

**The influence of energy factors on the Balance of Payments of Kazakhstan****B.K. Kazbekov, M. Shabanian**

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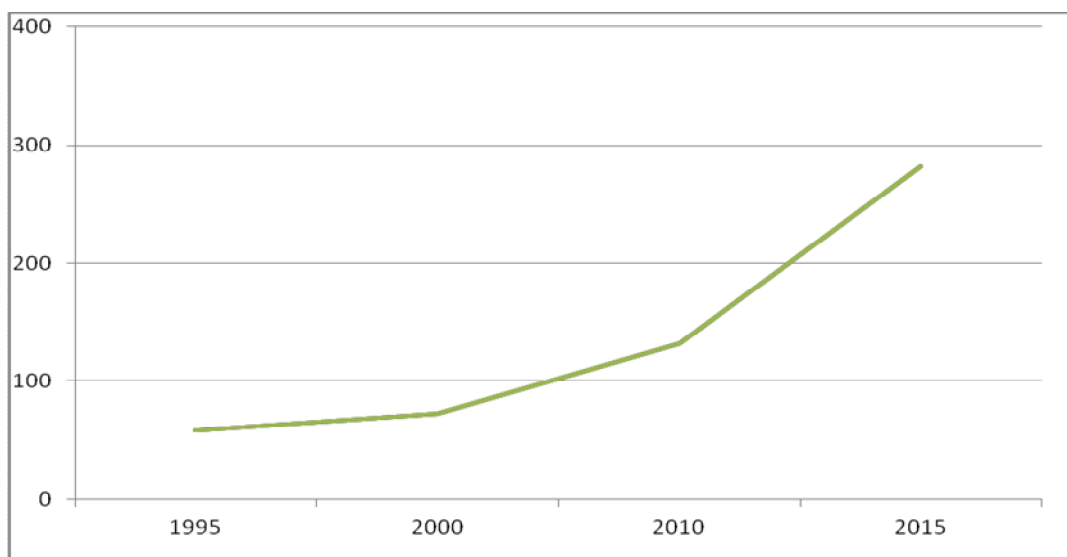
**Abstract.** In my article I would like to discuss one of the main typical problems of a rapidly growing economy like Kazakhstan, deficit of electro energy and its effects on the Balance of payment country.

The Economy of each country is directly depended on the energy factor and in particular the electro energy which is the main source needed for all of economical, industrial and all together one of main factors of mankind's living cycle.

Industrial and mining activities are the largest sectors using electro energy and its deficit has a direct influence on decrease of production potential. The deficit of electro energy has a double negative effect on the BOP of country. Because of the electro deficit the industrial and mining potential cannot be improved and because of that the country loses its export opportunities. And its negative effect of importing electro energy. A negative balance of payments means that more money is flowing out of the country than coming in, and it has negative impacts on an economy which needs investments to develop its resources. Also energy is the first need of development and its deficit forces the country to import electro energy from other countries and has a negative effect on the balance of payment. In most of the Developing countries the electro energy is one of the most important segments of economy which has a Positive effect on the BOP and in most Developed countries more or less it is about 20 percent of GDP. For most of the successful economies innovating the energy plans means more cheaper sources of energy. Recently German government has decided to replace the old wind turbines which has a 2,5 Mw/h power with the 5 Mw/h turbines in order to increase its green energy sources. The decision of the German

government has two positive effects on its BOP, at first by producing more electro energy it powers those sectors of economy which needs more energy and increases its production which values the export. Secondly it has a positive effect on Balance of Investment.

Kazakhstan is developing and it needs to improve its infrastructure to develop its mining, oil and gas abilities, and in perspective its industrial potential. The electro energy needed for an economy like Kazakhstan with a rapid tempo of growth each year can be only produced by its internal energy plans in order to decrease its dependence on its neighbors which are and can be its competitors in different sectors of economy, like Russian and Uzbekistan. A dynamic economy has to provide its energy needs in order to have a stable tempo of growth and if it cannot be produced inside it will force the country to import the energy. The economy of Kazakhstan at present is depended on services imported from other countries and it has a negative impact on the balance of services, the balance of trade and BOP all together. The deficit of electro energy also has negative effects on the export and because of that it has a two side's effect. The balance of services of Kazakhstan in the past 20 years after the independency has always been negative and it shows that the infrastructure of country could not catch-up with the rapid tempo of growth and it is one of the main reasons that the balance of services has been negative for a long period of time.



GDP (PPP) Kazakhstan BILLION US Dollars

	2005	2006	2007	2008	2009	2010
Balance of Trade	10321.81	14641.74	15090.95	33518.85	14969.39	28881.63
Export	28300.59	38762.09	48351.14	71970.81	43931.12	60837.93
Import	-17978.78	-24120.35	-33260.18	-38451.97	-28961.74	-31956.30
Balance of services	-5267.27	-5941.65	-8165.48	-6693.57	-5803.73	-7063.45
Export	2228.44	2818.75	3564.31	4425.59	4235.73	4248.23
Import	-7495.71	-8760.39	-11729.79	-11119.16	-10039.46	-11311.68

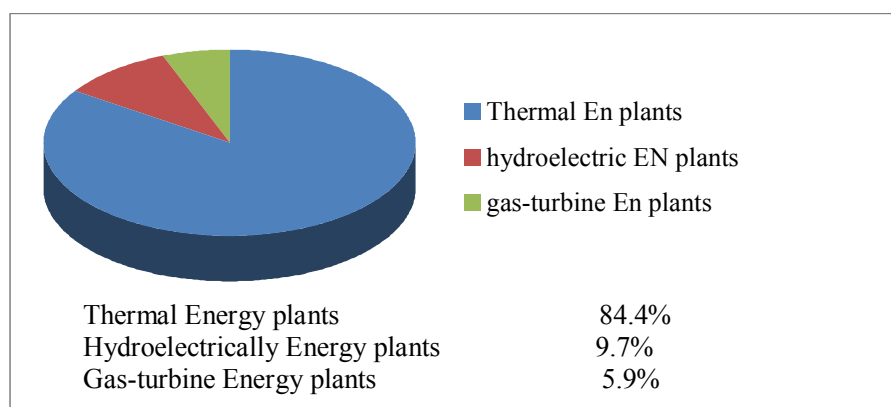
Million US Dollars

The government of Kazakhstan has to solve the problem of services in order to guaranty the growth of economy, if not the economy will be depended on others and it can end to another crises. If an economy is depended on others it can be affected by any external financial and economic crises.

The balance of trade it has been positive and it keeps growing throw a long time, it shows the potential of the economy. The balance of trade is positive because of that which Kazakhstan is exporter

of raw material and in long term it will decrease.

Kazakhstan can produce raw material for its own Industries and become an Industrial zone in the region. It will have a positive effect on the Balance of trade and guaranty the future for Kazakhstan economy. At the present all of electro energy produced by 66 different types of energy plants in side of Kazakhstan is 15291 Mw/h and it has to be improved in order to provide the economy with its energy needs.



Kazakhstan can become an exporter of electro energy because of its unique geographical map and its natural resources instead of being an importer. Kazakhstan has huge gas resources and can use CHP

Technology (**combined heat and power**). Small CHP plants are an example of decentralized energy. Kazakhstan has very high potential of producing clean energy like nuclear and green energy due to its

vast territory.

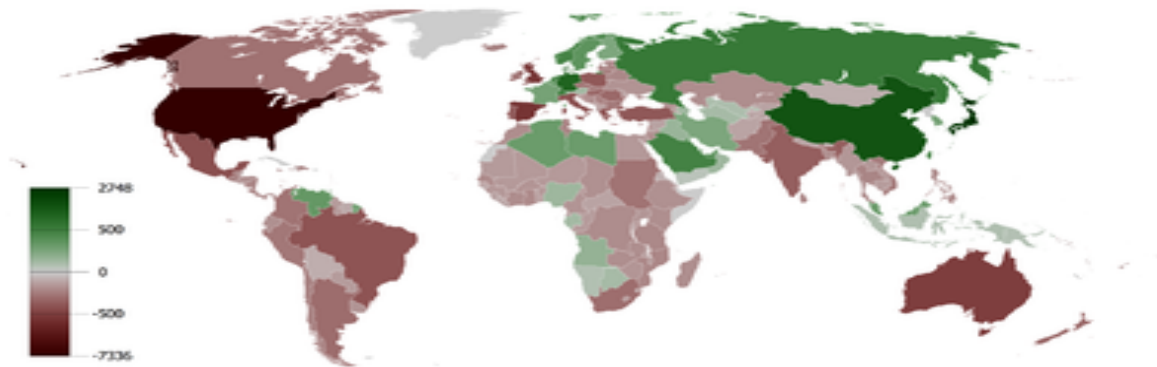
Only 5.9 percent of electro energy In Kazakhstan is produced by Gas-turbine energy plans which shows the potential of investment in this industry. Using gas to provide electro energy will have two effects on the BOP of Kazakhstan:

1. Instead of exporting gas like a raw material Kazakhstan can produce electro energy and motivate Investments in Kazakhstan and effect the Balance of Investment
2. Increase the export by activating the Industrial potential of the country and having positive effects on

Balance of trade in long term.

The green energy can be the best solution to the energy needs of Kazakhstan in future. Kazakhstan at present doesn't have any wind-turbine energy plant but the wind-turbine can become a reality in Kazakhstan because of its vast territory. And it will have positive effects on the Balance of Services, Balance of Investment, and the Balance of Payment all together.

Kazakhstan can improve its international economic position by renovating and innovation of its infrastructure.



**Cumulative Current Account Balance 1980–2008 based on the International Monetary Fund data**

## References

1. [www.economywatch.com](http://www.economywatch.com)
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3. [www.kegoc.kz](http://www.kegoc.kz)
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Б.К. Қазбеков, М. Шабаниан

### Қазақстан Республикасының төлем балансына энергетикалық фактордың ықпалы

Соңғы жылдарда Қазақстан экономикасы қарқынды өсіп жатыр. Соған байланысты, бұл мақалада автор электроэнергияның тапшылығын және Қазақстанның төлем теңгеріміне оның ықпалын қарастырады.

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### Влияние энергетического фактора на платежный баланс Республики Казахстан

В статье обсуждается одна из главных типичных проблем быстрорастущей экономики Казахстана, это дефицит электроэнергии и ее воздействие на платежный баланс страны.