

**2017 International Conference  
on Business and Economics (ICBE2017)**

**Ho Chi Minh City, Vietnam, July 06-08, 2017**

**第12回 國際統合學術大會**

# KODISA

1 Theme: *Science, Technology and Humanities for Sustainability  
of Business, Economics and Cultures*

2 Date: July 06 - 08, 2017

3 Venue: University of Finance - Marketing, Ho Chi Minh City,  
Vietnam

4 Organizer: Korea Distribution Science Association (KODISA), Korea  
The University of Finance - Marketing (UFM), Vietnam

KODISA INTERNATIONAL CONFERENCE

ISSN: 2287-478X

*Dr. J. H. Park*

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## 12<sup>TH</sup> INTERNATIONAL CONFERENCE OF KODISA

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The publication is an official program and proceedings book of the 2017 International Conference on Business and Economics (ICBE2017) and the Twelfth International Conference of the Korea Distribution Science Association and Allied Academies.

**Publication Date:** The publication is printed on July 06, 2017.

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**Publishing Office:**

Hanshin Officetel Suite 1030, 2463-4 Shinheung-Dong Sujeong-Gu, Seongnam-City, Gyeonggi-Do, KOREA (461-720).

TEL: (+82 31) 740-7292, FAX: (+82 31) 740-7361, <http://www.kodisajournals.org>

E-mail: [kodisajournals@gmail.com](mailto:kodisajournals@gmail.com)

**Production Editing:** Dunam Publishing, Seoul, Korea Tel: +82 2 478 2066

**Off Printing House:** University of Finance – Marketing, HCMC, Vietnam. Tel: +8 3 812 6699

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***Theme: Science, Technology and Humanities for Sustainability of Business,  
Economics and Cultures***

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**JULY 06 - 08, 2017**

**UNIVERSITY OF FINANCE - MARKETING**

**HO CHI MINH CITY, VIETNAM**

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## Economic Efficiency of Development of Transport Infrastructure in the Multi-Purged Regions of Kazakhstan

Sharapiyeva, Madina<sup>1</sup>

### Abstract <sup>1</sup>

Achieving economic growth, increasing the competitiveness of domestic producers, improving the quality of life of the population and strengthening national security largely depends on the quality of the economic space, therefore, there is a need to study the factors affecting its properties, the main one of which is the transport infrastructure. In the article, based on Kazakhstan's statistical data for 2015-2019, an assessment of the impact of transport infrastructure - roads and railways - on regional economic dynamics. Influence of transport infrastructure is considered a direct contribution to the economic dynamics of the region. The presence of a positive relationship between regional economic growth and the development of transport infrastructure has been revealed.

**Keywords:** Transport Infrastructure, Economic Growth, Logistics, Kazakhstan.

### 1. Main Text

Infrastructure is basically the base on which economic growth is built. Roads, water systems, mass transport, airports and utilities are all examples of infrastructure. It encompasses support services that contribute to the growth of direct production activities, such as agriculture and industry. These services include a wide range of services, ranging from the provision of medical services and educational institutions to providing such needs as food, irrigation, transportation, communications, etc. The developed transport infrastructure is one of the key prerequisites for effective long-term development, both for individual economic entities and for the country's economy as a whole. World statistics show that the competitiveness of the economies of the world depends on infrastructure by 40%, therefore the lack of its volume adversely affects the development of the global economy as a whole. At the same time, the analysis of the effectiveness of financing the transport infrastructure of Kazakhstan shows that the existing financial resources and instruments are not being used efficiently: there is a shortage of long-term investments, there are no effective mechanisms for interaction between financial institutions and transport companies, and there are no attractive conditions for attracting private investments into the transport infrastructure.

Infrastructure has bilateral relations with economic growth. First, the infrastructure contributes to economic growth, and secondly, economic growth causes changes in infrastructure. First, the direct relationship between infrastructure and economic growth is due to

the following factors: The output of such infrastructure sectors as energy, water, transport, etc., is used as raw material for production in directly productive sectors, namely agriculture, production, etc. Therefore, inadequate availability of the former leads to a non-optimal use of assets in the last.

- Infrastructure development, such as transportation, significantly improves productivity.
- Infrastructure provides the key to modern technology in virtually all sectors.

In many studies, there is a close relationship between infrastructure and GDP growth. These studies have shown that a 1 percent increase in infrastructure is associated with a 1 percent increase in GDP per capita. Thus, given the above type of relationship, infrastructure development is important not only for economic growth (in relation to globalization and technological innovation in the manufacturing industry). But also for poverty reduction. Secondly, the inverse relationship between economic growth and infrastructure moves from the next [3, p. 18]. Growth, in turn, makes demands on the infrastructure.

This can be illustrated by the relationship between GDP growth and the demand for infrastructure, namely: The relationship between GDP growth and infrastructure demand. As a result, as the income level increases, the infrastructure changes. In the low-income countries, the basic infrastructure, such as water, irrigation, is more important. In medium-income countries, the demand for transport is growing at a rapid pace. In countries with a high level of income, energy and telecommunications are more important. Because of such links between infrastructure and the rest of the economy, efficiency, competitiveness and growth of the economy depend on the state of development in the infrastructure sector.

Studies show that with a 20 percent increase in public investment in infrastructure, the government can accelerate real growth by 1.8 percentage points in the medium and long term, that is, six to ten years.

<Table 1> Length of railways

The operational length of public railways	2014	2015	2016
(Including the roads of other countries on the territory of Kazakhstan and the roads of Kazakhstan, passing through the territory of other states) km	15341,	15341,	15341,
Sours: stat.egov.kz			

Analysis of the impact of the development of transport infrastructure (hereinafter - infrastructure) on the economic growth of countries and regions has become widespread in recent decades. The positive role of the development of the automobile and railway networks in the processes of concentration and specialization of production, improving the competitiveness of countries and economic regions, reducing the transport component in the final price of goods, opening access to new markets is recognized [1]. In general, research results show the link between economic growth and investment in infrastructure at the national level. Spatial development of the region can be imagined as an

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economic growth in order to improve the welfare of the population, by improving the properties of the economic space. The proposed definition is relatively simple and concise, containing the goal of regional spatial development and the factors by which it is possible to achieve the set goals.

The transport infrastructure traditionally appears as the most important sphere of social production and occupies a special place in the system of the single economic complex of the country. It serves as the material basis for the division of labor in society and implements a diverse relationship between production and consumption, industry and agriculture, the extractive and processing industries, and between different economic regions. In general, the level of economic and technological efficiency of the functioning of all branches of the regional economy largely depends on the work of the transport sector [2, p. 11]. In the ranking of countries in terms of the quality of logistics, Kazakhstan in 2014 occupied 88th place, and in 2016 11 positions rose and ranked 77th. The main element of the transport infrastructure is the road economy, which provides constitutional guarantees of citizens for freedom of movement and movement of goods and services. The presence and condition of the network of public roads determines the territorial integrity and unity of the economic space [4, P. 7]. Thus, the functioning of the transport infrastructure is based on the coordinated interaction of state authorities and economic entities.

In the period 2015-2019, the new economic policy of Kazakhstan "Nurly Zhol" is being implemented in the country, 16 projects of the transport and logistics industry are being considered [7].

<Table 2> Total funding of road maintenance

Years	2015	2016	2017	2020
Amount of financing	14,2	16,5	22,5	33
	млрд.тг	млрд.тг	млрд.тг	млрд.тг
Growth %		16,2	36,4	46,7
Compiled by the author [8].				

The result should be: increasing the length and improving the technical characteristics of the transport network, updating fleets of vehicles and improving technology, meeting the growing demand for transport services. To implement these activities in the period until 2030, according to various estimates, it may be required from 30 to 33 billion tenge. To date, the total investment in the transport infrastructure of Kazakhstan is 3-3.5% of GDP (<Table 2>). Despite the fact that this indicator is close to the average value in the world, in modern conditions the instability of the world financial markets for GDP growth of the country is not enough.

## 2. Conclusions

Based on the interconnection schemes for investment in transport infrastructure and economic growth presented by the UK Department of Environmental Protection and Transport [6] and T. Lakshman [5], we compiled a scheme of the impact of investments in transport infrastructure on the growth rates of the region. The development of transport infrastructure contributes to the economic growth of the country through: a reduction in the energy intensity of the economy; Reduction of disproportions in the development of regions; Reduction of transport costs; Creation of favorable conditions for access to new markets; Development of specialization and cooperation processes; Decrease in the cost of passing goods within the framework of external and internal logistics systems. The development of the transport system is expressed in: the involvement of different regions in the

transport system of the country; Availability of natural resources and production capacity; Spatial development of the country. The state should influence the development of the transport system by investing in infrastructure, creating favorable conditions for attracting private investment, developing public transport, managing traffic flows. Influence of the volume of investments in transport infrastructure on GDP is most clearly reflected through indicators: - operational length of the railway and public roads; - volume of passenger and cargo transportation. The analysis of the interrelation of these factors, revealed on the basis of correlation-regression analysis, once again proved that the level of development of individual regions and the country as a whole expressed in the volume of GDP depends on the volume of financing of the transport infrastructure.

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