Globalization and political course of Kazakhstan

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Abstract
In contemporary life Kazakhstan is focusing on further building into the globalizing world economy, relying both on its powerful natural resource potential and the plans for an accelerated development of breakthrough innovation sectors and creation of «the economy of knowledge».

Today Kazakhstan costs at a boundary of a new stage of social and economic modernization. In the annual message of the president N. Nazarbayev to the citizens of Kazakhstan of February 28, 2007. “New Kazakhstan in the new world” is noted need of stimulation of cooperation of the large Kazakhstan companies with world multinational corporations for creation of “breakthrough” projects. The government already defined such projects that as expect will give an impetus of industrialization of the country. In Kazakhstan the state holdings operating governmental assets of the largest companies and realizing strategy of industrial and innovative development are created. Kazakhstan enters new, more modern standards of corporate governance. But it should be incorrect to expect fast results in realization of industrial and innovative strategy.

Key words: Kazakhstan, globalization, integration processes, energy sector, TNC, BRIC, ASEAN, WTO
**Introduction**

Promptly accruing globalization that has become the dominating tendency in world economy, set for Kazakhstan the strategic task of adaptation to new rules and coexistence conditions in the international community. Today there are no doubts already that globalization — is the objective and irreversible process, bearing to all states that are especially new, both calls, and new opportunities. It is senseless to counteract globalization and the more to ignore it [6. Page 8 — 31]. Globalization, being a new stage of internationalization of world economy, eventually brings benefit to development of national economies. Positive results of globalization are connected with participation of the states in the international division of labor. It has an opportunity to be connected to modern telecommunication systems, to develop own technologies, to involve multinational corporations in development of the economy, to carry out structural transformations of financial and banking systems, to attract investments, to increase literacy of the population by introduction of the advanced educational programs. At all without idealizing a globalization consequence, nevertheless it is necessary to recognize that this tendency nevertheless has more advantages, than the negative moments. The states, trying to be fenced off from globalization by “the Chinese wall”, doom themselves to catastrophic lag from the civilized world with all that it implies from here negative consequences for their future development.

**The concept of Globalization**

Out of any doubts, globalization is the difficult and inconsistent process often interfaced to geopolitical cataclysms. The unsuccessful countries in the economic development see root of all evil in globalization where the role of “the first violin” is played by the multinational companies. Them, as a rule, accuse of trade in national natural resources, impetuous enrichment and enslavement of nations with the far-reaching political goals pursued by leading imperialistic powers. With globalization connect also deterioration of positions of national cultures and languages. It is necessary to recognize that similar charges and concerns have under themselves some basis, but nevertheless can’t excuse powerlessness of some national governments in carrying out competent economic reforms. Kazakhstan in the conditions of globalization aimed on providing a worthy place of the states in modern world economy.
The known scientist Ulrich Beck in his book “What is globalization?” noted that globalization doesn't bring to destruction of the states. States just change and even amplify, becoming the “transnational”, “cosmopolitan” states. The countries is being globalized have to be ready to various calls, though it be in economy or policy, and to work outside national borders [10. Page 21]. The Russian scientist-foreign affairs specialist E.P. Bazhanov emphasizes that the national states remain the chief actors of world politics and economy [2. Page 14 — 15]. Continuing a peculiar review of advantages of globalization, note that it became possible thanks to “explosive” development of telecommunications, sciences, information technologies. Mobile telecommunication, e-mail, the Internet that had an influence of the real revolution in approaches to key problems of world economy became indispensable part of a daily life of modern people. The national companies, the banks that were earlier guided by the local markets became the main acting players of process of globalization, besides the multinational companies, but managed attributable to radical improvement of management to get on international and even global level, and Kazakhstan here is rather indicative example.

**Countries of the world under conditions of globalization**

It should be noted that the developed countries for decades as though gradually prepared for new conditions of world managing, having in essence given an impetus to the globalization process [3. Page 215 — 239]. Naturally, those countries feel quite comfortably in the new geostrategic environment that it is impossible to tell about big groups of developing countries. The poor countries are in a constant pursuit of rich, but this race with big “handicap”, distance become a group of leaders and those who try to catch up with them, is reduced extremely slowly.

Having created the powerful base as information technologies, communications, top management, powerful financial and industrial structures, the West still dictates rules of the game under the name “globalization”. The developed unevenness continues to be aggravated. For example, now the gap on a population standard of living among the developed and developing countries represents a ratio 75 to 1, hundred years ago this ratio equaled 10 to 1, but in 50 years it may reach 150 to 1. According to experts in the preservation of this tendency there may be essentially new model: 80% of all world resources will control by the countries of “gold bullion” in that live only 15,5% of a world’s population (the USA and
Western Europe) but to that share 75% of all world exports of goods and services [1 fall. Page 3].

But positive changes nevertheless happen. China has actively joined in the world division of labor achieved impressive progress. Having become “world factory,” China plays more and more noticeable role as the financial and technological power [5. Page 269 — 351]. In recent years Russia too proved as the world player, having risen on “track” of high technologies and innovations though the RUDN Bulletin, a series the International relations, 2009, No. 3 36 growth of its economy is still caused by the high prices of energy resources.

On a trajectory of steady growth there are India and Brazil. The mentioned four states formed the peculiar block — “BRIC” that has declared the claims for leading positions in a global world order. An association of these four states in Kazakhstan is perceived as the positive tendency testifying to strengthening of the multipolar world. Besides Kazakhstan closely cooperates with all states of “BRIC” in many areas. According to forecasts of leading rating and financial institutions, by 2050 the club of six leading world economy, along with the USA and Japan, will include China, India, Russia and Brazil.

The special role in the world economy still is played by the United States of America. Despite the mortgage meltdown that has struck this power, fundamental fundamentals of the American economy, according to analysts, are strong. Much fallen in price dollar considerably recovered the market of the USA and made export production competitive. It is the extremely important that the USA direct huge investments in basic research and innovative application of technologies.

Therefore, the USA now and in the near future — the leading economic and military power. It is indicative what exactly Americans developed and such inventions, as semiconductors introduced into a mass production, personal computers, the Internet. Now the USA, on many available data, are on the threshold of the new technological revolution that will fix their dominating positions in the global world. Countries of Western Europe also consider innovative development as the most important condition of strengthening of competitiveness of the economy in the conditions of globalization. The priority direction of their sustainable development is formed of such innovative products, as science and technology parks, technopolis, business incubators and, of course, the centers of information technologies.
Prompt economic growth of some Asian countries, so-called “tigers”, it is connected with the planned strategy developed taking into account requirements of the market economy and national features of the respective states. For example, in Malaysia exists a long-term program of development “Vision-2020” that provides country removal on the level of the most developed states of the world. In mentioning China development plans of economy and all society until 2050 are developed. The task is not only the creations of “prosperous society” (installation Deng of Xiaoping), but also “harmony” creations in the country (Hu Jintao’s course) are set. There are “a socialism with the Chinese specifics” modern market mechanisms and high technologies at the heart of the concept.

Significant growth in the economy of a number of the Asian countries was promoted by the transition from an industrial stage of development of the knowledge-intensive and information economy. Those Asian countries managed to create new branches, in particular, sector of services with accurately expressed scientific and innovative basis. Such countries as China, India, Singapore, Malaysia, South Korea used a strategy of “technological break”. Their experience shows that in the conditions of globalization innovative under Tokayev of T.K. Kazakhstan in the conditions of globalization the 37th courses to the development of economy play a paramount role. Without technological progress it is impossible to speak about the successful future of this or that country, it’s already an axiom [4. Page 391 — 418]. The countries that got access to new technologies and have adopted them, could take big advantages. Having actively joined in processes of regional integration and free trade, these the states got from globalization more than lost. It is a question not only of Asian “tigers”, but also of “jaguars” of Latin America (Brazil, Chile, Mexico, Argentina). This group of the Latin American countries could receive dividends from the world and regional integration, increase the share in world trade and for the last 30 years to double the real income per capita.

But the main call ripens nevertheless in Asia. The countries of this continent possessing the fast-growing consumer markets, the numerous firms turning into multinational corporations, constantly progressing knowledge-intensive productions, intend to press the countries of the West in the future and to find the status of most dynamically developing centers of the world economy. Exactly its rapid growth will be provided here. As a matter of fact, it already occurs though the base of the growth of the economy of the Asian countries, while is low in comparison with the USA
and the leading states of Western Europe. It recognizes both leaders, and economists of the states of Asia. Therefore, at the level of the governments of China, Japan, South Korea and 10 member countries of Association of the states of South East Asia (ACEAH+3) the agreement on creation of an Asian currency fund is reached. Asia worrying lifting is capable to accumulate the largest currency reserves. In total, volume gold and foreign exchange reserves of China, Japan, Korea and India already make three quarters of world reserves of currency. This tendency is to a steady and not subject world environment. Besides the mentioned countries competently build monetary strategy, without tying itself to the American dollar, but supporting this strategic currency in that measure, which is favorable of. Such processes testify to increase of a role of the Asian countries in the world economy, as movement on this also the continent of the capacities of the largest foreign companies, increase in volumes of investment, creation of joint ventures in various branches and productions. Only in 2007 in Asia it was attracted more than 200 billion dollars. China is in the lead among the Asian countries on growth rates of direct foreign investments, the annual volume exceeded 60 billion dollars.

Another group of the countries — it the states with transit economy. During the transition to the market relations many of them could adapt to the realities of globalization. Ten countries of Eastern Europe joined WTO and became full members of the EU. Some Post-Soviet countries could secure the status of the largest suppliers of energy resources, but as the main course chose economy diversification with the emphasis on innovations, technologies and education. It is necessary to carry to their number and Kazakhstan. Recently considerably the role of the Central Asian and Caspian regions that have become the arena of serious rivalry of global power increases. There is a fight for access the RUDN Bulletin, a series the International relations, to energy resources and the influence of the respective states. It is indicative that power rivalry is developed against activization of foreign policy maneuvers of the powers, trying to strengthen own geopolitical positions in this perspective region.

**Political landmarks of Kazakhstan**

Kazakhstan which achieved noticeable success in economic development on the basis of market mechanisms is distinguished from the countries of the Central Asian region for quite natural reasons. On gross domestic product volume Kazakhstan outstripped all Central Asian countries
together taken. This country attracted more than all Post-Soviet states, direct foreign investments per capita. Relying on the progress made in structural transformations of the economy, Kazakhstan could become a driving force of regional development and found the status of the leader in Central Asia. According to the foreign analytical centers, Kazakhstan managed to create a dynamic growing economy having a high credit rating. A number of the Kazakhstan companies came to the London exchange where placed the assets. For the state that didn’t have neither traditions, nor experience of the market economy, the listed above results of reforms became obvious success.

Kazakhstan is in a modern rating of competitiveness on the 65th place among the 131 states, advancing the most of CIS countries [11. Page 30 — 31]. The president N. Nazarbayev whom abroad calls the architect of the Kazakh reforms, set the ambitious task of occurrence into number 50 of the most competitive states of the world. Estimating a present state and prospects of the Kazakhstan economy, the World bank included Kazakhstan in the group of the countries with the income above the average world level. Dynamic development of the Kazakhstan economy for last decades allowed to bring gross domestic product per capita in 7,5 thousand dollars, now the government is setting the task of increase in this indicator to 12 thousand dollars that will approach Kazakhstan to the developed states of Europe. Positive tendencies in the social sphere became noticeable. People felt the fruits of economic reforms, and it couldn’t, but affect the relation of all society to strategy of development of Kazakhstan.

Speaking about the progress of Kazakhstan, of course, it is impossible to ignore its resource potential, which is still the basis of the economy. Subsoil of the country contains practically all complex of minerals — fuel and energy, metallurgical, mining and chemical and other types of mineral raw materials. From 11 billion tons of minerals extracted in the world more than 250 million tons that brings him to the 11th place among all states fall to the share of Kazakhstan. Kazakhstan wins first place in the world of stocks of silver and chromites; the fourth — copper, zinc, manganese; the sixth — lead and iron; the seventh — cobalt; the eighth — gold. The country is included in “three” of world powers on production of metals (iron, chrome, ferroalloys, steel, aluminum), in the world list of the main suppliers of raw materials and production of ferrous and nonferrous metallurgy of its position in recent years considerably became stronger. Kazakhstan is included in ten the countries — leading producers and ex-
porters of coal in the world market [9. Page 9]

Kazakhstan takes the second place in the world of stocks of uranium and shortly becomes the leading producer of this strategic production, cooperating with Russia, Japan, Australia and China. The Kazakhstan companies already make more than 4.5 thousand tons of natural uranium, and about 85% of this volume are provided by the Kazatomprom national company. Rich stocks of oil and gas resources which, according to the latest data, make 23 billion tons of which about 13 billion tons are concentrating Kaspiysk a shelf have global value. Taken stocks of hydrocarbons raw materials make 30 billion barrels or 4 billion tons of oil and more than 3 trillion CBM of gas. It is predicted that by 2015 the country will be included in ten world exporters of oil. By estimates of the international experts, at the present scales of oil production and the prices of these raw materials at the world leader — to Saudi Arabia — oil remains for 42 years, in Kazakhstan — for 83 years [7. Page. 175]. In 2007 oil and gas condensate production exceeded 72 million tons, by 2010 oil production will reach 118 million tons, by 2015 — 180 million tons.

Thus, it is necessary to recognize that the existence of resource potential and its effective use became the important prerequisite of sustainable economic development of Kazakhstan, its entry into the world economy. While this country is competitive only in the international market of mineral raw materials. The analysis of structure of industrial production and export of Kazakhstan testifies to a considerable share of raw types of production. By data for 2007, the share of oil and gas condensate in structure of export of Kazakhstan exceeded 62%, production of crude oil and natural gas has made about 20% of gross domestic product, i.e. more than a half of all industrial output. In other words, 30% of revenues of the state budget of Kazakhstan are formed at the expense of the oil sector.

At the same time these indicators are much lower than similar indicators in Russia,

where the oil and gas sector takes much more important place in structure of gross domestic product and the income of the state budget (to 50%).

The mainstream of foreign investments, especially in the first years of independence, went to the oil and gas sphere. So far this tendency remains though the government creates conditions for attraction of investments into the processing sector of the economy. And this policy yields positive results, from 72 billion dollars of foreign investments the share not raw
sector increased to 40%.

Today in Kazakhstan all leading multinational companies work practically. The indisputable leader among foreign investors are the USA to which share about 40% of the total amount of direct investments fall. The second largest donor of the Kazakhstan economy is Great Britain invests about 14% of the total amount of the foreign capitals, to the third place took Holland. Investment activity of the specified countries is connected, first of all, with development of oil and gas sector. Further South Korea that showed interest to copper branch follows. Considerably the Italian business in Kazakhstan became more active. Obvious interest in investment presence in Kazakhstan is shown by China. Among the large investors presented in Kazakhstan, it is possible to allocate also Germany, France, Japan and Turkey [7. Page 179]. As for Russia, in the first decade of independence of Kazakhstan Russia’s investment activity, on many the known reasons, was at a low-level. With arrival to the Kremlin V. V. Putin inflow of the Russian investments of oil and gas sector began, activity was shown by the known companies: “Lukoil”, “Gazprom”, “Rosneft”.

It should be noted that the conducted Kazakhstan multivector and balanced foreign course allowed to increase inflow of foreign financial resources so necessary for the national economy, provided favorable external conditions to economic reforms, created a good investment climate within the country. In the relations with the main centers of the world economy and policy Kazakhstan adheres to the positions promoting the establishment of a balance of interests. It is actual against the strengthening of the strategic importance of energy resources of the Caspian Sea that more part belongs to Kazakhstan. The developing geopolitical position rounds Kazakhstan predetermined its role as the economic and political center of this region in which long-term interests of leading powers (the USA, EU, Japan, Russia and China) face. Meanwhile Kazakhstan, trying the accelerated rate to carry out economic modernization, is in great need in modern technologies therefore cooperation with the developing countries, allowing to become economically successful and competitive state, has enduring value for this country (USA, EU, Japan, Russia and China). Meanwhile Kazakhstan, trying the accelerated rate to carry out economic modernization, is in great need in modern technologies therefore cooperation with the developing countries, allowing to become economically successful and competitive state, has enduring value for this country.

Thus, creation of investment and industrial economy became the main
task of the Kazakhstan government that understands that the country has to be integrated into the world economical system as the strongest partner, instead of a resource source. Natural resources — it bases for the subsequent technological break. It is necessary to create “clever economy” and for this purpose to import high technologies, to try to organize their production within the country, to prepare qualified personnel. The international cooperation in this sphere is of great importance, Kazakhstan reached agreements with India, Singapore, China, South Korea and the states of the European Union upon construction of parks of information technologies, the electronic government, science and technology parks and other sectors of “clever economy”.

Accession to WTO too is considered the important instrument of economic modernization and strengthening of competitiveness of Kazakhstan in the international markets. Membership in this organization, though isn’t urgently requiring, will promote nevertheless to the bigger integration of Kazakhstan into the world market and, eventually, will improve the investment climate in the country, will strengthen the process of attraction of direct investments in the non-oil sector of the economy. At the same time rules of the WTO will force the Kazakhstan economy to adapt to severe constraints of the world market and will make it more competitive. Many laws of the country regulating the foreign trade mode in the negotiation process, are already bringing into accord with the norms of the WTO. The working group on accession to WTO includes about 40 countries, protocols on completion of bilateral negotiations on access to a commodity market are signed by the vast most of the states.

The basic moment concerning the forthcoming membership of Kazakhstan in the WTO, consists that this country is a part of EurAsEC — the integration association, which is engaged in harmonization of the economic legislation and unification of tariff policy. Besides, Kazakhstan actively advances the idea of creation of the Common economic space where Russia and Belarus enter as well. The task of creation of the Customs union within the Common economic space is set. To high-level of integration there was an economic relationship between Kazakhstan and Russia which became the states allies. Therefore, the negotiation process according to the entry of Kazakhstan into the WTO substantially considers rates of movement of Russia towards this organization. In other words, for Kazakhstan single accession to WTO together with Russia should be an ideal option. Practical steps in this direction are taken by the government of Kazakhstan.
Favorable geographical and geopolitical position of Kazakhstan promotes development of transit capacity of the country. The international transit trade through the territory of Kazakhstan will extend from the beginning of the functioning of a new transport corridor: Europe — the Caucasus — Asia (TPACEKA). For diversification and further development of the Kazakhstan transport system the government of Kazakhstan brought standard and legal base into accord with the international standards, developed and accepted Transport strategy until 2015 which, in particular, provides integration of the national transport system into the Eurasian transport system. For Kazakhstan which doesn’t have an exit to the seas and deep-water ports, the strategic importance has the development of petrowire system. In a context of multivector foreign policy Kazakhstan expands communications with the Russian Federation (Atyrau’s pipeline — Samara, Caspian Pipeline Consortium), carries out multilateral cooperation with China (Atasu’s pipeline — Alashankou which capacity now makes 10 million tons of oil a year with the subsequent increase to 20 million; the agreement at the beginning of construction of the gas pipeline and the new oil pipeline) is reached. Kazakhstan declared readiness to join the Caspian pipeline (Aktau — Baku — Tbilisi — Ceyhan).

Kazakhstan takes part and in implementation of the project of the Central Asia gas transmission system, in December, 2007 Russia, Kazakhstan and Turkmenistan signed the agreement on the construction of the Caspian gas pipeline which power will make 20 billion cubic meters a year. Thus, export of the Central Asian gas to Russia will significantly increase. It is important that the new gas pipeline will go to round of the Caspian Sea along its east coast, and then will connect to the gas pipeline system of Russia. From this becomes obvious that Kazakhstan doesn’t support the American-European concept of the transcaspian pipeline and shows readiness to continue cooperation with Russia. Kazakhstan plans to take part in the Central Asia — China gas transmission system project. Now transit of Central Asian gas and supply of the Kazakhstan natural gas to domestic market is carried out on the Central Asia-Center main gas pipeline (SATs). Modernization of this gas pipeline for accumulation of its capacity to 90 — 100 billion cubic meters a year [8] is planned.

In Kazakhstan considers that for “smooth” entry into the world economy as the equal and authoritative partner it is necessary to pay close attention to regional cooperation. Development and strengthening of regional integration is considered in Astana as a means of counteraction to external
negative factors and intensification of the positions of the state in severe constraints of globalization. The president of Kazakhstan, proceeding from the importance of associating the potential of the economy of the Central Asian countries, took the initiative of creation of the regional Union.

However, this idea met cool reaction of Uzbekistan that considers the bilateral relations as a more effective form of cooperation. The guarded relation to this initiative was shown by Russia and China though from their party there were no open statements on this matter.

Kazakhstan is the active participant of leading regional associations: SCO, ODKB, EurAsEC and SVMDA, take the initiative directed on strengthening of measures of trust in the region. Kazakhstan repeatedly declared the strong commitment to multilateral economic and political cooperation within the CIS. Being one of the founders of the Commonwealth, the president N. Nazarbayev took the initiative directed at on strengthening of the CIS: “ten simple steps towards to simple people,” reforming of executive structures of the CIS, elaboration of migratory strategy, humanitarian cooperation. Not all offers and initiatives of Kazakhstan found understanding and support of the states — participants of the Commonwealth, but the positive fact is the begun process of reforming of association.

The invaluable help of Kazakhstan in this question was given by the Russian state.

Events in the Caucasus and an exit of Georgia from the CIS generated new calls of this organization. Nevertheless in Kazakhstan consider that the CIS didn’t lose a position of the large regional association and has to function still in the interests of the population of the most of the Post-Soviet states. In these conditions new breath is getting by an initiative of the Kazakhstan president about the creation of the Eurasian Union. The appropriate basis of such integration association already exists: EurAsEC, as the large and successful economic organization, and ODKB — the association which has reached high extent of cooperation on military-political questions. At the same time, creation of the Eurasian union — is the difficult and lengthy process demanding political will of the interested states. Tokayev T.K. Kazakhstan in the conditions of globalization.
Conclusions

Efforts of Kazakhstan on strengthening of regional integration are closely interfaced to the policy directed on creation of diversified, competitive, innovative economy. Today Kazakhstan costs at a boundary of a new stage of social and economic modernization. In the annual message of the president N. Nazarbayev to the country people of February 28, 2007. “New Kazakhstan in the new world” is noted need of stimulation of cooperation of the large Kazakhstan companies with world multinational corporations for the purpose of creation of “breakthrough” projects. The government already defined such projects which, as expected, will give an impetus of industrialization of the country. By an example of Malaysia and Singapore in Kazakhstan the state holdings operating governmental assets of the largest companies and realizing strategy of industrial and innovative development are created. Kazakhstan enters new, more modern standards of corporate governance.

At the same time it should be incorrect to expect fast results in realization of industrial and innovative strategy. On this way there is a set of objective and subjective difficulties: late inclusion of Kazakhstan in process of creation of the knowledge-intensive industry against the accelerated development of other states — the main players of globalization, and also inertia of thinking of those who still considers the income from extracting sector of the economy as “the entrance ticket” to the global world effects. Important soberly and pragmatically to estimate realities and possibilities of the Kazakhstan economy, which is traditionally guided by the production and export of natural resources. Construction of the enterprises of “advanced processing” will take not less than five years at that understanding that they will be provided with necessary investments and technologies. The corporate management system too is at an initial stage of formation.

Besides, experts note the inconsistency in actions of the different governments that accept own programs and don’t finish their execution. Nevertheless Kazakhstan, one’s of the few “transit” states, firmly followed a way of reforms and chose an innovative way of development.

The first successful steps on the realization of this strategy are already taken that allows to estimate with optimism prospects of participation of this country in the difficult globalization processes.
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