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## **THE TRANSIT POTENTIAL OF KAZAKHSTAN AS ONE OF THE WAY TO DIVERSIFY ECONOMY**

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In light of the set by the President Nursultan Nazarbayev tasks in the program document "Plan of Nation - 100 concrete steps to implement the five institutional reforms," Kazakhstan should actively integrate into the international transport - communication streams.

Within the framework of 5 institutional reforms the Ministry of Investment and Development is working on the implementation of the 14 steps in the third direction "Industrialization and economic growth." 6 of them transportation related issues. In order to implement the 58 steps (transportation infrastructure), step 65 (transport logistics), President signed developed and adopted bill "On amendments and additions to some legislative acts on the issues of development of road transport infrastructure, logistics and air transport on 27 October 2015.

Its vast territory and landlocked position and the uneven spatial distribution of its population and natural resources, make Kazakhstan's transport system one of the most sizable in the world, and its economy highly dependent on transport networks. Its transport system also provides the opportunity to take full advantage of its potential as transit country between Europe and Asia [1].

After joining WTO in 2001, logistics industry in China could have logistics base in world production base to increase demand on international logistics service owing to rapid growth of foreign trade [2].

In 2015, Kazakhstan joined WTO and expects high demand on logistics services as it was in China. World practice shows that logistics has great influence on manufactures productions cost.

Now, Kazakhstan's transport system is characterized by transport networks in poor condition, with obsolete infrastructure and outdated technology. This has resulted in transport costs accounting for 8%-10% of the final cost of goods transported through railways and roadways, respectively. In industrialized countries, transport cost normally makes up 4-4.5% of total cost. In spite of that Kazakhstan has a superior logistics system compared to other countries in Central Asia. Its equipment, as railways track and locomotives, are better maintained. It has modern centers in key cities. The capability of logistics companies in

Kazakhstan to offer regional and domestic transport is also higher. Nevertheless, the potential of Kazakhstan as transit nation will never be fully realized if impediments are not addressed and resolved. We face several problems related with infrastructure, transport facilities and operational capabilities of the logistics industry. PRC railways regulations and documentation requirements are more stringent and Kazakh companies feel are much more complicated. A specific challenge is the Dostyk railway terminal at the PRC–Kazakhstan border. Operations in this terminal started in 1992 after the PRC and Kazakhstan signed an agreement to open the border at this node. Since then, freight volume has risen rapidly due to the increasing trade between the two countries. Due to differences in railway gauges, goods need to be transloaded from PRC's rail wagons to Kazakhstan's rail wagons, using machines in Dostyk. Transloading is required for the Dostyk station because the PRC uses international gauge (1,453 mm) tracks while Kazakhstan uses the former Russian standard tracks of 1,520 mm. Thus, PRC's goods entering Dostyk will need to be lifted by machine to Kazakhstan's rail axle and wagon to be able to continue the journey. Dostyk is also an important node as it lies in Central Asia Regional Economic Cooperation. Another problem related with road. Kazakhstan has virtually no Class I and II roads, and its road quality is not consistent. Road surface in the eastern region is relatively good. In the western region, however, it needs upgrading. The economic and construction boom fueled by the oil exploration activities have put additional stress on the road networks in the western region. Besides the low quality and capacity of roads in the north–western region, the existence of enclaves, which requires the crossing of borders, causes additional cost and time delays uncertain transit routes. A part of the key Shymkent–Taraz–Almaty route that traverses three Kazakh oblasts lies in the Kyrgyz Republic (through Bishkek). Another problem is empty return cargo. Like Xinjiang, Kazakhstan has a large land area and, thus, low population density. Trucks are forced to travel long distances, and the probability of having products to send back from such a sparsely populated area is low. Most road cargoes move from east to west. When delivery trucks return eastward, most of these are either empty or only partially filled. This inevitably raises the cost of transportation [3].

All these problems can be solved through complex approach. First of all logistics infrastructure requires long term foreign investments as a state budget experience deficit of resources. Modernization of railways and road will increase efficiency in all field of logistics chain. Consider the possibility of conducting of International Freight Forwarders Association or International Air transport Association courses to increase limited number of freight agents. Develop logistics streamline tracking software to decrease number of empty containers problem.

Also can be used mathematical modeling to choose the most profitable itineraries with low cost.

Kazakhstan needs to diversify its economy and reduce its dependence on its hydrocarbon industry. One area of diversification is to make full use of its unique geographical position by developing the transshipment industry. To do this, Kazakhstan must decrease the cost of transport, optimize inconvenient customs procedure, find efficient way to get round difficult terrain. After all, Kazakhstan will be able to demonstrate that economic growth can be achieved in short period.

## REFERENCE

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