



THE SITUATION OF THE ECONOMIC POLICY AND TRANSPORT SYSTEM AT THE INITIAL PERIOD OF INDEPENDENCE (KAZAKHSTAN)

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Article history:	Abstract:
<p>Received: March 1st 2023 Accepted: April 3rd 2023 Published: May 10th 2023</p>	<p>This article talks about the economic development of Kazakhstan from the first years of independence until now. At the same time, the article analyzes the organization of the national transport system of the Republic of Kazakhstan, its development features and the problems that have arisen.</p>
<p>Keywords: minerals, oil, GDP, export, reforms, energy, air transport;</p>	

The economy of the state of Kazakhstan is the largest country in Central Asia in terms of absolute and per capita GDP. Kazakhstan attracted more than 370 billion US dollars in foreign investment in 2021 since becoming an independent republic after the collapse of the former Soviet Union.

It is a country rich in oil reserves, as well as minerals and metals. It has great potential in agriculture with its vast steppe land, specialized in livestock and grain cultivation. The mountains of southern Kazakhstan are important for apple and nut products; both types of produce grow wild there. Kazakhstan's industrial sector relies on the extraction and processing of these natural resources.

The collapse of the Soviet Union and a decline in demand for Kazakhstan's traditional heavy industry products led to a sharp economic decline since 1991, with the sharpest annual decline occurring in 1994. In 1995-1997, the growth rate of the state program of economic reform and privatization accelerated, as a result of which public assets were transferred to the private sector. In 2000 and 2002, the European Union and the United States granted Kazakhstan the status of a "market economy country".

The signing of the Professional Pipeline Consortium in December 1996 to build a new pipeline from the Tengiz field in western Kazakhstan to the Black Sea through Russia raised the prospect of significantly greater oil exports until it ran into trouble with Putin's lukewarm support for a post-2022 Russia. GDP growth fell to 2.5% due to Kazakh President Kassym-Jomart Tokayev's invasion of Ukraine, the 1998 drop in oil prices, and Russia's financial crisis in August. A bright spot in 1999 was the recovery in international oil prices, which, combined with timely currency devaluation and bumper harvests, lifted the economy out of recession.

The country's gross domestic product per capita decreased by 26% in the 1990s.¹ In the 2000s, Kazakhstan's economy grew rapidly, helped by rising prices of Kazakhstan's leading exports: oil, metals, and grain on world markets. GDP grew by 9.6% in 2000, compared to 1.7% growth in 1999. In 2006, the gross domestic product of the country maintained a very high growth rate and grew by 10.6%. This growth was aided by business with the rapidly developing economies of Russia and China, as well as with the neighboring Commonwealth of Independent States (CIS). The increase in economic growth led to a change in the state's financial position, with the budget rising from a cash deficit of 3.7% of GDP in 1999 to a surplus of 0.1% in 2000. The country has experienced a slowdown in economic growth since 2014, caused by falling oil prices and the fallout from the Russia-Ukraine war. The country's currency depreciated by 19% in 2014, and by 22% in 2015.

The Global Competitiveness Rating was compiled by the World Economic Forum in 2017, and the state of Kazakhstan took 57th place among 144 countries. The ranking takes into account several macroeconomic and financial factors such as market size, GDP, tax rates, infrastructure development, etc. In 2012, the World Economic Forum listed corruption as the country's biggest challenge to doing business, while the World Bank listed Kazakhstan as a hotbed of corruption alongside Angola, Bolivia, Kenya, Libya and Pakistan.² In Transparency International's 2018 Corruption Perceptions Index, Kazakhstan scored 31 out of 100 points, indicating a high level of corruption.

World Bank Vice President for Europe and Central Asia Cyril Muller visited Astana (now known as Nur-Sultan) in January 2017. He appreciated the achievements made during 25 years of cooperation with the World Bank. Mueller also mentions Kazakhstan's improved ranking in the World Bank's Doing Business 2017 report, which ranked Kazakhstan 35th out of 190 countries worldwide. After 2000, the government implemented several reforms in the

¹ „What We Do“. wri.org. 20-fevral 2009-yil

² Oil, Cash and Corruption, The New York Times, 5 November 2006

public sector: adopting a New Public Management (NPM) approach aimed at reducing costs and improving the efficiency of public service delivery.

The state of Kazakhstan took the 3rd place in the Central and South Asian regional ranking of the 2018 Global Innovation Index (GII) published by the World Intellectual Property Organization.

In the 2014 Index of Economic Freedom published by The Heritage Foundation in Washington, D.C., Kazakhstan scored 22 points over the past 17 years, among the 20 best improvements recorded by the authors of any country. The indicator of economic freedom of Kazakhstan is 69.1 points, equal to the "average free" indicator. Its overall rating rose by 0.1 points, with significant improvements in investment freedom and government integrity offsetting sharp declines in fiscal policy and monetary freedom. Kazakhstan ranks 11th among 43 countries in the Asia-Pacific region, and the overall score is higher than the regional and world averages.

This chart shows trends in Kazakhstan's GDP in millions of tenge at IMF-assessed market prices.³

Year	GDP (million ₸)	USD rate	Index of inflation (2000=100)	Per Capita Income (as a percentage of the U.S.)
1995 year	78 014 200	T 61.11	64	3.81
2000 year	102 599 902	T 142.26	100	3.53
2005 year	147 453 000	T 132.88	140	9.01
2017 year	159 406 930	₸344,18		

The following table shows the main economic indicators from 1980 to 2017.

Kazakhstan's gross domestic product grew by 4.1% in real terms from January to September 2011.

The real growth of Kazakhstan's gross domestic product is predicted to be 4.3 percent in 2014. The main driving force of Kazakhstan's economy in 2014 is the consumer sector. Currently, consumption in Kazakhstan is increasing mainly due to retail lending.

According to the Statistics Agency of the Republic of Kazakhstan, in the first quarter of 2014, the country's gross domestic product grew by 3.8 percent.⁴

In 2016, Kazakhstan's economy began to recover from the crisis caused by low oil prices and currency devaluation. According to the Minister of National Economy of Kazakhstan, the GDP growth in the first nine months of 2016 reached 0.4%. Construction (6.9%), agriculture (4.9%) and transport sector (4.0%) showed the highest growth rates of the economy.

Kazakhstan's GDP per capita in current US dollars has decreased by nearly 40% compared to 2013 and 2017.

Kazakhstan ranked 25th out of 190 countries in the World Bank's Doing Business 2020 report. In the 2020 ranking, the country increased its position by 3 places, from 28th to 25th place compared to last year. This indicator put Kazakhstan ahead of Iceland (26th place), Austria (27th place), Russia (28th place), Japan (29th place) and others.

The country of Kazakhstan gave priority to the development of non-oil sectors of the economy, which accounted for 85% of the country's economic growth in 2019.⁵

³ „Edit/Review Countries“. imf.org. 11-iyun 2010-yil.

⁴ „The Kazakhstan's GDP growth in the first quarter of 2014“. newskaz.ru.

⁵ „Kazakh Government to Update Strategic Development Plan For 2025, Liberalize Regulations on Businesses “. The Astana Times (24-iyun 2020-yil)

During the first seven months of 2020, the country of Kazakhstan exported significantly more products than last year, including a sevenfold increase in car exports. The country's GDP fell by 3 percent due to the decline in the service sector due to the COVID-19 pandemic, but the real sector of the economy grew significantly. In agriculture, construction and manufacturing, production increased during the first eight months of 2020.

The biggest growth in 2020 is in the automotive sector (+53.6%), pharmaceuticals (+39.7%), recycled metal products (+19.5%), mechanical engineering (+16.5%), as well as light industry (+16.4%) was observed. Growth rates in the service sector include construction (+10.7%), information and communication (+8.2%).

At modern production scales, the volume of production by weight per capita reaches 20-25 tons per year in developed countries, and 10 tons in the whole world. In addition, for every 11 tons of public goods, an average of 860 tkm including international sea transport turnover and 550 tkm excluding them are required.⁶

A number of indicators are used to analyze the role of transport in the development of the economy: the ratio of freight turnover to the gross domestic product, the elasticity of demand for transport in relation to income per capita. The ratio of freight turnover (ton-km) to GDP is the lowest in industrialized countries: about 2.4 tkm of freight per dollar of GDP, compared to 2.8 tkm and 5.3 tkm in countries with an average level of development. Eastern European countries. A similar equilibrium is observed in the elasticity of demand. The difference in indicators is significant. They mean that the same level of economic growth requires more transport in less developed countries than in developed countries. This is explained by a number of factors, the main of which are production characteristics (predominance of large-scale transport production in the direction of raw materials in developing countries), the scale of the territory, the level of development of transport infrastructure.

The important role of state participation in the development of the transport system should be emphasized. Transport is a material and energy-intensive branch of the economy, which has a long investment cycle and a high level of physical and mental wear and tear. Transport accounts for 20% of major global funds.

Basically, competition, technical and technological improvements, shortening of product life cycles and increasing consumer pressure on quality and price force manufacturers, transport and transport companies to try to reduce production costs, and this, in turn, leads to tariffs leads to a decrease. Since the beginning of the century, transport and transportation tariffs have decreased approximately 12 times. Internationalization processes made it possible to ease tariff barriers. This process, along with lowering the prices of transport and communication services, narrowed the water basin between the domestic and foreign markets, created conditions for the location of enterprises in regions with low production costs.

In the Global Competitiveness Index, Kazakhstan took 53rd place and fell 11 places. At the same time, the Republic of Kazakhstan retained the 79th place in the world in terms of the quality of transport infrastructure. The quality of the country's port (107th place) and railway (26th place) infrastructure has improved significantly, but road (73rd place) and air transport (90th place) indicators have declined.

107,179,691 thousand tenge budget funds were allocated to the transport and storage sector, or 99.1 percent compared to the same period last year.

About 281.6 million US dollars of foreign direct investment or 3% of the total investment flow was directed to the transport and storage sector. About 98 percent of all foreign direct investment in this sector, or \$276.0 million, went to land transportation and pipeline transportation. 2.3 million US dollars were spent on water transport.

1675.2 mln. tons in the republic transport. shipped, it's 2015. 0.1% below the level of January-June. During this period, cargo turnover amounted to 240.6 billion tkm (increased by 0.9% compared to January-June 2015), 10751.8 million passengers were transported (2.2% compared to January-June 2015 per hectare), the passenger turnover was 124, 1 bln. cargo (increased by 1.9% compared to January-June 2015).

In the total volume of transported goods, the share of road transport was 84.23 percent, the share of railway transport was 9.19 percent, pipelines were 6.48 percent, and other types of transport (air, inland water, sea) were 0.10 percent. The share of railway transport in cargo transportation was 46.33%, in road transport 28.70%, in pipeline 24.64%, other types of transport (air, inland water, sea) made 0.33%. Due to the transportation distance, the share of railways in passenger turnover was 6.53 percent, and 3.87 percent in air transport.

The current railway industry of Kazakhstan was established in 1991. is experiencing a period of serious tests related to the completion of the life cycle of production funds.

During the implementation of reforms in railway transport, the following goals were set in the next 10 years:

- adaptation of railway transport to the market, in case of state control in MTZ;
- ensuring the availability, efficiency, safety and quality of services provided in railway transport due to the development of competition in transport and supply services;
- creating an institutional environment for attracting private initiatives and investments in the field;
- development of the import-substituting production base of railway transport.

In general, the reform of railway transport is aimed at improving the efficiency and quality of services provided through liberalization, attracting private initiatives and investments. The Government of the Republic of Kazakhstan has adapted the approach adopted by the European Union (hereinafter referred to as the European

⁶ Транспортные коридоры Евразии: новые пути сотрудничества: материалы междунар. конф. (20 апреля 2015 г., г. Астана) / отв. ред. Е.Т. Карин. — Астана: Казахстан. ин-т страт. исслед. при Президенте Республики Казахстан, 2015. — 112 с.

Union), including the vertical (functional) division of railway infrastructure and transport services, the development of competition.

The following intermediate results were achieved in the process of reforming the railway sector of Kazakhstan:

social and household assets, such as schools and hospitals, intangible types of economic activity were allocated;

repair projects were allocated to other branches;

organizational and financial division of passenger and cargo transportation was implemented. Partial subsidization of passenger transport by the state has begun.

Despite the implemented measures, organizational changes and redistribution of assets, there is no functional separation of MTS services and transport services (mandatory for the selected network model).

Structural changes in certain segments and the opening of the market did not lead to a fundamental change in the regulatory model of the industry. Despite the narrowing of the natural monopoly sphere, the transport service was immediately subjected to price regulation in accordance with the anti-monopoly legislation of the Republic of Kazakhstan.

Cross-financing of passenger transport was maintained due to high revenues, freight transport and low-income transport (a macroeconomic policy phenomenon to support certain sectors due to the regulation of state railway tariffs). As a result, the goal of the reform has not yet been achieved, it is necessary to bring the railway transport reform to its logical conclusion within the framework of the state strategy, the main component of which is the liberalization of transport services.⁷

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⁷ Нурсеитов А. А. Экономический пояс Шелкового пути: возможности и перспективы [Электронный ресурс] / А.А. Нурсеитов // Информационное агентство yvision.kz. — Режим доступа: <http://yvision.kz/post/520219>.