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Abstract :

This document analyses the ICT R&D sector in Kazakhstan.

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Analysis of Current Situation of the ICT Sector in Kazakhstan

1. Telecommunications

Industry of telecommunications of the Republic of Kazakhstan is a growing segment of Kazakhstan economy, cumulative income of enterprises in which in 2009 has reached value in 438,4 billion tenge that on 8,3 % more than in 2008. Growth of incomes of branch reflects increasing requirement of the population and country business in provided services.

Basic share in structure of incomes of industry has come from mobile communication services - 244,8 billion tenge (55,8 %). Share of other services in total amount of incomes of industry is distributed as follows: services long-distance and international telecommunication - 51,5 billion tenge (11,7 %); local telecommunication - 31,3 billion tenge (7,1 %); Internet services - 43,6 billion tenge (10 %) and other telecommunication services - 67,2 billion tenge (15,4 %). Basic consumer of services of industry in 2009 is corporate sector - 246,6 billion tenge (56,3 %); incomes of realization of telecommunication service to the population have made 191,8 billion tenge (43,7 %) that on 5,6 % more than in 2008.

Mobile communication segment was the basic catalyst of growth of telecommunication industry throughout previous years. As of the beginning of 2010, in the territory of Kazakhstan created and successfully functioned four networks of cellular communication with use of the most widespread standards in world GSM 900/1800 and CDMA. At the same time, it is necessary to notice that mobile communication market is highly concentrated: 90 % of the market is divided among two large operators, and the share of other participants of the market is less than 10 %.

In 2009 quantity of subscribers of mobile communication was 14,9 million subscribers that corresponds to density of subscribers 95 on 100 inhabitants. Since 2005, rate of gain of subscribers steadily decreases (2005 year - 121 %, 2006 year - 45 %, 2007 year - 60,8 % and 2008 year - 16,9 %), and growth of user's base has passed from stage of active growth to stage of slowed down growth. In this connection, there is an observed change of structure of competition in this segment: from competition on the basis of tariffs to competition on spectrum of given additional services of mobile communication.

In 2009 there were 3,9 million subscribers of fixed-line telephony. Total amount of the market in 2009 has reached value of 82,7 billion tenge that represented 0,5 % increase in comparison with 2008 in which the market volume has made 82,3 billion tenge.

Share of Internet services and data transmission in the general structure of the telecommunication market slightly changed for the previous 4 years and in 2009 has made about 10 % increase. In absolute indicators the market volume in 2009 has made 43,6 billion tenge. Structure of incomes in this sector thus has considerably changed. Share of incomes of Internet services and IP-telephony considerably enlarged; share of incomes of rent of channels has decreased.

In 2009 quantity of Internet networks users, according to reports of communications service providers, has exceeded 3,15 million users that corresponds to density of 19,8 users on 100 inhabitants.

Throughout previous years additional services of telecommunications developed dynamically. In this segment are included paid television, web hosting, IP-telephony, transmission of TV-radio programs and other services of telecommunications. Total amount of segment of other telecommunication service in 2009 has made 67,2 billion tenge, that is 3,8 % more in comparison with 2008 year.

With a view of depression of economic concentration of joint-stock company "Kazakhtelecom" in previous years held works on realization of shares (stocks) of joint-stock company "Kazakhtelecom" in affiliated communications service providers. In 2010 finished the sale of joint-stock company "Kazakhtelecom" 51 % of share of participation in authorized capital stock of the operator of cellular communication of limited liability company «Mobile Telecom-service" with a trade mark "NEO" and planned share realization in joint-stock company "Nursat" which is the operator of long-distance and international telecommunication, and also access services to the Internet network.

Income of services of TV-radio programs transmission in 2009 year has made 13,2 billion tenge that makes 9,8 % increase in comparison with 2008. Tract of formation of signal of TV-radio programs presented by 215 electronic mass media. Functions satellite channel "Caspionet" which is carrying out broadcasting in the territory of the Central Asia countries, Middle East, Europe and the North Africa. Operate 167 operators of cable and 2 operators of satellite broadcasting. In full volume by the republican broadcasting covers inhabitants of only large settlements - regional and district centers. Majority of rural territories covered only by broadcasting of state channels of television (Kazakhstan, Khabar, El Arna).

Functioning of the republican network of translation of television and radio programs carries out joint-stock company "Kazteleradio" - operator of on-air broadcasting of the republic which carries out translation of all television and radio programs and provides following coverage of the population of the republic by the largest national television and radio programs: "Khabar" - 98,58 %; "Kazakhstan" - 98,3 %; "El arna" - 87,4 %; "First channel Eurasia" - 86,8 %; "Kazakh radio" - 87,8 %; radio "Shalkar" - 46,2 %. Others republic-wide television and radio channels have lower indicators of coverage of the population.

2. Information technologies

The sector of information technologies of the Republic of Kazakhstan is one of the dynamically developing segments of the national economy. In view of developed macroeconomic situations, the IT market total amount in Kazakhstan in 2009, by estimations, has made 90 billion tenge that is 7 % decrease in comparison with 2008.

Structure of expenses on IT is typical for the country with developing market economy, i.e. share of expenses on the computer equipment essentially prevails over expenses on PS and services of information technology (further - IT services). Expenses for the computer equipment in 2009 have made about 71,1 billion tenge, IT services - 12,6 billion tenge.

The important factor of formation of Kazakhstan's enterprises working in IT sphere is the state policy. In 2007 and 2008 investment expenses of state structures of the country for information were, by estimations, 15,1 and 17,7 billion tenge accordingly. Despite crisis the state remains the big customer in the market of IT services. In 2009 allocated budget for investments in IT is 18,8 billion tenge. Realization of programs of formation and development of EG between 2004 and

2010 has allowed Kazakhstan to rise in rating of global readiness to EG, prepared by UNO, from 81 to 46 position, having left behind Russia (59 place), Belarus (64 place) and Ukraine (54 place). For the purpose of carrying out the uniform state policy in the field of ICT and management of state info-communication infrastructure, joint-stock company "National info-communicational holding "Zerde" was created in 2008.

In IT structure it is possible to allocate three large sectors: sector of manufacture of the IT equipment, sector bandbox (license) PS and sector of IT Services.

In the structure of IT market of Kazakhstan, sector of manufacture and IT equipment realization is dominating (more than 79 %) in total amount that is reflection of highly demand on computers, network and peripheral computer equipment, accompanying process of information of Kazakhstan society. Total gain of enterprises working in this segment, has reached in 2009 71 billion tenge. Share of Kazakhstan maintenance according to experts doesn't exceed 2 billion tenge (about 2 %). Important feature of sector is its dependence on import which is consequence of absence of own industrial base of microelectronic components.

Kazakhstan's enterprises are engaged both in realization of computers and accompanying equipment of known international manufacturers, and assemblage and realization of computers under own trade marks. Kazakhstan's manufacturers prevail in personal computer segment (more than 70 % from total amount of sold computers in 2008 year); but essentially lag behind in segments of servers (less than 14 %) and laptops (0 %).

Economic recession and falling of consumer ability of business bound to it make essential impact on the market of PS. In 2009 sales volumes of PS have made the sum about 6,6 billion tenge that corresponds to reduction by 13 % in comparison with 2008. In the market of PS in Kazakhstan leading position is occupied by foreign manufacturers. According to experts share of Kazakhstan's companies in the market of bandbox (license) PS is insignificant (about 2 %).

Volume of IT services market in the Republic of Kazakhstan in 2009 has made 12,6 billion tenge that corresponds to decrease on 8 % in comparison with 2008. According to experts in 2009 share of Kazakhstan's maintenance in sector of granting of IT services doesn't exceed 30 %.

3. Influence of branch on social-economic and political development of the country

Under SP FIID, Kazakhstan's companies working in branch of ICT, participate in solution of important problems:

- First, increase of the national gross domestic product (GDP) by increasing the industry gross value added;
- Secondly, labor productivity increase in priority sectors of the national economy by construction of the modern telecommunication infrastructure and effective introduction of IT;
- Thirdly, increase of number of innovative enterprises by creation of conditions and business stimulation in not raw branches on the basis of telecommunication infrastructure;
- Fourthly, increase of share of not raw export by means of creation and development of the export-focused industrial and service companies in ICT-branch of Kazakhstan.

At the same time, influence of ICT on the modern society leaves far of economic frameworks. Many developed and developing countries have fully realized those enormous advantages which

carries development and distribution of ICT, transforming not only work of state structures and institutes of civil society, but also relation in the social sphere, science and education, culture and way of life of people. In this sense, ICT serves as one of instruments of creation of steady competitiveness of the country in the post-crisis world.

In 2009 quantity of users of the Internet network has reached 3,15 million users, from which 1,6 million users of broadband access to the Internet network. In 2009 society computerization has reached 12,7 computers per 100 persons (11,2 computers per 100 persons in 2008). Quantity of fixed telephone communication lines in the Republic of Kazakhstan in 2009 has made 3,7 million thus density of fixed lines has made about 24,2 lines per 100 inhabitants. Quantity of subscribers of mobile communication has made 15,0 million subscribers that corresponds to density of 95 subscribers per 100 inhabitants. Almost on all indicators Kazakhstan considerably lags for countries with competitive and diversified economy that specifies in insufficiently active use of ICT both in business and the in population.

Thereupon, in front of Kazakhstan there is a task on substantial growth of rates of increase of consumption and application of ICT and increase of Kazakhstan's maintenance in ICT for the purpose of maintenance of long-term competitiveness of the country.