

## II ● ECONOMICS

UDC 339.5

\*Medukhanova L.A., Bekmuhametova A.B.

Al-Farabi Kazakh National University, Almaty, Kazakhstan

\*E-mail: letter3@mail.ru, sultasem@mail.ru

### Essential Methods and Institutions of Supporting National Exports

**Abstract.** In modern foreign trade policy of the country the important place is taken by system of the measures directed to support of national export. These measures include the various methods helping entry of exporters of domestic production into foreign markets. The article discusses the main financial and non-financial supporting for exports methods which developed by international practices and their application in Kazakhstan. For the Republic of Kazakhstan participating in the international specialization as the exporter of mineral resources, problems of development of the processing sectors of production and, accordingly, the growth of non-oil exports are relevant. The possibilities of the solution of these problems are considered on the example of use of methods of the state support of export in activities of the specialized organizations of Kazakhstan for assistance of export of the processed products.

**Key words:** export, tariff and non-tariff regulation methods, financial methods, measures of non-financial support of exporters, non-oil export.

#### Introduction

In modern terms, when economic development of country is predetermined by its ability to export the goods and services to the world markets, support of national export becomes an important direction of foreign trade politics of the state. There are many effective systems of state support of national export in many countries. Instability of development of world economy, crisis phenomena in many countries, considerable price-waves on world markets make states to support the exporters. First, small and middle enterprises need such support, because it is difficult to get necessary information about the foreign markets of the production distribution need, foremost, facilities on financing of expenses on her advancement abroad for them.

About the export of Kazakhstan, which has a raw material character, large requirement exists in support of export of commodities of processing productions. For the decision of this problem in a republic created and the specialized organizations operate and they use different methods and instruments of state support of raw immaterial export.

#### Methods

Through the analysis of the insufficient level

of knowledge and skills, the gap between financial needs and existing financial instruments, regional disparities in development, insufficient use of new technology and innovations, attention is paid to significant source of state support, directed to economy strengthening and its competitiveness increasing.

#### Main body

Main groups of methods of state regulation of export

Now the system of state regulation of export includes various methods, which can be divided into certain groups depending on their orientation and a way of impact on export. So, on an orientation distinguish stimulating (or supporting) and the measures limiting export. It should be noted that the vast majority of methods of regulation of export belong to the stimulating measures as the countries are generally not interested in his restriction. It is known, that export production, being GDP component, promotes growth of economy and well-being of nation. As confirmation to it serves the world practice of fast economic recovery of countries of Western Europe and Japan during the post-war period due to strengthening of export, in the second half of the XX century – the new industrial countries of South-

east Asia, and in the last decades – People's Republic of China.

Restrictions of export are carried out only in some cases and take such forms as introduction of export duty and export quotas. The first of these tools – export duty – usually pursues two aims: replenishment of the state budget and control of export of those types of goods, which export, is undesirable owing to imbalance in domestic market of their demand with the offer. Export duties as a kind of tax payments, is among financial instruments of regulation of export. Proceeding from the developed division theory of tools of a foreign trade policy into tariff and non-tariff measures, duty on export are a tariff method. Practice export duties on the raw materials making the main articles of export of the country are most widespread in the world. The goods may include mainly on energy carriers and agricultural raw materials, for example oil and wheat. Export duties are applied usually by developing countries and are most often a source of the income of the state budget.

Another tool for export restriction quotas represent quantitative restrictions on export volume abroad of separate types of production and belong to non-tariff methods of regulation of foreign trade. They are applied by the state in two cases: 1) for the purpose of stabilization of the prices in domestic market of separate goods, constraining their excessive export, especially during growth of the world prices (as well as export duties); 2) as a result of the international or bilateral trade agreements between the countries.

In the second case, they take the form of the «voluntary» export restrictions introduced on an initiative and under the political pressure of the countries importing these goods. So, in the history of international trade for the first time such restrictions in the middle of the 20th century «voluntarily» were accepted by Japan at the initiative of the USA in relation to export of the Japanese cars and steel on the American market. Now «voluntary» restrictions of export are applied in China to export of textile products to the USA, Canada, 15 EU countries, and Turkey [1]. In certain cases, export quotas of separate goods can be entered by the country unilaterally and without coercion from the outside.

Therefore, in January of the current year the same China has cancelled the quotas of export of rare-earth metals entered by him in 2009. The reason of their introduction, according to an explanation of the government of the country, was the aspiration to minimize the ecological damage caused by excessive production of these minerals. According

to rules of the World Trade Organization (WTO) which member is China its participants shouldn't apply export quotas in mutual trade. This circumstance and protests of the import countries of rare-earth metals (the USA and Japan) have caused their cancellation by China [2].

Besides the measures aimed at restriction of export, other and more important component of state regulation of export is stimulating and supporting measures directed to export of domestic goods abroad. Currently, the whole system of state support to exporters is applied in the world practice, which includes a variety of methods, which differ from each other in a process of rendering assistance to domestic producers.

In the theory of international trade and a foreign trade policy all methods of export promotion are carried to non-tariff methods and on the content and nature of influence are considered as financial methods (preferential crediting, subsidies, insurance, etc.). At the same time, in practice, in activities of the state for assistance to national export, besides financial methods, also different non-financial measures are widely applied: organizational and legal and information and consulting ways of support of exporters. Here also special measures (ensuring diplomatic support, the help in certification of export production, in the organization of export advertising, including exhibitions and fairs, market researches, etc.), creation of positive image of the country, carrying out scientific researches in the sphere of foreign economic activity, etc. belong.

Therefore, in character and to a way of influence all existing methods on support of national export by the state can be divided into two groups conditionally: financial and non-financial methods. Actually financial instruments aimed at financial support of exporters belong to the first group. It is necessary to carry all other methods, which do not assume subsidizing and financial support of the factor cost of the exporter connected with production and realization of his production to the second group. However, certainly, also the exporter's costs of advance of the goods of foreign markets which essential part becomes covered due to activity of various government bodies and specialized organizations have important value.

However, such assistance according to the contents does not assume direct financial assistance to the exporter and can be considered as a non-financial measure. In turn, as a part of non-financial methods it is possible to allocate administrative (acts, international treaties, licensing, certification) and economic measures (carrying out market

researches, exhibitions and fairs, information and advisory services, compensation of costs of separate types of the works connected with promotion

of export). It is possible to classify them, demarcating the methods of state regulation of export. (Table 1)

**Table 1** – Classification of methods of state regulation of export

Methods of state regulation of export			
By an orientation	Restrictive	Stimulatory	
According to contents	Financial	Nonfinancial	
According to the way of influence	Tariff	Nontariff	
		Administrative	Economic
<i>Note: prepared by authors</i>			

Among ways of the state assistance to national export such instrument of macroeconomic regulation as devaluation of national currency or the politician of her underestimated course holds a specific place. However on the orientation this measure is not actually method of support of the export enterprises and is aimed mainly at regulation of the balance of payments of the country, though promotes country export growth. At the present stage of the politician of the underestimated rate of national currency, most brightly it is shown in activity of the government of China on yuan exchange rate, causing active criticism from the USA.

#### *Institutes of the state support of export*

Usually governmental bodies of the country carry out application of methods of state regulation of export directly, or by means of the specialized organizations of assistance to export. In the different countries, there were different schemes of organizational structure of system of the state support of export. These structures include considerable number of establishments: the ministries (economies, trade, finance, and foreign affairs), local executive bodies of the power, the specialized state and semi-state financial and consultative organizations of assistance to export, various state organizations abroad supporting exporters in the foreign markets. Now evolution of the state institutes of promotion of export from traditional structures towards the autonomous agencies [3] specialized, as a rule, is observed.

In the USA assistance to export is rendered by such federal departments as Export-import bank, Agency of the international development, in Japan JETRO export trade organization, in India – Export-import bank, Management of development of trade and some other the organizations. In Australia such

body as the Australian trade commission of «Aus-trade», in South Korea – the Korean agency on assistance to trade and investments of «KOTRA» works. The similar organizations exist also in many other countries of the world.

Kazakhstan is created and a number of the specialized institutes using various financial and non-financial methods of assistance to export of non-oil goods in the activity works. They include:

- JSC Export and Credit Insurance Corporation Kazekspportgarant (insurance/reinsurance of export of non-oil goods and services, trade financing of buyers of the Kazakhstan non-oil production, consulting services in questions of insurance of foreign economic activity);
- JSC Development Bank of Kazakhstan (financing of export and pre-export operations);
- JSC Center of Development of a Trade Policy (carrying out the system analysis of foreign trade);
- Chamber of Commerce and Industry of the Republic of Kazakhstan (assistance in establishment of business contacts with foreign consumers of production);
- Union of producers and exporters of Kazakhstan (granting and protection of economic interests of exporters);
- The center of foreign economic activity (assistance to improvement and development of system of additional education for participants of foreign trade activities of the Republic of Kazakhstan); [4]
- JSC National Export Agency and Investments «KaznexInvest» (carrying out complex measures for promotion of export of finished goods) [5].

It is necessary to emphasize that the main feature of activity of the Kazakhstan organizations of assistance to export is their orientation on support of the

enterprises delivering abroad non-oil goods. First, hi-tech export, branches with a high value added are for this purpose supported. In recent years measures for support of the export which is carried out by the enterprises of small and medium business, in particular, in the special program for support of exporters adopted in 2010 – the Program of development and promotion of export «Export of 2020» are especially allocated.

*Financial methods of stimulation and support of export and their application in Kazakhstan*

Among diverse methods of the state support of national exporters, the effective and fulfilled in practice group of measures of assistance to export is formed by financial methods. Subsidizing of the credits and insurance of the export risks united in the concept «export crediting» concern to them. Direct subsidies, the state guarantees for receiving financial means by the exporter, tax benefits, tax refund for export of goods, and also such last resort of support forbidden by the international trade rules of the WTO as a dumping also belong to financial methods. Here it should be noted that are also forbidden by rules of the WTO application of direct export subsidies, subsidies, arising owing to full or partial release from direct taxes, preferential practice of granting the export credits, etc. With joining in 2015 Republics of Kazakhstan to WTO such prohibitions must be put in an operation. So all subsidies related to advancement of export will be forbidden. In particular, in accordance with taken obligations Kazakhstan stops a grant to the producers of grain of transport export subsidies.

The most developed and widespread financial methods of support of export are ways of insurance of export risks. Their emergence is connected with the specifics of risks of export operations generated by the increased competition in the world markets, more long terms of payment of foreign deliveries; need to follow more difficult rules of maintaining international payments.

The exporter also faces political risks, because importer fulfills the obligations for payment owing to changes of legislative rules and rules of state regulation of export-import transactions, including operations on converting of currencies, military operations, civil disorders, terrorism and to those similar events in the import country.

Insurance of risks of the exporter usually is followed by credit operations therefore; it is carried out within export crediting. Functions on export insurance carry out the specialized promotion of export agencies acting as the intermediary between the exporter and commercial banks which are carry-

ing out transactions of international payments. The export-import banks or development banks created by the state can be participants of export crediting.

In Kazakhstan JSC Export carries out functions of export and credit agency and Credit Insurance Corporation KazExportGarant created in 2003. It represents the specialized state organization as the affiliated organization JSC National Operating Holding Bayterek. «KazExportGarant» is the only specialized insurance company in the country providing insurance protection to exporters and banks from risk of non-payments by export deliveries of non-oil goods.

In the activity «KazExportGarant» carries out an assessment and insurance as commercial, so political risks. According to the scheme «Insurance of the Credit to the Exporter» the agency provides to the Kazakhstan exporter protection against risk of the loss connected with non-execution by the foreign contractor (importer) of the financial obligations under the export contract providing realization of goods, services and works on the terms of a delay of payment [6].

Besides export insurance, this organization provides export trade financing to foreign buyers of the Kazakhstan non-oil production since 2010. The schemes of insurance used by Corporation allow foreign buyers of the Kazakhstan goods to receive financial means on their purchase in the form of placement of conditional deposits in bank of the exporter for crediting of foreign buyers through banks of the second level within a letter of credit form of calculations. For instance, with the assistance of KazExportGarant in 2012 the budgetary loan of JSC «Locomotive building factory» for support of export of locomotives of this plant has been provided. The size of a loan has made 6 billion tenges for a period of 10 years. By means of «JSC Temir of bank», the agency has transferred export revenue into the account of the exporter. The loan to the exporter has been carried out by means of trade financing to the buyer in the person of the Tajik railroads and, respectively, insurance of risks of a non-return for the commercial and political reasons [7].

Along with financial measures of assistance of export, «Kazeksportgarant» renders consulting services in questions of insurance of foreign economic activity.

Financial methods of support of exporters also other state institute – Fund of development of business applies in the activity «DAMU». Within the mechanism of implementation of the Road Map of Business of 2020 program the fund «Damu» acts as the financial agent on support of export-oriented



productions. The fund carries out subsidizing of a rate of remuneration on the credits of banks of the second level to subjects of private business. Subsidizing is carried out for compensation of part of the expenses paid by the exporter as remuneration (interest rate) for the credits. Subsidies represent the periodic payments on a gratuitous and irrevocable basis, which are carried out to bank of the second level by Fund «DAMU» based on the Contract of subsidizing. This contract represents the tripartite written agreement between the financial agent represented by Fund «DAMU», bank and the exporter.

The number of the special financial institutions promoting exporters includes the Development bank of Kazakhstan offering to exporters of service of crediting including joint financing of export operations by granting loans. Loans are granted to both suppliers to the Kazakhstan production (residents), and her buyers (nonresidents) [8].

As for such financial methods as tax benefits to exporters, in Kazakhstan they are applied along with customs privileges only on condition of implementation of activity of the enterprises in the territory of free economic zones of the republic.

Measures of non-financial support of exporters in activity of the specialized organizations of assistance of export in Kazakhstan

Along with financial methods in system of the state support of export, the important role is carried out by a set of various non-financial instruments of assistance to national exporters. In the conditions of dynamism of an environment of the world markets, increase in number of their participants, periodic crisis shocks of world economy exporters need information and advisory support, market researches of foreign sales markets, the organization of exhibition and fair activity, advertising activities, etc.

The whole complex of various organizations among which the leading place is taken by the specialized organizations of assistance to export usually carries out such types of non-financial support. National agency on export and investments «KAZNEXINVEST» plays leading role among such organizations in Kazakhstan. The organization has been created 2010 in the status of the joint-stock company and works as body of the Ministry of RK for investments and development. She gives multi-lateral service support to national exporters of the processed production. In activity of agency, two main directions are allocated: development of export and promotion of export. The first direction includes: 1) providing information services to exporters concerning the state support of export; 2) assistance to business in the solution of the problem-

atic issues interfering the organization of export; 3) compensation of the expenses connected with an exit to foreign markets. The second direction covers assistance to the Kazakhstan exporters in an exit to foreign markets, by means of the organization of their participation in actions for advance of goods. Within these directions, the agency uses various instruments of support of exporters:

- information support;
- training of exporters;
- the solution of problematic issues when exporting;
- compensation of expenses, connected with production conclusion to foreign markets;
- search of potential buyers;
- assistance in preparation of export strategy;
- assistance through missions, foreign exhibitions, promotion of trademarks and so forth.

By means of these KAZNEXINVEST tools acts as the national operator on rendering a number of services and undertakes part of expenses of the exporters participating in the trade missions, foreign exhibitions opening representations abroad. Also the operator partially compensates the expenses of exporters connected with procedures of registration of trademarks, certifications of production for export abroad, advertising of production abroad, carrying out market researches of the foreign markets, development of export strategy and training of employees or involvement of foreign experts [9].

As compensation of such expenses is connected with expenses in a monetary form, not all above-mentioned instruments of assistance to export can be probably considered as «purely» non-financial methods. At the same time in character they cannot be carried to actually financial and form economic elements of organizational and information actions.

Besides the organization of various actions for assistance to export, «KAZNEXINVEST» carries out a big role on information support of the Kazakhstan exporters. The agency prepares and provides a number of editions for the acting and potential exporters: «For the aid to the exporter: How to enter a foreign market», annual «The guide of export», the Exporter magazine, etc., the containing state-of-the-art reviews about possible sales markets of the Kazakhstan production abroad, information on conditions of access to the markets of the certain countries, on exhibitions and lists of useful contacts. Exporters can request from agency and receive research of volume and capacity of the market of the world interesting their countries. The same information role is carried out by a brief analyses and industry reviews, which contain data on, export

opportunities of a concrete type of goods, on routes of delivery of production, on position of 4 branches of manufacturing industry of Kazakhstan. For providing complex information for exporters by KAZNEXINVEST agency has been created the export.gov.kz web portal and it works since the end of last year.

At the same time, despite of existence in the country of the afore-named specialized organizations on support of national export, state support of export still is not effective. In opinion of some national exporters, for example, of exporters of flour, support of export of the processed agricultural produce is absent in our country. And the system measures of development of export potential of country are not enough in activity of agency of «KAZNEXINVEST» [10].

In conclusion, it should be noted that in the modern conditions when information and ways of her fast receiving become the most important condition of efficiency of any activity, especially in the sphere of business, it is impossible to overestimate value of a uniform source of electronic information for businesspersons. Support of businesspersons, including exporters, in this plan from the state plays

a crucial role. In Kazakhstan since December, 2013 the uniform business portal for businessmen «The territory of business» which contains all complex of information on programs and instruments of the state support given to exporters of the country works

### Conclusion

Consequently, now in world practice a set of various methods of state regulation of export are applied. One of them are directed to restriction, others – to encouragement of national export. All tools can be divided conditionally on financial and non-financial. Owing to raw nature of the Kazakhstan export and aiming of the republic at solutions of problems of development of processing industries, in Kazakhstan a number of various financial and non-financial methods of the state support of exporters of non-oil production is applied. These methods are realized by means of application of a large number of different measures and tools in activity of a number of government bodies and, first, the specialized state organizations for promotion of export. Among them, the leading role belongs to such organizations as JSC Export and Credit Insurance Corporation Kazeksportgarant and JSC National Export Agency and Investments KAZNEXINVEST.

### References

1. Chzhao Sin. Vneshnyaya trgovlya Kitaya s Rossiey: izmeneniya v dinamike i strukture posle vstupleniya Kitaya v VTO. – Avtoreferat dissertatsii na soiskanie uchenoy stepeni kandidata ekonomicheskikh nauk. – Moskva, 2012. <vak2.ed.gov.ru/idcUploadAutoref/renderFile/80538>
2. Kitay otmenil kvoty na eksport redkozemelnykh metallov. – 2015, 13 yanvarya. <http://www.atomic-energy.ru/news/2015/01/13/54187>
3. Degtyarev D.A. Osobennosti gosudarstvennogo regulirovaniya eksportnoy deyatel'nosti zarubezhnykh gosudarstv v HHI veke// Rossiyskiy vneshneekonomicheskiy vestnik. – 2011, №11. - ch. 1. <[www.mgimo.ru/files/34593/34593.pdf](http://www.mgimo.ru/files/34593/34593.pdf)>
4. Sayt AO «Eksportno-kreditnaya strahovaya korporatsiya «KazEksportGarant» //<<http://www.kecic.kz/ru/our-activity>>
5. Organizatsii sodeystviya eksportu //<<http://www.kecic.kz/ru/useful-links/271>>
6. Strahovanie kredita eksportera. Sayt «KazEksportGarant». //<<http://www.kecic.kz/ru/service/credit-insurance>>
7. Sayt «KazEksportGaranta». Krupnyie sdelki //<<http://www.kecic.kz/ru/useful-links/274>>
8. AO «Bank razvitiya Kazahstana» //< [http://www.kdb.kz/ru/services/export\\_operations](http://www.kdb.kz/ru/services/export_operations)>
9. Vozmeschenie zatrat eksporteram. Sayt: KAZNEXINVEST //<[http://www.kazninvest.kz/china/export/exp\\_grants.php](http://www.kazninvest.kz/china/export/exp_grants.php)>
10. Pochemu RK prodaet na ehksport zerno i myaso, a ne muku i kolbasu//<[http://forbes.kz/finances/markets/pochemu\\_rk\\_prodaet\\_na\\_eksport\\_zerno\\_i\\_myaso\\_a\\_ne\\_muku\\_i\\_kolbasu?utm\\_source=forbes&utm\\_medium=incut&utm\\_campaign=115211](http://forbes.kz/finances/markets/pochemu_rk_prodaet_na_eksport_zerno_i_myaso_a_ne_muku_i_kolbasu?utm_source=forbes&utm_medium=incut&utm_campaign=115211)>[01.07.2016]