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Place of Tourism in the Economy of Kazakhstan Republic

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Abstract

Tourism sector stays in the limelight, especially because of the economic benefits that it provides to the state. Therefore, it is observed that an important part of the literature studies on tourism are related to the economic aspects of tourism. Kazakhstan, which has a very large potential for tourism, has tried to evaluate these values as much as possible and has given place to tourism in the development plans. In this study have been studied effects of tourism sector on the economy of Kazakhstan since independence in 1991. Share of tourism in total fixed capital, projects which are encouraged in the tourism sector, foreign investments in tourism, the ratio of tourism expenditures to expenditure on imports, contribution of tourism revenues to GDP, basic economic impact of tourism revenue and expenditure balance are considered under the scope of study.

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1. Introduction

Tourism is an industry growing in accordance with globalization and among the fastest together with automotive, petroleum and chemicals industries. On the other hand, because of positive effects of tourism such as supporting balance of payments by creating foreign currency inflow, creating employment, and supporting foreign trade, infrastructure and superstructure; its development is encouraged not only by developing countries but also developed countries.

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Like many other Central Asian countries that opened their doors to the world in accordance with political developments and changes in the world, Kazakhstan is trying to determine her economical choices and priorities through macro economical plans in order to meet her limitless needs with her limited resources (Dracheva, 2007).

Today, the exports of Kazakhstan are consisted mainly of raw materials and she has little control over export prices. Hence, Kazakhstan Government is recently trying to develop sectors other than energy with the aim of creating economic diversity and breaking her overdependence to petroleum and fluctuations in international petroleum prices. The economic development program prepared by Kazakhstan Government covers 7 sectors and tourism ranks high in the list (www.tugik.org.tr/.../kazakistan).

The data of World Trade Organization predicts that rich tourists will prefer Asian destinations to European ones (<http://www2.unwto.org/>).

Kazakhstan's position as economic and political leader of Central Asia is giving her an advantage to develop tourism.

2. Aim & Methodology

In order to exploit this quick growing sector, Kazakhstan should emphasize her regional advantages, and advertise her financial, cultural and scientific values. Tourism sector operates according to income, employment, investment, export and import assumptions. This article studies Kazakhstan's economic achievements in tourism based on planned periods.

Studies on economical evaluation of Kazakhstan's tourism sector usually analyses mostly cost/income ratio, its contribution to Gross National Product, balance of income and expenses, and mean expenses.

3. Helpful Hints

A. Factor Effecting the Development of Tourism in Kazakhstan

Recently one of the fastest growing sectors in Kazakhstan is tourism. In 2010, tourism investments increased 53.8% compared to the previous year (<http://www.stat.kz>). Kazakhstan's strategic object in tourism is to increase the competitive power of the sector and to become one of the most popular destinations. In this context, the aim is to improve tourism infrastructure, creating quality products and services, and increase her share in the international tourism market.

Kazakhstan has natural beauties that can be used as touristic destinations. The country has numerous national parks, more than 100 touristic health center, and more than 9 thousands historical and archeological monuments. Touristic facilities in Tengri Mountains, in still developing Sucinsk – Boroskoe touristic region (Akmola Province), and in historical cities such as Otrar, Turkistan and Sauran especially appeal tourists. Sucinsk – Boroskoe region acquired "special economic region" status and carries a huge potential for tourism investments. Approximate value of projects planned to be realized in this region in years to come is 3 billion dollars. Together with the projects in Eastern Kazakhstan, winter tourism facilities near Almaty and "Kenderli" touristic facilities in Mangistau region, the amount approximates up to 7 billion dollars. Touristic infrastructure in Kazakhstan mainly consists of business tourism, adventure tourism, sports tourism, culture tourism and health tourism. Big and modern hotel facilities are especially concentrated in two major cities, namely Astana and Almaty (www.tugik.org.tr/.../kazakistan).

The relation between Central Asian countries and Turkey rests on centuries old Silk Road, and historical, cultural and social bonds. According to a study analyzing 485 Class A tourism agency, which send tourists to Central Asia; the main reasons of travel are business (60.2%) and holiday (35.7%). Agencies reaches to their Turkish customers who want to travel to Central Asia through Internet (31%), fairs (23.3%) newspapers and journals (22.5%) and brochures (%20,9) and the most popular destination among five countries is Kazakhstan (58.3%) (Kantarç1, 2006).

Table 1. The Number of Foreign Tourists Coming to Kazakhstan and Cossack Tourists Going to Foreign Destinations.

	Column A (2008)	Column B (2009)	Column C (2010)	Column D (2011)
The number of foreign tourists coming to Kazakhstan	5,243,000	6,414,000	7,412,300	8.020.400

The number of Cossack tourists going to foreign destinations 3,447,000 3,118,000 3.393.000 4.093.000

Source: Statistics Agency of the Republic of Kazakhstan

Both the number of tourists visiting Kazakhstan and Cossacks leaving to foreign countries steadily increased over years. Naturally this led to an increase in the tourism income of Kazakhstan.

B. The Number of Visiting Tourists and the Amount of Income

Recently international tourism has increased both in terms of tourist movements and income. This increase can be explained by increased wealth of nations, consequent increase in tourism expenditures and shrinking distances between communities.

The traffic between Kazakhstan and neighboring countries is quite dense due to travels of local people. This is why the number of travels is far from revealing the real number of tourists.

Table 2. The Number of Tourists and Tourism Income in Kazakhstan.

	Column A (<i>The Number of Tourists</i>)	Column B (<i>Tourism Income (Thousand Tenge)</i>)	Column C (<i>Total Payments</i>)	Column D (<i>Proposed Accommodation</i>)	Column E (<i>Occupancy %</i>)
2006	3,468,000	40.414.059,7	7.466.655,7	4.789.603	24,3
2007	3,876,000	50.559.382,5	13.890.745,9	5.676.021	23,5
2008	3,447,000	48.308.725,1	16.926.864,1	5.150.080	24,1
2009	3,118,000	58.261.937,5	19.281.603,7	4.980.999	20,1
2010	3,393,000	63.135.953,1	19.400.430,7	5.629.201	20,3
2011	4.093.000	66.540.899,7	22.233.751,9	7.085.020	24,0
2012	4,171,000	69.876.432,3	27.286.779,9	7.560.134	24,9
2013	****	****	32.208.301,5	8.113.231	22,7

Source: <http://www.indexmundi.com/facts/kazakhstan/international-tourism>

Trade deficit of Kazakhstan in 2011 was 5,822 million dollars. The cause of 1,630 million dollar deficit was the Cossack tourists leaving to foreign countries. The income in the same year was 1,209 million dollars (www.stat.gov.kz).

This means that there is only 422 million dollar deficit between incoming and outgoing travels. The number of tourist coming to Kazakhstan has increased from 3.393.000 to 4.093.000 (20.6%) in 2011. The average amount of expenses by tourist is very low; to be exact it is 295 dollars (<http://www.economy.kz/about/analizim1.pdf>).

C. The Era of Independent Republic of Kazakhstan and the Development Policies of Government

After the dissolution of the Soviet Union, like other former countries of USSR, Kazakhstan has become an available destination for international tourists and this led to efforts for developing tourism sector in the country. However, because the economy during USSR has no competition, existing facilities was quite behind the European standards.

Big scale health hotels built during an era when social security was strong but market mechanism disregarded, faced amortization problems and mostly bankrupted due to decreased demand. In general, tourism got worsened like other sectors in the country during the first years of independence. Between 1991 and 1999, the share of tourism in national GDP had steadily decreased. For example, the share of 0.3% in 1991 has decreased to 0.09% in 1992, to 0.06% in 1993, to 0.08297% in 1994 and finally to 0.09% in 1999. At that period, no comprehensive and structural changes had been undertaken regarding the Soviet tourist supply and tourism sector (<http://www.stat.kz>).

By 2012, the amount of cash obtained from tourism constituted 0.68% of the GDP and the country was ranking 54 in the world (www.economy.kz/about/analizim1.pdf).

In February 1, 2010, Strategic Development Plan of the Republic of Kazakhstan, which covers a time scale up to 2020, was approved by Decree No 922 issued by the President of Kazakhstan. This Development Plan aimed to develop economy by diversification and one of the target sectors was tourism (http://online.zakon.kz/Document/?doc_id=30559730).

It is planned to develop a competitive tourism sector, thus provide employment opportunities, and to increase tourism income by increasing both the number of national and international tourists (<http://www.group-global.org/ru/publication/view/3105>).

4. Conclusion and Implications

According to the specialists, one of the main reasons of Kazakhstan's underdeveloped tourism sector is the lack of adoption of tourism as an economic activity by local administrations.

Development of tourism in a country depends firstly on the development of an educated and qualified workforce. This is why, vocational courses must be opened in order to create necessary qualified workforce and on-the-job trainings should be planned to increase the qualification of existing tourism workforce. Activities should be executed to increase tourism consciousness of both real and juristic persons.

It is obvious that published academic studies and an open debate regarding the development of tourism in Kazakhstan would be very useful.

The biggest problem of tourism in Kazakhstan is "the insufficiency of demand". This can be explained by a lack of effective marketing. Especially, countries of the region should develop a common marketing strategy.

An innovative image strategy must be initiated for Kazakhstan and product development, special marketing, pricing and security regulations must be made.

Especially we should go to a media blitz toward target countries on written and visual media as well as online media and bulletins.

Tax exemptions should be applied to foreign travel agency, airline firms and banks, their payments should be guaranteed by the state.

Airport conditions and visa procedures should be simplified for international tourists, airport personnel should be chosen among persons who are proficient in foreign languages and have tourism consciousness.

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