

**Research on National Competitive Advantage of Kazakhstan's Petroleum Industry****Ualiullina Tamara**

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[ms\\_tommy@mail.ru](mailto:ms_tommy@mail.ru)**Abstract:**

Today, oil is the most important strategic resource in the world. With the economic development, the demand for oil continues to increase. Kazakhstan is the largest oil exporter in Central Asia and borders with largest oil importer in the world, with China. It makes Kazakhstan's oil industry become the focus of violent competition among various countries. Firstly, this article elaborated on the international status of Kazakhstan's oil industry and quantified its competitiveness using the index of comparative advantage as an indicator, and selected representative countries such as Saudi Arabia, Russia and China for comparison. It has been found that although Kazakhstan's oil reserves are far less than those of major oil countries such as Saudi Arabia and Russia. But for Kazakhstan the oil exports have a higher position in the country's exports than above two countries, indicating the importance of the oil industry to the national economy. Thus, in this article, relevant proposals are put forward on four aspects, including the modernization of exploration and mining technologies to increase production capacity, strengthening political orientation, attaching importance to creating an export enterprise brand and increase the level of innovation in the industry.

**Key words:** Kazakhstan, Oil industry, National competitive advantage.

This article mainly studies the competitiveness of Kazakhstan's oil industry and its influencing factors. The main contents of the research are as follows: 1. Describe the international status of Kazakhstan's oil industry; 2. Factor conditions, demand conditions, industrial environment, and policy environment for the development of Kazakhstan's oil market industry, as well as these factors and Saudi Arabia, Russia, and China Comparison; 3. The relationship between the development environment of Kazakhstan's oil industry and its international competitiveness; 4. The way to enhance the national competitive advantage of Kazakhstan's oil industry. With the economic development of various countries, oil demand continues to increase. Kazakhstan is the largest oil exporter in Central Asia and borders on China, the world's largest oil importer. This makes Kazakhstan's oil industry has become the focus of competition in various countries. Kazakhstan has attracted foreign capital from all over the world with its rich oil reserves and superior oil policies. However, due to Kazakhstan's late start, imperfect systems, backward technology, etc., Kazakhstan's domestic oil resources are absolutely controlled by foreign capital.

**1. The international status of Kazakhstan's oil industry**

At present, the proven crude oil reserves in Kazakhstan are 4.14 billion tons, which is about 2.3% of the world's oil reserves, and the recoverable reserves are 3.64 billion tons, accounting for the world's 1.8%. Kazakhstan ranks the 12th place in the world among oil producing countries. According to a report by the US State Department in 2001, Kazakhstan's crude oil reserves plus the condensate reserves of the Caspian Continental Shelf to which it belongs are expected to reach 13 billion tons. Kazakhstan may become the world's second largest oil exporter in a few decades. According to the prediction of Kazakhstan's professionals, the proven reserves of crude oil in Kazakhstan may account for about 6% of world reserves by 2030 after several years of development. According to data released by the Geological Department of Kazakhstan (data released by the Ministry of Energy after 2000), the total oil production in 1991 was 26.65 million tons. By 2003, the total development output was 47.27 million tons. In 2018, it reached 90.3 million tons- the highest record. In recent years, the number of oilfield areas discovered by the Kazakhstan National Exploration Department has reached hundreds, of which the larger ones are more than ten. The areas are mainly concentrated in several states near the Caspian Sea, including Atyrau Tengziz, Kasha glycerin fields in the state, Karachaganak oil and gas

field in West Kazakhstan, Karamkas and New Ujin oil fields in Mangshetau state, and Jananor and Kenki in Aktobe state Yake Oilfield, Kumkor Oilfield in Kyzylorda, etc.

**2.Calculation of Kazakhstan's National Competitive Advantages**

Revealed Comparative Advantage Index (RCA) is the most convincing indicator to measure the competitiveness of a country's products or industries in the international market. The RCA number is an analytical method for measuring the comparative advantage of international trade proposed by the American economist Balassa in 1965. The index establishes a link between the export level of a country's advanced manufacturing industry and the average export level of the world's advanced manufacturing industry. . It is defined as

$$RCA_{ij} = \frac{X_{ij} / X_j}{X_{iw} / X_w}$$

It can be known from the above RCA formula that the RCA value of a country can be obtained by obtaining the four data of a certain country's export value of a certain commodity, a country's total export value, the world's total export value of that commodity, and the world's total export value.

Based on the data from 2009 to 2018, the total world exports, total oil exports, total Kazakhstan exports, and oil exports are shown in Table 3.2.

Table 3.2 Total Petroleum Exports 2009-2018

Year	World total exports (millions of US dollars)	World Petroleum Exports (million of U.S. dollars)	Kazakhstan's total exports (millions of US dollars)	Kazakhstan's total oil exports (million of U.S. dollars)
2009	8379712	1838528	43196	30027
2010	9988931	2395065	59971	41033
2011	11518898	3268505	84336	60675
2012	11602948	3399965	86449	59546
2013	11859117	3309479	84700	64621
2014	12287237	3061385	79406	60701
2015	11330715	1799104	45956	31119
2016	11139787	1476418	36685	22275
2017	12116430	1975540	48304	30534
2018	13157224	2407601	60956	42306

$$RCA_{ij} = \frac{X_{ij} / X_j}{X_{iw} / X_w}$$

The data of Kazakhstan's RCA calendar years are shown in Table 3.3

Table 3.3 RCA values of 2009-2018 Kazakhstan

Year	2009	2010	2011	2012	2013
RCA	3.16831	2.8536	2.53547	2.33038	2.7339
Year	2014	2015	2016	2017	2018
RCA	3.06817	4.26466	4.58138	3.87694	3.79285

It can be seen that the oil RCA value of Kazakhstan is at a relatively high level, and it is initially judged that its oil industry has strong national competitiveness. To build an evaluation system, Kazakhstan needs to be compared with other countries to obtain more meaningful results. In this paper,

China, Russia, and Saudi Arabia are selected as the comparison countries for the evaluation of the competitiveness of the Kazakhstan oil industry, because China is the world's largest oil importer. China, Russia and Saudi Arabia are inseparable world's top two oil producers. Three countries' oil industry is very developed and very representative.

### **3. Policy environment for the development of the petroleum industry**

Since independence, Kazakhstan has attached great importance to the development of the petroleum industry and has long adhered to the policy of introducing foreign capital. In a contemporary society of economic globalization, if any country chooses to be independent and not participate in global cooperation and development, it will not be able to gain a foothold on the world stage or even be eliminated by the world. Peace and development are the themes of today's society and should be adhered to and advocated by any country. There are various development modes, but cooperation is undoubtedly a development strategy with less effort. Kazakhstan's capital market is relatively underdeveloped, attracting direct investment from foreign multinational companies is conducive to Kazakhstan's rapid and stable economic development. In his speech, the President of Kazakhstan repeatedly emphasized the country's development policy and encouraged foreign investors to invest in Kazakhstan in order to promote the comprehensive development of Kazakhstan. In addition, the government of Kazakhstan promulgated a series of laws, regulations and policy documents to provide a good guarantee mechanism for foreign investors.

In 1997, the then President of Kazakhstan proposed the "Kazakhstan 2030" development plan in his speech to the people of Kazakhstan, in which the plan for the energy resources industry was "to effectively use Kazakhstan's energy resources by rapidly increasing oil and gas production and exports To generate income that can promote sustainable economic growth and improve people's lives." According to this plan, Kazakhstan started the development strategy of the oil complex. The strategic objectives of the development of the oil complex include: establishing long-term cooperative relations with major international oil companies to attract the best international technology, expertise and substantial capital; attracting investment in the exploration of oil production and effective technology development; ensuring key oil Energy security of products; establishment of pipeline systems for the export of oil and natural gas; attraction of the international community's interest in Kazakhstan and its role in Kazakhstan's global fuel suppliers; continuous opening of oil refining and petroleum product markets.

At present, the oil and gas industry in Kazakhstan is developing at an unprecedented speed, which has attracted the attention of various countries. Oil and gas is one of Kazakhstan's most important export commodities, and the oil and gas industry is also a pillar industry in Kazakhstan's GDP.

### **4. Conclusion**

Kazakhstan's oil industry has a significant impact on the domestic economy, but its international competitiveness is insufficient. The main reasons include the large domestic oil consumption demand, the recoverable reserves are not as good as those of other major oil countries, the efficiency of technology R&D investment is not high, and the implementation of policies Not as expected. For example, the scale and strength of enterprises are inferior to that of major international oil companies, and their research and development capabilities and development speed are also lower than that of major international oil companies, but the space is larger and more potential. By reducing the dependence of domestic industrial development on oil to increase exports, improve exploration and mining technology to increase the absolute value of oil production, focus on the efficiency of enterprise innovation input to improve the ability of technology to promote industrial competitiveness, and effectively implement the state's support for the oil industry Policy, doing a good job of the above points, will certainly enable Kazakhstan's oil industry to further enhance its international status.



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