Improving the Competitiveness of the Oil Companies on the Basis of Innovative Development in Kazakhstan

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Abstract: The fuel and energy complex is of key importance for Kazakhstan’s economy and currently is the most influential factor for sustainable socio-economic development and integration of the country into the global economy. This scheme includes oil, gas, coal, electricity and nuclear industries. During the years of independence, Kazakhstan applied much effort to develop the oil transmission pipeline system in order to improve competitiveness and reliability of the existing system; the country also concentrated on constructing new capacities for oil transportation and transfer, as well as creating the required contractual framework for oil transit through the territories of transit countries. The most important prerequisite for improving the competitiveness of the economy is an innovative development of priority industries, ensuring production of products with high added value. Structural diversification is an effective tool for improving the market competitiveness of the industry. In the context of the national economy for refineries and petrochemical plants effective diversification and restructuring are a prerequisite to improve their competitiveness.

Key words: Sustainable development • Innovative development • Innovation • Competitiveness • Oil industry

INTRODUCTION

Kazakhstan has made significant economic progress in the relatively short time since independence from the Soviet Union. However, the country has come to a critical juncture in their economic development. Kazakhstan’s reliance on significant central government control of the economy and legal system is impeding economic progress. Despite numerous economic strategies meant to move up the value chain, the country’s prosperity has come primarily in the form inherited, rather than created, wealth.

Kazakhstan has large reserves of accessible mineral and fossil fuel resources. The extractive sectors in oil, natural gas and metal have attracted over 40 billion in foreign investment and account for approximately 57% of industrial output and 13% of its national GDP.

The main oil deposits in Kazakhstan (over 90%) are concentrated in 15 major field. Tengiz, Kashagan, Uzen, Zhetibay, Zhanazhol, Kalamkas, Kenkiyak, Karazhanbas, Kumkol, Alibekmola, Central and East Prorva, North Buzachi, Kenbay and Korolevskoye half of deposits are in two large oil fields: Kashagan and Tengiz.

Currently operations in the oil and gas sectors are carried out under more than 150 contracts for subsoil use. Kazakhstan implements further modernization of the oil and gas complex of the country; it forecasts and explores promising deposits of oil and gas and promotes the exploration, development and organization of these complexes.

In 2011, production of oil and gas condensate was 71.1 Mt, or 99.6% by 2010. In accordance with the Strategic Plan of the Ministry of Oil and Gas of the Republic of Kazakhstan for 2011-2015, production of oil and gas condensate in 2012 is expected at 81 Mt, oil export-about 70 Mt. It is expected that in 2012 refineries will have processed about 13 Mt of crude oil.

Economic Situation and the Potential Development of the Oil Industry in Kazakhstan: The oil industry-one of the
most competitive in this regard this barrier allows only survive the largest companies with stable financial security. Also, very important market capacity, where necessary to acquire potential buyers earn their trust, as the oil industry is a very specific industry. In addition to such barriers, there are strategic, such as the amount of additional investment in equipment, the degree of product differentiation and the nature of long-term contracts with third parties.

Experience many domestic companies confirms that in today's competitive wins, who constantly analyzes and fights for its competitive position, provides a systematic approach for the marketing concept to the development of organizational and economic measures aimed at achieving a high competitiveness of the company and product information.

Forecast competitiveness of a search is to identify and describe the possible probable its condition in the future. It is known that in the basis of forecasting are similar, extrapolation and model of the future state of the system [1].

Today we can say that the global financial crisis, the economic model of Kazakhstan has proven its effectiveness, sustainability and viability, successfully, overcoming a turbulent period. Now our economy is ready to move to the third stage of its development, which many call the "post-crisis". Post-crisis development of Kazakhstan-is not something new, but a continuation of the implementation of the course that was laid down by the President in 1997 in the "Strategy-2030" [2]. Now the economy of Kazakhstan is at an important milestone, as the next decade will be a crucial period. From that as we go through the next ten years will depend on whether we can turn to the Asian leopard or we'll have to be on the periphery of the world economy. The task is to bring Kazakhstan in 2030 in the developed countries of the world is difficult, but achievable, if choose the right ways to solve this problem, as demonstrated by actual practice, attempts to directly copy the experience of developed countries in the context of developing countries of the East and the South, as a rule, did not give positive results. The reason is that rapid modernization is an extremely complex and lengthy process. Countries that have success on the road modernize their economies, spent an average of 20-30 years. Finland took 20 years, countries of South-East Asia to become the "Asian tigers", it took 20-30 years [3].

If state of the economy of Kazakhstan, in the medium term, investment in infrastructure will help maintain economic growth at a level close to 7%. According to current forecasts of GDP growth in 2012 was 5.8 %, not reaching 7.0%, which was predicted last year. Deterioration in the global economy weakens growth in key export markets, hinders capital inflows and leads to lower prices for commodities. It is expected that this year the price of oil will rise by less than 1 %, while metal prices declined by 9 %, which is due to the slow growth of the world economy. However, in the long term pricing conditions in commodity markets may become more favorable due to steady growth, which show China and other rapidly developing countries [4]. Nevertheless, there is still a high level of risk, depending on the background of Kazakhstan on commodity exports, close ties with the countries of the Eurozone and the international financial markets, as well as instability in the banking sector. In January, consumer prices rose only 0.3 % and annual inflation fell to 5.8 % compared to the value observed in December ( 7.4%). It is noteworthy that the inflation decline for the fifth consecutive month. Easing of inflationary pressures on the economy of the country is mainly due to external factors, but the role of internal factors also should not be underestimated. Export commodity output to grow by only 1 %, which is due to a decline in prices for oil and metals and sluggish growth in major markets. Imports are likely to grow by 16% due to the large volume of public procurement. In the medium term public investment and the implementation of a number of major infrastructure projects will help maintain the growth rate of not less than 7%.

Based on the historical experience of the processes of modernization, we can say that Kazakhstan is now at the half way point [5]. However, it seems to me, the impact of the commodity sector on economic development can be both positive and negative. It all depends on the type of commodity sector linkages with the rest of the economy. In cases where the development of the resource sector for export stimulated growth industries are on the lower floors of the production cycle, producing means of production for the commodity sector industries and industries on the upper floors associated with the processing of raw materials, an economy based on the export of natural resources, gradually diversified. Conversely, if the communication resource sector with the rest of the economy was weak, diversification does not occur. When the means of production are imported from abroad, there is only an enclave export primary production and the state fell into the trap of so-called commodity dependence.
The most appropriate strategy for accelerated modernization of the economy of Kazakhstan is the strategy of "traditional specialization" relying on oil and gas sector. In the next decade oil and gas will remain the main "engine" of economic growth [6]. Long-term demand for oil and therefore the price of oil is estimated to most experts will only grow.

Kazakhstan's oil and gas industry continues to be in a zone of active growth, while maintaining its high investment attractiveness. One of the favorable factors for this is the positive dynamics of the global oil and gas market, cause enhanced sales in foreign markets and the availability of liquidity available for investment in exploration and production.

General estimated recoverable hydrocarbon resources in the Republic of Kazakhstan at 17 billion tons, of which 8 billion tons are the Kazakhstan sector of the Caspian Sea (hereinafter-BMSC). In proven oil reserves, Kazakhstan is among the top 15 countries in the world. Kazakhstan has significant hydrocarbon reserves-3.3% of world reserves [7].

Mineral resource base, particularly oil, Kazakhstan is a symbol of sovereignty, livelihood and source of future prosperity. Currently, the largest developed oil and gas reserves have hydrocarbon feedstock and the Caspian Sea, which is a potential reserve of the country. After the collapse of the USSR in the newly formed states, especially in the Caspian region (Azerbaijan, Kazakhstan, Turkmenistan, Russia), there were no funds, not only for the development of rich oil deposits, but even to maintain the level of mining, made in the Soviet period. And they were forced to appeal to the Western countries and multinational energy corporations for financial aid.

In the eyes of the West as the Caspian Sea-the second Persian Gulf, so many energy companies were interested in bringing investment to those countries for large-scale development, primarily oil and gas [8].

Almost all oil-exporting countries are concerned about diversifying its economy. In Kazakhstan, a favorable environment for the diversification of the economy is growing with each passing year the volume of investments in the oil and gas industry. One of the main drivers "locomotives" of industrial development is the development of the Kazakh sector of the Caspian Sea (hereinafter-BMSC), according to preliminary estimates, the total reserves of hydrocarbons are 8 billion tons. In the future, oil production from offshore fields could reach 150-200 million tons per year and stay at this level for 25-30 years.

In the next fifteen years in the development of Kazakhstan's oil production investors intend to invest more than $80 billion. These funds will be spent on the development of production, infrastructure and social facilities, catering to the input businesses. The above investments are creating demand for a wide range of goods and services that can be produced in Kazakhstan.

Development of hydrocarbon production in the Caspian Sea will contribute to the establishment of domestic raw materials for the petrochemical industry. Oil and gas regions of the Republic, where 172 oil and condensate field 42, occupy about 62% of the territory of Kazakhstan. Major oil reserves in Kazakhstan (90%) are concentrated in 15 major fields-Tengiz, Kashagan, Karachaganak, UzenZhetysai, Janajol, Kalamkas, Kenkiyak, Karazhanbas Kumkol North Buzachi, AlibekmolaProrza Central and Eastern, Kenbai, Korolevskoye.

**CONCLUSION**

- Kazakhstan’s oil sector will continue to play a significant role in the economy and it will be important to ensure that oil wealth benefits are widely shared. On the oil and gas sector of Kazakhstan on development and innovation needs complex management of innovation and resource allocation decisions on innovative projects. An important direction of focused work on waste management is the introduction of modern low-waste technologies, the use of high-efficiency equipment. To conduct liquidation with minimal negative impact on the environment uses high mobile complexes for processing contaminated soil and sludge production capacity of 30 tons per hour.

- To improve the competitiveness of Kazakhstan's oil companies use special tools, including improvement of the national system of standardization and technical regulation, promotion of industrial modernization of the industry, providing qualified personnel and development of its export potential.

- Growth of Kazakhstani oil production volume is closely tied to two factors:

  Firstly, considerable increase in foreign investments: in particular, direct foreign investments into oil producing industry.

  Secondly, favorable carbohydrate market conditions in the world exercise considerable influence on situation of oil industry in Kazakhstan’s economy.
REFERENCES


