

CURRENT ECONOMICAL STATUS OF DZHAMBUL REGION AND ITS DEVELOPMENT PROSPECTS IN KAZAKHSTAN

S.T. Abildaev*

1. Introduction

The goal of this paper is investigation and analysis of the current state of the region and ways of its development. The article deals with the development of entrepreneurship in the industrial sector. The analysis of the composition and structure of the industry in Dzhambul region is made and the state program of industrialization is summed up.

2. Analysis of the socio-economic status of Dzhambul region

Dzhambul – is a region located in the southern part of Kazakhstan. The administrative centre of the region is the city of Taraz. There live about 1.2 million people (2010 estimation). The population is represented by more than 100 nationalities and ethnic groups. About 71% of the resident populations are Kazakhs. The region is concentrated 71.9% of phosphate reserves of the Republic, 68% of fluorspar, 8.8% of gold, 3% of copper, 0.7% of uranium. The area is rich in nonferrous metals, barite, coal, cladding, semiprecious stones and technical, construction materials. There are explored several fields of natural and technical gas within Shu-Sarysu depression. The food reserves of salt are about 10 million tons. Dzhambul region has all conditions for development of entrepreneurship in the region, including the raising of living standards. Table 1 presents some technical and economic indicators of the level of entrepreneurship in Dzhambul region [1, p.215].

**Tab. 1. Technical and economic indicators of the level of entrepreneurship
in Dzhambul region**

Name of indicators	Years					(+, -)
	2006	2007	2008	2009	2010	
1. General regional product, including	192,2	266,5	324,8	348,8	446,4	254,2
- products industry	80,3	97,5	150,2	115,6	119,6	39,3
- agricultural products	45,8	60,3	63,2	68,5	68,5	22,7
2. Retail trade, billion tenge	36,3	11,0	43,7	59,0	67,9	31,6
3. Services rendered to the population, million tenge	1353,4	1556,5	1627,9	2411,9	3272,7	1919,3
4. Freight turnover of all modes of the transport, million tons / km	1437,8	1593	1667,8	1654,7	1707,7	269,9
5. Commissioning of residential buildings, thousand m ²	217,7	211,2	233,6	240,0	218,3	0,6
6. Number of employed in the economy, thousand people	463,9	506,2	530,1	539,2	551,3	87,4
7. Specific weight of earnings in money incomes of population, %	79,5	83,2	81,5	81,0	81,0	1,5
8. Number of unemployed, thousand persons	46,8	42,4	37,0	37,7	33,4	-13,4
9. Average monthly cost of living, n	7276	8506	10903	11167	11759	4483,0
10. Nominal money income per head of population, n	11885	16669	21251	26740	28585	16700
11. Average monthly wage, n	26750	333996	37546	43951	51340	24590

In this period all the socio-economic indicators in this area grow due to active business activities. The level of gross regional product has increased from 192.2 billion tenge to the 446.4 billion tenge, or about 2.5 times. Industrial production has increased from 80.3 to 119.6 billion tenge or 39.3 billion tenge in comparison to 2006; agriculture volumes – 22.7 billion tenge. The product grows and retail sales has increased from 36.3 billion tenge to the level of 67.9 billion tenge. It should be noted that the standard of living in Dzhambul region on the reporting

* © S.T. Abildaev; Ph.D.; Taraz State University named after M. Kh. Dulati

period also increased. This is evidenced by such factors as the volume of services rendered to the population at 1.9193 billion tenge, the turnover of all modes of transport – to 269.9 million tons / km, enacted a total area of the residential buildings with 217.7 to 218.3 thousand m². The administration of the region is working hard to increase the number of people employed in the economy through the road map, through the expansion of existing facilities and opening new businesses. In the review period the number of employed workers increased by 87.4 thousand people, the number of unemployed fell from 46.8 to 33.4 thousand people or a thousand people by 13.4 thousand people. The growth of living standards of the region is indicated by the average cost of living, personal income on average, average monthly salary per capita. The nominal monthly income of the population rose from 11,885 to 28,585 or 16,700 mr. With an increasing of income increases the monthly costs of population up to 8971 n, 16 331 n, 7360 n. One of the key indicators of living standards is the average salary, which is changed from 26,750 to 51,340 tenge, or it is increased to 24 590 tg. In the region the cost of living increases from 7276 mr to 11,759 mr. In order to support entrepreneurs in the region today are functioning 10 business associations, entrepreneurs, a business incubator, 8 business centres. To protect the rights and interests of entrepreneurs in the region are active regional branch of Union "Atameken", Dzhambul regional employers association, the Association of Business Women of Kazakhstan and other public organizations. Thus, the level of entrepreneurial activity in the industrial sector has positive trends in the reporting period. In further studies it will be assessed the development of entrepreneurship in the industrial sector in agriculture.

3. Development of entrepreneurship in the industrial sector

In the industrial business are engaged 356 industrial enterprises and industries, including 62 enterprises engaged in food production, 10 belong to the chemical industry, 24 production and distribution of electricity, gas and water production of the 51 non-metallic mineral products, etc [2]. Entrepreneurial activity in the industrial sector of the economy is represented by the following economic activities:

- mining and quarrying, including coal, crude oil, natural gas, nonferrous metals, and various technical services to the mining industry;
- the manufacturing industry, including production of food, clothing, shoes, paper, furniture, production of chemical, metallurgical and petroleum industries, etc.;
- production and distribution of electricity, gas and water;
- water supply: sewer system, the control of waste management and remediation.

The volume of industrial production by economic activity at current prices is presented in table 2 [3, p.306].

Tab. 2. The volume of industrial production by economic activity

Name of indicators	Years					%
	2006	2007	2008	2009	2010	
1. Industry	80347,5	97484,4	150204,7	115612	119569,6	148,8
- Mining and quarrying	3996,1	4503,0	7738,0	6517,9	8651,1	216,5
- Processing	65041,4	72751	109479,5	88175,1	91090,3	140,0
- Production and distribution of electricity, gas, water	11310	20230,4	32987,2	19865,4	18334,4	162,1
- Water supply	-	-	-	-1053,6	1493,8	-

It can be seen from the data in table 2 that the volume of industrial production in the period under review increased from 80347.5 to the level of 119 569 600 000 tenge or 48.8%. In turn, the volume of mining and quarrying increased by 116.5%, manufacturing 40%, production and distribution of electricity, gas and water supply by 62.1%, and services related to water supply, sewerage system,

control over the collection and distribution of waste production increased to the level of 1.4938 billion tenge to 2009. The author considers the structure of industrial production by economic activity as a percentage of the total (table 3).

Tab. 3. The structure of industrial production by economic activity

Name of indicators	Years					A (+,-)
	2006	2007	2008	2009	2010	
1. Industry only	100	100	100	100	100	-
- Mining and quarrying	4,9	4,6	5,1	5,6	7,2	2,3
- Processing	81,0	74,6	72,9	76,3	76,2	-4,8
- Production and distribution of electricity, gas and water	14,1	20,8	22,0	17,2	15,3	1,2
- Water supply	-	-	-	0,9	1,3	1,3

In industrial production the largest part shares to the manufacturing. It ranges from 81.0% to 76.2% in total industry. In the mining industry is only 7.2% of the total industrial production is dominated by such activities as 1.4% of crude oil and natural gas, other mining and quarrying 4.3%. In the manufacturing sector the total regional production is 76.2%, the highest proportion of 29.6% is food production, 24.2% – chemical products, 6.2%, machinery, etc. The production and distribution of electricity, gas and water share in total industrial output 15.3%, the distribution of electricity accounts for 12.3% and 2.5% is air conditioning. The reason of increasing the share of mining industry in 2010 is the increased production of coal and lignite to 355.0 thousand tons compared with 2006 and 64.3 million m³ of natural gas. The share of manufacturing industry is reduced because of production of fine flour for 67,391 tonne of fresh bread – 6589 tons, the production of cattle hides at the 10,211 th. dm², phosphorus of 3.8 thousand tons, phosphoric acid, 11.7 thousand tons, and so etc. The share of its electricity, gas and water was increased because of thermal energy production to 404.6 thousand Gcal. Industrial production output in 2010 exceeded the 10 districts of the region, except Moinkum area. The financial and economic activity of all types of industrial products in 2010 is shown in table 4.

Tab. 4. The main figures of financial-economic activity of industrial enterprises in 2010

Industry	Profit before tax, million tenge	profitability of production,%
1. Mining and quarrying	-1174,2	-17,0
2. Manufacturing industry	-163,6	-0,3
3. Production and distribution of electricity, gas and water	-337,1	-2,2
4. Water supply	-16,3	-1,4

It can be seen that the entrepreneurial activity in the industrial sector in 2010 for all types of economic activity is reduced. The author comes to the following conclusions based on the investigations carried out in this section:

- There is positive dynamics of growth in the volume of industrial production in all economic activities in the reporting period (2006 to 2010): the volume of industrial production as a whole grew by 48.8%, including the mining industry (116.5%), manufacturing (40,0%), the production and distribution of electricity and water (62.1%). The new service sewer system was added in 2009 and 2010. The control of waste management and remediation increased from 1.0536 billion tenge to the level of 1.4938 billion tenge.
- In the structure of industrial production also observed the significant changes. The share of the mining industry in total industrial production increased on 2.3% in comparison with 2006, the manufacturing industry decreased the proportion of 4.8%, the share of production and distribution of electricity, gas and water increased on 1.2 % and the proportion of water increased on 1.3%.

- Entrepreneurial activity in the industrial sector in 2010 for all types of economic activity had losses. The losses of mining are n 1174200000, manufacturing 163 600 000 n, production and distribution of electricity, gas and water – 337 100 000 n, water – 16.3 million tenge.

4. Development of entrepreneurship in agriculture of Dzhambul region

At present, the rural population in the region is about 644.5 thousand people. Most of their business activities associated with the cultivation of land. Their activities are provided through a variety of agro. The process of economic reforms in agriculture, new types of agricultural units of various forms of ownership are taken place. The collective and state farms were reformed into joint stock companies, partnerships, production cooperatives, farmer economy (tab. 5).

Tab. 5. The dynamics of agriculture of Dzhambul region

Farms of all types	1991	2005	2006	2007	2008	2009	2010
1. Agro categories of management	39	15148	15948	16080	16261	16734	16799
- agricultural enterprises	-	362	392	371	331	475	383
- collective	31	14786	15556	15709	15930	16259	16192
- state farms	8	-	-	-	-	-	-
2. Industry population		166540	163744	164181	166863	168100	169020

As you can see the data in Table 4, the number of different economic entities increased from 339 units to 16,799 units, or 49.5 times compared with 1991. The largest share among all the agro, in recent years accounts for the farmer economy and the private sector of the population. So, in 1996 the share of agricultural enterprises (partnerships, joint stock companies, production cooperatives, joint stock companies) was 4.6%, and the farmer economy – 95.4%. And in 2010 the share of agricultural enterprises is equal to 2.3% and the farm – 97.7%. But in absolute terms the number of farms increased from 103 to 383 units or 3.7 times, the farms from 193 to 16 192 units or 83.9 per cent. Along with the growth of various agro it were increased the number of private farms in rural and urban populations. Number of private households for the period increased to 169,020 units, in compared with 2005. The growth in number of households is reasoned by the lack of work in large farms on the one hand, and the creation of conditions for their development on the other side. In private farms provide the cattle population of the region, which is engaged in gardening and growing vegetables. Production of private farms the villagers and townspeople is a great help to stabilize the family budget, providing the population with crop and livestock production. It should be noted that the increase in the number of different agro evaluates as a positive moment in the development of agriculture, but on the other hand, it contributes to a small-scale production. In 2005 agricultural enterprises on average accounted for 36.4 hectares of land, including agricultural enterprise – 509.4 hectares, the farmer economy – 23.3 ha. In 2010, 63.2% farms had an average size of agricultural land to 18 hectares, 22% – up to 116.4 hectares. The situation is further aggravated by the fact that among the registered farms only 39.6% were active, and among the farm – 91.7%. Dzhambul region has a developed area of agriculture by the specialization and the volumes of crop, farming of animals (tab. 5). According to the table 5 the gross output of agriculture increased in 2010 compared with 1995 to 68.5 billion tenge, or 6.3 times. The volume of crop production increased to 26.0 billion tenge and livestock – 31.6 billion tg. Crop production in the structure of gross area in the reporting period is composed the 48.3% and livestock – 57.1%. Despite the vastness of the territory of Dzhambul region, it is very low share of agricultural output in total output of Kazakhstan. If in 1995 the share of agricultural area was 5.7%, whereas in 2010 it would compose 4.7%. Crop production is the dominant industry in the area of irrigated agriculture. Most of the crop production comes from irrigated land, which is about one-third of the arable area. The main areas are animal production of meat, milk, wool, karakul and eggs.

5. Prospects for the development of the region

The author would like to consider the largest investment project in the region to create a production of complex fertilizers, which on behalf of the Head of State will be implemented in Dzhambul region [2]. The project of "EuroChem-Fertilizer" worth more than \$ 350 billion provides for the creation based on the fields. "John Cook" and "Gimmelfarbskoe" include production of phosphorus, nitrogen and complex fertilizers capacity of 1.4 million tons per year [3, p.160]. It will be released almost the entire range of world-renowned complex fertilizers for agriculture. The project will create about 3000 jobs during construction and 2000 in the period of operation. In addition, in related industries will be provided 3000 work places. Agreement between the Government of the Republic and the company "EuroChem-Fertilizers" were signed. The company's investment in this project will amount to more than 100 million U.S. dollars this year [4, p.80–134]. This gigantic project, of course, will give a powerful impetus to the development of not only our region but the entire southern region of the country. Let's give the historical structure of the chemical industry. In Dzhambul plan there is a creation of a special economic zone "Chemical Park" Taraz "with the participation of the National Welfare Fund "SK" and "United Chemical Company" The main purpose of the FEZ "Chemical Park "Taraz" is the creation of new export-oriented industries of chemical products, which are based on high technology. FEZ "Chemical Park "Taraz" involves the creation of 15 factories, which produce a wide range of products. A number of planned production has no analogues in the CIS. The implementation of these projects, the annual income derived by enterprises of FEZ, will amount to 75 billion tenge. The project has great social significance, because it provides for the creation of more than 1.5 thousand new jobs.

6. Conclusions

The volume of foreign investment in Kazakhstan since its independence is reached \$ 108 billion, which is composed the 80% of all foreign investment in the Central Asian region [5]. There are 20 thousand enterprises with foreign capital at present time in the country, including seven thousand that are not in the primary industries. Dzhambul region needs to be provided by foreign investments. A conductor and a window to Europe can become Poland as a fast-growing economy. We can cooperate in the agricultural sector (milk, meat and meat products) and in mining industry as a whole.

References

1. Kazakhstan in 2010: [Statistical Yearbook]. – Astana, 2011. – 517 p.
2. Nazarbayev N. Socio-economic modernization – the main vector of development of Kazakhstan: [Message from the President of the Republic of Kazakhstan – Leader of the Nation of Kazakhstan to the people] / Nursultan Nazarbayev. – January, 2012 [Electronic source]. – Access: <http://www.inform.kz/eng>.
3. Statistic socio-economic indicators of Dzhambul region in 2006–2010. – 363 p.
4. Bozumbaeva K. Report / K. Bozumbaeva. – February, 2012. – 203 p.
5. Materials of Kazakhstan Statistics Agency in 2006-2010 years [Electronic source]. – Access: <http://www.eng.stat.kz>.

Summary

There were implemented seven investment projects in various industries in the last year. All these figures in the article clearly show that the development of the region is in the right direction. The investigations in agricultural area are transformed into the agro-industrial area course. It should become a major industrial development factor of the country.

Key words: business economic status; Dzhambul region; industry.

UD classification: 332.146.2(574)

Date of acceptance: 03.11.2012