

Culture), furs. Carpets and jeweler items are prohibited unless accompanied by a document from the National Museum confirming that the articles are not antique.

Conclusion

Tariffs and other trade barriers have a definite effect on consumption and production. They serve to reduce consumption of the imported product, because the tariff raises the domestic price of the import. They also serve to stimulate domestic production of the product when that is possible, also because of the higher domestic price. Proponents of tariffs argue that such an increase in domestic production is desirable, while opponents argue that it is inefficient from an economic standpoint. The overall effect of tariffs and trade barriers on international trade is to reduce the volume of trade and to increase the prices of imports. Proponents of free trade argue that both of those results are undesirable, while proponents of protectionism argue that tariffs may be necessary for a variety of reasons.

There are several reasons advanced for imposing trade barriers. These include protecting domestic producers against foreign competitors (especially infant industries), improving a nation's terms of trade, reducing domestic **unemployment**, and improving a nation's balance of-payments position. Those who would argue against imposing trade barriers point to the possibility of retaliation by other nations, leading to a trade war. The more trade barriers there are, the lower the volume of international trade and the higher the domestic prices of imported goods. As a result, global resources are less efficiently allocated and the level of world **income** and production is reduced. It has been the recognition of the negative effects of trade barriers on international trade that has led to international agreements, such as GATT, designed to reduce or eliminate them.

As a whole we can conclude that:

- trade liberalization, clear and transparent trade policy rules meet the interests of long-term economic development and, consequently, facilitate human development;
- open trade contributes to saturation of the market with diverse high-quality and reasonably-priced goods which makes it beneficial for a wide range of consumers;
- integration into international markets and participation in the international division of labor stimulate the inflow of investments, generate employment and contribute to household income growth;
- trade allows to enjoy following: increased variety of goods, lower costs through economies of scale, increased competition, enhanced flow of ideas.
- to achieve sustainable economic development Kazakhstan needs to carry out the necessary structural adjustments, diversify production and increase the competitive ability of its industries;

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THE IMPACT OF ECONOMIC GLOBALIZATION ON TRANSITIONAL ECONOMIES AND THE ACTIONS ADOPTED TO MEET THE CHALLENGE OF ECONOMIC GLOBALIZATION, THE CASE OF KAZAKHSTAN

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Over the past two decades, the world economy has become increasingly integrated as flows of goods, labor, and capital across countries have expanded rapidly. The developed, the developing or even the transitional countries are all drifting with this trend unexceptionally. Although there is a general belief that globalization

has important long-term benefits through its impacts on growth and productivity, it is not practically as global as it may look; some countries are more globalized than others. Such tendencies indicate that within the time span of a single generation, the economies that take more active part in globalization managed to double their real income per head. Unfortunately, the income of other societies, less involved in the development of international trade, did not increase, on average, at all. While globalization indisputably offers huge opportunities for growth and development, many countries are not in a position to take advantage of it. Many of them are, in fact, increasingly marginalized from the entire process. These challenges can be overcome by the development of productive capacities at the national level, helped in some cases by international involvement.

The spread of market economy in the world has been the most important drive to and the bases for the development of economic globalization. In 1990's, the market reforms and social transitions in most transitional economies have speed up the process of economic globalization. At current stage, the scope of market economy has continuously enlarged that some developing powers such as China and India also joined the global market economy systems dominated by the rich; various trade barriers reduced; national economies integrated into the world market; global economic activity rules converged. Even the Russian politicians, having deep conflicts with the States, have been greatly affected by the US values and behavior standards despite their strong cautiousness. The public in Russia and other transitional countries wish to enhance the economic and trade cooperation with the developed countries such as the States, considering it as an indispensable way to restore economic growth and establish market economy. Therefore, each country has tried to meet the development of economic globalization by domestic reforms and economic open-up.

Today trade policy regimes vary widely from the very liberal in the Kyrgyzstan Republic to fairly liberal in Kazakhstan and Tajikistan, to quite restrictive in Uzbekistan.

Modern globalization that covers the beginning of 21st century can be distinguished by six characteristics. First, the volume of world trade increases very fast, nearly twice as fast as output due to reduction of customs barriers.. While the global GDP increased in 1965–99, on the average, at 3.3 percent a year, the volume of exports increased at 5.9 percent per annum. In 1980, merely 20 percent of exports from less developed countries consisted of processed manufactured goods; today this proportion exceeds 80 percent.

Second, apart from some temporary disturbances caused by a series of financial crises at the turn of the previous decade, capital flows have been steadily increasing. Three decades ago, capital transfers from rich to less advanced countries stood at less than \$28bn; in the record-breaking year 1997, they were 11 times higher, reaching \$306bn.

Third, there are population migrations. Although the modern-time movements are not as extensive as those in the years 1870–1910, when as much as about 10 percent of the world population changed their permanent residence, their economic significance is considerable. Remittances inflow to developing countries between years 2002 and 2007 have raised by 15percent during 2006-2007 and by 118percent between years 2002 and 2007. Mexico and other Latin American countries – from where immigration is mostly to the United States have raised the well-being of nationals through the large flow of remittances back into the country where they from. Emigration can lead to welfare loss, however, if account is taken of the fact that emigration of high-skilled workers leads to a decline in the productivity of those who stay behind. For example, qualified doctors, researchers, and engineers confer positive externalities on the rest of the population, and these are lost when they emigrate. Despite having small number of population Kazakhistani people especially educated staff are being emigrated but only small number of them. Many ethnic Germans and Russians, for example, left Kazakhstan during the years following the end of the Cold War.

Fourth, one should take note of the dissemination of new technologies, and in particular the spreading impact of the scientific and technological revolution connected with information and computer technologies. We witness the birth and development of a knowledge-based economy, with serious implications for countries seeking to catch up with more highly developed states. Progress pertains not only to the “hard” manufacturing technologies, but also to new management and marketing methods, which greatly boost productivity and hence increase the output.

Fifth, an indispensable element of the current phase of globalization is the post-socialist systemic transformation. Global economy means global capitalism and, therefore, it can only be based on the market. Thus the inclusion of Central and Eastern European countries, the Commonwealth of Independent States, China in this process will require the prior transformation of these areas into open and liberalized market economies.

Sixth, the radical transformation of the financial and economic structures and institutions is

accompanied by far-reaching cultural change. Greater openness to the transfer of not only people, but, first and foremost, ideas – not least through the phenomenal growth of the Internet, which is a medium resistant to bureaucratic and political control – means that the world has shrunk considerably and increasingly acquires the characteristics of a “global village”.

What is it like then, the world’s new face? First and foremost, it is heterogeneous, for not all the consequences of globalization are positive. The persistence or even, in some areas, increase of social inequalities, financial crises and their spread to other sectors of the world economy (including some economies based on relatively sound foundations and strong institutions), the dying off of some traditional branches of manufacturing in certain countries due to their low competitiveness, which creates rampant unemployment and poverty – these are but a few of the disadvantages of globalization. Further problems arise not only in the social and economic spheres, but also on the political or even military levels. As an extreme example, one could point at international terrorism, which, incidentally, can be viewed as a privatization of wars and military conflicts, or as an instance of the world trade in arms running out of control of powerful countries and the international organizations in which these countries play a dominant role, such as the UN or the WTO.

Therefore, the possibility that the attained progress of globalization will be reversed cannot be ruled out. It has happened so in the past, for instance, after 1914, when achieved level of globalization likewise seemed secure. Thus although technological progress cannot be checked, further liberalization of trade and capital movements – as well as, significantly, the increasingly liberalized transfer of labor – can be brought to a halt. The threat of renewed protectionism is real and cannot be ruled out a priori. That would automatically entail the slowing down of globalization, which would deprive many nations of the chance to catch up with more advanced economies.

It is easier to say with certainty what is not an emerging market than what is. One could say that emerging markets do not include, by definition, either those highly developed market economies which have long evolved mature institutional systems, or those countries which have yet to set out on the path of market development. Thus outside this group are all rich, institutionally mature countries. These comprise all the “old” members of the OECD (except Turkey), and several countries which have attained a high development level in recent decades, acceding wholeheartedly to the world economic exchange and liberalizing their economic regulations.

Finally, the fourth group – which is the most important source of candidates for an “emerging market” status – comprises countries which are gradually approaching a stage in structural reforms, opening and liberalization where a qualitative change is about to take place that may soon enable them to take advantage of free global capital flows or international free trade. One can classify with this group some post-socialist countries which have slowly embarked on the transformation, like Turkmenistan or Uzbekistan, as well as some of the former “Third World” countries now facing profound economic and political reform, like Algeria or Iran, and, finally, countries about to overcome the turmoil of civil war and armed ethnic strife, like, formerly, Guatemala and Yemen and now (hopefully) Angola and East Timor.

Unfortunately, there are processes in the modern world going in the opposite direction, too. Economies whose markets were already “emerging” may be set back in this process. This is particularly true of countries which become entangled – often quite unexpectedly – in destructive political and military conflicts, usually, though not always, of ethnic character. By way of exemplification, one could mention Kyrgyz Republic and Nepal in Asia, Madagascar and Zimbabwe in Africa, or Haiti and Colombia in America. Thus, generally speaking, what is and what is not an “emerging market” depends on the maturity of its institutions, that is the rules of the economic market game – the law and culture – and the institutions enforcing the adherence to these rules.

Methodologically, it is also possible to treat as “emerging markets” all economic systems which cannot be considered fully mature. Then one would also have to include in this category Iraq beside China, Belarus beside Poland, Libya beside South Africa, Cuba beside Mexico. Indeed, the classification here is a matter of convention, rather than sharp distinctions based on substantive criteria. This is not really the main point and there is no need to argue whether Singapore and Slovenia still count as “emerging markets”, as global investors would have it, or whether Pakistan and Kazakhstan have already attained this status, although not as fast as some transnational corporations and the governments of the most highly developed economies would wish.

Of greater importance is the interpretation of the “emerging market” category, as well as its theoretical and especially pragmatic implications. Does the fact that a country counts as an “emerging market” has a

bearing on its socio-economic development, and in particular, on its chances for accelerated growth, which are of special interest for us here? This is one of the issues that the two interpretations of the “emerging markets” – from their own perspective and that of the advanced economies – are concerned with.

From the point of view of (institutionally) developed and (materially) rich countries, the “emerging markets” are treated instrumentally. For these countries, they form yet another segment of the expanding field of economic activity. Thanks to its “emergence”, a new region of the world opens up for penetration by creating an opportunity to invest profitably surplus capitals, sell products and acquire resources, including relatively cheap labor. In this way an additional demand “emerges” – and becomes globalized – which now can be satisfied, as the political, economic and financial barriers that used to block access to these regions of the world are being torn down. Such an approach emphasizes not so much a commitment to the socio-economic development of an “emerging” market, as the opportunity to increase one’s own capacity for expansion and to multiply the wealth of the already rich countries. The development of an “emerging market” itself is only important inasmuch as it favors further expansion of the rich countries in a specific, new sales market. In other words, under the instrumental approach, rapid growth of an “emerging market” is not a self-contained, supreme goal, but only an instrument to further the interests of other, more powerful actors in the global economic game – be it the highly developed countries or the great transnational corporations.

On the other hand, the “emerging markets” themselves – which, incidentally, did not insist on being thus named – have a totally different outlook on this subject. What matters from their point of view is not the additional outlet created in their territory for the capital and goods from other, more advanced countries, but the rapid maturation of their own economic systems, leading to the emergence of full-fledged market economies. On this interpretation, the principal goal is not to create a new sales market for others, but to build a new, market system which is institutionally liberalized and progressively opens, much to its own benefit, to an expanding range of outside contacts.

Such a system should ensure a higher level of efficiency and faster output growth, hence also improving the living standards of the societies in countries described as “emerging markets”. The object of the game is to have market economies emerge, rather than just markets. This distinction is significant, for it emphasizes the main objective, which is rapid growth, to be achieved by the creation of an open, market economy with strong institutions. But the fact that a given country can be classified as an “emerging market” is in itself no guarantee that its economy is growing. If this is to be the case, many conditions must be met.

At the moment we expect that Kazakhstan opportunities will correspond with requirements needed to access WTO. And one of the task is to change legislative sphere and to inform Kazakhstani business circles about all preferences and results which WTO accession brings to them. Kazakhstan applied for WTO accession in 1996. The negotiation process lasts 10 years now and finally goes to an end. During this time 33 legislations were adopted in the country and 5 is under examination. Protocols on negotiations closure on more then 10 WTO countries market access were signed. It is expected that next year the republic could become world trade system full member. One of the main aspects of WTO accession is harmonization of existing standards in correspondence with international standards. European Commission Delegation through the project "Kazakhstan WTO accession assistance: technical regulations and standards harmonization" has initiated a series of measures on population awareness increase about forthcoming WTO accession. Perspectives according to some businessmen in making business in Kazakhstan are in energy sector. Direct and highest investments will be done there. But there is also high quality modern and competitive technologies development. Further mineral recourse industry was outlined and service connected with this industry, for instance, banking service. I can easily say how the banking sector is being regulated in Kazakhstan because it is the best example. There are also few industries which Kazakhstani government sees as perspective for competitiveness increase. Kazakhstani government has to heighten the standard and improve the quality of manufactured production, but also start using international quality norms such as ISO. Kazakhstan has to work actively to allow Kazakhstan to become a full member of the European Committee for Standardization. Thus, international quality standards adoption is a driving force for Kazakhstan accession to WTO.

The trouble is that globalization entails, by definition, migrations, which also involve the educated. As a result, instead of education, or brain training, we often witness brain draining. It is felt in many emerging market economies, also the post-socialist ones, from which there is an outflow of mostly highly skilled workforce to more developed countries. In this way, the relative competitiveness and development potential

of the countries where these people were educated and trained is adversely affected. This is an aspect of globalization which limits the catching-up potential.

These migrations are paralleled by large-scale movements of poorly educated people. Unskilled labor looks for a new and better place in the global village, thus not only improving their own material situation, but also contributing in a specific way to a reduction of development disparities. By changing the balance of regional and local labor markets, such flows contribute to the relative increase of wages in the countries that people leave (supply of unskilled labor is dwindling so average wages go up) and their relative decrease in the countries in which they arrive (supply of unskilled labor increases so average wages go down). Currently, such dependencies can be observed, for instance, between Mexico and the United States, Algeria and France, Ukraine and Poland, Vietnam and Thailand, Indonesia and Australia, Mozambique and South Africa, or Bolivia and Chile.

Thus if the outflow of workforce – and especially skilled labor – does not favor high growth rates, measures should be taken to avoid it. This is no simple task in a liberalizing world, and is best accomplished by overcoming the vicious circle of low growth rates and population outflow. The reason why people leave their native land is not the low income levels in that country, but, rather, the lack of realistic prospects for perceptible and speedy improvement in this field. People do return to their homeland, too – bringing with them their experience, acquired knowledge and savings– if they can view their country's development perspectives with optimism. Feedback thus arises which can be either favorable, or detrimental to development.

The Kazakh government, being aware of the country's enormous resource wealth and the need for a labor force large enough to exploit it, wants to see the population rise to around 20 million by 2015. Clearly given the fact that Kazakh fertility is already below replacement, heading downwards this target is only achievable via significant inward migration flows. Much of Kazakhstan is desolate and uninhabitable while many of the populated areas lack the physical and social infrastructure necessary to accommodate any large-scale increase in numbers. So the country needs both a positive migration policy and infrastructural development in order to be able to adequately accommodate the new population. Although 374,000 oralmans have returned to Kazakhstan in recent years, the bulk of Kazakhstan's population growth is currently the result of illegal migration from other countries in Central Asia.

Large numbers of migrants from the other Central Asian countries are drawn to Kazakhstan because it is easier to move there than to Russia; xenophobia is much less rife; and the rhythm of economic development makes it very attractive in salary terms. According to official estimates, about 500,000 migrants from other Central Asian Republics work in Kazakhstan. At the CIS summit in October 2007, the Kazakh government distinguished itself by moving to have adopted a resolution on a series of legally and socially protective measures for migrants.

Returning now to the economic front, the principal short term risks to Kazakhstan's slow landing are threefold: a prolonged period of tight conditions in global financial markets, a substantial drop in oil prices, and/or a domestic event that triggered a loss of confidence in the banks. All or any of these could easily cause a process which was now largely under control to become much less so.

Looking forward, growth is expected to remain relatively subdued. Assuming limited bank access to external financing and only modest deposit growth, credit within the economy is likely to decline in real terms. Non-oil GDP growth is forecast by the IMF to slow to 4.7 percent this year, from 9.2 percent in 2007, with spillovers from the oil sector partly mitigating the impact of the credit crunch. Oil output should support somewhat stronger overall growth of close to 5 percent in 2008. A strengthening in growth to 6.25 percent is projected next year assuming global financial conditions improve and pressures on bank balance sheets are reduced. The current account is even projected to move into surplus in 2008, following the large deficit last year, due to higher oil and commodity prices and much slower import growth. With banks repaying debt, the external debt/GDP ratio is projected to fall sharply this year, and appears to be on a sustainable path under a range of scenarios, while the overall government budget surplus is projected to increase to 6.75 percent of GDP in 2008 due to strong oil revenue growth.

Exchange rate stability is a central policy objective of the NBK. At present, exchange rate stability is viewed as essential for maintaining depositor confidence, limiting the risks from the large foreign currency exposure of the corporate sector, and helping reduce inflation. The central bank noted that downward pressures on the exchange rate had abated since the turn of the year, and its foreign currency reserves have been rising, in part due to the decision to delay the automatic conversion of oil fund revenues into foreign

currency assets. The country's official foreign assets (NBK reserves and NFRK assets) are now well above the level reached prior to the onset of market volatility in August 2007. Intervention in the foreign exchange market has been substantially scaled back (as a share of total transactions) in recent months, although the NBK stands ready to intervene in the market if downward pressures on the exchange rate re-emerge. The authorities continue to view the exchange rate regime as a "managed float with no predetermined path for the exchange rate."

The NFRK continues to be managed prudently, and the government does not expect to draw on the Fund beyond the amount of the guaranteed annual transfer to the budget. The assets of NFRK consist of a stabilization portfolio of about \$5 billion (invested in short-term debt securities) and an investment portfolio (invested in longer-term debt and equity securities). While the NFRK fulfils both a stabilization and savings role, at present the government has no intention to use the Fund's assets to help cushion the downturn. Indeed, the government spent only 86 percent of the guaranteed transfer from the NFRK last year, and expects the mandated transfer to be adequate to meet spending needs this year.

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SURVEILLANCE OF CORPORATE SOCIAL RESPONSIBILITY IN KAZAKHSTAN

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ABSTRACT

With the liberalization of economy, the corporate sector is making an increased effect on the rapidly transforming society in Kazakhstan. The paper studies the perception of the society of Kazakhstan on Corporate Social Responsibility (CSR). The primary data has been generated by means of a structured questionnaire, administered to the selected sample in Kazakhstan. The data has been analyzed with the help of mean and standard deviation. The findings reveal that in a market-led economy, society holds both positive and skeptic view of CSR activities and expects a responsible and ethical behavior from the corporations. The process of further integration of the society and business is required and the business has to reinforce the positive momentum to strengthen the confidence in the society. The study is useful for the corporations to understand the societal perception on corporate social responsibility, which may help them to redesign and reposition their social responsibility activities.

Keywords: CSR, Kazakhstan, societal perception, objective viewpoint, skeptical viewpoint, ethical viewpoint.

INTRODUCTION

The basic idea of corporate social responsibility is that business and society are inter-woven rather than distinct entities; therefore, society has certain expectation for appropriate business behavior and outcomes (Wood 1991). The concept of social responsibility was conceptualized during the early part of the twentieth century. Clark (1916) was among the pioneers to observe that if men are responsible for the known results of