

ECONOMIC OUTCOMES OF TRANSPORTATION SYSTEM DEVELOPMENT

Askarov Almas

Student, Nazarbayev Intellectual School, Kazakhstan, Aktobe

Abstract. This article reviews perspectives of economic growth of Kazakhstan in terms of transports infrastructure development due to Chinese global projects, specifically as Western China-Western Europe. Using the statistical data of Ministry of transport and infrastructural development of Kazakhstan, analysis of geographic features of region this study represents perspectives of increased prospects of interaction with global economy through global ocean and compares this international project to Kazakhstan's national project aimed for transporting system development. The results indicate that transport facilities are a key factor for countries as Kazakhstan.

Keywords: Economy, Nurly Zhol, Kazakhstan.

Introduction:

Transportation infrastructure, as a complex network, connects cities and accommodates human activities coupling the social, economic and environmental systems with the urbanization and population growth. In modern globalized economy, it is one of basic conditions for the sustainable economic growth. Historically people tend to increase the interaction and contacts between communities in different geographic locations. The development of transporting function of infrastructure tends to be the main factor of growth of other parameters of territory.

Firstly, developed transports sector provides cheaper logistics for private businesses in the country. According to WEF Competitiveness Report (2019, p.331) Kazakhstan places 69th place in a rating of infrastructure quality and ranked 93rd and 99th at Quality of road infrastructure and Efficiency of seaport services respectively. Low results in this rating that is quite unsatisfactory for the country that is in the strategic region connecting Europe and Asia, North and South. The problem of seaport services of Kazakhstan is channel is essential. According to a ministry of transport of Russia, in 2007 through Volga-Don channel was transported 8 million tons of products, 4 million tons was oil products.

Another serious positive side of transports development is increased safety at roads. More than 30 thousand people are seriously injured in last year.

Mortality in road accidents in Kazakhstan is 24.2 cases per 100 thousand people. (WHO, 2019)

Secondly, transporting system gives opportunities to increase the degree of international co-operation. China is seeking for new contacts in order to decrease the expenses on transporting products for European markets. Some initiatives of Peoples' Chinese Republic as Western Europe-Western China, One road- One belt are already in the process and according to claims of politicians from Kazakhstan and Russia are almost ready for transporting products through their railroads. In Kazakhstan, infrastructure for the silk road project is already under construction in the country: more than 1300 km of roads have been built, completed construction of the Zhetygen- Khorgos railway, a railway crossing was commissioned Altynkol- Khorgos on the border with China with a throughput of up to 20 million tons per year. The issue in cooperation is international status of

infrastructural projects, and even the shortest way what is supposed to cross Lianyungang-Urumchi-Nur-Sultan-Kurgan (trans-Siberian railroad)-Minsk-European Union will cross at least 10 states in Eurasia. Kazakhstan is ready to confirm a free trade, but Eurasian association of economic cooperation, which is led by Russia is not defined its policy clearly.

Kazakhstan is already developed own plan- Nurly Zhol, which is the state program for the development of Kazakhstan, officially introduced in November 2014. The five years during which this state program is being implemented have demonstrated its success and role in the economic well-being of Kazakhstan.

Peoples' Chinese Republic president, Xi Jinping (July 2, 2014) states the positive sides as of this project like Strengthening policy communication, such as taking forward regional cooperation.

To conduct this research questions were asked:

- What are problems of a transport sector in Kazakhstan?
- How national projects can change a current situation in transports?
- Why is it important to develop a transporting in Kazakhstan?

Methods:

Background information was included in order to collect general information about the economic effects of transports development and political context of Chinese international projects. The outcomes of transports the infrastructure improvement were obvious. To prevent inaccuracies in research only reliable and authoritative sources were used. For instance, "China's 'New Silk Roads': sub-national regions and networks of global political economy" by Tim Summers, is credible according to RAVEN strategy

In order to conduct primary research for a project work interview was chosen. It was conducted in order to collect reliable opinions about the perspectives of foreign countries participation in a transport sector of an economy. This method was chosen because it gives an opportunity to collect specific and reliable data from respondents. Interviews are thus useful for gaining insight and context into a topic.

Using secondary sources, the list of 5 questions was created to conduct an interview in order to collect the main information from respondents. As respondents were chosen experts, especially in management, economics, engineering.

The conversation was recorded by interviewee's approving and they signed the agreement (appendix #1)

As the 1st respondent expert of economics Baybatyrova Altynshash Baltabayevna, who is been teaching economics in NIS Aktobe for 4 years. As the representative of economists in my research, she claimed some useful ideas. As a 2nd respondent I had another expert of economics, Eleuov Askhat Sakenuly, who holds senior bank duties in Aktobe. 3rd respondent was Mirmanov Berik Alpamysuly. He was working as an economist of engineering in such projects as Aktobe rail and beam factory construction.

Results:

Research from an internet gave enough information relevant to topic, that is already was used in a context section in order to describe general situation. For instance, statistics of transports sector was found, what allowed to identify major problems of transports in Kazakhstan and destinations of global trade in order to evaluate the perspectives. Internet research showed that there are enough barriers to develop transports in Kazakhstan.

Results of interviews were useful in formulating general sides of the problem. Overall, all respondents are of the opinion that transport infrastructure takes one of the most important roles of economic development. They mentioned such positive sides as dues for transporting through Kazakhstan, development of private sector of economy, development of connected services

(electricity, expendable materials, fuels). 2nd interviewee also mentioned that any state is integrated to global economy and prices of products transported to far regions will increase. In Kazakhstan, there is not enough transport hubs, so that products could be transported easily across the country and reduce prices of final goods for consumers. It is especially important to smaller and medium businesses.

Interviewees in most cases confirmed that transports in Kazakhstan is weakly developed, however 2 respondents also added that a situation is different in other regions and that roads of republican significance are managed specially and controlled more carefully.

From problems, they have mentioned unsatisfactory quality of raw materials, execution of plans on a local level. Special place from problems takes place low density of a population in Kazakhstan: there is some big cities, which are connected weakly. Another major problem is access to world ocean. Sea transport is a cheapest one in big volumes of transportation, for an example of crude oil. Transportation through river channels to seaports of other countries will not be available in all times.

All respondents know about infrastructure plans in Kazakhstan, especially about “Nurly Zhol”, mentioning the significance of planned, gradual development is the most suitable for Kazakhstan. Such ideas as creation of an efficient transport and logistics infrastructure based on hubs in major cities in all geographic regions. They have mentioned such achievements as increased rate of GDP growth, higher effectiveness in building sector, especially in western regions (Aktobe, Atyrau).

As the perspectives of development of a transport sector presented ideas like attraction of investments, starting production of railway carriages completely on a domestic base. Mentioned the perspectives of re-construction of a railroad net through northern Kazakhstan, connecting Urumchi and Russia. 1300 of 7000 kilometers and planning expand a Nur-Sultan railroad station.

Respondents hold the opinion that foreign investments in transport can be extremely useful in improvement of transports system. They referred to such benefits of this as exchange of experience and development of high-technological transport types (high-velocity railroads, by the example of Chinese network crossing all country with total length more than 16,000 km), starting to use air transport for transporting systematically.

Overall, the analysis of interviews showed that the respondents have almost the same ideas and hold the same opinion on the problem of foreign investments.

Conclusion:

According to each of the research question it is possible to make the following conclusions:

- What are problems of a transport sector in Kazakhstan?

First problem of transports in Kazakhstan is geography. Kazakhstan has no access for world ocean, what would give cheaper delivery and extra perspectives in international trade.

Another major drawback is low density of population. With only 6 people per km², what is extremely hard problem for Kazakhstan's government, because it can be solved using systems of transport hubs across all country, what will decrease time for delivery of products.

- How national projects can change a current situation transports sphere?

National projects, like “Nurly Zhol” or a roadmap of business, can give for private sector sustainable, highly developed transport to decrease expenses for delivery.

Projects can improve a situation in a social sector of Kazakhstan: it is estimated that if “Nurly Zhol” will be implemented in full scale, 500 thousand temporary and about 40 thousand constant workplaces of Kazakhstan's citizens will be organized

- Why is it important to develop a transporting infrastructure in Kazakhstan?

Firstly, the worse transport connection the higher will be prices, because a distance travelled by products is higher, because improved transport inside a country can be useful for a private sector of economy.

Secondly, improved transport will increase carrying a capacity of passengers and products of whole infrastructure. It is obvious that the flow of passengers and products only increases.

Considering all points higher, the answer for the main research question can be formulated as: the economic effects of Western China-Western Europe road are obvious and significant. I believe that in few years Kazakhstan will be able to transport own products with high effectiveness and transit products through its territory to make impact to unification of world economy.

References:

1. Contessi, N. P. (2018, July 5). Foreign Policy Diversification and Intercontinental Transport Corridors: The Case of Kazakhstan's Railways Diplomacy. *Europe-Asia studies*.
2. D'emurger, S. (2001, March 29). Infrastructure Development and Economic Growth: An Explanation for Regional Disparities in China? *Journal of Comparative Economics*, 95–117. DOI: 10.1006/jcec.2000.1693
3. Gasparyan, K. (2019). Kazakhstan's participation in China's One Belt - One Way Initiative [Участие Казахстана в инициативе Китая «Один пояс – Один путь»]. *Post-soviet studies [Постсоветские Исследования]*. Retrieved from: <https://cyberleninka.ru/article/n/uchastie-kazahstana-v-initsiative-kitaya-odin-poyas-odin-put>
4. Schwab, K. (Ed.). (2019). *The Global Competitiveness Report*. World Economic Forum. Retrieved from http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf
5. Summers, T. (2016). China's 'New Silk Roads': sub-national regions and networks of global political economy. *Third World Quarterly*. doi: <http://dx.doi.org/10.1080/01436597.2016.1153415>
6. Wang, L., Xue, X., Zhao, Z., & Wang, Z. (2018, June 5). The Impacts of Transportation Infrastructure on Sustainable Development: Emerging Trends and Challenges. DOI: 10.3390/ijerph15061172. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6025045/>