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**СОВРЕМЕННЫЕ ТЕНДЕНЦИИ ДЕЯТЕЛЬНОСТИ
ТРАНСНАЦИОНАЛЬНЫХ КОРПОРАЦИЙ В КАЗАХСТАНЕ****А. Хойч¹, А. Абайдильда²**

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Ключевые слова: глобализация, транснациональные корпорации, прямые иностранные инвестиции, поток ПИИ, План нации «100 конкретных шагов».

Аннотация. Один из главных признаков глобализации мировой экономики - транснационализация экономической деятельности, что получило развитие и стало феноменом второй половины XX веков. Сегодня транснациональные корпорации - основной инструмент в расширении бизнеса в международном масштабе. Казахстан является лидером по привлечению иностранных инвестиций среди стран СНГ. За годы независимости более 200 млн. долларов США были привлечены в страну. Данная статья посвящена изучению деятельности главных участников процесса глобализации экономики - транснациональных корпораций в Казахстане. Авторами рассмотрены основные направления и объемы потоков прямых иностранных инвестиций в страну за последние двадцать лет. Определены основная динамика ПИИ в стране и перспективы развития.

**CURRENT TENDENCIES OF MULTINATIONAL CORPORATIONS'
ACTIVITIES IN KAZAKHSTAN****A.Khoich¹, A.Abaidilda²**

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Key words: globalization, multinational corporations, foreign direct investment, FDI inflow, investment policy, “100 Concrete Steps”- Plan of Nation.

Abstract. One of the main implications of world economy globalization is transnationalization of economic activity. It had impetuous development and became a phenomenon of the second part of the XX century. Today, the multinational corporations are the principal instrument in the expansion of business on an international scale. Moreover, MNCs, investing in national economy, develop manufacture, markets products, and services worldwide. This article is directed to research the FDI inflows and activities of multinational corporations in Kazakhstan. The results indicate that in the last two decades Kazakhstan attracted the biggest amount of investment among CIS countries and despite of different economic situations in the world, it could keep this tendency. However, there is a vexed problem which exists over the time that MNCs in the country mostly orientate to extractive industry.

1. Introduction

The processes of economic globalization had led to forthcoming of new players in the world economic and political scene – multinational corporations (MNCs). Nowadays MNCs controls more than 50% of the world industrial production, more than 60% of international trade, 80% of new technologies and know-how patents and licenses, and almost 90% of foreign investment [1]. These players fixedly conquered the world market and can influence on economic and political situation alongside with states. The United Nations defines MNCs like incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates with an equity

capital stake of 10 per cent or more. Certainly, MNCs are always interested to broaden their activities all over the world and, in particular, in developing countries.

The purpose of the paper is to analyze the business activities of MNCs in Kazakhstan and to examine their impact on national economy.

To achieve this purpose the following research tasks have been formulated, which are addressed in turn in this paper:

- To monitor the flow of FDI to the country;
- To define the role and a place of MNCs in Kazakhstan;
- To prognosticate the future impact of MNCs on the country's economy.

2. Literature review

Theoretically there are numerous studies which investigate the impact of foreign direct investment (FDI) and MNCs on economic growth of the host country. In the last two decades, a lot of domestic scientists and experts dedicated their works on the effects of MNCs' activities on Kazakhstani economy. Almost all studies on FDI have found its positive influence on economic growth of the host country. For the host country it brings advantages on standard of living and possibility for economic growth as it imports technology, managerial skills and market access, and thus accelerates growth and development. But others focus on negative effects which are more vital and can be critical to economical security.

According to independent researcher of journal "Central Asia and Caucasus" S. Smirnov (2006), the active introduction of MNCs in Kazakhstani economy started in 1994-1997. It was a time when the government of the country emphasized on attracting foreign investment – big MNCs. These corporations provided to the republic not only international recognition, but also became a guarantee the internal political stability. However, expert noted that despite of the good sides of their work in our country, MNCs lobby their interests by official and unofficial ways through key figures in the corresponding structure [2].

While L. Muzaparova's (2004) approaches to the tendency and peculiarities of economic transnationalization shows the necessity to set up Kazakhstani corporations; such local companies can resist to the world MNCs in the future. It shows that local MNCs will allow in certain degree to protect national economical interests, to promote further development of Kazakhstani economic structures, internationalization of its production and capital, the country's integration to the world economy, and its participation in global economical processes [3].

Prof. Khusainov states (2013) that the main characteristic of the current condition of the world economy is emergence and active development of the independent multinational sector which in many respects left the jurisdiction of the states. The research result shows that economic power of large multinational corporations has already exceed the economic possibilities of the small and middle states. Therefore the current situation in the world economy can be characterized as an era of a diarchy and fight for the economic power between the national states and MNCs. In the next years and decades the fight for economic power between MNCs and nationals will become the defining factor of development of global processes in world economy [4].

As stated in Kazakhstan International Business Magazine (2012), because of the extremely uneven distribution of capital investment, the imbalances in the industries are aggravated by imbalances at the level of economic development of the regions. According to their estimations, about 60 % of all investments in the country fall on the cities of Almaty and Astana, and Western Kazakhstan, particularly Atyrau, Aktobe, Mangistau and Kyzylorda regions (where the raw material sector enterprises are concentrated). In these regions, more than 80 % of all the enterprises with foreign participation and affiliates of the fuel-and-energy sector operate [5]. To support this, we can say that at the end of 80s and at the beginning of 90s, during the economy reforming in Kazakhstan, the first MNCs, which were the main components of international business elite, entered to the country like Chevron, British Gas, Exxon Mobil, BP/Statoil, Royal Dutch/Shell, Texaco, Total, Coca-Cola, ENI, Mitsubishi, Samsung, and Agip.

In other words, most of foreign MNCs are concentrated in oil-gas sector. It is important to notice that foreign companies during the last 15 years played a vital role in identification, exploration and development of oil deposits in our country. As there was allowed to setting up not only the joint production in Kazakhstan, but also the companies with 100% participation of foreign capital, by that moment 85% of oil production capacity belonged to non-governmental structures, mainly to foreign MNCs [4].

For briefly conclude the literature review we can identify some main ideas. MNCs in Kazakhstan oriented mostly on raw materials production. They are mostly interested in this sector of economy and sometimes use their position to lobby own interests. Today we still do not have powerful corporations which can act in the world scene and be competitive. In this case, we need to carry out diversification and direct MNCs to production of finished goods within joint venture with Kazakhstani companies.

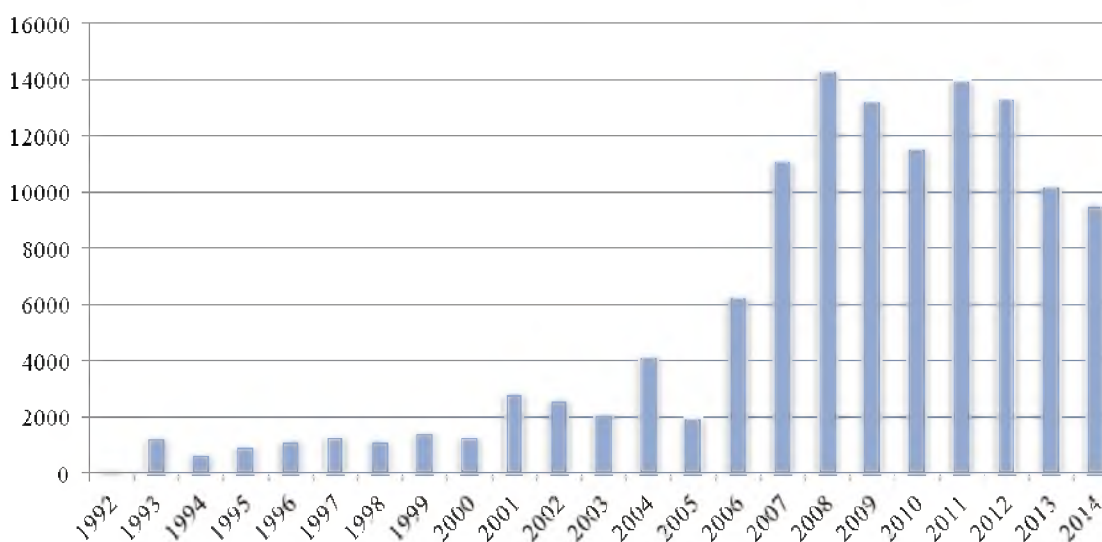
3. Methodology

The present study uses data from multiple sources. Primary data are obtained from the annual reports of governmental documents, newspaper and magazine news. Secondary data are obtained from previous studies on the relevant problem, such as UNCTAD. Analyses of various activities of transnational corporations and trends in flows of FDI around the world have been presented in the World Investment Report (WIR) by UNCTAD annually since 1991. In addition, statistical references Committee on Statistics of the Ministry of National Economy and Committee on Investment were used as a basic data for the research. Economical methods like statistical and comparative analyses, system approach to studying of MNCs methods were applied. In addition, methods of the structurally functional analysis, synthesis, and expert estimates were used during the research process.

4. Results

According to UNCTAD, the total volume of FDI in the world fell by 16% in 2014. The largest increase in FDI is observed in developing Asia, which increased by 8.6% compared to the previous year. In turn, despite the falling tendency of FDI volume in the world, its inflows in Kazakhstan have increased considerably over the last decade and the country attracts a significant share of the world's total FDI. Among Central Asian countries it received 85% of all investment in 2012; among the Commonwealth of Independent States the share was 42%. The following statistic data of mentioned organization proves that for investors Kazakhstan is one of the most attractive states among developing countries [6, p.132].

Chart 1 – FDI inflows in Kazakhstan, 1992-2014



*Source: UNCTAD 2014 [7]

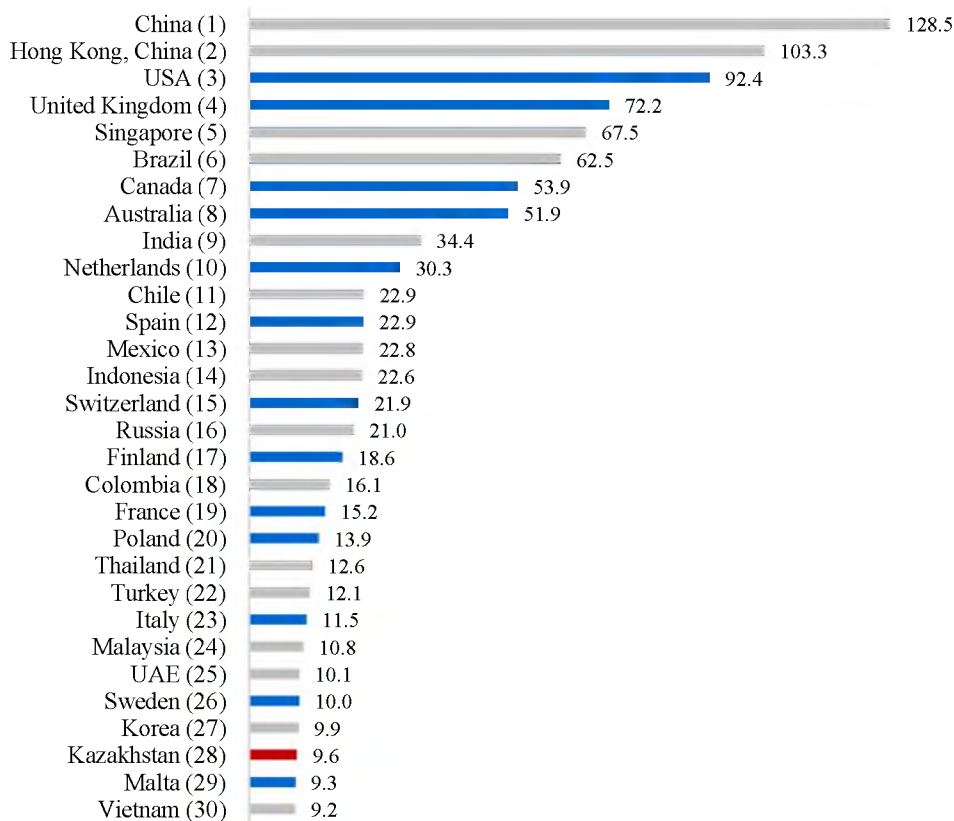
On the report of the National Bank of the Republic of Kazakhstan, the gross FDI inflows into the Republic of Kazakhstan for the period from 2005 to the first half of 2015 amounted to \$ 215 billion dollars. With a volume of gross FDI inflows of 9.6 billion dollars in 2014, Kazakhstan emerged as one of the top FDI receiving countries worldwide (see Chart 1). Moreover, Kazakhstan ranks 16th position among the developing countries as per report of UNCTAD and 28th position among all countries (also see Chart 2) [8].

Meanwhile, despite the positive dynamics of investment inflows, they have not undergone substantial diversification. It is known that the main investors are the world MNCs concentrated in the key sectors of the country. Kazakhstan has attracted FDI mainly due to its vast fossil fuel reserves, metals and minerals, such as oil and gas, coal, iron, manganese, chromite, lead, zinc, copper, gold, titanium, bauxite, uranium and many other minerals [9, p.7].

OECD reports that more than half of inward FDI goes into the extractive sectors. The share of inflows of FDI into activities related to natural resources stood at around 50-60% in Kazakhstan over 2010-14, down from 70-80% before the global economic downturn in 2008. FDI in the extractive sector is split into equal shares for mining activities and geological exploration and prospecting activities. In terms of FDI stocks, 55% of total FDI is in exploration and prospecting activities and together 15% in mining. The share of foreign investment in manufacturing remained at around modest 15% in 2014. Since 2005, gross inflows of FDI in the manufacturing sector amounted to

\$ 23.4 billion, of which: From 2010 to 2014 gross inflow of FDI in the manufacturing industry was 17.6 billion USD, which corresponds to 74% of total FDI inflows in the manufacturing industry since 2005 (see Chart 3) [10].

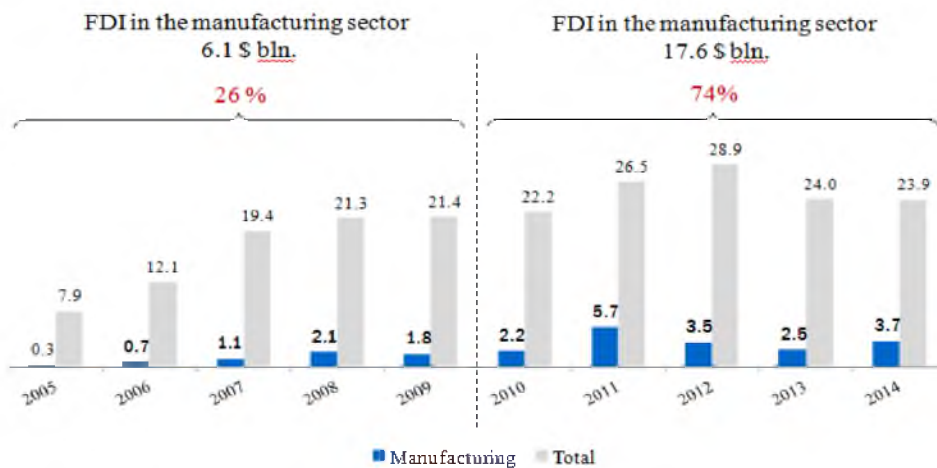
Chart 2 – FDI inflows: top 30 host economies, 2014, \$ bln.



*Source: Ministry of Investment and Development of the Republic of Kazakhstan

If to compare the structure of the gross FDI inflows by countries, here the Netherlands (39.9%) is the leader; then France follows with a large gap (7.8%), then China (5.9%), the USA (5.2%), Britain (4.6%), Russia (3.9%), the Virgin Islands (British) Islands (3.3%), and Japan (3.1%). The list of the countries that have invested in Kazakhstan's economy includes more than 120 countries [5].

Chart 3 – FDI inflows



*Source: Ministry of Investment and Development of the Republic of Kazakhstan

It is known fact that foreign investment had played an important role in economic growth of independent Kazakhstan which was a result of effective investment policy. Meanwhile, within the framework of path to industrial innovative development, today the main challenge for our country is redistribution of FDI flow from mine to manufacture sector of economy.

As UNCTAD noted Kazakhstan is FDI attractive, at the same time it has highly dependence on energy sector. So as a conclusion, for long time being highly dependence on energy sector can bring economy negative impact. It could be better to direct FDI to other sectors to assure long time growth for the technology intensive sectors.

In “The 100 Concrete Steps” set out by President in May 2015 Nursultan Nazarbayev announced that in order to diversify the economy, Kazakhstan will attract multinational companies in the processing industry of the country. This will allow Kazakhstan to enter the world market. The Head of State stressed that Kazakhstan will become a transparent logistics center of Eurasia on the basis of high-tech infrastructure.

Today 29 MNCs from Global 2000 were invited to be a part of Kazakhstan economy. There are General Electric, Toyota Motor, Chevron, Total, Airbus Group, BASF, Hyundai Motor, Sanofi, Rio Tinto, Posco, Danone, KIA Motors, Linde, Heidelberg Cement, Alstom, Thales, Keppel Corp, ThyssenKrupp Group, Metro Group, Solvay, LG Electronics, Peugeot, AES, Areva, Sumitomo Metal Mining, Anadolu Efes, Flowserve, LS Corp, Cameco.

According to information of Ministry for Investment and Development, three new productions with participation of MNCs were introduced in such spheres as mechanical engineering, petro service, and chemistry in 2015:

- The production of “JAC” automobile was arranged by the CKD method in “SaryarkaAutoProm”. More than 700 automobiles were planned to produce until the end of 2015.
- The American diesel engines “Gevo” production plant was constructed. The output is 400 pieces and the cost of the project is about 60 million dollars.
- The Finnish company “Tikkurila” opened paints and varnishes production plant. Power is more than 2 000000 liters of paint a year. Special modules which allow increasing production are used when it is necessary. Investments are more than 1 million dollars.

Despite the crisis phenomena in the region, the operating foreign companies expand their productions. It means there is a trust indicator from investors. It is remarkable that all these projects in the non-oil and manufacturing sector. Today, 41 companies are at a stage of reinvestment, from them 6 are already realized this year (DANONE, Lotte Group, AVZ, BTM, Galaxy, Coca-Cola) [11].

5. Conclusion

To sum up, authors attempted to show FDI inflow to Kazakhstan economy and its future prospects. As KISS (Kazakhstan Institute for Strategic Studies) experts predict the tendencies of the world economic development in the short run are mostly negative and at least with high level of probability of GDP growth rates delay in global scale and also in leading economies. Delay of economic growth rates is predicted in reviews practically of all authoritative international organizations worsened estimates of growth of world economy prospects. In this situation of delay in economic growth all over the world, there is a question how FDI flows and MNC activities will change globally and particularly in Kazakhstan. As analysis show within the Central Asia and CIS countries Kazakhstan is one of the rapidly growing and one of the most FDI attractive countries. Kazakhstan government has already formed the most favor condition for investors. From our point of view, the number of MNCs in Kazakhstan will continue to grow, as they can find good opportunities for their business: the extension of the market with population up to 182 million people as a result of Eurasian Economic Union; in addition, the important location on New Silk Road strengthens its geopolitical role as a bridge between Europe and Asia. The developing of infrastructure within the state program “Nurly Zhol” and different other programs will attract more investors.

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ҚАЗАҚСТАНДАҒЫ ТРАНСҰЛТТЫҚ КОРПОРАЦИЯЛАР ҚЫЗМЕТІНІҢ ҚАЗІРГІ КЕЗДЕГІ ТЕНДЕНЦИЯЛАРЫ

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Түйін сөздер: жаһандану, трансұлттық корпорациялар, тікелей шетел инвестициялары, ТШИ ағымы, «100 нақты қадам» ұлттық жоспары.

Аннотация. Әлемдік экономиканың жаһандануының басты белгілерінің бірі экономикалық қызметтің трансұлттануы болып табылады. Бұл құбылыс серпінді дамып ХХ ғасырдың феноменіне айналды. Бүгінгі таңда трансұлттық корпорациялар – ұлттық экономикалармен қатар келе жатқан халықаралық сахнаның басты қатысушылары болып келеді. Бұл мақала трансұлттық корпорациялардың Қазақстандағы қызметін талдауға бағытталған. ТҰК-дың қызметінің көрінісі бұл елге тартылған тікелей шетел инвестицияларының ағымы арқылы көруге болады. Тәуелсіздік алғаннан бері Қазақстанға көлемі 200 млн. АҚШ долларынан астам ТШИ тартылған. Авторлар жиырма жылда елге тартылған ТШИ көлемінің өзгеру динамикасы мен құрылымына талдау жасап, болашақ перспективаларын анықтаған.

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