State Policy of Tourism Industry Development in the Republic of Kazakhstan

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Abstract: The present article gives us the estimate of competitive advantages on the world market and highlights the problems of stable tourism development in Kazakhstan. It was determined that the factors of the stable tourism development are connected with the national economy policy priorities, state administration structure, the emerging of environmental problems and man-triggered risks. It is concluded that despite the advantages of the stable tourism development principles, they are quite difficult to be achieved due to the major social, economic and political conditions in Kazakhstan as a developing country. Kazakhstan has a high potential of tourism development which is, however, used only in its small partition. The lack of mechanisms of state support for the travel industry is one of the major problems that hold the development of the travel business in the country. The state participation in the present business sphere is only fragmental and does not improve the situation considerably. Therefore the formation and development of tourism in Kazakhstan as one of the most important social and economic policies requires the specific regulations of economic relations and measures of State support for the travel industry.

Key words: world market • Tourism • Kazakhstan

INTRODUCTION

The ongoing growth of travel business in the world proves that the tourism has become one of the most important components of the modern economic space [1]. Although being one of the fastest developing industries in the world, the tourism market in the republic of Kazakhstan develops slowly. The citizens’ financial limitations, the poor development of the tourism infrastructure along with the inconsistency of national and business interests have become the factors that inhibit the development of travel industry in Kazakhstan.

The lack or inefficient participation of the interested parties is one of the main obstacles on the way to the stable development of tourism (ST) and creation of a certain plan to solve this problem as effectively as possible [2].

The international experience shows that it is possible to become a competitive participant at the world travel market only with the development of new economic integration forms which unite the state, the travel business and the citizens of the country [3]. Thus, the creation of a friendly environment for the tourism areas development has become the priority of the tourism policy of Kazakhstan.

Main Part: Despite the fact that Kazakhstan has a vast territory with potentially attractive touristic zones, its travel industry, however, is low developed. Its Gross domestic product share is about 1.6%.

The overall income in the Kazakhstan GDP from the travel industry in 2012 was 5.2%. By this figure the Republic of Kazakhstan takes the 17th place in TOP 20 list of European countries (Fig. 1).

However, the positive dynamics of Kazakhstan travel business development should be noticed.

The income from the tourism market has increased by 43.6% for the last 4 years and the direct contribution of the travel industry into the GDP of Kazakhstan in 2012 was about 485.79 bln tenge.

The total number of the travel industry workers has reached 126,500 people. This figure includes the hotels staff, the employees of travel agencies, transportation companies (excluding the suburban transport), restaurants and entertainment companies, i.e. all the employees involved in the direct servicing of tourists.

The analysis of outbound tourism flows in Kazakhstan shows that the Republic is still not very attractive for the foreign tourists. Kazakhstan holds the 78th place in the worldwide tourism export rating and the 8th place among the European countries, excluding the EU (Fig. 3).
In terms of affordability, level of services and price policy, the services of the Republic of Kazakhstan are not competitive enough on the global market and they lose to their foreign counterparts. The guestroom stock of hotels in the country is not stable. The highest guestroom stock is registered in Atyrau (49.8%) and Mangistau (54.1%) regions, while the lowest one is noted in North Kazakhstan (13.5%) and Almaty (13.1%) regions [12]. The largest number of world-standard accommodation is concentrated in the important tourism centers—Almaty and Astana cities, but, even these cities have a stockout of 3* and 4* hotels.
The international hotel brands on the Kazakhstan market are presented in limited numbers and only exist in four business destinations: Astana, Almaty, Atyrau and Aktau. The room at a 5* hotel is several times more expensive than in the similar European hotels. The figure 4 shows the average price for Double room at 5* hotels in some European business destinations.

The high accommodation prices are a consequence of a poor hotels load, not enough developed competitive environment and high dependence on business tourists.

The current situation is a result of a low support for the sphere by the state government. The strategic plans that had been developed and accepted couldn’t stimulate the development of tourism in the country and furthermore, none of the state tourism development programs has reached the required terms. Many laws adopted in this sphere are still remained only on paper without any practical application in the travel industry.

The major problems which thwart the development of tourism in Kazakhstan are:

- The disunity of tourism market participants;
- Poor development of legal and regulatory framework;
- The extremely high prices for accommodation along with the quite low tourism infrastructure development.

The state support of tourism is obligatory for elimination of the above described problems, as well as for the providing of stable travel business development.

The high prices for tourist accommodation are a circumstance of inefficient state taxation. In order to eliminate this problem and to make the services prices more compatible with the average European prices it is necessary to apply the local tourist rent in Kazakhstan regions to be charged from the tourism companies through restructuring of other taxes. The accumulated funds can be invested in the development of tourism infrastructure projects and recreational facilities.

According to the instable local tourism growth in the development countries research (reference to Urgup in the region of Cappadocia, Turkey), the factors that provoke the fluctuations in the tourism development cannot be controlled by the local government or citizens. These factors mostly have a national scale – economy, the importance of tourism for the country, relations between decision-making people (ministers, heads of departments, etc.) and the tourism operators in the global tourism system. The main conclusion of the research is that the strict political decisions, overseeing these decisions and international cooperation between operators and agencies are required to achieve the stable tourism development [6].

The international experience shows that the efficient cooperation between the state and the local governments helps the travel industry growth and development. In Paris, for example, the state decisions to interfere in administration of central city destinations have not only influenced the city policy and administration practice, but also have promoted the city image and increased its global importance.

It is necessary to develop a comprehensive approach to the development of the travel business in the Republic of Kazakhstan which can be applied through the process of industry clustering. The attention to clusters and cluster policy has recently increased in the articles on tourism and hospitality. Their importance for the creation of long-term competitive advantages of areas focused on attraction of the tourist flows is highlighted [8].
The term “cluster” in the travel industry is used when we mean the concentration on some particular area of interrelated enterprise networks which are involved into the design, manufacture, promotion and sale of tourist products, including the enterprises operating in the related industries.

The aim of creating of the tourist clusters is to increase the region’s global competitiveness through the synergy effect as a result of more efficient operation of the companies included in the cluster and to stimulate its innovation and investment activities. The tourist cluster in fact describes the region image and affects its industry positioning.

The Republic of Kazakhstan has a wide resource foundation, comfortable transport and geographic location, production facilities, labor and scientific staff to create the tourist clusters.

The creation of clusters is extremely important task for the Kazakhstan travel and hospitality industry, as far as the “Concept of tourism development in Kazakhstan till 2020” published by the Government of Kazakhstan in February 2013 is based on the cluster concept.

This Concept highlights five areas which will be developed as world-class tourism clusters: Astana, the Akmola province, Almaty, East Kazakhstan, South Kazakhstan and Mangistau regions.

The Astana cluster will include the capital, Akmola region, the south-western part of North-Kazakhstan region, the western part of Pavlodar region and the north-eastern part of the Karaganda region. Astana is planned to become a center of the cluster including Korgalzhym Nature Reserve (listed in the List of protected territories by the UNESCO as Saryarka – North Kazakhstan prairies and lakes), Burabay, Kokshetau, Buyrathau, Karkaraly and Bayanaul national parks.

The cluster may absorb some more destinations preliminarily listed by the UNESCO: mounds with the split stones from tasmolian culture dated back to megalith age, tombs of begazy-dadynbay culture as well as the objects connected with the Silk Road (Bozoksettlement). Astana with its suburbs and the Borovoye recreation area will be branded as the center of nomadic culture and prairies diversity. The major tourist services to be developed for this region deal with various meetings, incentive trips, conferences and exhibitions. The important directions for this cluster are also the cultural tourism, mountain and sea tourism and short-term trips (weekend tours, etc.).

The Almaty cluster is a cluster which will include the city and its region. It’s aimed at adventure seekers and can be described as “Mountains and the City”.

This brand will cover the following destinations: Tamgaly with petroglyphs, the Altyn-Yemel national park, the Charyn Canyon, the Kapshagay reservoirs, skiing resorts near Almaty and the Ile-Alatau national park. It is also possible that this area will also include Balkhashlake, Zhetysus Alatau Mountains, including Yeshkiolmes petroglyphs as well as Issyk and Boralday mounds and Talgar settlement.

The East Kazakhstan cluster centered in Ust-Kamengorsk will include six major destinations: the Bukhtarmin reservoirs, the Irtysh River, the Zaysan Lake, the Katon-Karagay national park, the Markhakol Lake and the Kalzhyr canyon, Ridder-Antaumountain, Ivanovskoye and Semey town. The East Kazakhstan cluster will be branded as the world of natural wonders and become the eco-tourism center. Main tourist activities developed in this cluster are the active and adventure tourism, extreme tourism in mountains and near lakes. It is important to notice that the target audiences of this cluster are the local citizens and the tourists from the Russian Federation.

Shymkent will become the capital of the South Kazakhstan cluster to include the Kyzylordin region, a part of South Kazakhstan and the Zhabaly region. The cluster will be branded as the center of the Silk Road. The major tourist destinations here will include the cultural and educational sites – the Turkest with Hodzhi Akhmed Yassau mausoleum, archeological sites of medieval settlements Otrar, Sauran, the Karatau national park, the Aksu-Zhabaglyn national park, the Sayram-Ugham national park, Saryagash, Kyzylorda and Taraz towns. Despite the sites listed above, one of the main southern destinations is the Baykonur spaceport.

The West Kazakhstan cluster is proposed as Caspian Rivera. The main goal is to develop the beach tourism. Aktau will become the local tourism center and apart from beach tourism will offer the Sanctuaries tour – journey around the ancient mosques, mausoleums and other ancient monuments.

The visible effect from the projects aimed at the business, cultural, active and adventure tourism can be reached in 4-6 years. The list of strategic services that will require vast investments includes the mountain and lake, beach tourism and short-term tours.

The attempts to develop the tourism without the local citizens’ assistance or using them only as certain jobs staff will cause the negative effect. In order to preserve the investments it is important to involve the local employees as active participants of the industry, allow them to take decisions, to manage their own resources and to decide in the preferable way of development for them. The political planning in tourism, its local planning
and development must take the local citizens’ interest into consideration regarding the protection of cultural heritage. It’s important to involve the local active groups into the processes of decision-making and management [9]. If the local citizens entirely support the development of tourism, they should be considered to be professionally involved in the tourism business [10].

To activate investments flows into the Kazakhstan travel business it’s important to develop a transparent model for partnership between the business and the state which should pay attention to the land tenure, access to infrastructure and state support procedures which is the most important point.

The state support may include: the investment benefits for tourist service companies, the export grants to reimburse exporters’ expenses related to tourist projects, the long- and short-term credits for investments in tourist projects, various leasing options, partial credit interest subsidies, the industrial and service infrastructure development, top management and specialists trainings, etc.

The role of the state in the travel industry development is to create a required infrastructure which includes roads, pipelines, electricity and water supplies, etc. It also involves the funding staff educational programs for the industry and a range of measures stimulating internal and incoming tourism. All the moments listed above should increase the number of tourist 2 or 3 times.

Furthermore, the special tourist zones may be created in the same way as special economy zones. These zones apart from all special economy zone advantages will also have a number of benefits of land tenure and opening Duty-Free stores.

The VAT rate should also be reconsidered for the hotel companies in these zones down to zero. Apart from that the taxation should be reduced for the travel operators unlike the travel agencies that sell the outgoing tours in Kazakhstan.

The social tourism has become very interesting for many EU countries and it already has the positive results in France. The state can fund its citizens’ holidays issuing special securities – tourist certificates. The state will work in close liaison with the employers who, in their turn, will be able to give these certificates to their workers. It is beneficial for the employee due to the fact of the holiday expenses reducing. The foreign experience has shown that this measure has dramatically increased the internal tourism in the countries which applied this scheme and used the state for the partial funding. The system of Kazakhstan’s own certificates is offered in order to develop the social tourism.

The most important task is to supply the tourist object with the necessary infrastructure. This requires the creation of the National Tourism Development Company.

The goal of this company will be to plan in long-term and oversee each step of tourist objects construction. Firstly, the company will deal with the integrated planning; secondly, it will create the integrated infrastructure; and thirdly, it will attract the investments. All countries that successfully develop tourism have this experience.

The private companies will also be able to participate in any stage of the projects. It is proposed to set up the return investment model which will return back the money investment by the state through selling the adapted land and recreation zone management services. There is also a wide area for state and business partnership, especially in the zones that are not very attractive for tourists.

To sum up all the abovementioned moments we should make the following conclusions:

The official statistics reports the stable growth of the travel business in the country. The direct income in the Kazakhstan GDP has increased by 43.6% since 2009.

The main weak sides of the Kazakhstan travel industry are the market players’ disunity, the poor infrastructure development, the lack of investments and skilled staff, the low service level, the high prices for accommodation, etc. All these should be solved quickly and with the complex approach.

The complex approach and analysis should be applied to the Kazakhstan tourist industry together with clustering.

The state support is obligatory for the elimination of the listed above problems and for the providing of the stable travel industry development. It should contain the wide range of exemptions and preferences for business to include the state support for tourist projects.

CONCLUSION

The main target of the Kazakhstan’s tourist policy today is to create a high-effective and competitive cluster in the country which will provide it with the wide facilities for satisfaction of not only the demands of the citizens of the Republic of Kazakhstan, but also those of the foreign tourists. The adoption of “The Concept of tourism development in Kazakhstan till 2020” allows all market players to work in new conditions with the wide state support. If the plan is followed, the travel industry should become one of the leading spheres of the national economy.
REFERENCES