DEVELOPMENT OF THE AGRIBUSINESS SECTOR IN KAZAKHSTAN

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A b s t r a c t. The article examines the agricultural sector of Kazakhstan after independence in 1991, as well as problems and issues that arise during this process. The study used data from official statistics, policy documents and materials of the Department of Agriculture published on the website and articles on agrarian issues. The article highlights the social problems of agrarian sector that need to be addressed. Domestic grocery production is weak competitive both in foreign and national market due to low level of quality products. Kazakh producers are losing much part of the food market due to lack of capacity for processing of agricultural raw materials and to its low quality as well as to weak links between farmers and processors.

INTRODUCTION

The theory of sustainable development in the past two decades has become the most popular. Now in the literature, there are dozen definitions of sustainable development. This reflects the complexity of the concept, including economic, environmental and social aspects of human development, as well as divergent views of scientists, entrepreneurs and politicians.

Historically, the concept of “sustainable development” is associated with the environment. One of the earliest definitions of “sustainable development” was suggested by the Canadian Commission for the Protection of the Environment in 1915: “Every generation has a right to a certain percentage of natural capital, but the bulk of that capital should be transferred to the next generation intact”.

In 1987 The International Commission on Environment and Development has defined Sustainable Development: “Sustainable development - it is development that meets the needs of the present, but without compromising the ability of future generations to meet their own needs. It includes two key concepts: Requirements, which is necessary for the existence of the poorest segments of the population that should be taken first priority; Limitations, which is imposed by the condition of technology and the organization of society imposed on the environment’s ability to meet present and future needs”.
The definition of ‘sustainable development’ in relation to the agrarian sphere is formed in the material, taken at the session of the FAO (Food and Agriculture Organization) in Rome in 1996, as follows: “The main objective of the sustainable agriculture and rural development is to increase food production and ensuring food security. To solve this problem it is necessary to support educational initiatives that use economic innovation and develop new technology acceptable, thus ensuring stable access to food, which corresponding to human needs and nutrient; access for poorer groups, to develop commodity production, seek to reduce unemployment and increase income levels in order to combat poverty; manage natural resources and protect the environment” [FAO 1996].

One of the main principles of sustainable agriculture is to ensure food security of the country. Internationally accepted definition of food security, which is given in the Rome Declaration of the World Forum on Food Security, held under the auspices of FAO in November 1997 in accordance with this definition of “food security – is to ensure access by all people at all times to the food needed for healthy and active life. With the achievement of food security food available in sufficient quantities, their supplies are relatively stable and every needy person can get food” [FAO 1997].

Sustainable development of the agricultural sector is defined closely interrelated components: economic, social and environmental. The main criteria for the sustainable economic development of the industry are the growth of the production of safe food to meet the needs of their populations, ensuring economic efficiency, allowing to deliver expanded reproduction. The social component of sustainable development involves increasing the level and quality of life of farmers, stabilization of demographic and migration processes in the countryside.

In determining the sustainable development of the agrarian sector should adhere to the unity of these components. The economic component includes an increase in the volume of agricultural production, improving the efficiency of agricultural production and the contribution of rural entrepreneurship in the economy of the region and the country, social – to achieve full employment of the rural population, align the village standards of living to the city, ecological – sustainable use of natural resources and preservation of the natural environment. Crucial role in the sustainability of agriculture and its individual branches has socio-economic and agricultural policies of the state.

To characterize the social stability it is advisable to use the following indicators:
– the ratio of wages in agriculture to wages for the economy as a whole.
– the ratio of consumer prices to the average wage in agriculture.
– turnover rate in agriculture.

METHODOLOGY

The objective of study is to analyze the current state of the agribusiness in Kazakhstan, discover main problems of sustainable development and elaborate perspective tools to ensure sustainability. The analysis involved data of statistics agency of Kazakhstan Republic and carried out them mainly in the quantitative and qualitative context, using the descriptive statistics. In the analysis, method comparative analysis was implemented. The period of analysis was 1991-2012.

The current state of the rural economy is analyzed by the examples of the modern practice of Kazakhstan. Special attention is paid to the social factors of agricultural development. All this is carried out due to objective studying of levels, structure and tendencies of economic development of the agribusiness in Kazakhstan.
BACKGROUND OF KAZAKH AGRICULTURE

Agriculture is a key sector of agribusiness everywhere, including in developed countries, despite its relatively small share. The size and level of its development influences all other areas of agribusiness, and, in many ways, the national economy.

The main trends of world development in the agricultural sector are the globalization of trade, vertical integration, the increasing demand of product safety and product quality and the increasing demand for organic products.

Kazakhstan is geographically the 9th largest country in the world and the proportion of agricultural land is 34.3%. The population of the republic is relatively low – 16.44 million people, of whom 45.5% is rural. The share of the employed population in the economy of the agricultural sector is about 28%. The population of Kazakhstan settled on its vast territory is very unevenly distributed. Even in average indicators the difference of the density of population across regions (oblast) of the country differ in times, from 3.32 people per square kilometer territory in the West of Kazakhstan, up to 10.68 people in the South of Kazakhstan. A comparison of regional data (rayon) reveals even greater variance: from 2.21 in Aktobe to 22.2 in the South of Kazakhstan [Agriculture, forest... 2012].

Kazakhstan, in developing its economy, defines its place in the global economic system. Foreign trade turnover over last five year increase on 55.3% (Tab. 1). However, the main part of growth was growth of an import. It calculates 84.2% to level of 2007.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign trade turnover [mln $ USA]:</td>
<td>80,511.7</td>
<td>109,072.6</td>
<td>71,604.4</td>
<td>91,398.1</td>
<td>125,019.7</td>
</tr>
<tr>
<td>– import</td>
<td>47,755.3</td>
<td>71,183.6</td>
<td>43,195.7</td>
<td>60,270.8</td>
<td>87,964.0</td>
</tr>
<tr>
<td>– export</td>
<td>32,756.4</td>
<td>37,889.0</td>
<td>28,408.7</td>
<td>31,126.7</td>
<td>37,055.7</td>
</tr>
</tbody>
</table>

Source: [Agriculture, forest... 2012].

Through economic reform, Kazakhstan tries to overcome the raw-material orientation of its economy, largely inherited from the Soviet system. The agrarian sector of the country is playing an active role in this process. The agrarian policy of Kazakhstan aims to develop a globally competitive specialization in non-primary sectors. Given the role of food security in ensuring the independence of the country, and that more than 45% of the population lives in rural areas, the state and development of the agriculture is great importance for the sustainable development of the country.

The agriculture in Kazakhstan is one of the most promising sectors of the economy [Fennell 2011]. However, there are various issues that must be addressed by the government, including the improvement of product quality and the creation of national brands, infrastructure development, improvement the quality of rural labor resources in agribusiness and the creation of conditions for improving the technical support of agricultural production.

The agricultural sector as the guarantor of national food security and development of export potential has the paramount political importance. The issues of food security are included in the list of national interests, their decision is related to the sustainable development of agriculture and agribusiness. Export potential of agriculture in the country is very high, especially for the production of grain and flour. In conditions of essential dependence of the country on raw materials export the using export opportunities of agricultural economics can make a significant contribution to the development of economy.
The agricultural production is very important for social and economic rural development, for example through employment creation in remote areas and areas with difficult climatic conditions. There is high demand for greater equality across regions, to ensure the territorial integrity of the state, and the rational use and protection of unique natural and biological resources. Kazakhstan has a large area and uneven settlement of the inhabitants. There are 45.5% of the population lives in rural areas. In some areas the share of rural population exceeds 60% (Alma-Ata oblast – 76.7%, South-Kazakhstan oblast – 60.8%, Zhambyl oblast – 60.7%).

However, the agribusiness of the country still has some disadvantages – low rates of structural and technological modernization of the industry, unsatisfactory level of development of market infrastructure, small-scale agricultural production, instability of the financial sector, lack of private investment in the development of the industry and the shortage of skilled personnel, etc.

During the reforms domestic agriculture could not reach a new qualitative level. Certain products still have not reached pre-reform levels of production. For example, in 2011 the production of meat (slaughter weight) in farms of all categories was 61.8% of the 1991 level. The scale of the agricultural production is also reduced; the crop area declined by 38.6% between 1991 and 2011, the number of animals also reduced during this period: cattle by 35.6% and sheep, goats, pigs and poultry – by 50%. Agricultural productivity remains low, the yield of grain, which is the main export product was 8 quintals per hectare in 2010, while in developed countries it fluctuates from 20 to 45 quintals per hectare [Agriculture, forest... 2012].

The share of agriculture in the GDP of Kazakhstan for the past 20 years has decreased from 34% to 4.5%, while employed labor force in rural areas are accounted 28.3%. This is a confirmation of the low labor productivity in the sector and low primary incomes of the rural population. It should be noted that the reduction of the prices on agricultural products by more than twice and the growth of price indices on industrial goods considerably influenced the decline in the share of agriculture too.

Thus, the agrarian reforms in the transition to a market economy have been found ineffective with a painful impact on agricultural production. This is evidenced by the fact that Kazakhstan takes 49th place in the world in concordance with the report on global competitiveness, annually published by the World Economic Forum in terms of efficiency of agrarian policy.

### Table 2. Trend in area, yield and production of a cereal and a meat in Kazakhstan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1991</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop area [million ha]</td>
<td>34.94</td>
<td>16.79</td>
<td>21.08</td>
</tr>
<tr>
<td>Cereal’s area [million ha]</td>
<td>22.75</td>
<td>13.20</td>
<td>16.22</td>
</tr>
<tr>
<td>Cereal’s production [Mt]</td>
<td>11.99</td>
<td>15.90</td>
<td>26.96</td>
</tr>
<tr>
<td>Number of animals [million unit] cattle</td>
<td>9.59</td>
<td>4.11</td>
<td>5.70</td>
</tr>
<tr>
<td>Meat production [Mt]</td>
<td>1.52</td>
<td>0.66</td>
<td>0.94</td>
</tr>
</tbody>
</table>

Source: [Agriculture, forest... 2012].

**REGIONAL TRADE AND SPECIALIZATION OF AGRICULTURE**

The main object of the present industrial and innovative state policy is the development of a globally competitive specialization of Kazakhstan in the manufacturing sectors of economy for sustainable economic development. In order to diversify and increase the competitiveness of Kazakhstan’s economy in the long term the Master Plan on Forced Industrial-Innovative Development of Kazakhstan for 2010-2014 has been adopted and it is implementing.
In this regard, a large and important task is raising the agricultural sector of the economy to a qualitatively new level of development and thereby improving competitiveness, which is especially important in light of the country’s integration with Russia and Belarus, and the subsequent entry into the World Trade organization.

Although in recent years, Kazakhstan, like other CIS countries outran the most developed countries by economic growth by 2-3 times, including the United States and the majority of the countries of the European Union, the quality of that growth still remains unsatisfactory. In recent years the volume of Kazakhstan’s trade in the total world trade has grown rapidly. In 2010 the foreign trade turnover of country exceeded the level of 1995 by 10 times. Between 2005 and 2009 years Kazakhstan took 48th place among the world exporters with the annual rate of export growth at 16%. Kazakhstan’s share in world exports of flour for the years 2005-2009 was 15.2%, and for this the country took second place. However, currently the exports of Kazakhstan mainly consist of commodities of the raw group: 72.4% – mineral raw materials and fuel, 15.4% – ferrous and nonferrous metals [Agriculture, forest... 2012].

The growth of Kazakhstan’s exports, the most part of which, as before, are mineral resources (oil, gas, metals), certainly mitigates the country’s crisis and assists the implementation of the structural reforms. However, it leaves the national economy vulnerable to the global economic downturn and to the decline of the energy prices. Moreover, the dependence on imports for many vital goods including food remains.

It becomes evident that to further increase the pace of the extraction of raw materials while maintaining an expensive and inefficient production structure will threaten the country with a gradual transformation into a raw materials appendage of the world economy. The only way to counter this is through the upgrading of economic structure, the transition on the resource-saving innovative path of development in all sectors of the economy, including agriculture. First steps in this direction have already been made, but given the scale of the lag, they must repeatedly accelerate, in order to maintain the existing scientific and educational potential, to restore cooperative communication, to provide a competitive regime, and an effective partnership in science and technology, to create conditions for the transformation of innovation in a powerful lever of the economic recovery.

The favorable situation in world energy prices is a bonus for the restructuring of the economy, so that it may transfer into an innovative, high-tech way of development and hence lower the probability of economic and political shocks and risks. It is better to increase the potential level of competitiveness in all sectors of the economy, including agriculture, in order to survive being conditioned by unilateral export orientation.

In this regard, it should be noted that even now an annual turnover of the global market for new technologies and high-tech products in terms of value exceeds on several times the turnover of the raw materials markets, including oil and gas. But the share of Kazakhstan, as well as other CIS countries in total volume of this innovative market, as opposed to raw materials, is disproportionately small – only 0.3% versus 39% in the US, 30% in Japan and 16% in Germany. Accordingly, the share of high-tech industries in the structure of Kazakhstan’s economy is now only a little more than 2%, while in China the figure is 14%, and in the USA 22%. This is not surprising, as far as in both developed and rapidly developing countries are much more heavily invested annually in research and technology development. Thus, the share of spending on civilian research and development in the US, Japan, Switzerland, South Korea is 2.5-3.5% of GDP, while in Kazakhstan it is 0.15%. This ultimately increases the already substantial gap in innovative development between countries.
DIVERSIFICATION OF KAZAKH AGRICULTURE

Currently, one of the main factors hampering the development of food production in Kazakhstan is the persistently low level of industrial processing and incomplete utilization of the capacities of processing enterprises. The fact that the share of agriculture in GDP is double hire than the share of the food industry speaks the non-use capacity of the raw materials base of the agribusiness. So, the share of food in total industry in 2011 amounted to 4.8%, and in the 1st quarter of 2012 it had dropped to 4.3%. In general, this indicator has reduced over the past 3 years. The share of light industry is even less significant and amounted to 0.2% in 2011, and no positive changes have been seen to date [Agriculture, forest... 2012]. It should be noted that growth in agricultural production is constant, but despite this, the share of industrial processing of agricultural raw materials is very low, and the finished product has a weak competitiveness, which is due to the technological backwardness of processing companies.

In 2010, production of meat in carcass weight increased by 4.6% compared to 2009. The share of industrial processing in the total meat production amounted to 24.2%. The use of the average annual capacity of the meat processing plants was 65%. Thus in 2010 the volume of imports of meat and meat products amounted to 193.2 thousand tons, and exports of meat and meat products amounted to only 2.5 tons. It should be noted that the bulk of the imports of meat products comprise products of deep processing [Agriculture, forest... 2012].

In 2010, milk processing enterprises of the republic processed 1.4 million tons of milk for production of dairy products, what accounted for 30.4% of the total volume of milk production. In 2010, imports of dairy products in terms of milk amounted to 877.9 thousand tons. During the reporting period, exports of dairy products amounted to only 10.2 tons. The development of milk processing is hampered by delays and incomplete utilization of production capacities of most of the specialized companies. The reasons of this situation are a violation of the economic relationship between raw material suppliers and processors, the low quality of raw materials, imperfect system of settlements between enterprises and the low purchase prices on the products of agricultural producers [Agriculture, forest... 2012].

A more positive situation emerged in the grain processing sphere. Today in the republic the power of the mills is 8 423.6 thousand tons per year; nearly 3 times higher than domestic demand for flour and therefore provides a stable export. In 2010, the more than 55% of grain which was produced in the Republic was industrially processed for flour, with an average utilization factor of mills at 45% of capacity. The share of flour exported from the production volume amounted to 61% in 2010. There is potential in the country for the export of pasta. According to Customs Control Committee the import of pasta in 2010 was 12.9 thousand tons, 40.8% more than in 2009. However, the infrastructure of the grain production requires attention: the technological level of the transport and the grain elevator infrastructure lag behind the increased capabilities of national grain production. The active procurement of the grain carriers, construction of the grain elevators, including the terminal type near the port and the international transport corridors are required.

The next factor adversely affects on the development of the food industry regarding a processing of agricultural raw materials and an increasing the competitiveness of production is the very low level of implementation of international quality and safety standards based on international standards ISO and HACCP in the food industry. As a result, product has lower consumer quality compared to foreign food. Currently, domestic food products are worse in terms of different parameters. It is due to lack of modern technologies for processing, packaging and storage (there is a shortage of storage facilities for fruits, vegetables,
refrigeration for meat, milk, slaughter houses, etc.). Moreover, the agricultural raw materials supplying of the food industry also largely don’t meet the standards of quality. Controls must be organized to ensure compliance international standards. At the same time, the new technology for processing of the agricultural raw materials can significantly reduce the loss of product during its storage and processing and provide long-term maintaining their quality.

Production of high-quality agricultural products in accordance with the requirements of technical regulations and standards is one of the target indicators of the Program for the development of agriculture in Republic of Kazakhstan for 2010-2014 years, adopted in October 2010 and it is implemented currently. Within the mentioned program a package of measures provides to establish a system of quality control, scientific and personnel support agricultural industries, informational and marketing provision of the farmers.

It should be noted that at present the main obstacle in the transition to an intensive economic model in the agricultural sector is low level of the government support. The experience of developed countries, where the agribusiness system was controlled by the state for a long time, clearly confirms that in a market economy the viability of agricultural enterprises, the efficiency of agricultural production and the relative stability of social realms in rural areas significantly depends on government regulation.

The improvement of access for agricultural producers to credit is one of the important areas of state support in agriculture. The agricultural lending market in Kazakhstan is characterized by high transaction costs and low allocative efficiency of resources. The unstable financial situation of borrowers and lack of insurance of the bank sector leads to tighter credit conditions: high interest rates, a limit of the loan length and an overestimation of the requirements for collateral. This in turn reduces the demand for loans and limits a supply on credit resources.

Agriculture is not included in the main areas of funding the domestic banks, its share in total bank loans is very small – 4-5%. And for agriculture banks set the highest interest rate - about 16%, when an average level is 14.5%. Moreover, the banks distribute loans mainly among medium and large agricultural producers, which accounted for 95% of loans. The share of small farms is only about 4-5%, while they produce almost half of the gross agricultural output [Bisenova 2011].

Thus, in the agricultural sector due to the high level of operational risks and financial instability the formation of the credit system is more complex than in any other industry, and therefore often budgetary funds are used as credit. The problem of providing rural producers with long-term loans in order that they invest in fixed capital, the need for which is enormous, requires the implementation of major public-private long-term investment.

Given the negative situation in the credit market of the republic, the government significantly supports the sector in recent years. The volume of lending in 2009 grew on average by 37% compared to 2007 [Agriculture, forest... 2011].

The main operator of the state micro-credit programs of the rural population is the joint-stock company (JSC) “Fund for Financial Support of Agriculture”, which is a subsidiary of JSC’s “National Holding” KazAgro “.

In 2011, the Foundation carried out six lending programs, in particular: “Rural microcredit” is aimed at the micro agricultural producers and rural residents, “MCO” is intended to finance micro-credit organizations, “Sybara” is for the purchase of breeding stock and bulls for reproduction young meat breed cattle, “Eginzhay” is for lending during the spring, “Tabigorta” is to support projects for the development of ecological tourism and the implementation of alternative energy sources, for development of forestry, fishing, hunting, and leasing of the complexes of a greenhouse.
The radical-liberal market reforms in the agricultural sector of Kazakhstan in the 1990s led to the degradation of the social sphere of the agricultural sector. As a result of the reorganization there was a complete collapse of the life support system, just over the years 2000-2009 about 700 villages were emptied. The standard of living of the rural population is lower than the urban population. So in 2009 the average income of the rural population used for consumption was lower than the urban population on one-third. About 12% of the rural population lives under the poverty line, while in urban areas this figures is 4.1%. that is more than 3 times. In some regions the gap is much higher, so the poverty rate reaches 43% in Mangistau region and 17.1% in Almaty region (oblast).

At the same time there is a significant income differential between urban and rural residents. For example, in 2010 6.5% of the population had incomes below the subsistence level, while involved in this category residents are 3.7% in urban areas, residents of the rural population account 10.1%. Indicator of the depth of poverty in urban areas is 1.1%, in rural areas – 1.7% [Science and innovation... 2011]. Thus, the successful solution of social problems and improve the welfare of the people require more attention to the problems of agrarian sector. Agribusiness as the main activity of the rural population and a preservation of rural areas as background of their habitat needs support.

Profound differences in income levels were detected by statistical agencies during the expert evaluation of per capita income across rural settlements. In some depressed areas per capita income of villagers was far below subsistence level. The low level of per capita income in rural areas, among other reasons, is due to the difference in the size of households. The average size of the households in the country is 3.9 persons, while in rural areas 58% of households consist of four or more people, including 35% with five or more people, and 10% of households have four or more children (in the cities, only 3% of households have four or more children).

In villages the level of a housing construction, an engineering, a social infrastructure, an education services quality, a healthcare and a consumer services are significantly worse in comparing to cities. Currently, less than 40% of villages have a central water supply. On January 1, 2011 the level of improvement of rural households is estimated: heating from a single center – 4%, sewerage – 10%, gas – 94%, water in the house – 24%, bath – 5%, hot water supply – 3% [Karambetova, Asanova 2011].

The unjustified disparity in social condition is one of the reasons for the lag of the Republic in terms of labor productivity and efficiency of agricultural sector. In the village there is an acute problem of staffing. According to the forecast of local akimats the shortage of specialists only in the social sector for 2009-2011 amounted to 26 584 people (Ministry of agriculture of RK).

A feature of the rural areas of Kazakhstan is the spread of small villages over very large territories. To create decent living conditions in these dispersed small villages is very difficult because of the high cost of communications, roads, electricity, gas, etc. Small villages are consequently unable to have modern medical and educational institutions. In the northern regions of the country, where about 80% of cultivated land locates, the winters are long (7 months) and cold, farmers do not work during this period, except for animal husbandry. Much of the pasture is located in the desert and semi-desert areas with low population density and settlements. The next feature of the community of the rural settlements is the production and social-living isolation. There are a dozen farms, cooperatives and limited liability partnerships within one district.
For example in the village of Zhambyl in the district of Almaty region that is homed 2.9 thousand people two Ltd, three production cooperatives and 247 farms operate. They own the land, livestock, equipment, buildings and other means of production, but farmers are cautious to accept the legal form of cooperation, perhaps because of the past memory of the collective farms [Grigoruk 2012].

The overcoming of a rural population separation requires an organizing core. The local akimates cannot solve this problem due to lack of authority. They are representatives of the authorities in the village, and their functions extend to the enforcement of legislation. The cooperatives of public-private partnership may be solution. Their composition must to the machine-technological stations with a base for the repair of equipment. Thus, they can become centers of interest to farmers through addressing the lack of equipment and technical services, the problems of the marketing and processing, the agrochemical service, the provision of fuel and lubricants, the breeding of animals and seeds, the maintenance of the drainage systems in the area of irrigated agriculture, etc.

The sustainable balanced development of the national economy in the coming decade should achieve through accelerated diversification and increasing competitiveness. An important segment of diversification is the development of agriculture. It should take place in three main areas.

First, it is the growth of productivity. The labor productivity in the agriculture of the republic is lowest, around 3 thousand dollars per employee per year. In developed countries the figure is 50-70 thousand dollars. Right here are the growth prospects for the village. Only agro-industrial diversification will solve this difficult problem. It needs a sharp increase in processing of agricultural raw materials, new equipment, new technologies and approaches in agriculture. The world’s experience and implementation them in the agriculture of Kazakhstan are necessary.

Secondly, it is a providing food security in the country. By 2014, more than 80% of the domestic market of food products must be native foods.

Thirdly, to realize of export potential, primarily in the markets of the Customs Union, Central Asia, the Caucasus and the Middle East.

The development of national competitive advantages of domestic production needs to create high-commodity farms, industrial associations, to develop downstream products, to develop a modern product storage systems, to regulate a prices on socially important food products, to insure food quality on all parts of product promotion, as well as to create long-term inter-regional relations between the producing regions and the consuming regions.

CONCLUSIONS

The article analyzes the agrarian sector of Kazakhstan for the period after the acquisition of independence. The analysis showed that the agrarian economy of Kazakhstan have a number of distinct advantages, nevertheless it faces several challenges. Such issues as improving product quality and the creation of national brands, infrastructure development, improving the quality of labor resources in agriculture and create conditions for improving the technical support of agricultural production require the systematic work by the state.

The results of undertaken by the government measures to improve the agricultural economy does not always achieve the intended results. Thus, despite the positive trend of development in the past few years, agriculture accounts for only 4.5% of GDP of the country. The high share of import for basic foodstuffs remains on the domestic market because the low competitiveness of agricultural products.
Sustainable development of the agricultural sector is closely linked to social issues. The social component of sustainable development involves the increasing life quality of farmers, stabilization of demographic and migration processes in the countryside. Social policy plays crucial role in the sustainability of agriculture and its individual branches. Social factors of the development of rural areas can’t be solved without a government support.

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