

As of today it is achieved some positive results in the context of the creation of conditions to ensure food security in the Republic of Kazakhstan.

However, to achieve full food security in the country is not yet possible. In many ways, this is due to the fact that food policy was considered separately in relation to agriculture and food industries. In the current circumstances, there is need for a comprehensive review of agricultural policy, population's incomes policy, the development of infrastructure, food, etc.

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## **AGRICULTURE AS ALTERNATIVE DEVELOPMENT DRIVER OF KAZAKHSTAN'S ECONOMY**

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### **Түйін**

Мақалада Қазақстан аграрлық секторының негізгі артықшылықтары мен кемшіліктері талқыланады. Автор елімізде ауыл шаруашылығы секторын дамытудың перспективті бағыттарын ұсынады.

### **Резюме**

В статье рассмотрены основные преимущества и недостатки аграрного сектора экономики Казахстана. Выявлены перспективные направления развития агропромышленного сектора страны.

*Key words: Humanity, advantage, investors, competitiveness, agricultural, profit.*

Nowadays events, taking place in the energy sector, exactly the decrease of prices for oil and gas, have negative influence on the economy of Kazakhstan in accordance with the country's dependence on export of raw oil.

In order to diversify, the country's economy needs to develop new growth drivers. The most priority sector, which has prospects for providing best living standards in the future, is a branch of agriculture, namely the development of a

processing complex that will determine a new level of development of Kazakhstan as a leader in the global agri-food system.

According to the speech of the President of Kazakhstan Nursultan Nazarbayev on Kazakh-Russian Interregional Cooperation Forum in Sochi, "Food, the topic we are talking about today, is one of the most stable currencies, at the time when oil prices and prices of other commodities are low. Food will always be there. Both of our countries are agricultural and industrial. We have great opportunities. The real treasure of humanity, in the present and future, is agricultural sector. According to the UN, by 2050 the number of people in the world will exceed 9 billion, and one of the most pressing issues on the global development agenda will be: how to feed these billions. Kazakhstan and Russia, in this sense, have a priceless treasure – huge agricultural land and fundamental agricultural science with a lot of experience".

Agrarian sector of Kazakhstan has obvious advantages, both in the world and within the country: it is favorable natural, climatic and geographical conditions. The total area of agricultural land is 215.6 million hectares, where arable land are under the 24.6 million hectares (11.2%), hayfields - 4.8 million (2.2%), a pasture - 182 100 000 (84.8%).

Also Kazakhstan has 180 million hectares of pastures and bordered by Russia and China, which are among the ten world's largest beef importing countries. The total volume of beef import of these two countries in 2014 amounted to about 1.0 million tons and more than 4.0 billion dollars USA (volume of import of Russia - 616.6 thousand tons and 2.7 billion dollars USA; China - 297.9 thousand tons and 1.3 billion dollars USA). In the future for providing demand of new markets, that will be opened with the entry into the WTO, Kazakhstan needs to solve problems in the field of processing of agricultural raw materials in order to prevent repeating of energy sector development scenario, and not to fall back into dependence on raw materials. About 80% of its agricultural production sold as raw materials, but finished products have weak competitiveness due to technological backwardness of the processing enterprises. For example, large reserves for the processing industry are cattle hides (90% of the raw material is not processed), which will develop light industry, along with agriculture sector. But our enterprises needs in a large volumes of investments. According to analyses of Kazakhstan Ministry of Investment and Development, foreign investors tend to prefer processing industry.

So Director of the McKinsey Global Institute (MGI) Richard Dobbs at the investment forum held in the framework of the VII Astana Economic Forum on 21 May noted "when we talk about stimulating the growth of the middle class in Asia, we are talking about changes, about seeing an increase in other productions, not of just oil wells. Here we see a huge increase in demand for food products. I think that oil prices will remain volatile. But in reality something else is important for Kazakhstan. Since Kazakhstan grows a huge

amount of crops, Kazakhstan can also position itself as a supplier of food products. I think that such companies, such investors need to be in Kazakhstan. Let's create processing hubs".

The Kazakhstan's entry to WTO opens up wide opportunities for investors and local processing industry's companies. By the way, favorable investment climate in Kazakhstan attracts investors all over the world. Moreover, the subjects of agrarian and industrial complex program "Agribusiness 2020" provided state support measures that reduce costs regardless of whether the project is implemented independently or with the participation of foreign investors. According to the Ministry of Agriculture's master plan "Development of Processing Industry", the total amount of state support provided in the national and local budgets for the realization of objectives in the country of processing development will grow to 2020 and will amount about 139 billion tenge.

Agriculture – is the only one industry that requires the organization of an industrial complex in the countryside. Consequently, the structure of the industry includes large number of farms, private farms, organized in villages. Most small farms are not available government support in the form of subsidies, soft loans, etc. Low incomes of small and medium-sized businesses can't provide start-up capital for business development in rural areas.

The above problems justify agribusiness needs to unite small farms in agriculture cooperatives in order to protect their interests, to join for organization of production, to sale manufactured products, to manage processing products, providing material technical resources and other forms of service.

Agricultural producers were not in haste to join in cooperatives due to inconsistencies in the law. In agriculture, there is a special tax regime, under which farmers are exempted from 70% of the tax burden. However, these conditions did not apply to cooperatives, and therefore the tax burden increased. The adoption of the new Law on cooperatives solved this problem.

Now, according to the Law "On Agricultural Cooperation", an agricultural cooperative will be a legal entity established on the basis of voluntary association of individuals and (or) legal entities to meet the needs of its participants. The basic principles of agricultural cooperatives will be: mutual and providing economic benefits to members of the cooperative, democratic governance, based on the equality of members of the cooperative: one member - one vote, the implementation of cooperative goods and services at cost to its members, the transparency of the cooperative for its members, division of profits in proportion to the deposits in authorized capital.

In this regard, according to the speech of Asylzhan Mamyrbekov, this process should be accelerated. At the moment, as it is known, in Kazakhstan are registered 3,856 cooperatives of farmers, what is less than 2% of the total number of agricultural enterprises in the country.

To further improve the efficiency of use of its arable land, step up its competitiveness and diversify its agricultural exports, Kazakhstan needs to introduce advanced technologies.

Despite being one of the world's top grain suppliers, Kazakhstan lacks new technologies in agricultural sector. According to NursultanNazarbayev, "agricultural sector is in need of innovations, modernization, and introduction of advanced technologies". The creation of joint centers of agricultural innovations, which would deal with commercialization and industrial introduction of new technological solutions, can help in improvement of agricultural industry in country. As a result, for example, it has a potential to double or quadruple its grain output and etc.

So, based on international experience and innovation technologies, agricultural cooperatives as the joint organization of the processing enterprises with or without foreign investment capitals, will be able to solve the problems of processing of raw materials in the country and give a new impetus to the development of the processing sector of the agricultural complex, which ultimately will afford to the Kazakhstan's market competitiveness of enterprises and high quality products. Furthermore, it will give prosperity and will help for achieving the goal to entry to the list of the 30 the most develop countries in the world.

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