market has already taken place Media Silk Road, which was attended by representatives of the countries of Central Asia, Europe and the Middle East. Kazakhstan introduced the most interesting information about Kazakhstan, as

well as priority investment projects to forum participants, the media, the leading foreign tour operators.

Today, still remain significant obstacles to closer economic cooperation in Central Asia. First of all, visa problems, unfortunately, to date there is no consensus on the issue of mutual recognition of tourist visas for the third country nationals. And it is this question would help to raise the tourism on the Silk Road through the development and promotion of joint tourist routes. Kazakhstan came out and will advocate for the implementation of the proposal in the medium term, as a modern tourist potential is interested in visiting several countries as part of tours along the Silk Road, preferably with a tourist visa for up to 3 months and recognized in the countries visited. Need to develop the potential of products Silk Road, which includes:

- building and development of joint tourism products, involving visits to several countries / areas;
- developing arts and crafts in order to preserve the rich cultural heritage of the Silk Road;
- developing, implementing and promoting joint strategies, programs and marketing;
- forming and improving the Central Asian region tourist image and CIS countries in tourism along the Silk Road.

In conclusion, I note that the Silk Road is one of the best brands and world-class planning and controlled development of tourism resources and products around the Silk Road are important to the economic benefits from tourism by all countries of the Silk Road. (Kim, 2015)

3.2 Tourism essence and its functioning peculiarities in Kazakhstan

As the well known fact, the modern tourism industry is one of the largest high-yield and dynamic segment of international trade in services. In 2005, the share of international tourism accounted for 8 percent of the world's export earnings and 37% of service sector exports. Revenues from tourism steadily occupy the third place after the income from oil exports, oil products and cars. It is expected that this positive trend will continue in the new millennium. Tourism Growth should occur mainly due to the emergence of new areas visited, as traditional areas of the world tourism market has almost reached the limit of recreational capacity. In this regard, Kazakhstan has a

unique opportunity to find its niche in the global tourism market. Tourism is a complex social phenomenon that is difficult to quantify. Therefore, having a long history, tourism has still not received a clear definition and is interpreted in slight different ways, not only by individual experts, but also by tourist organizations. However, with the development of scientific knowledge, it appears as a systematic study. Tourism scopes include two subsystems: the "subject of tourist activity" (tourists) and the "object of tourist activity" (tourist resources, tourist companies and organizations). Knowledge of the nature and functions of different elements (subsystems) and links between them leads to reveal the mechanism functioning. To form of organization's competitive advantages is impossible without knowledge of the characteristics of the market in which it operates. The touristic market is a market of services, as services are the object of exchanging and it takes 80% of total sales in the tourist markets. Touristic service is a set of activities in the service sector, which are oriented to ensure the satisfaction of a tourist.

Tourism Today in Kazakhstan:

- System hotels, the Son of the sample Silk Strings caravan palaces and had been made a condition of the construction for the most important tourist minibuses.
- According to investment projects the basis of proposals is on the territorial size shaped base. Summarized 90 investment projects are evaluated for the first time. They considered 11 from 386 million U.S. dollar, a resource that is constantly evolving was giving to Zhetikazyna. There were given multifunctional modern concepts at the global level, to create tourist centers in the Almaty, Akmola, Mangistau regions by Head of State and Government of the country. According to the above Mobilize investments, the projects were planned in amount of U.S. \$ 30 billion (Republic of Kazakhstan,2015)

The current era of tourism industry's test areas today is the first none repeat product. That's why each country aims to attract most tourists at the first stage they try to show their brilliant peculiarities for forward issues. Kazakhstan is started being known in the worldwide tourism industry on the 21st year of independence which today is in the right direction of prosperity. For many centuries Kazakhstan has it is own history. In our country the nomad culture and changing traditions gives many sights of settled civilization in a single unity. Although, Eurasian Continent increases transit

opportunities between the east and west, and year after year improves our country's resource.

Kazakhstan flexes nature - geographical features. In the north - white birch was in several pine forest plains field gallows kicked space arrangements. Watching a hill on the edge of the waist at the center of an infinite expanse grows. To the east and west flowing clean rivers, lakes, the sea having gone added. We also witness a beautiful nature, which grew by south century spruce up and down to the climbing mountains. Today presence country tourism gives an availability view - recognition, state of mind collection, ethnic, environment, hunting, horse walk, sports, these kinds of interesting events allows you an entertainment attach form of developing. Today in our country there are more than 700 trips over the frets for tourists. Kazakhstan is in the list of the richest countries with raw materials commodity resource. For example, 105 elements, as shown in Table Mendeleev there are 99 elements had been found in Kazakhstan. In the direction of the coal resource in the world's first Kazakhstan advanced in top ten. In the direction of coal production Kazakhstan advanced in the second ditch in TMD after Russia. Kazakhstan is in the eighth ditch according to oil resources in the world. Kazakhstan also indicates from 12 to 17 billion tones estimated Hydrogen Coal fun. (Kazakhstan,2015)

Taking one part uranium of the cluster out of five, uranium is used in our Republic as a resource, according to volume of uranium took second place and making the direction in the volume up is in the first place after Australia. Today Kazakhstan exports grain for more than 40 countries all over world. According to these facts our country had been seen in the number of worldwide leaders in the direction of the grain export. According to the worldwide bank information the investment of Kazakhstan takes place in world solidifying in top 20 countries. According to the foreign direct investments for the upcoming foreigners Kazakhstan is on the first rank. People have a better chance to improve and develop their domestic economy sides in the right direction, it would help to develop in the form of the system as restored true premise in our country's tourism business. In Kazakhstan, there are 372 hotels of different categories. In one point 32,876 people can be hold. Including 25 hotels in Almaty and 4950 ditches. There are more than 60 working hotels serves as a hotel in the young capital of our country, you can have them in one point over the 5000 people. The most

hotels in Astana are the major and medium businesses. However, this affects for good positions of the business in the capital. (Kazakhstan. Statistical collection,2015)

The main factors affect tourist demands, following:

1. Well-being of society and the purchasing power consumers. Researches show that the growth of social wealth reduces luxuries expenditures amounts, but it grows tourism expenditure and free time organization. The increase in incomes of the population leads to more grown tourism demand, which means the positive elasticity of demand for tourism services in relation to incomes.

1. Demographic factors

Particular influence on the formation of tourism demand provides the following demographic factors: age and social structure, family structure, the ratio of urban and rural population.

2. Social and cultural factors

The prerequisites for the mass tourism, its development and permanent high demands are the rise of free time. The annual amount of free time is 25% of waking hours, of which 6% -free time in working days, 11.5% of free time at weekends and on public holidays, 7.3% - on vacation. In Kazakhstan, since 1990 there is an increase of free time due to unemployment. However, the development of tourism does not have a negative impact on unemployment, in spite of the fact that the unemployed revenues consist of benefits, which is not enough for the minimum consumer basket. It led to the "shuttle" business, which gave additional jobs.

German scientists highlighted the main stages of psychological development of society through the slogan "eat", "dress", car and apartment waves, and finally, the tourist wave. In Kazakhstan there is a relationship between wave "eat" and a wave of tourism, as tourism is a means of livelihood for many people. On the one hand shopping is aimed at the satisfaction and completion of our consumer market, on the other hand gives opportunities to the development of tourist business, the open-mindedness of society to a foreign culture, interest in the traditions and customs of other nations. The spectacular example of the development of tourism based on the data characteristics is the activity of the tourist firm "Zhibek Zholy", which attracts foreign customers through the national characteristics, attributes and traditions of the town with tourists. At the same time they cultivate respect for the environment, the preservation of

historical monuments and environment in the country. An important feature of the modern consumer of tourist products of the West is the freshening of own philosophy, minds.¹

[Accessed 2 February 2016]

Motivation

Human motives to some extent its behavior as a buyer and consumer of goods and services, especially in the tourism industry. Comprehension the motives of potential tourist determines planning, creation and organization of the tourism service realization process. This makes it possible to produce and offer to the market a tourist service that best meets consumer expectations.

In addition to the general factors affecting tourist demand, the following specific factors:

1. Price is one of the main factors determining the tourist demand. It is characterized by high price elasticity. However price elasticity of tourism is not uniform in a wide range of services, it achieves high dimensions of tourism products after being introduced. Not all sectors of the tourism industry price change leads to a greater change in demand. Business travel is not elastic, because it does not depend on the price changes. Price elasticity of tourism reaches the smallest sector indicators and high prices. Sales usually increase dramatically at popular routes. Since the different tourist products are minimal, the price differences largely determine consumer choice.

2. Information and publicity

More a consumer is informed about a tourist product, more possibilities to sale services.

3. Reputation

A positive reputation of the company will contribute increased sales vouchers.

4. Features and extras

The meaning of market segmentation explains that tourism organization concentrates efforts on the most advantageous for its segment. Experts identify three main groups of criteria (geographic, socio-demographic and psycho-behavioral), on the basis of which tourism organizations conduct customer segmentation.

¹ <http://yvision.kz/post/482773>

3.3 The Kazakhstan tourism sectors

In general, in the Republic of Kazakhstan is necessary to develop six major tourism sectors:

MICE-tourism is a type of organized trips related to business motives: business meetings, incentive tours, conferences, exhibitions, events, meetings of working groups, workshops and leisure time during business trips. The main countries that generate tourist arrivals in Kazakhstan on this tour: European countries, Kazakhstan, China and Russia.

Cultural tourism and tours are guided tours and tours unaccompanied by a guide to places of cultural monuments and historical heritage. The main countries that generate tourist arrivals in Kazakhstan on this tour are following: Kazakhstan, European countries, China, Russia, the Middle East, India.

Active and adventure tourism are activities in nature, including "soft" activities (camping, walking, biking, all-wheel drive car, the study of nature, horse riding, bird watching, fishing and hunting) and "hard" activities (rowing canoe, kayak rafting, caving, mountain biking, skiing, cross-country skiing, mountaineering, paragliding, rafting, climbing, and jeep safari). The main countries that generate tourist arrivals in Kazakhstan on this tour: Kazakhstan, Russia and European countries.

Holidays in the mountains and on the lakes - a program of various activities in the field of rest and recreation: holding summer and winter holidays for couples, families and children, rest during public holidays and eco-tourism. The main countries that generate tourist arrivals in Kazakhstan on this tour: Kazakhstan, Russia and China.

Beach tourism is a stay in the coastal areas with the objectives of wellness and recreation, as well as water sports, boating and yachting (a marine leisure). The main countries that generate tourist arrivals in Kazakhstan on this tour: Kazakhstan, Russia and countries in the region.

Short vacation is a trip that usually lasts from one till four days, such as weekend tours, sightseeing in the city and surrounding areas, outdoor recreation, places of cultural monuments and historical heritage, as well as short breaks for special occasions (honeymoons, holidays, annual meetings, etc.). The main countries that generate tourist arrivals in Kazakhstan on this tour: Kazakhstan, the Russian Federation, European countries and the Middle East.

The first three tourist product (MICE-tourism, cultural tourism and tours, as well as active and adventure tourism) are among the results of "rapid effect", given that they are ready or can be relatively easily ready for commercialization within the next four to six years.

Three other tourism products (holiday in the mountains and on the lakes, beach tourism, and a short rest) are "strategic products", because their development requires a significant investment through the strategic (national) in tourism projects, which means their value for a period of seven to twelve years.

Other tourism s that are not included in these groups: cultural tourism, a trip to the holy places, social, children and youth, farm tourism, geoparks development, as well as a number of products for special interests. In view of the presence in the city of Astana fleet of high-quality medical clinics with a top level of technological equipment and the relatively low cost of some health care services, Astana city has the prospectivities of medical tourism, attracting not only Kazakhstan, but also foreign nationals. These products are not considered as primary tourism products for Kazakhstan, but by providing specific opportunities for development in very specific areas, it is necessary to pay attention to the tourist areas of data development.²

[Accessed 3 February 2016]

3.4 The required sectors

Development of tourism sectors mentioned implies the need to develop a variety of tourism projects, including projects of national importance. The national tourist projects are large-scale projects initiated by the Government of the Republic of Kazakhstan.

National tourist projects are being developed at the moment - is a resort area Burabay near Astana, South Kaskelen ski resort and Kok Zhaylau near Almaty Bukhtarma - Katon-Karagay in the Eastern Kazakhstan and Kenderli in the Western Kazakhstan.

² <http://www.investkz.com/articles/9072.html>

Burabay resort area - the developed high-quality resorts which are located on the territory of several lakes, leisure facilities, meetings, recreational activities, spa, golf, horse riding and other activities. This project is developed by five zones with 11 hotels (including Rixos Hotel) with a total of 5020 hotel suits and 4552 residences.

The total project cost is estimated at about 1 624 million US dollars that will be invested in stages during the period from 2014 to 2030. The project is a resort zone "Burabay" is described in the System Development Plan of Burabay resort area in Akmola region.

The South Kaskelen is the development of a large international ski resort for winter and summer recreation and a variety of activities. This project involves the development of tourist infrastructure including 3 areas with towns / hotels, apartments, townhouse chalets with a total capacity of 28,600 guests. Also accompanying facilities to serve tourists -148 kilometers of pistes for 31 600 skiers, 27 ski lifts and 4985 parking spaces.

The total project cost is estimated at about 2 205 billion US dollars that will be invested in stages over the next 20 years. The project "South Kaskelen" system is described in terms of development of Almaty ski area.

Kok Zhaylau is the development and the development of year-round ski resort, in compliance with international quality standards. The project envisages the creation of an international ski resort, in the suburban area of the city of Almaty, including passenger chairlift, as well as summing up utilities to the main resort facilities. The "Kok Zhaylau" system described in terms of development of Almaty ski area.

Resort "Gerbil" is a resort destination with a high quality of services for recreation on the shores of the reservoir Bukhtarma. This project involves the development of several areas, including the 9 hotels and guest houses, villas, cottages and townhouses total capacity of 8476 guests and marina, water park and sports facilities.

The total cost of the project - Approximately 365 million \$ (excluding the transport infrastructure and municipal services), including the amount of investment to 2020 amounts to 274 million US dollars (for 5152 guests and adjacent parking areas, roads and landscaping). The project "gerbil" is described in the master plan for tourism development program of the East Kazakhstan region.

Resort "Shyngystau" is a mountain resort for winter and summer recreation and

activities on the territory of Katon-Karagay State National Park. This project involves the construction of five hotels and guest houses, villas, cottages, hunting lodges with a total capacity of 3266 guests, the development of the ski, sports and other related facilities to serve tourists. The total project cost is estimated at approximately 159 million \$. (Excluding ski facilities, transport infrastructure and utilities), of which the size of the investment up to 2020 is 106 million \$ (for 1364 beds and adjacent parking areas, roads and landscape design).

Kenderli is a new destination for a beach holiday, which also includes a variety of activities. This project involves the creation of 22 hotels and 16,400 residences with a total capacity of 60 000 guests (of which 40 000 seats - for tourists and 20 000 seats - for employees and their families), and other infrastructure to serve visitors - urban retail centers, facilities for sports in the open air and in closed rooms, 3 golf courses, a variety of facilities for public use for the local population. The total project cost is estimated at approximately 3.3 billion dollars. Of which the amount of investment to 2020 is 1.96 billion \$. (For 36 382 guests).³

EXPO 2017

International Specialized Exhibition EXPO is the largest international event, which is a symbol of industrialization and an open platform for the demonstration of the technical and technological achievements.

Holding EXPO 2017 will serve as a significant advancement of the Republic of Kazakhstan and will represent its capital at the international level. However, a comparative analysis of other countries' experience, the organizers of this exhibition represent the business success of the event, consequently it depends on the Kazakhstan market.

Efforts relating to the organization of EXPO-2017, should be directed to the creation of the missing tourist infrastructure, the introduction of "soft" changes and addressing the major challenges related to improving the competitiveness of the tourism sectors in Kazakhstan: the simplification of entry formalities, the establishment of tourism and transport infrastructure, the organization of professional training and development human resources for the tourism sector, the ability to provide attractive prices and

³ <https://kapital.kz/info/razvitie-turizma-v-kazahstane>

efficient destination management model, etc.

In addition to these tourist sectors four existing system plans and master plan are identified, the proposed development of tourism products imply a need to develop a number of other tourist projects of national importance. (Smykova,2013)

3.5 The tourism role in the Kazakhstan economy

The concept of development of the tourism industry of the Republic of Kazakhstan till 2020 was developed in order to implement the Message of President of Kazakhstan Nursultan Nazarbayev to the people of Kazakhstan from January 27, 2012 "Socio-economic modernization - main direction of development of Kazakhstan" and in accordance with the system plans for the development of tourism in the Republic of Kazakhstan.

Tourism in general has three positive effect on the economy of the state:

1. Provides the inflow of foreign exchange and have a positive impact on the economic indicators such as the balance of payments and total exports.
2. It helps to increase employment population. According to the WTO, and the World Council Tourism and travel for each job created in the tourism industry accounts for 5 to 9 jobs that appear in other sectors. Tourism directly or indirectly influence on the development of 32 industries. Considering, for instance, the city Kapchagay, which is not of particular importance to the economy of the state. In 2006, the construction of casinos and entertainment centers made the city as Las Vegas, the people who lived there, abandoned their homes and apartments and went on earnings in Almaty, at present the number of jobs is increasing with each passing day, as the build hotels, restaurants, shopping centers, reconstructed houses and old buildings, and restored roads and every industry requires professionals.
3. Stimulates the development of the country's infrastructure. Tourism is actively affects the economy of entire regions of the country. The establishment and operation of economic entities in the field of tourism is closely linked to the development of road transport, commercial, municipal, cultural, health care. Thus, the tourism industry

has a strong multiplier effect than most other economic sectors.

Tourism - activities directly associated with rest and relaxation, sport and access to culture and nature, should be planned and practiced as a means of individual and collective fulfillment. In this case, it becomes an irreplaceable factor of self-education, tolerance and knowledge of the differences between peoples and cultures in their diversity.

Taking into account the fast and steady growth of tourism, its powerful impact on the environment, all sectors of the economy and the welfare of society in the long-term program of the Government of Kazakhstan has identified the tourism industry priority. Developed in the Republic of Kazakhstan Concept of tourism development involves the formation of a coherent state policy in the sphere of tourism, the creation of legal, organizational and economic basis of the formation of Kazakhstan in modern competitive tourism industry. The positive economic impact and social expediency is the organization of tours of foreign nationals in Kazakhstan and development of domestic tourism, as the inflow of currency into the country, the creation of new jobs, development of the national tourist infrastructure. Currently, the ratio of the Republic of Kazakhstan tour operators - companies engaged in the development and support for complete tours (5%) and travel agents - companies engaged in selling tours (95%). The entire civilized world is trying to attract the main tourist flows, as tourism is one of the important sources of replenishment of a profitable part of the state budget. Therefore, Kazakhstan should increase the flow of foreign tourists. Development of tourism depends on the state of transportation, accommodation facilities, personnel.

Today, Kazakhstan's international airlines make it possible to carry out flights to Germany, India, United Arab Emirates, Turkey, Italy, Republic of Korea, Hungary, Israel, China, Thailand. Air freight "Air Astana" and other airlines operate the domestic and international markets. The main rail carrier is Republican State Enterprise "Kazakhstan Temir Zholy", it is a monopolist, there are 14 routes. On the railways of Kazakhstan transit passenger shuttle trains Kyrgyzstan, Uzbekistan, Russia, Tajikistan and Turkmenistan. In the future, it is necessary to pay attention to the development of public transport tourism. Despite the continuing tourist boom in Kazakhstan, the impact of the tourism industry on the economy is negligible. It is adequate contribution of the state in the development of this sector and constrained,

mainly the lack of investment, hotel service, qualified personnel. Modern tourism industry has large material funds and provides employment for millions of people.⁴

[Accessed 5 February 2016]

3.6 The contribution to the Kazakhstan economy

The contribution of tourism to the national value added index in 2011 amounted to 1.3% of GDP, it means 364.1 billion tenge, which is significantly lower than in developed countries. It should be noted that the gross value added index created by tourism, it is increasing annually. At the same time, its part in GDP for the years 2007-2011, exceeded 1.6%, indicating a slight contribution of tourism to the national economy.

Table No. 1: The tourism indicators development indexes

	2010	2011	2012	2013	2014
Gross added value, billions of kz tenge	259.5	364.1	415.1	416.3	421.2
Amount of touristic enterprises, units	1350	1715	1994	2189	1777
Amount of	1494	1494	1526	1678	2056

⁴ <http://www.yk.kz/news/show/7703?print>

treatment centers, units					
List-based numbers of attendant in the sphere of tourism, thousands people	121	121	123	120	111
Touristic enterprises	6.1	4.9	5.0	6.6	6.5
Hotel beds	48.7	47.7	42.6	50.4	53.9
Places in Treatment centers	10.7	10.9	11.1	10.8	10.3
Amount of attendant - residents, gone abroad	6.019.171	8.020.400	9.065.579	10.143.710	10.449.972
Amount of attendant	4.097.387	5.685.132	6.163.204	6.841.085	6.332.734

-non-residents, gone to Kazakhstan					
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Source:http://stat.gov.kz/faces/homePage?_afLoop=28963002874012752#%40%3F_afLoop%3D28963002874012752%26_adf.ctrl-state%3Dqzhiqi7rk_4

Kazakhstan committee on statistics

Table No. 2: The structure of residents for paid services

	2010	2011	2012	2013	2014
The tour-operators, tour-agents	110267.2	12691.0.4	128424.6	158152.3	205564.2
Mediators	22054	19179.5	17128.9	37554	29586.3
Restaurants	61235.3	68232.7	71597.5	72421.1	87029.4
Rents	44986	53192.4	57222.6	58046.5	66475.6
Parks and other entertainments	11518.7	12998.2	11330.7	11670.2	17740.3
Cultural rest	2133.6	1499.5	1734.5	2028.4	2750.4
Cinema	75.3	93.8	336.4	110.8	130.5
Theater	933.9	4058.9	2639.4	7884.9	23269.9
Exhibitions	601.2	1941.4	1281.9	1793.2	1969.9

Source:http://stat.gov.kz/faces/homePage?_afLoop=28963002874012752#%40%3F_afLoop%3D28963002874012752%26_adf.ctrl-state%3Dqzhiqi7rk_4

Kazakhstan committee on statistics

As we can notice the tour-operators and tour-agents are in demand in comparison with other services.

Table No. 3: The share of the value added index to the GDP in Kazakhstan,

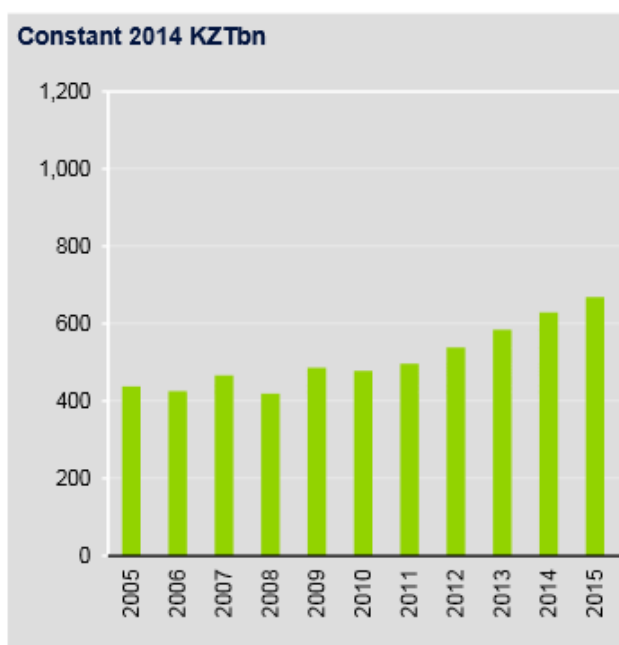
2010-2014

Development indexes	2010	2011	2012	2013	2014
GDP, billions of kz tenge	21815.5	27306.6	31201.1	3407.8	4109.1
Value added index of the tourism, billions of kz tenge	459.5	464.1	501.2	521.7	687.3
The share of value added index of the tourism, percents	1.2	1.3	1.5	1.65	1.7

Source: http://stat.gov.kz/faces/homePage?_afLoop=28963002874012752#%40%3F_afLoop%3D28963002874012752%26_adf.ctrl-state%3Dqzhiqi7rk_4

Kazakhstan committee on statistics

Graph No. 1: The direct contribution of the tourism to GDP

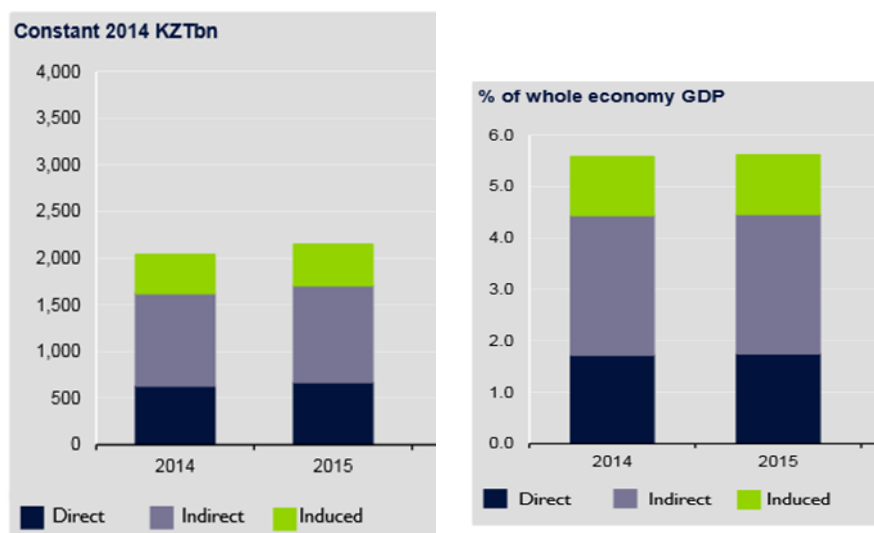


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The direct contribution of the tourism to GDP in 2014 was 629.0 billion (1.7% of GDP). This rose by 6.3% to 668.3 billion kz tenge in 2015. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it is also includes, for instance, the activities of the restaurants and leisure industries directly supported the direct contribution of the tourism to GDP is expected to grow by 5.4% to 1.135 billion kz tenge (1.7% of GDP).

Graph No. 2: Total contribution of the tourism to GDP

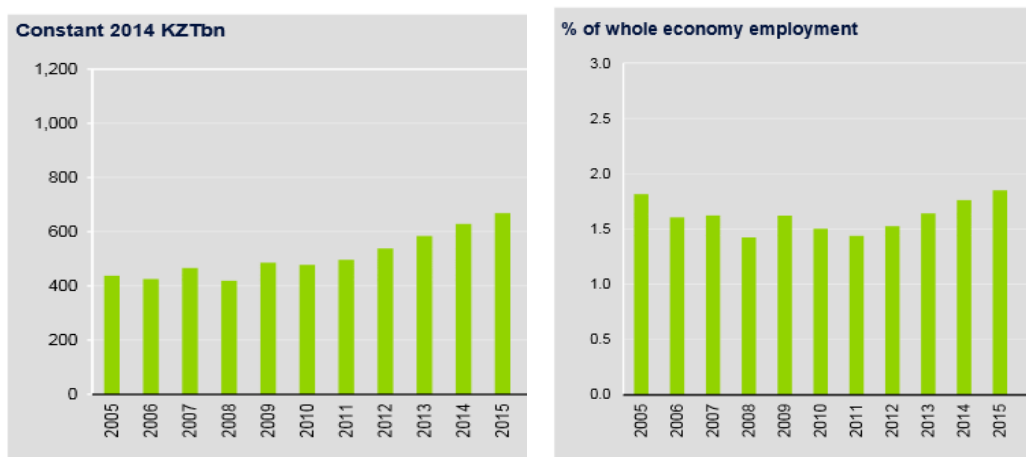


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The total contribution of the tourism to GDP (including wider effects from investment, the supply chain and included income impacts) was 2.041 kz tenge in 2014 (5.6% of GDP) and grew by 5.3% to 2.149 billion kz tenge in 2015.

Graph No. 3: Direct contribution of the tourism to employment

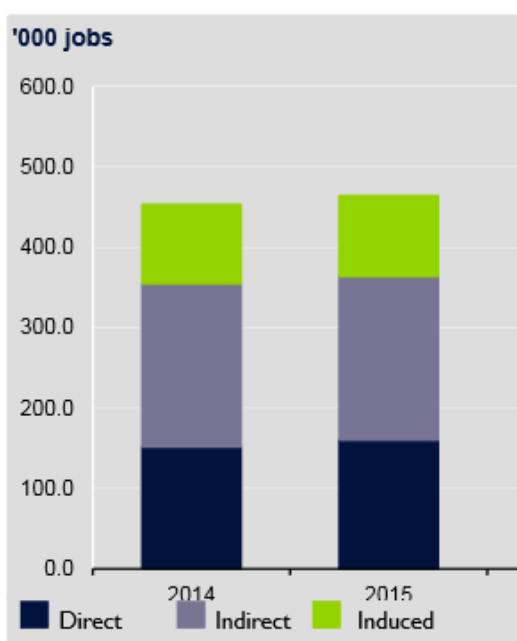


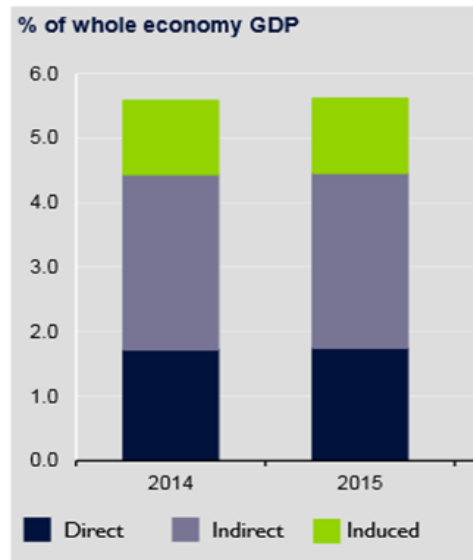
Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The tourism generated 152.000 jobs directly in 2014 (1.8% of total employment) and this is to grow by 5.5% in 2015 to 160.000 (1.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for instance, the activities of the restaurant and leisure industries directly supported by tourists.

Graph No. 4: Total contribution of the tourism to employment



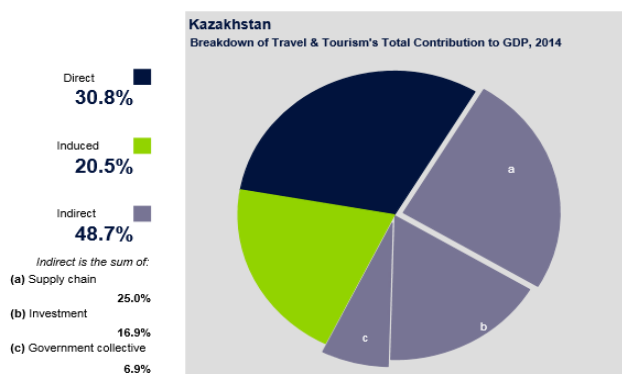


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The total contribution of the tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 453.500 jobs in 2014 (5.3% of total employment). It is risen by 2.4% in 2015 to 464.000 jobs (5.4% of total employment).

Graph No. 5: Breakdown of Travel & Tourism's total contribution to GDP, 2014



Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The tourism industry contributes to GDP and employment in many ways as detailed previously. The total contribution of the tourism to GDP is three times greater than its direct contribution.

Table No. 4: Country ranking: real growth, 2015

Travel & Tourism's Total Contribution to GDP	2015 % growth
21 Iran	6.1
38 Kazakhstan	5.3
61 Romania	4.5
World	3.7
103 Turkey	3.0
110 Azerbaijan	2.8
Europe	2.4
153 Bulgaria	1.5
160 Belarus	1.1
178 Ukraine	-2.2
183 Russian Federation	-6.3
184 Armenia	-7.9

Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The Republic of Kazakhstan takes the 38th place concerning GDP contribution from the tourism indexes in 2015.

Graph No. 6: Foreign visitors exports and tourist arrivals

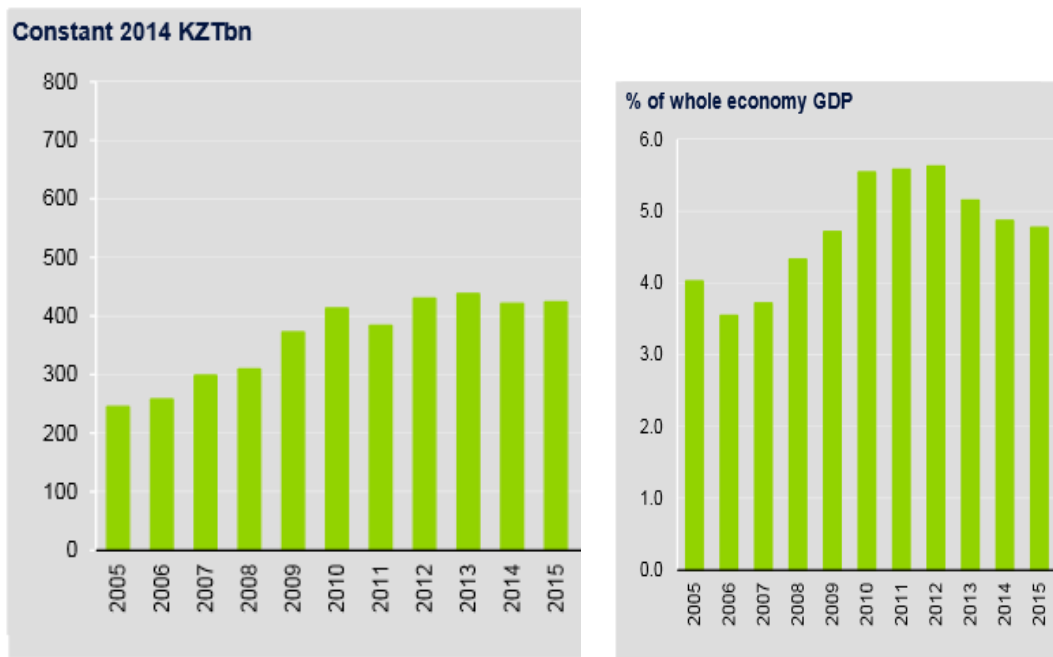


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

Money spent by foreign visitors to a country (or visitor export) is a key component of the direct contribution of the tourism. In 2014, Kazakhstan generated 295.7 billion kz tenge in visitor exports. In 2015, international arrivals are total 8.031.000, generating expenditure of 405.6 billion tenge, an increase of 3.6%.

Graph No. 7: Total contribution of the tourism to GDP

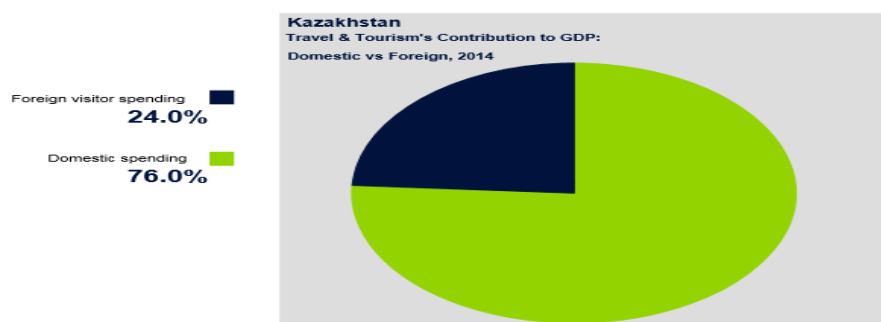


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The tourism is expected to have attracted capital investment of 421.2 billion kz tenge in 2014. This is risen by 0.6 % in 2015.

Graph No. 8: Travel & Tourism’s Contribution to GDP: Domestic vs Foreign, 2014



Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

Domestic travel spending generated 76.0% of direct tourism GDP in 2014 compared with 24 % for visitors exports (it means foreign visitor spending or international tourism receipts).

Domestic travel spending is grown by 9.1% in 2015 to 1019.1 billion kz tenge.

Visitors exports fell by 3.9% in 2015 to 284.2 billion kz tenge.

Table No. 5: The economical contribution of the tourism: real 2014 prices

Kazakhstan (KZTbn, real 2014 prices)	2009	2010	2011	2012	2013	2014	2015E	2025F
1. Visitor exports	291.9	255.6	265.9	264.6	278.0	295.7	284.2	405.6
2. Domestic expenditure (includes government individual spending)	645.4	680.1	700.7	784.6	871.8	934.1	1019.1	1836.2
3. Internal tourism consumption (= 1 + 2)	937.3	935.7	966.6	1049.2	1149.9	1229.8	1303.3	2241.8
4. Purchases by tourism providers, including imported goods (supply chain)	-451.0	-458.0	-469.8	-510.4	-565.7	-600.9	-635.0	-1,105.9
5. Direct contribution of Travel & Tourism to GDP (= 3 + 4)	486.3	477.7	496.8	538.8	584.1	629.0	668.3	1,135.9
Other final impacts (indirect & induced)	411.0	403.7	419.9	455.4	493.7	531.6	564.8	960.0
6. Domestic supply chain								
7. Capital investment	372.1	413.0	383.3	429.6	437.7	421.2	423.5	728.3
8. Government collective spending	118.5	118.8	126.0	144.4	140.3	146.1	156.5	281.2

Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

2014 constant prices & exchange rates, 2015 real growth adjusted for inflation (%). Percents of total refer to each indicator's share of the relevant whole economy indicator such as GDP and employment. Visitor exports is shown relative to total exports of goods and Domestic spending is expressed relative to whole economy GDP.

4. Practical analysis of the Kazakhstan tourism development dynamic

4.1 The comparison of the past and the current periods in the tourism

The beginning of Independence of the Republic of Kazakhstan, which is the first and vital stage, and the market economy foundation, contributed reconstructive industry what characterized by the rapid development of international tourism. The possibility of free travel abroad during this period develops mainly outbound tourism, however outbound and domestic tourism the both is essential.

The period witnessed a significant increase in the number of tourist firms. If before 1991 there were 3 tourist companies ("Kazakh Republican Council for Tourism and Excursions", "Intourist", "Sputnik"), then in 1994, 589 tourist organizations registered in Kazakhstan. Also, the emergence of new laws, rules and regulations that create conditions for the development of private entrepreneurship in tourism.⁵

[Accessed 6 February 2016]

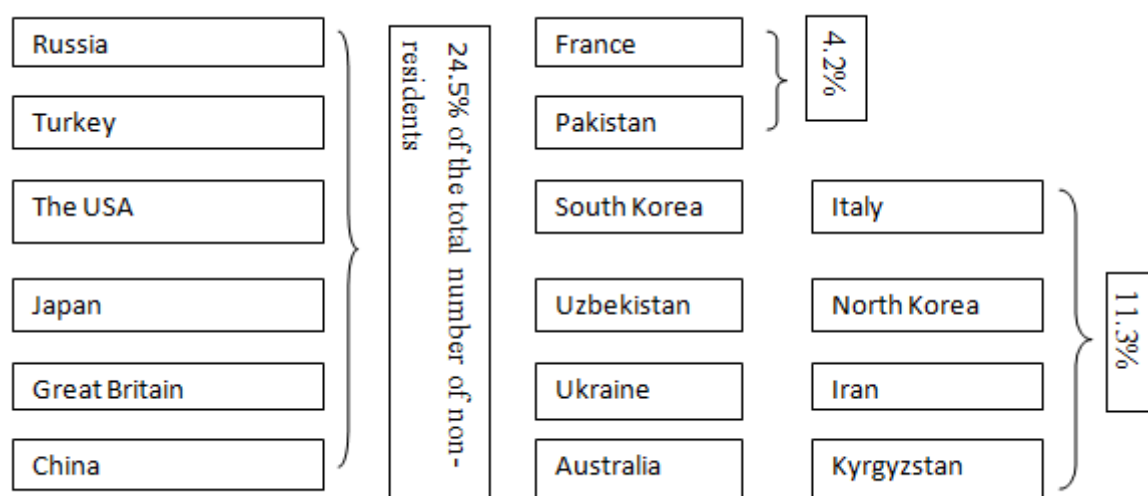
Water tourist flows were focused on Poland, China (shop tours) and Bulgaria (rest). The countries that generate tourist flows in Kazakhstan, in this period were The United Kingdom, Germany, China, The United States. The share of tourism in GDP was in this period: 0.3% in 1992, 0.09% in 1991, 0.06% in 1993, 0.08% in 1994. One of the steps in the development of international relations in the tourism sector was the accedence of Kazakhstan in 1993 as a full member to the World Tourism Organization, the conclusion of international agreements on cooperation in tourism. It should be noted that a number of agreements initiated by the governments of foreign states consider Kazakhstan as a promising partner with a great potential for tourism. Particular attention should be given to the second period (1995-1999 years), it is characterized by extensive growth rates in tourism. Effecting change, namely simplification of visa formalities, opening of borders of Kazakhstan for foreign investors contributed to the rapid growth of international tourism in the first place. Especially the rapid pace characteristic of the indicators on sending Kazakh citizens abroad. Much attention is paid to the business trips of foreign tourists to Kazakhstan, which is associated with an increase in investment activity in the republic. During the 1998-1999 periods, Kazakhstan was visited by representatives of over 100

⁵ <http://group-global.org/en/node/7883>

countries of the world. During the period, Germany took the first place among the all countries tourists. Russia took the second position in the 1998-1999 period, followed by Turkey, the United States and Japan respectively.

Income from service of Kazakhstan non-residents from the five countries in 1998 amounted to 709,100 US dollars or 50% of total revenues. In 1999, revenue decreased to 358,200 US dollars, or 43.1 of the total profit. This circumstance explained the sharp decline in exchange rate of tenge against the US dollar in the called period. Interesting is differentiation between the number of tourist arrivals and profits received from their services. For example, the income received by tourists from Germany in 1999 amounted to 103 thousand of USD, while non-residents from Japan - 125.4 thousand of USD. Although the number of tourists who arrived in our country, Germany ranked the first, and Japan has the fifth place. According to this ranking in 1998 in the first category of countries was only Germany - 14838 tourists, following there were six countries - Russia, Turkey, the USA, Japan, Great Britain and China (total 24.5% of the total number of non-residents), in the third category - only France and Pakistan (4.2% of all non-residents), in the fourth category of 18 countries, among which are - South Korea, Uzbekistan, Ukraine, Austria, Italy, North Korea, Iran and Kyrgyzstan . The share of all 18 countries accounted for 11.3% of the total number of non-residents, in the sixth category of the rest of the country (9.6% of the non-resident share).

Table No. 6: Some countries ranking in 1998



In 1999, the same situation is represented by the following ranking. The first category is Germany - 18503 tourists in the second category there are no countries in the third category 7 countries - Russia, Turkey, the USA, Japan, Great Britain, China and France (31.5% of the total number of non-resident tourists), in the fourth category 6 countries - Austria, the Republic of Korea, Pakistan, India, Israel and the Netherlands (8.2% of all non-residents), in the fifth category of 25 countries, among them, it should be noted the Philippines, Uzbekistan, Italy, Kyrgyzstan, Tajikistan, Switzerland, Greece and Poland . The share of all 25 countries accounted for 11% of the total number of non-resident tourists in the sixth category, all the rest of the state, occupying 12.1% of the overall structure of the supplier countries tourists. According to the ranking carried out it is clear that the 1998-1999 trends in the development of foreign tourism in Kazakhstan remained almost without sharp fluctuations. However, the proportion of countries in the third category increased by 7.0% in the fourth and quantified in percentage terms by 4.0%, and in the sixth category also saw an increase of 2.5%. The role of tourism is growing in the modern economy of Kazakhstan. Only in 1999 the number of tourist trips in the country averaged 187.6 thousand people. The share of domestic tourism accounted for 31.5%, "shopping tourism" continues to dominate in the outbound tourism. The third period began in 2000 and to the present day. In general, it is this stage and carried out in the field of tourism policy has given impetus to the progressive changes. A special feature of this stage is to reform the legislative framework in the field of tourism and the development of new tourism development concept (N.A. Nazarbayev: Kazakhstan-2030, 2007).

At this point the activation of tourist activity begins at the state level. Resolution of the Government in the Republic of Kazakhstan dated from December 29, 2000 № 1947 "On priority measures of the tourism industry." This document focuses attention on issues such as simplification of visa formalities for entering the Republic of Kazakhstan, Agency of the Republic of Kazakhstan for Tourism and Sport of the international exhibitions and fairs, the use of incentives for tourists to the tariffs for transportation services, the formation of tourist organizations lending program for 2001-2005 years. Almost the first steps outlined this resolution, were made in 2002, and from 25 to 27 April in the city of Almaty was held the second Kazakhstan International Tourism Fair "Tourism and Travel", which was attended by about 80 tourist organizations. The planned process related to the international tourist market, marked by increased activity of all structures of tourist sphere, in particular

participation in the International Tourism Exchange in Berlin and London, Moscow, Tashkent and international exhibitions at the International Tourism Forum in 2001.⁶

[Accessed 6 February 2016]

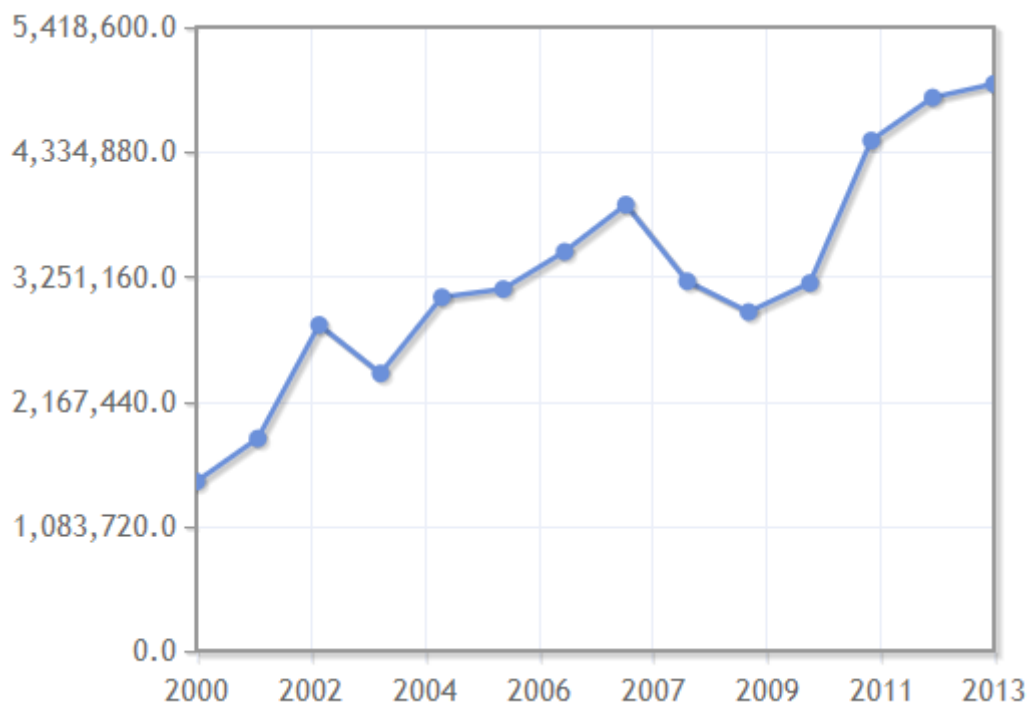
The tourist activities in Kazakhstan is the tendency of integration in the global tourism market. Integration processes are particularly intensified in the segment of the Silk Road on the aspects of tourism development. For this reason, the Agency for Tourism and Sport developed the State program "Revival historic centers of the Silk Route, preservation and successive development of cultural legacy of Turkish-speaking countries, the creation of tourism infrastructure." On the program 4 billion 280 million tenge were allocated.

In the developed and approved concept in Kazakhstan, priorities and objectives define the principles, for the development of the tourism industry. Particular attention is paid to the issues of state regulation of the sector, development of tourism infrastructure and marketing strategy, the formation of tourist image in Kazakhstan, ensuring the safety of tourists, training and scientific support of this sphere activity. According to the Agency on Statistics in the Republic of Kazakhstan tourists accounted for outbound tourism - 45.9%, which is the highest percentage in 2000, while the share of tourism - only 16.2%, the share of domestic tourism accounted 37.9% (by compared to 1999, 31.5%), which demonstrates the growing interest of the population to the beauty of native wildlife, recreation, treatment at local resorts, etc. In 2000, the country has received from tourism revenue in the amount of 1,882,684.7 thousand tenge and 623.4 thousand USD, whereas in 1999 the income from the activity of tourist firms amounted to 2,410,433.3 thousand tenge and 842.1 thousand USD. This inbound tourism amounted to 27.6% of total revenue in tenge and 98.5% of revenue in the amount of USD. Domestic tourism of total revenue was 25.4%. In Kazakhstan, on 13 June of 2001, the Law of the Republic of Kazakhstan №211-11 "On tourist activity in the Republic of Kazakhstan", which sets out economic, social, organizational bases of tourist activity in the country. This decision clearly defined categorical-conceptual apparatus in the field of tourism, disclosed the basic terms and concepts used in the field of tourism, the area delimited by the activity of state and local government, defines the principles and features of licensing of tourist activity in

⁶ <http://www.kazakhstan.orexca.com/>

Kazakhstan. The resolution also addressed issues relating to the contractual relationship, the training of specialists in this sector, the rights and obligations of tourists, security in the implementation of tourism activities. In the third stage of development of tourism revised system of licensing of tourist activity in the Republic of Kazakhstan since September 14 in 2001 adopted rules for licensing of tourist activity in the Republic of Kazakhstan, under this provision the licensing system has been tightened more and obtained a license of the tourist company has become more difficult.

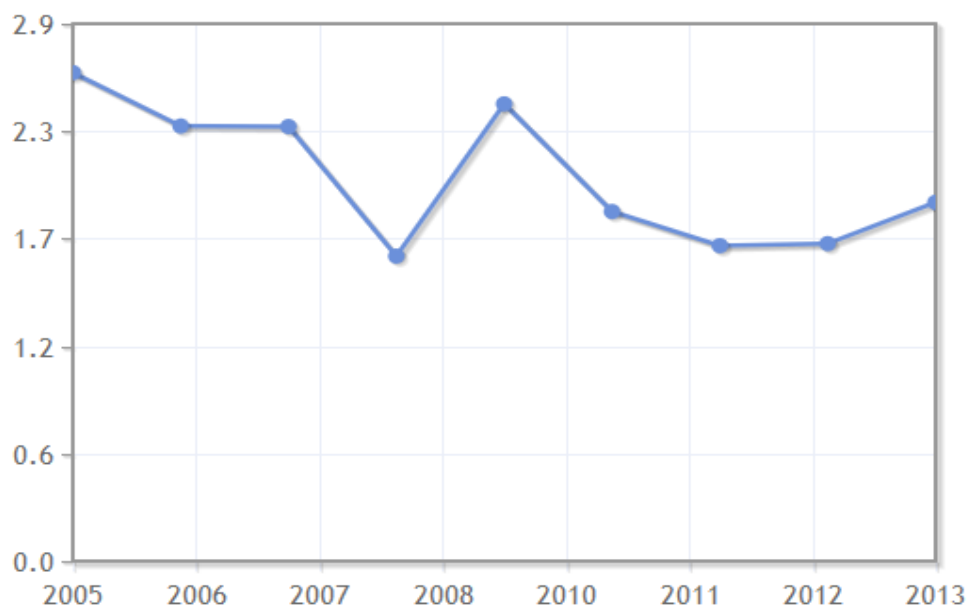
Graph No. 9: Numbers of arrivals in Kazakhstan



Source: World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files, and IMF and World Bank exports estimates.

The value for International tourism, number of arrivals in Kazakhstan was 4,926,000 as of 2013. As the graph below shows, over the past 13 years this indicator reached a maximum value of 4,926,000 in 2013 and a minimum value of 1,471,000 in 2000.

Graph No. 10: International tourism, receipts (% of total exports)



Source: World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files, and IMF and World Bank exports estimates.

International tourism, receipts (% of total exports) in Kazakhstan was 1.94 as of 2013. Its highest value over the past 8 years was 2.64 in 2005, while its lowest value was 1.65 in 2008. In the last step, we can differentiate the tourism development at the enterprise level, depending on its dimensions. Large enterprises that use at its core strategy of differentiation, have a fairly wide range of services, diverse geography trips and offer different countries and regions, thereby insuring themselves against possible failures and economic risks. The results of the poll among the major tour operators have shown that the main problem in their work is to obtain entry visas to a number of states, particularly in America, France and other Schengen countries. In the small tourist firms the main problem is the lack of and limited financial resources, which negatively affects their performance. Revenues from their reception and service amounted to 3 billion 312 million 924 thousand tenge. In general, Kazakhstan's exports to the share of international tourism accounts for 2.9%, and revenues from the tourist activity in the national income in Kazakhstan in 2001 amounted to 0.05%. In the tourism business of the country there has been a negative trend, due to the fall in demand for all kinds of tourism. The extent of the tourist activity of the

citizens of Kazakhstan decreased in 2002 compared to c 1996 year by more than 9 times, and the performance of inbound tourism for the period from 1997 to 2001 decreased 56 times. However, the growth rates for the reception of foreign tourists observed in 2002, and in comparison with 2001, the increase was almost 12 times. These data are alarming sign for the industry as tourism in Kazakhstan mostly lives off tourism shop, and he moved to the phase of recession, at the same time there is an outflow of foreign tourists, which negatively impact on the economic situation of large firms. In Kazakhstan, the third stage was the development of tourism through imports, which is not associated with recreation migration, as in developed countries, and the creation and formation of special commercial tourism, called shopping tourism. The emergence of shopping is due, above all, the generally low level of economic and social development of Kazakhstan. If in the early 90's shop tours, according to many scientists, attributed to non-touristic travel, at the present time, scientists have radically changed the approach and criteria for tourism, it can be related to tourist travel. Massive demand for shopping services has a massive tourist production: tourism product has been standardized, the production of goods and services supplied on the "conveyor belt". The most popular among shop-tourists are the following countries: Poland, Germany, Greece, United Arab Emirates, Turkey, Korea, China, Iran, Pakistan. According to the survey of tourists passing through the shopping line, trips goods return from the UAE, Turkey, Poland, South Korea about the same, but because of China's higher due to the cheapness of the goods. The level of margin on the goods, on average ranges from 30% to 70% dollars, that is, for every \$ 100 invested are paid 30-70 dollars.

As for recreational trips Kazakhstan, their geography has changed in recent years. In the 90 years the elite tours to the Canary Islands began to be in demand, the exotic fishing, Mauritius or Italy is also demand. Reconstruction in the tourism industry of Kazakhstan: in the total volume of tourist services are growing indicators of domestic tourism, reduced dynamics of inbound tourism remained stable share performance for outbound tourism. Most of the investments are in the hotel and restaurant sectors. Moreover, investment sources are foreign firms. It should be noted that the investment activities of receptive tour operators is more risky than investing the construction of hotels. Total revenue from the activity of tourist organizations, hotel facilities, national parks, cultural institutions of Kazakhstan amounted to 27 billion tenge in 2004, in 2003 more than 17 billion tenge (\$ 1 -

about 135 tenge). Total in 2004 for all types of tourism about 11 million. People were served in 2004, the first time exceeded the performance of inbound tourism outbound tourism indicators and amounted to 4.3 million and 3.9 million tourists respectively.

In 2005, the development of tourism Kazakhstan has allocated about 39 million tenge. In 2006, the development of the tourism industry from the state budget will allocate funds in the amount of 1 billion 900 million tenge. In 2006, in comparison with the previous period, there is a positive trend of development of the tourism industry, as evidenced by the following indicators: outbound tourism increased by 19% (5 million 200 thousand people.), incoming - 30% (3 million 900 thousand people), domestic - 8% (3 million 550 thousand persons). In the whole country last year, revenue of the enterprises of the tourism industry increased by 14.6% and amounted to 35 billion tenge. The country has 903 tourist firms. The number of hotels increased by 17.6%. In 1999, 22% of tourists came from non-residents. All these facts, analysis of the situation at the entry market of tourist services in Kazakhstan indicates a lack of coverage by the legislation of the tourism problems of hard taxation, excessive fees, poor tourism infrastructure, the absence of elementary advertising and promotion of tourism, the natural beauty of our country abroad. In general, the formation and development of a complete tourism industry, in our opinion, based on attraction of foreign tourists - in the nearest future. Growth in demand for domestic and inbound tourism in Kazakhstan in the period from 2000 to 2007. Followed by the recession in 2008 and 2009 due to the economic crisis. With the recovery of the economy on tourism demand growth resumed in 2010 and reached a record level in 2011, the increasing of tourist arrivals by 11.7% and increase in the number of overnight stays by 25.9% more than in 2010:

from 43,298 visitors in 2000 to 2,845,832 visitors in 2011, with an annual growth rate of 17%;

of 1,250,649 overnight stays in 2000 to 7,085,020 overnight stays in 2011 at the annual growth rate of 25.9%.

The situation that has developed today in the domestic tourism market is characterized by the following factors: the demand for travel services in Kazakhstan is limited by the material capabilities of citizens, a small number of recreation centers, ensuring an adequate level of comfort. Inconsistency interests of tour operators in the relationship of the internal

market and the enterprises of a sanatorium complex of the country leads to dissatisfaction of Kazakhstani citizens' needs. In 2011, the structure of tourist arrivals was characterized by the following indicators: by types of accommodation facilities: 88.1% of visitors accommodated in hotels (45.8% of the visitors - in hotels with categories and 42.3% of the visitors - in hotels without category) and 11.9% of visitors in other placements;

by region: 46.1% of the visitors registered in the cities of Astana and Almaty, 18.0% to 17.6%, 5.7%, Akmola and Almaty regions - 4.8%. In the East Kazakhstan region recorded 12.5% and 7.8% in Karaganda, Atyrau -7.5%, 5.2% in Mangistau and other areas 20.9% of visitors;

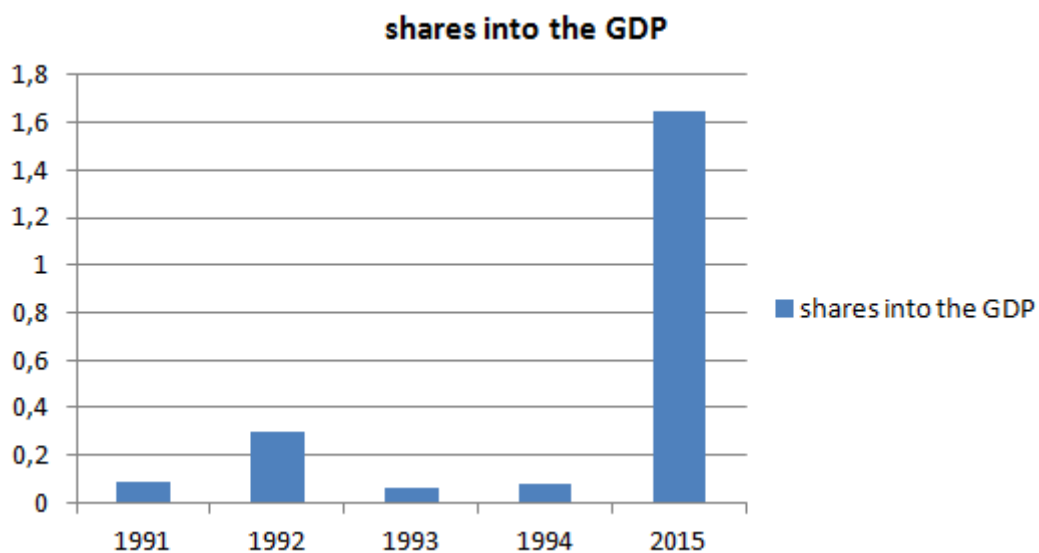
by country of origin: 79.5% of Kazakhstan's visitors, 4.8% of visitors from the Russian Federation, 2.4% of visitors from the United Kingdom of Great Britain and Northern Ireland, 1.6% of visitors from the United States, 1.4% of visitors from Turkey Republic, 1.3% of visitors from the Republic of Italy, 0.9% of visitors from the Chinese People's Republic, 0.9% of visitors from the Federal Republic of Germany, 0.8% of visitors from the Kingdom of the Netherlands and 6.4% of visitors from other countries;

by purpose of travel: business and professional - 69,6%, Leisure, and Recreation - 25.0%, visits to friends and relatives - 3.0%, for other purposes - 2.4%. It is noteworthy that Kazakhstan visitors traveled more in order to rest and recreation (30.7%), while foreign visitors visited the republic only in business and professional purposes (93.2%). As can be seen from the above, tourism in Kazakhstan is based mainly on the local population, as well as business and professional trips of foreign residents. The total number of foreign residents who moved to Kazakhstan in 2011 amounted to 5,685,132, which is 20.6% more than in 2010. Most of the foreign residents came from three neighboring countries: the Republic of Uzbekistan (34.0%), the Kyrgyzstan Republic (27.1%) and the Russian Federation (23.7%). The main reasons for their arrival were private (76.9%) and transit travel (17.0%), while business tourism and tourism for the purpose of leisure and recreation accounted for 6.1%. Many foreign visitors arriving to the stop in the family or friends, transit or arrive at one day (day visitors). Most visitors from the Republic of Uzbekistan and the Kyrgyz Republic are labor migrants. The number of visitors on outbound tourism in 2011 amounted to 8,020,400, which is 8.2% more than in 2010. Such volumes of outbound tourism contribute to the formation of the negative balance of tourism (more than 422 million US dollars) in the balance of payments. Kazakhstan

remains "tourist donor" for countries such as the Republic of Turkey, People's Republic of China, the United Arab Emirates, Kingdom of Thailand, where the rapidly developing tourism industry is, creating new jobs, improving the balance of payments structure and increasing the well-being of the population. Creating a developed competitive tourist industry for employment, stable growth of state income and by increasing the volume of inbound and domestic tourism, is impossible without corresponding investments.

Fixed capital investments in the tourism sector amounted to 143.7 billion tenge in 2010, 178.9 billion tenge in 2011. It should be noted that investment in fixed assets in the industry producing goods and providing services, tend to rise.

Graph No. 11:

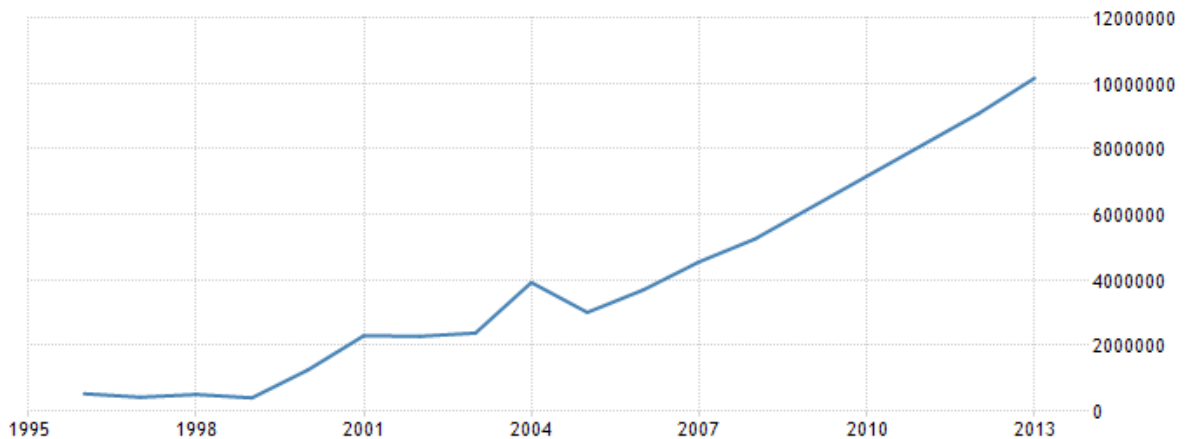


Source:own

The comparative analyses represent such a sharp growth till the 1991 index to the 2015 index.

It means that the Kazakhstan economy also has a sharp growth respectively.

Graph No. 12: Numbers of departures in Kazakhstan



Source: World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files, and IMF and World Bank exports estimates.

International tourism; number of departures in Kazakhstan was last measured at 10144000 in 2013, according to the World Bank. International outbound tourists are the number of departures that people make from their country of usual residence to any other country for any purpose other than a remunerated activity in the country visited. The data on outbound tourists refer to the number of departures, not to the number of people traveling. Thus a person who makes several trips from a country during a given period is counted each time as a new departure. This page has the latest recorded value, an historical data chart and related indicators for International tourism - number of departures in Kazakhstan.

By analyzing changes in the main 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, including infrastructure necessary transport and logistics system, taking into account the reconstruction of crossing points the state border of the Republic of Kazakhstan (road, air, rail), providing 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 development of the economy through tax revenue, foreign exchange inflows, increasing the number of jobs, and provide control over the conservation and management of cultural and natural heritage.

4.2 Expected forecasts

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

the ability to provide in the field of tourism more than 250 thousand jobs, including people living in rural and remote areas and youth without departing from the traditional rural way of life;

promoting a culture of entrepreneurship among the general public, creating business opportunities for families, small and medium-sized enterprises;

contribution to the development of regions and rural areas in the Republic of Kazakhstan, including the development of engineering and transport infrastructure in remote areas, infrastructure of checkpoints across the state border of the Republic of Kazakhstan;

promoting cooperation and creating opportunities in other sectors, including agriculture, engineering, light and food industries, non-production sector; the promotion of positive and productive intercultural relations. The strategic vision of the development of the tourism industry in the Republic of Kazakhstan concerning that aspect where Kazakhstan this assertion as a global tourist destination by 2020.

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 in the Republic of Kazakhstan should develop in certain tourist clusters with a competitive tourist businesses which are engaged in professional tourism workers, 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.

Goals and objectives

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

growth of living standards of the population and 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, growth in gross domestic product and exports;
enterprise development , and human potential in the whole country and regions, including rural areas;
promotion of large-scale socio-economic modernization of Kazakhstan's society based on the principles of "green economy". In order to increase the investment attractiveness of the tourism industry and the software industry development environment as one of the priority sectors of the economy need to create modern and highly competitive tourist complexes for the integration of Kazakhstan's tourism in the world tourism market.

The main objectives of the development of the tourism industry in the Republic of Kazakhstan till 2020 is to provide: worldwide recognizable image of Kazakhstan as a tourist destination;
needed an innovative, energy-efficient infrastructure;
system of new tourist "experience" and the development of internationally competitive products and services for local and foreign tourists;
professional management and regulation of the tourism industry;
providing easy access to Kazakhstan within the country.
Stages of development have tourism development stages in Kazakhstan.

To achieve these goals and objectives there are following stages:

Stage 1:2013 - 2015;

Stage 2: 2016 - 2018;

Stage 3: 2019 - 2020.

Stage 1 is the most important, because the success of the subsequent stages depends on the performance of work in the framework of the 1st stage: the adaptation of existing and creation of new legal measures and institutional mechanisms, most of which have to be prepared in 2013. This stage is also the first stage of development, for which it is desirable to prepare all national (major) tourist projects and initiate their construction, promote the

development of other (small) tourism projects to invest in common infrastructure and human resources, to define and implement a marketing system, branding national tourism and other related activities, as well as measures aimed at getting quick results. Within the framework of the 1st stage of development it is recommended approximately 25.0% of the total investment for the period from 2013 to 2020. **Stage 2** is a continuation of the development. In terms of investment it recommended to perform the main construction works, in particular, the placement of objects and tourist infrastructure in the development of national tourism projects, including projects with low risk and the possibility of implementation in a short time. During this phase it is important to the continuation of infrastructure development, capacity building of human resources and the implementation of various activities in the field of marketing. As part of Phase 2 of the recommended development of about 45.0% of the total investment for the period from 2013 to 2020.

Stage 3 is the final stage of development, during which will continue implementation of activities carried out within the framework of the 2nd 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 3rd stage of development it is recommended approximately 30.0% of the total investment for the period from 2013 to 2020.

Expected results

Successful implementation of the above goals and objectives provided investment and allocation of funds to the extent necessary from the state budget¹ lead to the following indicators of growth of tourism industry in the Republic of Kazakhstan:

Places of tourist accommodation: from 81,015 beds in 2011 to 199.0 thousand beds in 2020 (an increase of 2.5 times, at a compound annual growth rate of 10.5%).

the number of tourist arrivals (both domestic and foreign visitors) with 2,845,832 tourist arrivals

in 2011, up to 8.19 tourist arrivals in 2020 (an increase of 2.9 times, at a compound annual rate 12.5%) growth;

number of overnight stays of tourists (both domestic and foreign). with 7,085,020 tourist overnights in 2011 to 32.74 million tourist overnight stays in 2020 (an increase of 4.6 times, 18.5% at a compound annual growth rate) ;

the average length of stay of tourists from 2.5 nights per arrival in 2011 to 4.0 nights per arrival in 2020 (increase by 1.6 times);

the occupancy rate of beds: the number of rooms the load factor to 24.0% in 2011 to 45.0% in 2020 (an increase of 1.9 times);

Employment in the tourism sector: with 158.7 thousand employees in 2011 to 269.9 thousand in 2020, of which 111.2 thousand new jobs created (an increase of 1.7 times)....

tourism demand expected growth will occur mainly due to the development of new tourist offer (number of beds) and professional commercialization. The structure of the total number of tourist arrivals in 2020: 3.77 million tourist arrivals (46.1%) according to the capacity of the existing placements, that is an increase in the number of tourist arrivals to 924 thousand or 32.5% compared to the year 2011;

in new placements for 4.42 million will be built over the next eight years. Tourist arrivals (53.9%), with almost half of the tourists will arrive in Almaty clusters (25.2%) and West Kazakhstan (23.3%), while the other half will focus on clusters of Astana (13.4%), East Kazakhstan (12.6%), South Kazakhstan (9.1%) and other areas of the Republic of Kazakhstan (16.4%).

The main countries generating in Kazakhstan tourist arrivals by 2020 are: The Republic of Kazakhstan - 4.46 million tourist arrivals (54.4%), an increase of 2.0 times compared to 2011;

Russian Federation - 1.13 million tourist arrivals (13.8%), an increase of 8.3 times compared to 2011;

Europe (Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, the French Republic, the Kingdom of the Netherlands, and others) - 745 thousand tourist arrivals (9.1%), an increase of 3.5 times compared to 2011;

Peoples Republic of China - 473 thousand tourist arrivals (5.8%), an increase of 18.1 times compared to 2011;

countries in the region (Uzbekistan, Azerbaijan, Kyrgyzstan, Turkmenistan, etc.) - 464 thousand tourist arrivals (5.7%), an increase of 11.9 times compared to 2011;

Middle East (Islamic Republic of Iran, Republic of Turkey, Saudi Arabia, United Arab Emirates, the State of Israel) - 324 thousand tourist arrivals (4.0%), an increase of 6.0 times compared to 2011;

The Republic of India - 219 thousand tourist arrivals (2.7%), which is an increase of 17.1

times compared to 2011;

other markets (the United States, the Republic of Indonesia, Japan, Republic of Korea, Canada, the Commonwealth of Australia, etc.) - 371 thousand tourist arrivals (4.5%), an increase of 3.5 times compared to 2011.

Question 1 allocation of funds from the state budget will be in the prescribed manner discussed at the meeting of the respective stages of the budget commission on introduction of amendments and additions to the program for the development of promising areas of the tourism industry of the Republic of Kazakhstan for 2010-2014, approved by Resolution of the Government of the Republic of Kazakhstan dated October 11, 2010 № 1048 and the development of programs for the development of promising areas of the tourism industry of the Republic of Kazakhstan for 2015 - 2020, and the formation of the republican and local budgets.

4.3 Recommendations to improve the Kazakhstan tourism level

Measures for further development of the tourism industry

In the field of protected areas and forestry:

- a) the development of criteria of tourist attraction (further - test), relating the priority tourism projects for long-term use in areas protected areas and state forest fund (further - the priority tourist projects), taking into account the maximum preservation of natural reserve fund of the Republic, protection of natural resources and genetic resources in partnership with the local population;
- b) planning of tourism development on the lands of the state forest fund, with tourist potential, through the development of a master plan development of infrastructure of the territories (further - the general plan), based on the management plan in accordance with the criteria;
- c) planning the development of tourism in protected areas areas in the master plan of protected areas infrastructure development (further - the general plan);
- g) approval of master plans with the authorized agency for tourism, which may make proposals for the correction of master plans in terms of tourism development, while identifying projects balneal destination for the recovery of the population and facilities for

eco-tourism a priority for the implementation of protected areas and in areas of the state forest fund;

d) management of development of tourist projects in protected areas and areas of the State Forest Fund may be through the creation of a specialized organization, which provides the following functions:

Searching and attraction of investors of different levels of the public and private sectors to ensure that investment flows to the development of certain plots of land are for tourism purposes;

choice of priority tourism projects in accordance with the criteria and general plans, and the implementation of related permits and conciliation;

submit proposals to the Directorate of protected areas and local executive bodies on the distribution and allocation of land to investors for the implementation of priority tourism projects with a positive environmental impact assessment of the proposed project; monitor the implementation of projects by investors in accordance with the general terms of infrastructure and environmental requirements;

the development of other alternative mechanisms for tourist project management and interaction of the state and private investors in the development and management of tourism infrastructure;

e) for the sustainable use and management of protected areas and areas of the state forest fund for the implementation of tourist projects should ensure the following measures: strengthen the responsibility of users of protected areas and the state forest fund for causing damage to the natural environment (illegal logging, water pollution, damage the natural layer of soil, etc.);

to consider mechanisms for the promotion of natural resources by increasing the area of forest plantations, restoration of objects of natural reserve fund.

In the sphere of land relations

Allocation of land plots to investors for the construction of hotels and other tourist infrastructure in the protected areas, in the water lands of the state forest fund and lands of common use for the maximum use of the land potential investors and security of the state to guarantee investments and access of investors to financial resources for appropriate investments, may be provided by the following alternative mechanisms:

a) The creation of legal instruments in the acquisition of private ownership of land by

investors for development of tourism projects, with the exception of protected areas and forest lands;

b) improvement of the existing institute long-term use of protected areas and areas of forest resources to the development of tourism projects, including long-term improvement of the conditions of the contract of compensated use / forest management (further - the contract) land

for tourism and recreational activities through the following possible actions: an increase in the maximum period of paid long-term use / forest land; The provision of automatic extension of the contract for the period specified in the contract; restriction of the rights of the authorized body to terminate the contract unilaterally, however, in the event of termination at the initiative of the State in the absence of any wrongdoing on the part of the investor envisaged making compensation payments to the extent reasonably justifies investor investments;

in the absence of serious violations on the part of the investor's contract terms, the increase in the notice period (to refuse the contract extension) for a substantial period of time (from 5 to 10 years), the notice must contain the reasons for refusal and to be coordinated with the interested state bodies, including the original part in permit to use the land; The provision of the possibility of transferring the rights and obligations of forest management for the purpose of tourism project to third parties, subject to continuation of the project;

c) at the same time as an alternative measure in the provision of land for use or ownership are invited to provide investors with the option to use / purchase of land;

d) permit the construction of buildings and light seasonal architectural forms (coastal cafe) on the land without the use of water bands of heavy building materials.

In the area of special tourist zones

With regard to the zones are invited to implement the following measures:

a) creation of specially defined zones with a special legal regime applicable to the implementation of tourist projects in the protected areas, forest lands and other territories can be achieved by the following measures:

definition SEZ as a form of special economic zones with a special regulation or self-concept;

definition of a special regime of SEZ, including a simplified procedure for the

implementation of a preferential tourist projects, including the preparation of a permission for foreign labor, the allocation of land for the construction of tourist infrastructure, etc; simplifying and speeding up the passage of licensing procedures and obtaining appropriate permits government agencies during the development of land, structure, etc; ensuring effective management mechanism and service SEZ investors on the principle of "one window".

In the field of social tourism

Implementation of tourism certificates as documents that promote social tourism through the involvement of the state, employers and employees to the mechanism of partial subsidy may be provided by the following measures:

- a) Optimization of regulation of the legal status of a tourist certificate as a document of strict accountability, performing two functions - accounting and statistical reporting (to assess the correctness of the tax base for assessment of tourist flows, forecasting and planning in the tourism destination);
- b) determination of the requirements for the proper form and type of tourist certificate and the rules of its use.

In the field of taxation

Consider the use of additional tax incentives tourism industry, including in the field of social tourism.

The facilitation of migration control and visa procedures

It is proposed to implement the following measures:

- a) continuation of work on the abolition or simplification of visa regime for citizens of economically stable countries, ensuring the flow of tourists into the country;
- b) simplify the process of registration and registration of foreign citizens, including the creation of a list of countries for a simplified procedure of registration and registration of foreign citizens applying for registration online and implementation of electronic registration;
- c) the extension of compulsory registration of foreign nationals within one month, the abolition of compulsory re-registration by changing the place of registration.

In the field of border control

- a) development and approval of the decision of the Government of the Republic of

Kazakhstan of the standard of the state service "Border control";

b) development of eco-tourism on popular tourist routes in the border areas, and runs through the territory of neighboring states, the study of the issue to regulate the passage of travelers through the international routes opened in accordance with established procedure border checkpoint of the Republic of Kazakhstan.

In the aviation space

consider the implementation of measures aimed at creating a competitive environment for the development of the market of domestic flights, including the further development of domestic flights subsidy programs.

In the field of tourism services

Ensuring quality control of rendering of tourist including hotel services, by introducing the following possible actions:

- a) development of the required qualifications / standards imposed on the employees of the tourism industry, directly providing tourist services (tour guides, tourist agency workers, interpreters in the tourism industry) in inbound and outbound tourism;
- b) development of a mechanism to control and monitor the proper provision of tourist services in inbound and outbound tourism.

In the field of real estate rights

The introduction of clear regulatory procedures for investors leisure club system, which allows to acquire ownership or long-term use of compensatory interest in tourism, real estate, followed by a possible lease that can be achieved by the following measures:

- a) Establishment of the Institute "time-Sher", as a form of limited common share ownership, which gives the right to long-term or lifetime use and disposal of shares object of tourist property in order to ensure the affordability of accommodation in tourist facilities for vacationers and guaranteed possession of a tourist object shares on the right Limited share ownership or long-term lease;
- b) determination of the legal structure and governance of clubs recreation, participation in which grants the right to long-term or lifetime use and disposal of shares of tourist property taking into account features and specificity of "time-Sher";
- c) determination of the scope of the rights and restrictions, the participants, the conditions

of standard contracts within the "time-Sher" (to determine the conditions of redemption and subsequent rental of shares), as well as guarantees for the protection of the right to a share of the object of the tourist estate of a third party by default by the control structures appropriate recreation clubs;

g) definition of the concepts of "tourist attraction", "Tourism Real Estate", "camping equipment" and other related concepts.

Institutional framework

To perform the tasks of the Concept is recommended to strengthen the existing institutional structure and strengthen the system of their interaction in the development of the tourist industry and the industry as a whole. It is therefore proposed:

1. Expansion of the Tourism Council's activities under the Government of the Republic of Kazakhstan.
2. Strengthening and expanding the activities of the regional offices of tourism at the local executive bodies of regions, cities of republican significance for the development of five tourism clusters.
3. Consider the establishment of the National Tourism Development Company under the control of the Government of Kazakhstan for the development and implementation of major tourism projects to attract private investment.

Planning and management

Tourism Council of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan will retain a leading role in the development of tourism policies as the main coordinator of the execution of public policies and the activities of state bodies aimed at the development of the tourism industry. Currently, the Tourism Board operates as a consultative body under the Government of the Republic of Kazakhstan.

The authorized body in the sphere of tourism - the state body responsible for the formation and implementation of state policy in the sphere of tourism activities, attraction of investments in the tourism industry, the implementation of state control over the observance of the Republic of Kazakhstan legislation on tourist activities.

Regional tourism management at the local executive bodies of oblasts, cities of republican significance

In order to ensure efficient operation in the fields and the development of five tourism clusters in the region need to further improve the structure of public administration at the regional, district and city levels, including an increase in their numbers, by making changes to the approval of model structure and the optimization of the functions assigned to management, including: design and professional development of the proposed tourism product (long-term) at the regional level; support and assistance in promotion and sale of the tourist projects at the regional level; promotion of destinations, including the creation of the brand and create the image; coordination and management of tourist destinations; the continued support of the tourist information centers, as well as ensuring their accessibility to tourists; approval of the annual operating and marketing plans to promote tourism with the authorized body in the sphere of tourism; development, organization and implementation of special measures for the development and promotion of destinations; implementation of classification procedures by issuing a certificate locations of hotel type accommodation, ensuring control placement of the implementation of tourist services. At the same time proposed to strengthen the interaction of local executive bodies of regions, cities of republican significance and the authorized body in the sphere of tourism.

Development and promotion

National Company for Tourism Development

To promote the highest priority of national tourism projects in the context of tourism development are invited to consider the establishment of the National Company for the development of tourism under the supervision of the authorized body in the sphere of tourism. The main function of the company is intended to include the following powers: support and implementation of related programs, particularly in construction and basic infrastructure; attract investors and tourism project operators to participate in the national key projects, the implementation of the main roles in the planning and development of such projects; and hence management and implementation of the transfer of land for the use / ownership, investors

and operators to implement;

development and provision of state support to investors and operators of tourist projects.

It is also advisable to vesting of the following functions:

state support in land allocation, including privately owned for the construction of tourism facilities;

right to profit from realization of investment projects in the tourism sector.

Image strategy

As part of the branding strategy to consider addressing the following actions:

Development of tourist brand for international markets, as well as internet marketing, including the placement of information through search engine marketing (SEM), banner ads on specific websites, mobile advertising, promotion tools Web (Web) 2.0, as well as the creation of a dedicated online platform, reflecting all tourist offer in Kazakhstan and provides online booking function; the opening of the tourist offices in the key markets of Kazakhstan. In the first stage, the opening of representative offices in Russia, Hong Kong, and one for the countries of Western Europe, in the future, planned a more complete coverage of the Asian market, as well as increasing the number of offices in Europe; encouraging the participation of Kazakh tourist companies to promote their tourist products on the international market, including by partially subsidizing participation in international tourism exhibitions; organization of outdoor events, including study tours in Kazakhstan for media representatives and foreign professionals of the tourism industry in order to inform and promote tourism products in Kazakhstan.

Rapid effect measures

The development of the tourism industry in the next two years in Kazakhstan can lead to tangible business results under the following conditions:

proper equipment and commercialization of specific tourist products; increase in volume and a reduction in the cost of air transportation in Kazakhstan, and between Kazakhstan and other countries; professional identification and implementation of specific activities to promote. Based on the above criteria, you can achieve the following "quick results": creation of MICE-tourism products in the cities of Astana and Almaty with the priority of international conferences and large events; creating a conference bureau - State specialized company, which is the

coordinating and liaison between the city authorities and business, ensuring effective promotion and representation of the cities of Astana and Almaty on the international meetings market as well as adequate load distribution on the tourism infrastructure within a year by attracting new events in autumn and winter; development of several tours in the East Kazakhstan and South Kazakhstan clusters, as well as throughout Kazakhstan; conducting online promotional activities, including the activities of the leading online platforms such as Google Earth and TripAdvisor (GoogleEarth and TripAdvisor) and using social networking sites such as «Facebook» and «Twitter».

there is a need for specialists in senior tourism managers of the tourism industry for the implementation of major tourism projects and the subsequent management of established infrastructure facilities, tourist resources. It is therefore proposed to consider the possibility of cooperation with the Nazarbayev University. In addition, during 2013, the proposed implementation of a comprehensive system of education in the form of trainings and courses to improve the skills in the tourism sector for managers of tourist companies and facilities placements in order to improve the quality of services and internal management systems, including with the involvement of Austrian companies WIFIINTERNATIONAL, which has already signed a Memorandum of Understanding in the framework of the visit the Head of state to the Austrian Republic. In order to provide information for the current flow of tourists, it is proposed to launch a pilot "visitor centers" in the cities of Astana and Almaty.

However, given the pace of development of tourism in the country, as well as to increase the optimal multiplier effect on the economy it seems necessary to the simultaneous inclusion in the relevant sectoral policies and plans for the priority development of related sectors, including:

1. Food industry, including national products (food, drinks).
2. Design and construction services for the construction of hotels and tourist facilities.
3. The entertainment industry and leisure, including the film industry, the production of products for entertainment, toys, activities in the field of entertainment, etc.
4. All kinds of handicrafts, including national souvenirs.
5. Food industry, including modern cuisine.

Graph No. 13: The direction contribution of Tourism to GDP and expected indexes



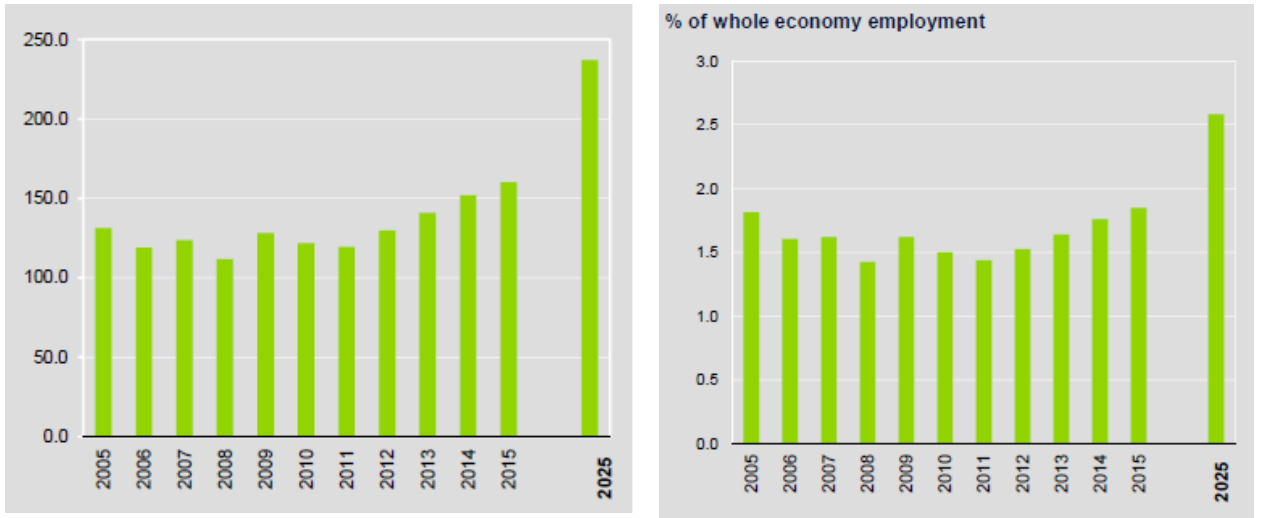
Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

The direction contribution of Travel & Tourism to GDP is expected to grow by 5.4% pa to KZT 1.135.9 bn (1.7% of GDP) by 2025.

It is forecast to rise by 5.5% pa to KZT 3.656.1bn by 2025 (5.5% of GDP).

Graph No. 14: Direct contribution of tourism to employment

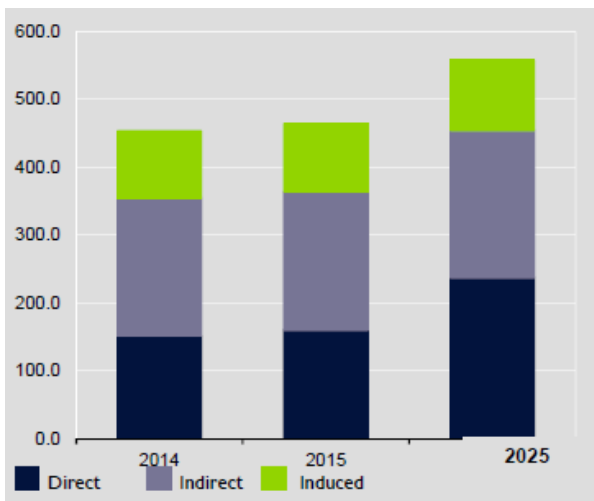


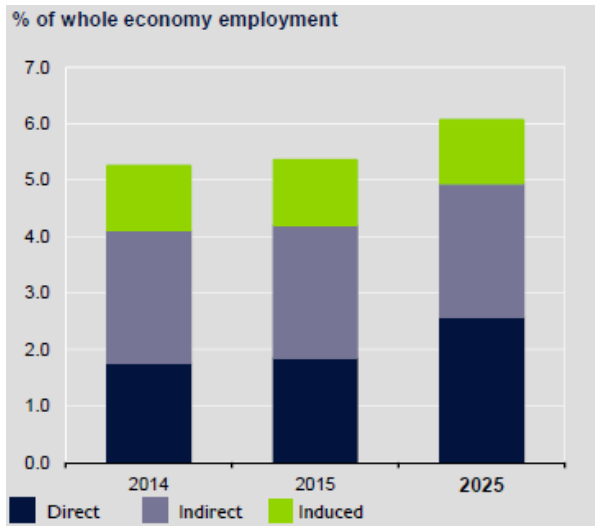
Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

By 2025, Travel & Tourism will account for 237.000 jobs directly, an increase of 4% pa over the next ten years

Graph No. 15: Total contribution of tourism to employment



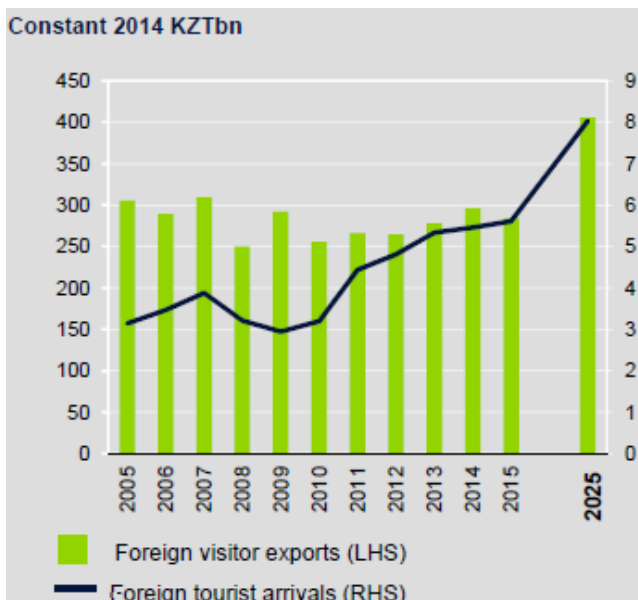


Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

By 2025, Travel & Tourism will account for 237.000 jobs directly, an increase of 4% pa over the next ten years

Graph No. 16: Visitors exports and international tourists arrivals



Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

By 2025, International tourist arrivals are forecast to total 8.031.000, generating expenditure of KZT 405.6 bn, an increase of 3.6% pa.

Graph No. 17: Capital investment in tourism

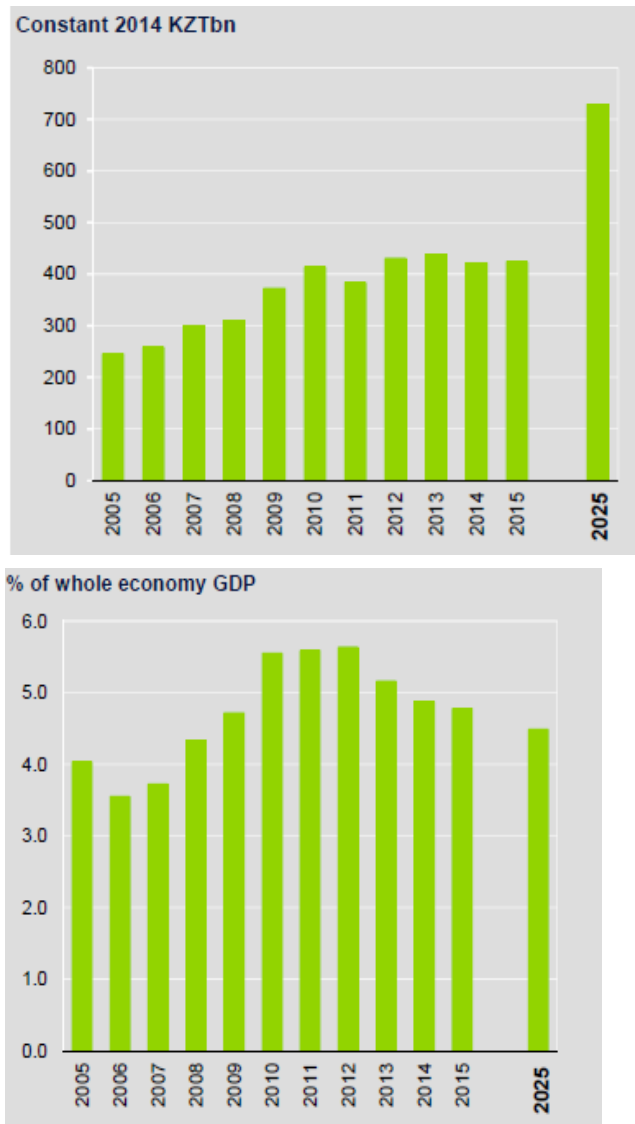


Figure 16 (Rochelle Turner, 2015)

Source: Rochelle Turner, 2015, www.wttc.org

Economic impact 2015 Kazakhstan

Travel & Tourism's share of total national investment will fall from 4.8% in 2015 to 4.5% in 2025

5. Conclusion

As a result of research, the following conclusions were established:

Firstly, one of the features of tourism development in most countries relates in the fact that the national (domestic) tourism is not so improved, and to form here the tourism industry from the beginning aimed at meeting external demands. This feature is somewhat evident in Kazakhstan. According to the statistic data, the resident-tourists amount prevails non-residents-tourists amount. However, the government of Kazakhstan attempts more and more to develop own tourism system via legislative, economic, constructive ways. Especially, during the years of independence in Kazakhstan, there were held a number of important measures for the formation of the national tourism industry.

Secondly, namely further development of business tourism will depend on the international hotels network in megapolices in Kazakhstan.

Thirdly, the modern tourist industry, based on the unique natural and cultural potential of the Republic of Kazakhstan, is a natural flexible system-integration of tourism factor in the global economic system, one of the most dynamic and effective on return on invested capital industry, despite its capital intensity. At the present stage it was necessary to investigate the attractiveness of regions of the country. The study presented a low level of attractiveness of certain regions in the country. The planned solutions of issues to increase the attractiveness of regions in the country for tourists, the development and implementation of additional programs for tourism development in the regions, their timely funding and modernization of existing infrastructure will enable in the future to significantly increase the attractiveness of the tourist regions of Kazakhstan. With the aim of reforming and development of the tourist industry of Kazakhstan Government developed and approved Tourism Development Program for 2012-2016. The main objective of this program was the creation of a competitive tourism industry for employment, stable growth of state income and by increasing the volume of inbound and domestic tourism. The main directions in the development of international tourism is the expansion of international tourism relations and implementation of intergovernmental agreements in the field of tourism. In conclusion, it should be noted - for the tourism industry has become highly profitable, as the world practice reflects the development of tourism, it is necessary to consolidate the efforts of all participants of the tourist market,

the public and private sectors. And here the role of the Government is to ensure the coordination of policy development and planning in the tourism industry at the international, public and private levels.

When the complex decision of all the tasks outlined above, no doubt, in the coming years it will be provided to create a competitive tourism industry, capable of pragmatic cooperation in the framework of international trade in services in the field of tourism and recreation.

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