

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ ҒЫЛЫМ ЖӘНЕ ЖОҒАРЫ БІЛІМ МИНИСТРАЛІГІ
МИНИСТЕРСТВО НАУКИ И ВЫСШЕГО ОБРАЗОВАНИЯ РЕСПУБЛИКИ КАЗАХСТАН
MINISTRY OF SCIENCE AND HIGHER EDUCATION OF THE REPUBLIC OF KAZAKHSTAN

А.Н. ГУМИЛЕВ АТЫНДАҒЫ ЕУАЗИЯ ҰАТТЫҚ УНИВЕРСИТЕТІ
ЕВРАЗИЙСКИЙ НАЦИОНАЛЬНЫЙ УНИВЕРСИТЕТ ИМЕНИ А.Н. ГУМИЛЕВА
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«ҰАТТЫҚ ВАЛЮТАНЫҢ ТҰРАҚТЫЛЫҒЫ МЕМЛЕКЕТТІҢ
ҚАРЖЫЛЫҚ КАУІПСІЗДІГІН ҚАМТАМАСЫЗ ЕТУ ФАКТОРЫ РЕТІНДЕ»
Қазақстан Республикасының ұлттық валютасының 30 жылдығына арналған
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МАТЕРИАЛДАР ЖИНАҒЫ

СБОРНИК МАТЕРИАЛОВ

Международной научно-практической конференции,
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«STABILITY OF THE NATIONAL CURRENCY AS A FACTOR OF ENSURING
FINANCIAL SECURITY OF THE STATE»

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Халықаралық ғылыми-тәжірибелік конференцияның еңбектер жинағында мемлекеттің қаржылық қауіпсіздігін қамтамасыз ету және Қазақстан Республикасы ұлттық валютасының тұрақтылық факторлары қарастырылған.

В сборнике трудов международной научно-практической конференции рассмотрены факторы обеспечения финансовой безопасности государства и стабильности национальной валюты Республики Казахстан.

In the collection of works of the international scientific and practical conference, factors of ensuring the financial security of the state and the stability of the national currency of the Republic of Kazakhstan are considered.

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ресурсами в финансовом секторе гарантирует стабильность и устойчивость национальной валюты, способствует развитию экономики Казахстана и повышению ее конкурентоспособности на международной арене.

В современных условиях глобализации и быстро меняющейся экономической ситуации современное управление человеческим капиталом в Республике Казахстан играет важную роль в обеспечении устойчивости национальной валюты – тенге. Эффективное управление человеческим капиталом становится неотъемлемой частью успешной финансовой стратегии Казахстана.

Важную роль в обеспечении специалистов современными знаниями и навыками играет подготовка квалифицированных кадров по современным учебным программам, ориентированным на потребности рынка труда. Непрерывное профессиональное обучение и развитие компетенций действующих сотрудников, в частности повышение мотивации и удовлетворение потребностей работников, создает необходимые условия для повышения производительности труда и удовлетворенности работой [4].

Институты, основанные на мотивации и потребностях сотрудников, способствуют формированию сильной, стабильной и высокоспециализированной рабочей силы. Такие кадры способны эффективно управлять финансовыми ресурсами страны, обеспечивать денежную стабильность и устойчивый экономический рост.

Современное управление человеческими ресурсами в Республике Казахстан – это не только ответ на вызовы современного мира, но и движущая сила устойчивого экономического развития. Оно формирует культуру профессионализма и ответственности, стимулирует инновации и способствует повышению конкурентоспособности страны на мировой арене. Поэтому внимание к управлению человеческими ресурсами остается важнейшим стратегическим фактором обеспечения финансовой стабильности и успешного будущего Республики Казахстан.

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STABILITY OF THE NATIONAL CURRENCY EXCHANGE RATE AND ITS IMPACT ON TOURISM IN KAZAKHSTAN

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Annotation: The stability of a nation's currency exchange rate plays a pivotal role in shaping its tourism industry. A stable national currency exchange rate is a vital factor in attracting tourists, as it instills confidence in potential travelers and minimizes financial risks associated with fluctuating rates. This study delves into the impact of exchange rate stability on the growth of Kazakhstan's tourism industry, examining how a steady exchange rate positively influences foreign tourist

arrivals and their spending patterns. Understanding the dynamics of this relationship is crucial for policymakers and stakeholders in Kazakhstan's tourism sector to implement strategies that promote exchange rate stability and, in turn, foster tourism development and economic growth.

Keywords: currency exchange rate stability, tourism industry, exchange rate fluctuations, foreign tourist arrivals, financial risk, Kazakhstan, Exchange rate policies, economic growth.

Introduction

The stability of a nation's currency exchange rate is a critical determinant of its economic health and attractiveness to international visitors. In the case of Kazakhstan, a country that has increasingly become a destination for tourists seeking diverse landscapes, rich culture, and unique experiences, the exchange rate's stability plays a crucial role in shaping its tourism industry. Currency exchange rate stability refers to the consistency and predictability of a national currency's value concerning other global currencies. This factor influences the decisions of potential tourists, affecting their willingness to visit Kazakhstan and their spending behavior once they arrive.

Analysis: Problems of stability of national currency

One of the main problems of the Kazakh economy is the instability of the monetary and financial system, expressed in a weak national currency, which, in turn, is a key indicator of the international competitiveness of the national economy. Since the introduction of the national currency of the Republic of Kazakhstan, the tenge, there has been a tendency for its constant depreciation. So, in 1993, one dollar cost 4.7 tenge, this was the highest tenge rate. By 1999, the dollar had already risen from 84 to 138 tenge. In 2018, the average exchange rate of the tenge to the dollar was 344.7 tenge; in August 2019, the dollar was worth 386.67 tenge, that is, the Kazakh national currency depreciated more than 80 times. [1]

As is known, the main settlement currency of the oil and gas industry is the US dollar, which contributes to its predominant use in the country's transaction costs and accordingly increases the dependence of the national currency. In addition, the stability of the tenge is influenced by both external factors: oil prices, the economic and geopolitical situation in the world, including the main partner countries whose economies depend on the export of raw materials, the monetary policy of central banks of developed countries, and internal: the state of the balance of payments, inflation indicators, the value of the base rate, the size of gold and foreign exchange reserves, the monetary policy of the NBRK.

World oil prices are one of the main factors influencing the exchange rate of the tenge, with a significant share of oil in Kazakh exports, which amounted to 62% in 2018. The dynamics of oil stock exchange prices closely correlate with the cycles of the global economy. Thus, the sharp collapse in prices on the world oil market in 1998, 2008, 2014, 2015 obviously coincides with

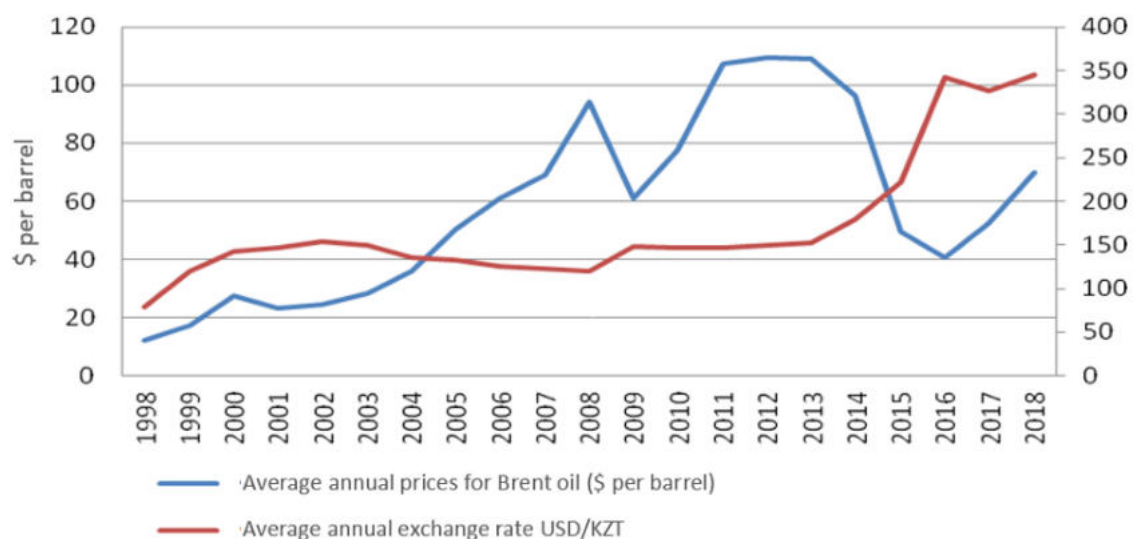


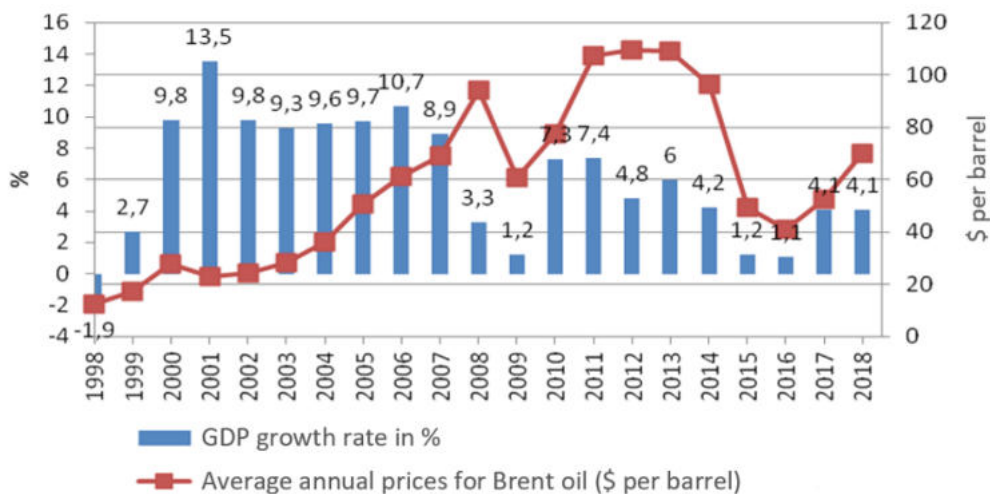
Figure 1 – Dynamics of the dollar/tenge exchange rate in relation to oil prices 1998–2018.

financial crises and devaluation processes in the Republic of Kazakhstan. Let's consider the dynamics of the dollar/tenge exchange rate in relation to oil prices (Figure 1).

As a result of the Asian financial crisis of 1997–1998, the Russian financial crisis of 1998 and the fall in world prices for oil and metals, the tenge exchange rate began to fall rapidly in 1999.

In 2003–2007, when there was a stable rise in prices on the world commodity market, the tenge gradually strengthened. The fall in oil prices by almost 60% at the beginning of 2014 was one of the reasons for the sharp depreciation of the tenge in 2015. [2]

The consequences of unfavorable changes in commodity markets are reflected in the country's economic growth (Figure 3). The fall in oil prices to \$12.28 per barrel in 1998, and other export goods led to a decline in GDP by 2.5%, increasing capital outflow and inflation. At the end of



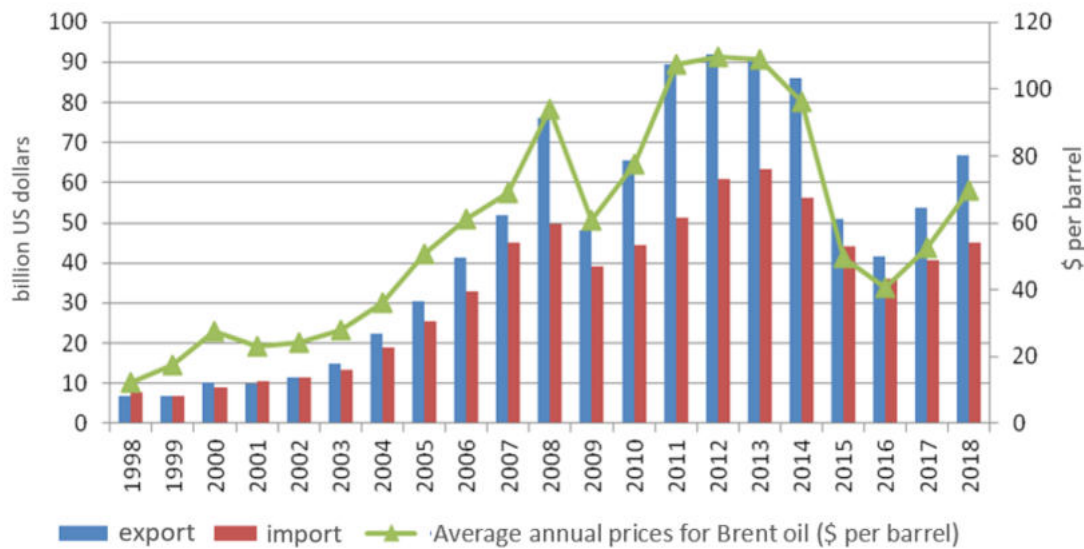
1999, the inflation rate was 18%. The main causes of inflation were the excess money supply in the country, due to monopoly and oligopoly pricing, as a result of lack of competition and government regulation of the economy.

Figure 2 – Dynamics of oil prices and GDP in the Republic of Kazakhstan 1998–2018.

According to the indicators on the graph, the direct relationship between the dynamics of oil prices and the GDP of the Republic of Kazakhstan is confirmed. The decline in GDP growth in 2008 reflects the consequences of the global financial crisis, and in 2015 the decline in prices for raw materials and food products. As a result of the global financial crisis in 2008 and the subsequent sharp drop in oil prices, Kazakhstan's real GDP growth rate fell to 1.2% in 2009, and to 1.1% in 2016. [3]

The deterioration of the situation on commodity markets has a negative impact on Kazakhstan's foreign trade. Let's compare exports and imports from 1998 to 2018. (Figure 3).

Figure 3 – Impact of oil prices on exports and imports of the economy of the Republic of Kazakhstan



Fluctuations in Kazakhstan’s export volumes are also associated with world prices for oil and, to a lesser extent, by the volume of physical growth in exports. In general, during the period under review, Kazakhstan has a positive trade balance, almost due to an increase in supplies of oil and other commodities to foreign markets. Until 2008, there was a stable increase in trade turnover and a sharp drop in this indicator in 2009 and 2015. with a sharp decline in oil prices.

When the tenge depreciates, an increase in export earnings does not lead to an increase in import consumption, since the share of imports decreases in physical terms, and the purchasing power of consumers decreases due to the fact that goods and services denominated in US dollars become more expensive and unavailable. With a strong devaluation, the trade balance worsens due to high dependence on imports and the inability to quickly replace them, and only over time can the effect of devaluation associated with import substitution be observed. [3]

Thus, the economy of Kazakhstan is characterized by high sensitivity of foreign trade to changes in the exchange rate, while imports of goods remain inelastic to external shocks and exchange rate fluctuations. In turn, this creates a high threat to the country’s foreign economic security.

Let us analyze the foreign exchange policy of the National Bank of Kazakhstan in the context of the dependence of the tenge on exchange rate factors.

In 1999, under the conditions of the negative impact of the global market, the devaluation of the national currencies of the countries of Kazakhstan’s main trading partners contributed to the appreciation of the tenge in real terms and a decrease in the competitive position of Kazakhstan’s exports, which had a negative impact on the balance of payments and the rate of economic growth. The increased rush demand for foreign currency in the domestic foreign exchange market contributed to large-scale interventions on the part of the National Bank of Kazakhstan and a reduction in gold and foreign exchange reserves. These factors contributed to the first devaluation of the tenge, the purpose of which was to increase export volumes and its competitiveness, as well as preserve gold and foreign exchange reserves. The tenge depreciated by 64.6%. The National Bank announced the transition to free fluctuation of the tenge exchange rate. As a result, Kazakh goods have significantly lost their competitiveness, there is a decline in industrial production and an increase in unemployment (13.5%) and inflation. It has become profitable to import literally all goods from outside to Kazakhstan. The country's foreign trade turnover decreased by almost 9% or by \$1.3 billion, and exports by \$1.25 billion. [4]

The current conditions contributed to an increase in dollar deposits from economic entities due to a decrease in confidence in the tenge. In addition, export-oriented companies with export revenues

in US dollars and euros, as well as national investors, in order to minimize risks, placed their funds in deposit accounts of foreign banks and took a wait-and-see approach, instead of investing in the Kazakh economy. This trend had a negative impact on Kazakh business.

Thus, the devaluation devalued the state’s internal debt to the population and increased the country’s external debt to foreign investors, that is, the exchange rate adjustment was carried out at the expense of the population and enterprises whose deposits were kept in foreign currency.

Fluctuation of currency exchange rate and its impact on tourism

Currency fluctuations can have a significant impact on tourism in Kazakhstan, as they influence the overall attractiveness and affordability of the country as a travel destination. Kazakhstan, a vast and diverse nation in Central Asia, is known for its natural beauty, cultural heritage, and modern cities. However, the country's tourism sector can be particularly vulnerable to currency fluctuations, and here's how they affect it:

● **Exchange Rate Effects:**

Currency fluctuations, especially the devaluation of the local currency, can impact the purchasing power of both domestic and international tourists. When the Kazakhstani tenge (KZT) weakens against major international currencies like the US dollar or euro, it makes travel to Kazakhstan more affordable for foreign tourists. Conversely, a stronger tenge can make the country more expensive, potentially deterring some travelers.

● **Cost of Travel:**

Currency fluctuations can affect the cost of various travel-related expenses, such as accommodation, food, transportation, and activities. For example, if the tenge strengthens, it may lead to higher prices for foreign tourists, reducing the overall value proposition of visiting Kazakhstan. Conversely, a weaker tenge can make the country more budget-friendly for travelers.

● **International Competitiveness:**

The relative strength of the Kazakhstani tenge compared to other currencies can impact the competitiveness of Kazakhstan's tourism industry. A strong tenge may make it more challenging for Kazakhstan to attract tourists when neighboring countries offer similar experiences at lower costs. In contrast, a weaker tenge can make Kazakhstan more attractive in terms of value for money.

● **Investment and Infrastructure:**

Currency fluctuations can also affect foreign investment in Kazakhstan's tourism infrastructure. A weaker tenge might make it more attractive for foreign investors, as they can get more for their money when financing projects in the country. This could lead to improved tourism facilities, which can enhance the overall tourist experience and attract more visitors.

● **Marketing and Promotion:**

The government and tourism industry in Kazakhstan often need to adjust their marketing and promotional strategies in response to currency fluctuations. When the tenge strengthens, they may need to emphasize the quality and uniqueness of the Kazakhstani experience to justify higher prices. In contrast, a weaker tenge can be leveraged to market the country as an affordable destination.

● **Visitor Demographics:**

Currency fluctuations can also impact the demographics of tourists visiting Kazakhstan. When the local currency is weak, the country may see an increase in budget travelers and backpackers, while a stronger currency may attract more high-end tourists.

Table -1. SWOT analysis: Fluctuation of currency exchange rate and its impact on tourism

Strength	Weaknesses
Economic Diversification: Exchange rate fluctuations can encourage economic diversification within the tourism sector, making destinations less dependent on a specific market or currency.	Uncertainty: Frequent and significant currency fluctuations can create uncertainty for both tourists and the tourism industry, making it challenging to plan and budget effectively.

<p>Competitive Advantage: A weakened domestic currency can make a destination more affordable for international tourists, potentially attracting budget-conscious travelers.</p>	<p>Reduced Profit Margins: A strong domestic currency can increase the cost of travel for foreign tourists, potentially leading to reduced profit margins for businesses in the tourism sector.</p>
<p>Opportunities</p>	<p>Threats</p>
<p>Strategic Marketing: Tourism organizations can capitalize on favorable exchange rates to market the destination as an affordable and attractive option.</p>	<p>Decreased International Demand: A volatile exchange rate can deter potential tourists who fear unfavorable rates during their visit, leading to reduced international demand.</p>
<p>Economic Benefits: A fluctuating exchange rate can lead to increased foreign exchange earnings, contributing to the national economy.</p>	<p>Competitive Disadvantage: Destinations with more stable currencies may have a competitive advantage over those experiencing frequent fluctuations, potentially diverting tourists elsewhere.</p> <p>Economic Vulnerability: Overreliance on tourism can expose a destination to economic vulnerabilities during currency crises, especially if it lacks diversification.</p>

Conclusion

The stability of the national currency exchange rate in Kazakhstan is a critical factor that significantly impacts domestic tourism. Fluctuations in the Kazakhstani Tenge can lead to affordability issues, a competitive disadvantage, and investment constraints. To mitigate these problems, Kazakhstan should focus on economic diversification, currency stabilization measures, tourism promotion, and investment incentives. By addressing these challenges, Kazakhstan can strengthen its domestic tourism sector and realize its potential as a tourism destination.

It is imperative for the government, the tourism industry, and policymakers to work together to create a stable economic environment that fosters growth and development in the domestic tourism sector, ultimately benefiting the economy as a whole.

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