

UDC 339.9
JEL F02, J4

O. Komendant, PhD in Economics, Assistant of Professor
Taras Shevchenko National University of Kyiv, Kyiv

THE MECHANISM OF TRANSFORMATION OF THE LABOR MARKET OF UKRAINE TO THE NEW ECONOMY UNDER POST-CRISIS PERIOD

Major components of a mechanism of transformation of the Ukrainian labor market under new economy or knowledge-based economy are identified. Modern period of mechanism of transformation is considered. Level of implementation of the mechanism of transformation of the Ukrainian labor market under new economy is shown.

Keywords: *mechanism of transformation; Ukrainian labor market; new economy; knowledge-based economy; post-crisis period; global instability time.*

Introduction. Modern post-crisis world tests substantial changes and general transformation of both society and an economic basis of its construction. Even such unalterable things as nature of production, trade, and employment will differ in the nearest future from that we had at the beginning of XXI st. In this context, an important value acquires research of questions of influence of changes on development of modern society and the world economy on the whole. World Labor Market as an inalienable component of the world economy tests transformation changes too. These changes are weaker for the changes in the world financial market. The changes in a labor market of a non-developed country such as Ukraine, have taken second character of influence of the global financial crisis. Ukrainian labor market continues to feel the impact of the global financial crisis. It is therefore very interesting for researchers who start writing about the impact of the global financial crisis on labor market describing the current situation and giving new and original ideas to the issue.

The research aim is to study the interaction between global financial crisis and national labor market of Ukraine by means of "new economy". The objectives are to offer a mechanism of transformation of the labor market of Ukraine. It requires assess to the post-crisis cooperation of world labor market, financial environment in Ukraine, current trends of government programs.

Research methodology and results.

The research methodology is based on the application of international macro- and microeconomic approaches as well as structural comparative analysis. A study is dedicated to describing of components of the mechanism of the transformation of the labor market of Ukraine and estimation of its level of development.

A huge number of publications devoted to the global financial crisis and particularly to its lessons have been published. The most interesting among the foreign scientific publications are the books of two Nobel Prize winners J. Stiglitz and P. Krugman. Among Ukrainian scientists the following works have to be encouraged in the financial sphere the works of: U. Bazal, V. Bazylevych, I. Lutyi, V. Muntiyan, O. Rogach, V. Shevchenko and in the labor sphere: O. Grishnova E. Libanova, A. Starostina.

The classical economic approach gives a vision that "new economy" is not just a new phenomenon but quite young, which practically has existed only for 0 – 15 years. On different approach, it is accepted to consider the year of the foundation of new economy is 1995, when global business and mass – media began to use possibilities of world free information network – the Internet. The theoretical roots of comprehension of processes of origin of new economic structure starts from the middle of the last century. It is certainly known that all economies, starting from the simplest, were based on knowledge about that, how to do

that or this: how to grow, how to collect, how to obtain, how to build and all this knowledge has been accumulated with development of the society. But till the middle of the last century this knowledge carried more complementary character. The knowledge began to play first fiddle in the middle of the last century.

The process of training workers for the changes in the labor market is slow and constant. Till the end past century a characteristic of the new type of the worker began to appear more frequently in the western literature. The reason for its appearance unconditionally became the environment of inhabiting. Extrapolating for the labor market we see that that objective reasons of changes in the character and intensity of labor are in favor of scientific-technical and informational revolution. The mechanism of transformation and the transformation of the labor market rather in terms of the spread of the global information economy provides a range of measures to enhance the effectiveness of the functioning of the labor market. Among them are:

- self-education and science, search for additional sources of financing;
- providing of favorable terms for development of education;
- leadthrough of active policy of employment of population, including new forms – tele- and controlled form of distance employment;
- the further development of cooperation between research centers and enterprises of the final production;
- state of development and production of IT products;
- ensuring the protection of intellectual property rights and support of international scientific-technical cooperation.

Braving the logic of the transformation process in live nature [4], proposed by M. Magometom-Eminovim in the labor market, which is experiencing changes in the global economic information we will get the picture of general transformation as follows: the object of transformation is a labor market of Ukraine, "transformetr" – relations in the market of labor of Ukraine, instrument of transformation, are influence of IT, time is time of process of changes, "psitemenos" is "new economy", transistor is the transitional period between industrial and postindustrial periods, a transformation link is the government programs at the market of labor of Ukraine. For us the descriptive chart of mechanism of influence of informative economy went out to the world market of labor (pic. 1).

Stage 1. Object of Transformation – LABOR MARKET OF UKRAINE.

Like other countries in the region of Europe and Central Asia, the labor market in Ukraine is seriously affected by the financial crisis. The unemployment rate has significantly increased since the beginning of 2009 – up to 9.5 percent and now is 8.7 percent.

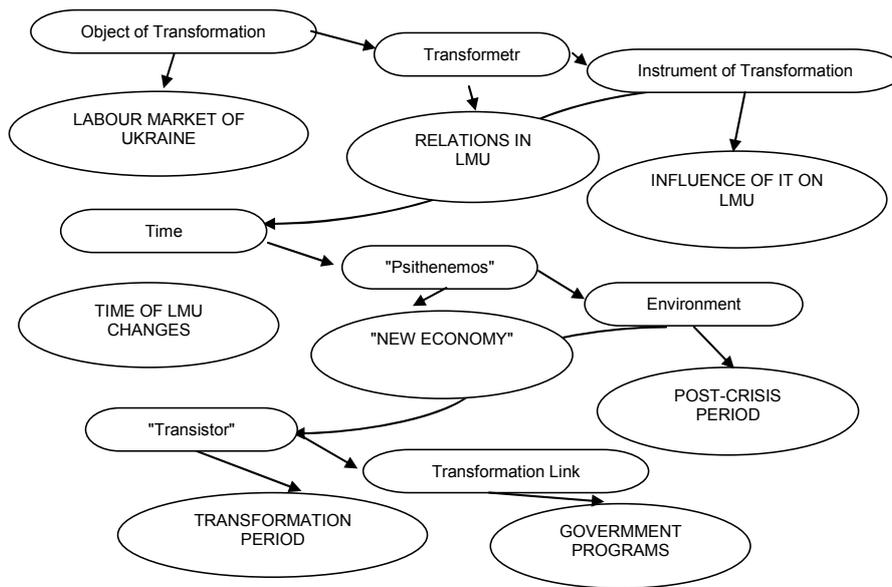


Fig. 1. The transformation process of labor market of Ukraine

* Source : created by the author.

Unemployment remains a problem for large parts of the youth, and a large number of graduates are unable to find work after graduation. The main problems that now faces the Ukrainian labor market includes low internal mobility within the country, the high level of unofficial unemployment and disparity of qualification or professional skills to the needs of the labor market in new conditions.

Growing international experience indicates that internal labor mobility has a positive impact on productivity and growth of the country. In Ukraine, the level of internal migration is at extremely low conditions compared with other countries. The population does not migrate even when there is substantial and constant inappropriate level of average wages and unemployment rate in the labor market. This indicates that people do not have economic opportunities outside the place of their current residence. It is significant to consider the unofficial unemployment rate in Ukraine. In 2010 to 4.6 million people in Ukraine were working in the informal sector, which constitutes 22.9 percent of total employment.

In 2013, according to the data of the State employment service, there are 20.5 million people employed in Ukraine or 60 percent of the able-bodied population in the age between 15 and 70 years old. The figures have slightly improved comparing to 2012 (59.5 percent). At the same time, the figures of employment data differ significantly from the unemployment rate, which made 2 percent in January. As of February 2013, the average enrolment competition was ten applicants per one vacancy.

However, some experts say that last year the domestic labor market grew. Employers were looking for workers even during festivals and summer holidays, while job seekers traditionally preferred vacations [2]. Candidates showed higher activity in 2012 compared to 2011. One of the trends in 2012 was the increase in demand for skilled workers. Companies were investing in creation of their HR-brands, they implemented new methods of non-material motivation, contributed into the training and development of personnel, as well as focused on retention of experts, which was confirmed by the significant number of counteroffers from employers to their employees who were going to change jobs. In 2012, the companies invested in their staff, and we expect this trend to continue in 2013 [6].

Other experts indicate no significant dynamics in labor market of Ukraine. Market volume of stuffing, including

search and selection of staff on temporary projects, did not exceed 10-12 percent. Many domestic companies had frozen their positions before the parliamentary elections. To some extent, the updated Law on Employment also affected the activity of companies, since they were expecting amendments and explanatory notes. However, significant fluctuations in the demand for staff were not observed. The average salary increased in 2012 at about 5-10 percent, and we expect that in 2013, salaries will grow up the same [6].

Stage 2. "Transformetr" – RELATIONS IN THE LABOR MARKET OF UKRAINE

The labor market in Ukraine has changed gradually. Having passed first from an agricultural state to an industrial one during the time after the breakdown of the USSR. Last 10 years Ukraine has started on the path of a service-oriented economy as the national labor market increasingly become oriented toward such industries as tourism, entertainment, and leisure. Today, more than half the national labor force is involved in the service sector.

However, the Ukrainian labor force is characterized as highly qualified and skilled; the level of labor pay is much lower than in developed countries. Ongoing political and economic instability has led to rapidly increasing labor migration, in which both skilled and unskilled workers leave the country in order to find more reliable sources of income. The countries where most Ukrainians emigrate or go to work for shorter or longer periods of time include Russia, Western Europe, Canada and the United States. In addition, political and economic realities present many challenges to management on a national level. Exploitation of workers and an extensive underground economy in which workers are "paid under the table," – colloquially described as "salary in an envelope" -- are issues which need to be addressed.

The main problem of the Labor market of Ukraine is still remaining its informal segment. Reduction of the informal segment is important for Ukraine's development in terms of social structure, protection of workers, the efficiency of the labor market and the market of goods, increase of productivity, the rule of law and public administration.

Stage 3. Instrument of Transformation- INFLUENCE OF IT ON LMU

Indicators of access to the Internet in Ukraine are also growing over the fast pace in recent years. Today, the number of Ukrainian Internet users continues to increase. Rate of Internet users (per 100 people) increased from 0,7

in 2000 to 22,4 in 2008. At the beginning of 2013 in Ukraine the Internet was used by over 13 million people per day (according to the latest data from bigmir.net – even more, 15 million) when the total number of the population is of nearly 46 million people. Ukraine came to the third place among European countries in terms of growth in the number of Internet users in the period 2000-2013 years. This is evidenced by recent data from the Internet World Stats. Since 2000, this indicator increased by 6 thousand percent [8].

Significant changes in the geographic distribution of the Internet users have not been observed in recent years. The largest audience growth dynamics observed in cities with a population of 50-100 thousand. Also, in 2013, the Internet is used much more actively – day coverage in the current year amounted to 31 percent of residents in cities with a population of 50 thousand (including over one million) against 18 percent in 2008. Kiev is still an lead region. Its share amounted to 58,96 percent of the total audience. Next, in descending order, there are regions such as: Odessa, Dnepropetrovsk, Donetsk, Kharkiv, Lviv, Crimea, Zaporozhye. Their total share is 30,65 percent. The other regions account for 9,79 percent. In Zhytomyr and Volyn regions, the smallest activity – only 0,21 percent and 0,17 percent respectively, in Chernivtzi region – 0,22 percent.

The number of Ukrainian domains (.ua) has risen to 247 400, with registered 36 thousand. Web sites. Among search engines, of which was crossing the Ukrainian audience on Ukrainian sites, the leader was Google its share is 72,74 percent. Then there is Yandex (16,88 percent), ukr.net (2,35 percent), bigmir.net (2,04 percent) and Meta.ua (2,01 percent) [8].

Increase of the use of communication services in Ukraine demonstrates considerable pace. Dominant values thus acquired the rapid spread of mobile communication – as of July 1, 2013, the number of mobile phone subscribers reached 55 541 thousand subscribers. For comparison, on 1 January 2007 in Ukraine subscribers had for 10 percent less – 50 952. Accelerated growth in the number of users of communication services occurs including expanding infrastructure market. Ukraine in terms of the number of Internet users per 1,000 people is low (97). That is even not every tenth has access to the network. Our closest neighbors Poland have the indicator level 262 persons, Slovakia – 272 persons, Romania – 208 persons, Russia 153 persons. There are worse level of indicator than in Ukraine have Georgia – 39 persons and Moldova – 96 persons [14].

Stage 4. Time TIME OF LMU CHANGES

Despite the agrarian-industrial international specialization of Ukraine, the first positive changes as the defining social indicator of the newest trends are observed in the labor market. The largest and most rapid changes observed in urbanized cities, primarily in the capital. The main symptom of the appearance of new trend in the Kyiv labor market is a phenomenon of "head hunting", which is applied typical only for highly developed societies.

It is known that the basic idea of "head hunting" is to "hunt" not only for an existing knowledge of hired workers but for the implicit, so-called "essential knowledge" that an organization can get only by attracting specialists only with unique experience. This phenomenon has demonstrated the symptoms of the new economy, i.e. work acquires the characters of creativity, demand not only for the worker – "human economic" ("homoeconomicus"), but also for worker – "human creative" (homo creator). This phenomenon has seen only in the capital of Ukraine Kiev and some another big cities such as Donetsk, Dnepropetrovsk, Lviv. For example, according to the "Ankor" agency at the beginning of 2013 Russia experienced shortages of labor for 17 percent and 72 percent of companies plan to expand

the number of staff [5]. It has not observed such situation in Ukraine yet, but to take into account this modern tendency of the nearest neighbor is necessary. There is a need for balancing of professional orientation of an employee to achieve an improvement on the effectiveness of the functioning of the labor market. Labor market in Ukraine has observed a decline in a demand for professional's for sector of services and growth for professionals of worker's profession. According to Derzhkomstat, the greatest demand at the beginning of 2013 has industry sector – 18.9 thous. people [9]. That is opposite to the world tendency. According to the Ukrainian Centre for Economic and Political Studies, more than fifty graduating students are competing for one available workplace in services sector and only one is searching job in industry sector [15]. Priority trend on Labor market is increasing of a share of graduate of the economists and the lawyers (36.2 and 43.6 percent). Present situation of market overloading of the economists and lawyers will inevitably affect the employment of specialists of these specialties. Instead, the present situation of the economy requests highly skilled specialists of engineering, which will be able to implement innovative principles of economic growth.

Under expert expectation for the next 3-5 years, the labor market will need specialists in the following sectors: engineering, IT and software development, nanotechnologies, specialties across electronic engineering and bioengineering, marketing and sales, consumer services, logistics, ecology, medical specialties on prolongation of life, chemistry [2]. It means that the labor market of Ukraine will develop not only quantitatively, but also qualitative in high-tech trends of XXI century, which is an obligatory condition for crisis consequences.

Stage 5. "Psithenemos" – "NEW ECONOMY"

Modern, post-industrial economy requires an active social policy, encouraging personal development and providing motivation for development of one's knowledge, skills and abilities. The highest level of involving the environment of the information economy are in postindustrial countries – leaders of the introduction of the "knowledge economy" in Western Europe. It has been approved that this happened due to special attention of the Government to the educational sphere: the level of State support for education is higher than in the countries of the "G7" (1.8-2.2 percent). They have beaten other countries for indicators of quality also, such as the introduction of a system of "lifelong learning" and "normalized knowledge", the development of the "information professions and employees of the Office of economy" [1]. By the way, there are several synonymous to the term of "knowledge economy" such as "postindustrial economy, "information economy," "cognitive economy", "the economy based on knowledge," "virtual economy" and "new economy".

There are the conceptual bases of "knowledge-based economy" as following:

- the information society is a modern model of the market economy, in which the main factor of production is information;
- "knowledge-based economy" is an economy of an open type;
- "knowledge-based economy" with its technological principle of the way of the organization of economic activity is the highest level of development of industrial relations in modern society.

Stage 6. Environment POST-CRISIS PERIOD

A huge number of publications devoted to the global financial crisis and particularly to its lessons have been published. Two main of them we have indicated at the beginning of this article. Since the onset of the current crisis, asset prices have tumbled in the United States and elsewhere along the tracks lain down by historical precedent

[13]. "We find that asset market collapses are deep and prolonged. On a peak-to-trough basis, real housing price declines average 35 percent stretched out over six years, while equity price collapses average 55 percent over a downturn of about three and a half years. Not surprisingly, banking crises are associated with profound declines in output and employment" [12]. The analysis of the post-crisis outcomes for unemployment, output and government debt provide sobering benchmark numbers for how the crisis will continue to unfold. The global nature of the crisis will make it far more difficult for many countries to grow their way out through higher exports, or to smooth the consumption effects through foreign borrowing. Economy of Ukraine also suffer from the global financial crisis.

Economic activity in Ukraine in 2012 has decreased. Real GDP growth has decreased of 5.2 percent in 2011. In the third quarter of 2012, reducing of GDP was 1.3 percent. In general, economic growth declined sharply to 0.2 percent in 2012. Domestic demand has continued to grow as a result of the expansion of consumption, while real exports has declined. On the one hand, in 2012, an increase in real retail turnover should broadly two-digit number. On the other hand, industrial production declined in 2012 by 1.8 percent due to the bad performance of export-oriented industries, especially metallurgy [9]. At the beginning of 2013, economic growth remained at low level. The economy still requires a balancing for its better adjustment to changing external conditions. It seems that further uncertainty expectations of stability of complex of measures of economic policy, which now supports the Ukrainian authorities and sustained external demand. This scenario implies a slow but systematic overcoming of crisis in Europe. Increase in external demand in the second half of 2013 can help to accelerate the growth of the Ukrainian economy.

Stage 7. "Transistor" TRANSFORMATION PERIOD

The transformation of the labor market starts with, on the one hand, the simplest, and on the other hand, the most complicated thing – the way of thinking most of the people. "Knowledge-based economy" requires better flexibility, speed, the nonlinearity of the actions and behavior of employees. There has been an internal restructuring, the so-called transmutation level of the awareness of the identity, together with desire to change their consciousness under the new information environment. As an indirect indicator of the transformation of consciousness can be applied exceptionally uneconomical indicator, such as the level of trust in the society in general and the enterprises in particular.

In Ukraine, the situation with reputation of domestic enterprises is a very contradictory. Depending on the choice of scales, comparison results will vary a lot. If we compare the situation of trust that has observed in the country, with the developed countries of the West, then the level of trust to the products as financial institutions and industrial enterprises in Ukraine is extremely low. Moreover. If we consider the dynamics inside the country, compared with what it was 10 years ago, then the situation can be evaluated as an acceptable. The concept of the trust and the reputation is directly connected with the categories of brand and trademark. In Ukraine, ratings of most expensive Ukrainian brands are published each year. The latest ranking for 2012 showed that only three of ten the most expensive brands belong to the sphere of services, the other companies represent the oil-processing industry, light and food industry [11].

Stage 8. Transformation Link – GOVERNMENT PROGRAMS

Education and professional training are generally recognized as a leading factors of the economic development. Professional skills play a central role in improving results, increasing productivity and economic growth. However,

education and professional training are not always can provide required professional skill in order to have success on the labor market. For example, 20 percent of Ukrainian companies believe that the lack of professional skills of employees is the main barrier of growth of their companies. Despite this fact, many graduates cannot find work or are forced to take on a job that does not match their professional ability. One of the resolving of this problem could be STEP – program. Initiative to support professional skills so called STEP aims to improve awareness about the distribution of different professional skills between the workforce, as well as the demand for these skills in different economic sectors. In order to be able to support the development of government policy and the development of skills and habits in order to improve employment opportunities and productivity, the creation of an educational system capable of an adequate response to the needs of the market.

The Government of Ukraine and the World Bank made the strategy for the 2012 – 2016, based on consultations with representatives of the private sector, civil society and donors. In the framework of the strategy, there are several projects in the current year: Export development project (27.06.2006 – 31.12.2014). Program of higher of resources effectiveness in Ukraine (01.10.2012-12.31.2014), Program of a strengthening capacity in the field of statistics (STATCAP) (31.12.2009-31.12.2013) Project development of the system of State statistics for monitoring socio-economic transformations (31.12.2009-31.12.2013) Project to improve access to the agricultural (11.01.2010-10.31.2014), "Astarte" (13.08.2012-31.12.2013), JV "East" (18.12.2012-31.12.2013) [10]

Conclusion. Thus, this paper is dedicated to the proposition of the new mechanism of transformation of the labor market of Ukraine to the new economy under post-crisis period of global financial crisis. Such mechanism has a several components: object of transformation – the labor market of Ukraine, "Transformer" – Relations at the labor market of Ukraine, Instrument of transformation- Influence of information technology on labor market of Ukraine, time – period of changes on the labor market of Ukraine, "Psithenemos" – "new economy", environment – post-crisis period, "transistor" – transformation period, and transformation link – government programs. The effectiveness of involving of this mechanism is in the field of two-way road of the government and society cooperation.

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Надійшла до редакції 16.10.13

О. Комендант, канд. екон. наук, асист.
КНУ ім. Тараса Шевченка, Київ

МЕХАНІЗМ ТРАНСФОРМАЦІЇ УКРАЇНСЬКОГО РИНКУ ПРАЦІ ДО "НОВОЇ ЕКОНОМІКИ" В ПОСТКРИЗОВИХ УМОВАХ СВІТОВОЇ ФІНАНСОВОЇ КРИЗИ

Визначено основні складові механізму трансформації українського ринку праці в посткризових умовах "нової економіки" або економіки, заснованої на знаннях. Розглянуто сучасний стан складових трансформаційного процесу. Зроблено висновок про рівень трансформації українського ринку праці в ситуації глобальної нестабільності.

Ключові слова: трансформаційний механізм; український ринок праці; нова економіка; економіка заснована на знаннях; посткризові умови; глобальна нестабільність.

Е. Комендант, канд. екон. наук, асист.
КНУ ім. Тараса Шевченка, Київ

МЕХАНИЗМ ТРАНСФОРМАЦИИ УКРАИНСКОГО РЫНКА ТРУДА К УСЛОВИЯМ "НОВОЙ ЭКОНОМИКИ" В ПОСТКРИЗИСНЫХ УСЛОВИЯХ МИРОВОГО ФИНАНСОВОГО КРИЗИСА

Определены основные составляющие механизма трансформации украинского рынка труда в посткризисных условиях "новой экономики" или экономики, основывающийся на знаниях. Рассмотрено современное состояние составляющих трансформационного процесса. Сделано вывод о уровне трансформации украинского рынка труда в ситуации глобальной нестабильности.

Ключевые слова: трансформационный механизм; украинский рынок труда; новая экономика; экономика основывающаяся на знаниях; посткризисные условия; глобальная нестабильность.

UDK 338.43.636
JEL Q 17

Z. Konurbaeva, PhD in Economics, Associate Professor,
A. Zakimova, PhD in Economics, Associate Professor
D. Serikbayev East Kazakhstan State Technical University, Republic of Kazakhstan,
M. Rahkimberdinova, doctoral student,
Turar Ryskulov Kazakh Economic University, Republic of Kazakhstan

DEVELOPMENT OF ANIMAL SECONDARY RAW MATERIAL MARKET AS A FACTOR OF DIVERSIFICATION OF KAZAKHSTAN'S EXPORT POTENTIAL

Products of the recycling of livestock should become the most important part of the Kazakhstani export potential. Using recycled materials in the finished production cycle would significantly diversify the export component of national agro-industrial sector of the Republic. The article proposes an approach to the placement of industries, processing secondary raw materials in order to obtain market product with high added value, which will result in implementing the existing potential of the agricultural sector of the state.

Keywords: raw material, diversification, export, economics potential, animal breeding.

Kazakhstan has always been considered to be one of a largest cattle-breeding country due to its peculiar natural conditions and work skills of local people. Up to the development of virgin and long-fallow lands in the mid-fifties country's livestock was the main branch of agriculture. Despite the rapid development of agriculture since developing the virgin land, the value of livestock in the economy of Kazakhstan is still very high.

Livestock production has been key economic activity in Kazakhstan for centuries and remains still one of the major sources of employment, food, and earnings of rural people. This branch of the agricultural sector is traditional in Kazakhstan due to national peculiarities of the population. Locals living in a village cannot be imagined without their own farms. From time immemorial, domestic animals (horses, sheep, cows, camels) were the basis of the "economy of a family" for Kazakhs.

From 1990 to 1998 the consumption of livestock products reduced by approximately 40%. Decreased consumers' income, high prices for animal products due to liberalization of prices, inflation, and the consumer's subsidies abolition led to a sharp decline in the consumption of these products. Fluctuation in the domestic market demand deteriorated sharply with reduced export markets.

Export of meat, the main export product until 1990, virtually disappeared after the demand in the former Soviet Union countries fell, and meat export to other countries

was difficult due to the inland location of Kazakhstan, poor products quality, lack of in international sales experience and increasing restrictions on trade in the region. Compared to other Central Asian countries, the decline in the industry in Kazakhstan was more serious, as Kazakhstan had been the largest supplier of animal products to the market of the Soviet Union throughout the region, including supplying the Ministry of Defence, a large part of public procurement (one of the largest meat processing plants in Semipalatinsk provided the entire Soviet Union with its production, as an example). Meat and wool processing industry especially in the eastern and northern regions, was highly developed. Many of related companies worked only for export markets and livestock production in these regions was oriented to the needs of the processing industry. Since domestic demand was less the conservation of livestock population after the reform seemed less possible than in other Central Asian countries.

The period of the establishing independent Kazakhstan influenced the livestock industry, so in 1993-1994 such factors as increase in fuel prices, food concentrates, food additives and veterinary drugs, together with import growth and other macroeconomic indicators, have led to a reduction of livestock in the country.

The total number of cattle decreased sharply from 1992 to 1998. This tendency varied in the regions of the country. For example, the northern regions have lost about 72% of