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STATE REGULATION OF ECONOMIC RELATIONS BETWEEN KAZAKHSTAN AND CHINA ON THE AGROFOOD MARKET

Abstract

A comprehensive economic pragmatism as the main goal of the new economic policy course of Kazakhstan that is based on the principles of profitability, return on investment and competitiveness, also includes aspects of the need to create a new industry along with the development of traditional basic industries, to increase their export potential, where Chinese investment plays a significant role. An institutional reform includes the abolition of sectoral programs with integration of certain sectoral programs into governmental programs, as well as in strategic plans of state bodies. Consequently, it is necessary to create an industrial-sectoral and administrative symbiosis for the effective development of the industry and assessment of its prospects, taking into account the protection and promotion of national economic interests within the framework of international cooperation. The evaluation of state management in the agrarian, sphere within the framework of the development of Kazakh–Chinese cooperation, based on the study of the PRC's approaches in the formation of special economic zones and domestic practice of improving the economy of agrarian sector under the conditions of the “third modernization” and “fourth industrial revolution”, will lead to an expansion of exports of agricultural products, transit potential of Kazakhstan, infrastructural development and optimization of industry administration. In addition, taking into account the strategic importance of the country's transport potential, it will allow developing adjacent economy sectors.

Key words: public administration, agricultural sector, export, public-private partnership, infrastructure, inclusive economy, principles of profitability.

In the modern world, foreign trade activity plays an increasing role in the development of the countries individually and the world as a whole. Statistics show a steady growth in world trade. Foreign trade is a powerful factor in the development of states in the world space, but at the same time they become dependent on this factor.

Our republic is in favor of creating a modern and efficient economy, attracting new investments, striving to be an equal participant in the world trade process and have the opportunity to influence the formation of international trade rules. In this context, the program “Economic belt of the Silk Road” is similar to the Marshall plan for the restoration of Europe and will allow the realization of economic interests, including. in such a sensitive to external changes in the meteosphere as the AIC. The horizon of this direction is quite large, accordingly, the opportunities of the economy of the republic will also not be limited to the short-term period.

The initiative, entitled “One belt, one way” in scale and scope in modern history is an unprecedented project. On the infrastructure covering 60 countries, it is planned to allocate more than a trillion dollars [1]. The promotion of infrastructure construction, the output of production capacities abroad – all this can quickly create investments that will bring results for economic growth, and also will closely combine the requirements of different countries. This direction will not leave indifferent TNCs or international financial institutions.

In this regard, in order to achieve the goals of expanding the republic’s participation in the regional agrarian market, it is necessary to focus on economic efficiency and state support of the industry. The territory of the Republic of Kazakhstan was the main segment of the “Great Silk Road”.

Today in the world economic thought there are two approaches to international trade. The first implies almost complete freedom of trade, carried out without restrictions on the part of the state. The second uses state regulation, state intervention in international trade to promote its growth, taking into account the interests of the national economy, protectionism.

The tendency of the development of the agrarian sector of foreign countries shows that the future of agriculture is behind such structures, where the market organization and the economic interest of the

producer are combined. One of the directions is integrated associations and cooperatives. The specific weight of their products is up to 80%, and the quality is much higher than in individual enterprises. In the study by the authors of Ruiz-Garcia L., Steinberger G., Rothmund M., every event in the supply chain of agricultural products, from production to the sale of finished products, parameters of state participation, etc., must contain their own information [2].

The agrarian sector is a strategic direction of the development of the republic, in which the effective organization of production and inter-farm relations determines the development of rural areas. In this regard, state regulation of the industry development should help to ensure a balance between agricultural and industrial production in the social protection of both spheres. And taking into account the ongoing changes in the decentralization of powers and strengthening of the responsibility of the regions for the implementation of economic policy, the emphasis of state administration is shifting to the regions. This allows to increase the initiative and responsibility of the akims of the southern region, where the transport corridor passes, in the formation of programs for their social and economic development, incl. the agrarian sector, and the involvement of available resources. At the same time, one should not forget about the accepted obligations of trade within the framework of the EEC and WTO.

In addition, the process of restructuring world trade and the formation of geopolitical relations directly affects Kazakhstan. On the one hand, this makes it possible to strengthen the measures of state support for the agro-industrial complex and is aimed at regulating measures that have a distorting effect on trade. On the other hand, this is an increase in competition, new challenges and risks. Currently, the socio-economic development programs of the regions of Kazakhstan are not adequately adapted to the ongoing processes due to the static nature of the planning system in the state administration and the disparate activities of potential participants. The region acts as the executor of national tasks in the field of agriculture, including issues of access of imported goods to the domestic market, state support for agriculture, effective use of sanitary and phytosanitary measures is the main priority in the conduct of negotiations. Therefore, a joint initiative of local authorities and business is needed.

The imbalance in economic growth has become a rather serious problem, since a large part of the population does not participate in the growth of global GDP, which makes it unstable. Inclusive economic growth ensures a stable and long-term improvement in the lives of all segments of the population, which stimulates the acceleration of GDP growth [3].

The implementation of the global project is a long-term plan that will involve present and future generations in enhancing domestic and world economic growth.

In 2000, G7 accounted for 44% of world GDP. While the GDP of the BRICS countries was only 18%, but already in 2016 BRICS reached a parity of 31% – 31% with GDP growth forecast of G7 countries, including the USA, 2 times up to 2030. The role of the PRC is key.

Kazakhstan initiates the opportunity to maintain the functioning of its currency both domestically and internationally outside the SWIFT system, based on the US dollar. The situation in which the fate of the national currency depends on another country, can lead to devastating consequences. The development of information and financial technologies allowed Russia and China to create their own system of conducting international trade without the US dollar. The successful launch of the Asian Bank for Infrastructure Investment (ABIA) will also allow the most dynamically developing Asian states to receive investments from a financial institution. In addition, at present the BRICS countries are discussing the creation of a “gold market”, in which the initiatives of N.A. Nazarbayev has a good position.

The foregoing predetermined the need for carrying out outlined studies to assess the prospects of state management of the agrarian sphere in the framework of developing cooperation between Kazakhstan and China and forecasting the transit flow of agricultural products. The given project is actual and as consequence of that rates of growth of the foodstuffs in the world are slowed down, and the economic and political components of China are gaining momentum. For example, political communication includes a common understanding of the concept and joint discussion of solutions; infrastructure linkages are aimed at joint infrastructure construction and resource use; uninterrupted operation of trade means common customs duties, joint discussion of rules; circulation of funds include a general floating exchange rate, exchange of information.

Consequently, the integration of the republic's economy is dynamic, but it does not have clear guidelines for state management, and the production structure is impermanent, which forms significant import flows.

The study of problems of public administration in general and the agrarian market, in particular, showed the intertwining of various theories of governance and international relations, which are now being included in the paradigm of globalism and geopolitics by well-known representatives.

Participation of state institutions is the main subject in the field of economic policy, especially in the context of expanding and unifying the rules of international trade. The state as an institution has a certain autonomy from society, but acts on its behalf and in its interests. The constant struggle of states for existence and protection of their interests, markets, commodity producers leads to conflicts in the international system. The way out is the evolutionary development of foreign policy and economic relations by adapting the state to a new distribution of power, for example, by joining strategic alliances.

Therefore, the teachings of George F. Kennan and G. Kissinger, which developed the principles of regionalism, have much in common with geopolitics, which many researchers put in line with other paradigms [4].

In this regard, the proposed scenario "One Open World" puts at the forefront the strengthening of the processes of globalization against the backdrop of liberalization, free trade and international integration. Expected growth of developing countries is anticipated with the strengthening of the role of Asian countries. In these favorable conditions, the growth rates of developed countries are expected to be 3.1%, and for developing countries – 5.2% on average per year.

If this scenario is implemented, it is important for Kazakhstan to actively participate in the processes of international integration, especially in the Eurasian region, through deeper integration into the New Silk Road project.

Economic relations between Kazakhstan and China have been actively developing over the 25 years of independence. The total volume of China's investment in the economy of Kazakhstan exceeded 42.8 billion dollars, the volume of lending – more than 50 billion dollars.

The core of the new economic policy of Kazakhstan is the development of infrastructure. The implementation of projects within the framework of "Nurylyzhol" is aimed at providing an infrastructure basis for economic growth.

In technological connection with the railway lines Zhetygen-Korgas and Zhezkazgan-Beyneu, the automobile corridor Western Europe-Western China and the Aktau port, the FEZ "Khorogos-East Gate" is an important center for the consolidation and distribution of cargo flows on the New Silk Road and ensures the further integration of Kazakhstan into the world transport and trading systems.

China is a key trading partner for over 100 countries, representing more than 80% of global GDP. The turnover of Kazakhstan with China for the first quarter of 2017 increased by 29%. In particular, exports increased by 33% to \$ 1.2 billion. Imports increased by 24% to \$ 901 million. In the total volume of international trade, the share of trade with China increased from 15% to 16%. Including the share of exports from 12% to 13%, the share of imports from 21% to 26%.

The main exported product is metal products. During the first quarter, metallurgical products were exported to China by 624.7 million dollars, which is 46% more than in the same period last year. Including refined copper was sold at 277 million dollars (+30%) and ferroalloys by \$ 254.8 million (+76%).

The list of the most actively exported goods included oil and oil products – \$ 155.4 million (not exported in the first quarter of 2016) and radioactive chemical elements – \$ 137.5 million (+34%).

The main imported goods from China are telephone sets and computers. Thus, for the first quarter of 2017, the import of telephones increased by 47% and amounted to \$ 101.2 million. Imports of computers and other computer equipment increased 2.3 times to \$ 34.2 million.

Also, as humanitarian aid, import deliveries of machinery and equipment to the RK from China were made in the amount of \$ 85.5 thousand.

Goods flows of agrarian products between Kazakhstan and China make up a part of the whole volume and have a steady tendency to growth. The list of agricultural products is represented by products of animal and vegetable origin, ready-made foodstuffs: live animals, meat and edible meat offals, fish and crustaceans, mollusks and other aquatic invertebrates dairy products; eggs of birds;

honey natural; root crops and tubers, fruits and nuts; peel of citrus fruits or melon peels; coffee, tea, mate, or Paraguayan tea, spices; products of flour-and-cereals industry; malt; starches; inulin; wheat gluten oil seeds and fruits, medicinal plants and plants for technical purposes; straw and cake, raw shellac natural; gums, resins and other vegetable juices and extracts of fats and oils of animal or vegetable origin and products of their cleavage; ready-made edible fats; animal waxes, etc.

In recent years, China has begun to create “green customs corridors” for agricultural products with Kazakhstan and other countries. The full use of special channels for customs clearance makes it possible to deepen bilateral and multilateral trade and economic ties, to enrich the development of friendly cooperation, as well as to build and strengthen the platform of interconnectedness and regional trade cooperation within the framework of the “Belt and road”.

Experts believe that with the opening of the “green corridors”, it will be able to issue customs documents for agricultural products at checkpoints in short time, which will reduce the time of stay of the goods in the port. At the same time, the construction of agricultural bases, the creation of favorable conditions in the field of transport and storage, concessional lending, as well as maintaining the balance of export-import trade are planned on a larger scale between China and Kazakhstan, Tajikistan, Kyrgyzstan and other countries.

The participation of Kazakhstan in the “Summer Asian Davos” in China was an important event aimed at studying the economies of the region of Southeast Asia. The issues of ensuring economic growth through sustainable development, the tasks of post-crisis development, new markets in the Asian region, trends in international capital markets and other topical issues of future global economic growth were raised and discussed here.

As a result of the development of economic relations, the Kazakh-Chinese economic policy is aimed, first of all, at the development of measures promoting the activation of regional production of domestic products, as well as increasing its export potential.

Thus, the list of government programs of Kazakhstan was supplemented by the program “National Export Strategy”. In accordance with it, the Central and local Executive bodies have developed an action plan for its implementation in accordance with the Rules of development, implementation, monitoring, evaluation and control of the Strategic development plan of the Republic of Kazakhstan, state and government programs, strategic plans of state bodies, programs for the development of territories, as well as the development, implementation and control of the Forecast scheme of territorial and spatial development of the country.

The current development of exports consists of several directions, the development of which improves the possibilities of public administration in the agricultural market, maintaining business initiatives of agricultural producers and their associations, taking into account the potential of Kazakhstan through the introduction of elements of the Fourth industrial revolution [5]:

- ◆ strengthening the institutional framework to support exporters (expansion of the functions of the electronic information resource Export.gov.kz in order to create a “single window” for exporters, on the principle of localization of electronic services);
- ◆ provision of financial and non-financial support measures for exporters (ensuring the growth of the number of exporters who received financial and non-financial support measures by increasing the capitalization of KazakhExport and advising exporters on export promotion);
- ◆ improvement of customs procedures (simplification of the procedure for issuing certificates of origin, etc.);
- ◆ development of transport and logistics infrastructure (creation of an electronic interactive map of transport and logistics routes of the Republic of Kazakhstan and the EAEU countries with the indication of the main freight forwarders and operators of the transport market, as well as taking into account the possibility of determining the optimal route by cost and time for transportation of goods according to their characteristics);
- ◆ ensuring mutual recognition of standards and technical requirements for products between the Republic of Kazakhstan and the countries of priority and high interest (making proposals to transfer the information center for TBT/SPS projects notified to the WTO technical regulations of the WTO member countries or changes in them, to which Kazakhstan goods are exported);
- ◆ improvement of conditions for the promotion of exports to foreign markets (increase in exports of goods to countries with which agreements on free trade zones have been concluded).

The established Chinese-Kazakhstani Fund for cooperation of production capacities is aimed at cooperation under the program “Digital Kazakhstan 2020”, supporting the participation of Chinese telecommunications enterprises.

By the way, Heylunzyan province, Guizhou, Xinjiang and some others work under the program “Three products, one standard”, which provides support for agricultural production, the creation of an effective storage and transportation infrastructure and export [6].

Transit is an important segment of the transportation. A significant part of the total volume of cargo transportation in Kazakhstan is regional transit at the level of 16-17 million tons per year, which indicates its stagnation.

In the total volume of transit, the share of bulk cargo is 77%, of which 64% is for Russia/Ukraine – Central Asia, 13% – for China – Central Asia.

The peculiarity of cargo transportation on the background of the development of cooperation between Kazakhstan and China, which also corresponds to the global trend, is the growth of containerization. Increasing the volume of container transit cargo, improving customs procedures and ensuring road safety are relevant state institutions in the restoration of the transport economy and future economic growth through the use of sustainable development tools.

Kazakhstan, having chosen a reference point to the level of the Organization for Economic Cooperation and Development, is aimed at achieving qualitative economic growth based on improving the competitiveness of business and human capital, technological modernization, improving the institutional environment, as well as minimizing the negative impact of man on nature.

The strategic plan until 2025 is built around seven major systemic reforms and seven priority policies that must be implemented in the economy and social life of the country until 2025.

Ambitious goals can be achieved through rapid, large-scale investment in R&D and innovations, as well as increased domestic competition. In order to attract foreign investment and create a favorable image of Kazakhstan, it is necessary to accelerate the implementation of the OECD recommendations aimed at ensuring the rule of law, increasing the openness of the economy and achieving sustainable development. Under these conditions, the Kazakh-Chinese dialogue and the ongoing financial support measures ensure the dual interests of countries that do not contradict the rules of the World Trade Organization.

In the system of industrial development of Kazakhstan, Chinese investments are one of the strategic blocks covering the sphere of transport infrastructure, trade, manufacturing, construction and, of course, agriculture.

Attraction of investments is currently concentrated on the construction and commissioning of the ICBC “Korgos”.

In the field of agriculture, Kazakhstan and China intend to modernize the infrastructure for the accelerated passage of agricultural products along the green corridor at the border crossing point “Bakhty – Pokit”. It is planned to actively explore the possibility of cooperation in the production of Halal products and everyday Muslim goods, joint development of markets outside the region. The parties intend to encourage and stimulate the enterprises of the two countries for the joint creation of model agricultural bases in the Republic of Kazakhstan. The amount of investments in the Central area, the construction of which was completed, amounted to 14 billion tenge. The investor was the company “Korgos-KAT”. More expensive object, which is also invested by this company, are shopping galleries, the company will invest in it more than 37 billion tenge.

At the beginning of 2017, there were about 14 thousand joint ventures in the country. In the first 10 countries by the share of the authorized Fund of the Nordic countries took 1st place, Russia-2nd and China-3rd.

In China, there are serious financial resources, the placement of which is taken care of by state and business structures. At the same time, the goals of investors from China are shifting from the raw materials sector to the sphere of innovative technologies and the acquisition of well-known brands. Increasingly, Chinese capital goes to companies that introduce new technologies in a variety of industries and different countries, from automotive and aviation to medical and financial, from Russia to the United States.

Chinese investments will definitely contribute to the industrialization of Kazakhstan’s economy through the development of production, financial and future projects, real increase of export and

transit potential of the industry, and can also be an engine for the dynamic development of the service sector.

China-Kazakhstan security cooperation not only creates conditions for the development of China and Kazakhstan, but also makes an important contribution to regional peace and security.

Thus, the state regulation of economic relations between Kazakhstan and China in the agro-food market is actively carried out and is of strategic importance in achieving socio-economic and political goals, as well as the growth of the agricultural economy.

The purpose of the study is to try to involve all participants in the production, information and logistics and control units in the process of creating modern conditions for the state management of the industry and the creation of the basis for economic growth in the regions. Evaluation of measures of public administration in the framework of the project “One belt and one road” will help to make this process a long-term basis. The development of the mechanism of state management of the agricultural sector will involve in the process of modernization and other areas of activity.

The mechanism of state management of the agricultural sector in the framework of the development of economic integration associations and the determination of trends can be useful in the development of measures for state support of the agricultural sector.

Social demand and economic interest in the results of economic integration and its assessment are expressed in improving the management of territories and the involvement of the business community in sustainable economic growth (inclusive economy), the development of a mechanism to stimulate the introduction of innovation and modernization of the agricultural sector, improving its quality, the growth of income of producers and improving their living standards. It will also have an impact on the inflow of investment and increase in consumer demand, and in the future, the growth of solvency.

It is assumed that effective regional management will lead to an increase in commodity volumes of agricultural products, the expansion of its markets and partial import substitution, as well as the creation of prerequisites for the development of the infrastructure of the transit zone.

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АГРАРЛЫҚ АЗЫҚ-ТҮЛІК НАРЫҒЫНДА ҚАЗАҚСТАН МЕН ҚЫТАЙ АРАСЫНДАҒЫ ЭКОНОМИКАЛЫҚ ҚАТЫНАСТАРДЫ МЕМЛЕКЕТТІК РЕТТЕУ

Андатпа

Қазақстан экономикасы саясатының жаңа бағытының мақсаты – кірістілік қағидаттары бойынша кешенді экономикалық прагматизмді анықтау, инвестициялық және бәсекеге қабілеттілігінен қайтару, жаңа саланы құрудың қажеттілігі, сондай-ақ дәстүрлі базалық салаларды дамыту, олардың экспорттық әлеуетін арттыру, сонымен қатар қытайлық инвестициялардың маңызды рөлі бар. Кейбір салалық бағдарламаларды жоюды,

ынталандыру мақсатында, халықаралық ынтымақтастық шеңберінде ұлттық экономикалық мүдделерді қорғау мен көтермелеуді ескере отырып, саланы тиімді дамыту және оның перспективаларын бағалау үшін өндірістік-секторлық және әкімшілік симбиоз құру қажет. «Үшінші модернизациялауды» және «төртінші өнеркәсіптік революция» жүргізу жағдайында арнайы экономикалық аймақтарды қалыптастырудағы ҚХР тәсілдерін және аграрлық сектордың экономикасын көтерудің отандық тәжірибесін зерделеу негізінде Қазақстан–Қытай ынтымақтастығын дамыту шеңберінде аграрлық саланы мемлекеттік басқаруды бағалау болжануда, ол ауыл шаруашылығы өнімдерінің экспортын, Қазақстанның транзиттік әлеуетін кеңейтуге, инфрақұрылымды дамытуға және салада әкімшілікті оңтайландыруға алып келеді, сонымен қатар еліміздің көлік әлеуетінің стратегиялық маңыздылығын ескере отырып, бұл экономиканың іргелес салаларын дамытуға мүмкіндік береді.

Тірек сөздер: мемлекеттік басқару, аграрлық сектор, экспорт, мемлекеттік-жеке серіктестік, инфрақұрылым, инклюзивті экономика, кірістілік қағидаттары.

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ГОСРЕГУЛИРОВАНИЕ ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ МЕЖДУ КАЗАХСТАНОМ И КИТАЕМ НА АГРОПРОДОВОЛЬСТВЕННОМ РЫНКЕ

Аннотация

Основной целью экономической политики Казахстана определен всеобъемлющий экономический прагматизм на принципах прибыльности, возврата от инвестиций и конкурентоспособности, что включает аспекты необходимости создания новой индустрии наряду с развитием традиционных базовых отраслей, повышения их экспортного потенциала, где китайским инвестициям отведена значительная роль. Упразднение, интеграция программ, изменение стратегических планов госорганов предопределяет создание производственно-отраслевого и административного симбиоза для эффективного развития отрасли и оценки его перспектив с учетом защиты и продвижения национальных экономических интересов в рамках международного сотрудничества. Оценка государственного управления аграрной сферой в рамках развития казахстанско-китайского сотрудничества на основе изучения подходов КНР в формировании специальных экономических зон и отечественной практики повышения экономики аграрного сектора в условиях проведения «третьей модернизации» и «четвертой промышленной революции» приведет к расширению экспорта сельхозпродукции, транзитного потенциала Казахстана, развитию инфраструктуры и оптимизации администрирования в отрасли. Кроме того, с учетом стратегического значения транспортного потенциала страны это позволит развить смежные сферы экономики.

Ключевые слова: государственное управление, аграрный сектор, экспорт, государственно-частное партнерство, инфраструктура, инклюзивная экономика, принципы прибыльности.