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## **ANALYSIS OF CRISIS MANAGEMENT OF THE ENTERPRISE IN THE REPUBLIC OF KAZAKHSTAN**

The oil and gas industry is the major and fastest developing industry in Kazakhstan. Kazakhstan is an important natural resources supply in national energy market and one of the largest countries in the world on stocks of hydro carbonic raw materials. In Kazakhstan 3.2% of world reserves of oil and 1.5% of gas is concentrated. The annual product of oil gets to 80 million ton per year, four tons for every citizen of Kazakhstan. The revenue from oil and gas, accounts for a significant part of Kazakhstan's total GDP, its government budget and foreign trade income from export. When oil price in international market began to decline, the Kazakhstan government had to change its annual budget accordingly based on the oil price. Because of the reasons mentioned above the role of oil industry and especially enterprises became very important. In the current article we tried to find the best solutions how to efficiently manage an enterprise during the crisis.

**Key words:** crisis management, annual budget, enterprise, reserves, investment.

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### **Қазақстан Республикасындағы кәсіпорындағы дағдарысты басқаруды талдау**

Мұнай-газ саласы – Қазақстандағы ең ірі және қарқынды дамып келе жатқан салалардың көшбасшысы болып табылады. Қазақстан табиғи ресурстардың қоры бойынша әлемдегі ең ірі елдердің бірі болып отыр. Қазақстанда әлемдік мұнай қорының 3,2% және газдың 1,5% шоғырланған. Мұнайдың жыл сайынғы өнімі жылына 80 млн. тоннаға жетсе, әр қазақстандықтың басына шаққанда 4 тоннадан келіп отыр. Мұнай мен газдан түсетін табыс Қазақстанның жалпы ішкі өнімінің, мемлекеттік бюджеттің және сыртқы саудадан түсетін кірістердің елеулі бөлігін құрайды. Халықаралық нарықтағы мұнайдың бағасы төмендей бастаған тұста, Қазақстан үкіметі өзінің жылдық бюджетін өзгерту шешімі – тығырықтан шығудың ең тиімді жолдарының бірі ретінде қарастырылды. Жоғарыда айтылған себептерге байланысты мұнай өнеркәсібінің, әсіресе, мұнай және газ кәсіпорындардың рөлі еліміздің экономикасын дамытудағы маңыздылығын арттырып отыр. Осы мақалада дағдарыс кезінде кәсіпорынды қалай тиімді басқаруға болатынын анықтауға тырыстық.

**Түйін сөздер:** дағдарысты басқару, жылдық бюджет, кәсіпорындар, резервтер, инвестициялар.

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### **Анализ управления кризисом предприятия в Республике Казахстан**

Нефтегазовая промышленность является наиболее быстро развивающейся отраслью в Казахстане. Казахстан же, в свою очередь, является одной из крупнейших стран в мире по запасу природных ресурсов. В Казахстане сосредоточено 3,2% мировых запасов нефти и 1,5% газа.

Ежегодный продукт нефти доходит до 80 млн. т в год, по 4 т для каждого гражданина Казахстана. Доходы от нефти и газа составляют значительную часть общего ВВП Казахстана, государственного бюджета и доходов от внешней торговли. Когда цена на нефть на международном рынке начала снижаться, правительству Казахстана пришлось изменить свой годовой бюджет. По причинам, упомянутым выше, роль нефтяной промышленности, и особенно предприятий, стала очень важной в развитии экономики нашей страны. В данной статье мы попытались найти лучшие решения по эффективному управлению предприятием во время кризиса.

**Ключевые слова:** кризисное управление, годовой бюджет, предприятие, резервы, инвестиции.

## Introduction

Kazakhstan holds huge hydrocarbon reserves. With the gradual exploiting the reserves along the Caspian area, Kazakhstan becomes the potentially third largest oil reserves in the world, only smaller than Saudi Arabia and Iraq. Proven reserves both of sea and land reserves in Kazakhstan are estimated at about 30 billion barrels. Potential oil reserves of Kazakhstan which mainly locate in the Caspian Sea region are estimated at 60 billion barrels. The daily productivity of oil now in Kazakhstan is 1.5 million barrels [10]. The majority oil and gas rich regions are Kashagan, Tengiz and Karachaganak, and the main oil product areas are Kyzylorda, Aktobe, Atyrau and Mangystau states. When Kashagan oil field was discovered in 2000, it was considered as the largest oil field discovery in the last 30 years.

Proven gas reserves in Kazakhstan are up to 3,000 billion cubic meters and estimated gas reserves amount to 5,000 billion cubic meters. The majority of the gas reserves are located in the west of Kazakhstan, also close to the Caspian Sea region. The major gas fields are Amangeldy, in the south, and Zhanazhol about 250 km south of the city of Aktobe in the west of Kazakhstan. After getting independent from Soviet Union, Kazakhstan became a hot invest country and brought in nearly all major international oil companies like Chevron-Texaco, Exxon Mobil, Shell, Total, British Gas, Statoil, and Philips Petroleum etc. Oil exploitation in Kazakhstan went up from 530,000 barrels a day in 1992 to more than a million barrels a day in 2005. And then to 1.5 million barrels a day in 2015 as mentioned above. Foreign investments in the oil and gas industry in Kazakhstan are made on the basis of three types, production output sharing, exploration and production licenses and joint-venture agreements. There are some important joint venture oil companies since China began to invest in oil industry here. And this year accounts for the 20 years anniversary. As the bilateral relationship develops deepen between Kazakhstan and China, the cooperation will be keeping on going to a new era [1].

More than one hundred years ago, in 1899 oil was discovered the first time in Kazakhstan's territory. However, the oil and gas industry started a new period of rapid growth only after the Zhetybai oil Field was discovered in 1961. The output of oil extraction went up to half a million barrels a day in 1991. Before the collapse Kazakhstan was ranked the second largest oil production republic following the Russian republic. Now Kazakhstan is still taking the second place following the Russian Federation among the former Soviet republics.

Since the collapse of the Soviet Union and the regaining of independence of Kazakhstan in 1991, Kazakhstan government opened its gate to foreign investments, especially focused on the effect to draw investors to make more investment around the Caspian Sea region and tried to build a stable legal environment to realize this intention. Foreign companies began to make investment in different industries as well as its domestic oil and gas industry [2]. Kazmunaigaz is the national owned enterprise running the oil and gas industry in Kazakhstan established under a decree of the president in 2002. Major parts of oil and gas projects are carried out in this industrial sector by KazMunaiGaz since its establishment as the national oil and gas operator to stand for the interest of Kazakhstan government. And many of these projects are run in the way of joint ventures. This big corporation represents Kazakhstan's economic interest and takes a significant position in the country's national budget and economic strategy. The law requires that in all the projects regarding new oil fields around Caspian area, Kazmunaigaz should hold the share not less than 50%. It doesn't just control the oil and gas management for extraction and transportation as well as oil trade, but also gives services to the ministry of energy and natural resources [3]. The domestic market for consuming oil and gas products is very limited in Kazakhstan because it is so large a country with plenty of reserve and outputs but limited population. As the oil production keeps growing in the past twenty years, the government takes every effort to expand its export and diversify its cooperators. With the help of pipeline system,

oil can be transported to China and the existing infrastructure across the black through Russia to east European market.

The oil and gas industry of the country has achieved impressive results for the past 10 years. This was quite convincingly shown by the increase rates for all types of activity: oil production by 2.6 times, natural gas production by 2 times, the oil processing volume by 1.2 times and transportation through export pipelines to 3.3 times. The fast growth of oil industry was determined from both inner and external factors [4]. The development of significant investments from the world main economies in the oil and gas business in Kazakhstan contributes to the growth as the external factor. The government took effective step to build a suitable legal market environment is the inner factor. The fast development of the oil and gas transport infrastructure coordinates with the quick growth of oil and gas production in Kazakhstan. Oil and refinery products are transported in Kazakhstan using the following three modes of transport: oil pipelines, sea and rail transport. Oil pipelines have been constructed under the investment from China helping to increase its oil export to China. Inside of Kazakhstan's domestic market, KazTransOil, as one of the subsidiaries of KazMunaiGaz, takes the holding position for pipeline transport services and delivers most part of oil produced in Kazakhstan. Besides the pipe line transportation, Kazakhstan also enhanced its sea transport capabilities. Oil tanker fleet has been built. Railway transportation as a traditional mode of transport for Kazakh oil still remains an alternative mode of transport. The quick development of transportation system and enlarging of refinery ability helps the oil industry come into a new development level [5].

The intensive relationship between Ukraine and Russia affect Kazakhstan's future oil market. The lasting fighting and arguments between Ukraine and Russia, and the Russian anti-Western rhetoric and military posture drive European energy consumers to look for alternatives for Russian natural gas. The potential possible suppliers with both oil and gas will be Kazakhstan. And Kazakhstan boasts to have the largest hydrocarbon resources in the oil-rich around Caspian basin area.

Kazakhstan is now among the top fifteen states in the world when it concerns with essential oil reserves, having 3% of the world's total oil reserves. Oil and gas areas comprise more than sixty of territory of this country's whole land, and there are around 170 oil fields spread over most of the country, from which about more than half are under

development. The 15 largest oil fields contain nearly 90% of the total oil reserves. And these reserves are concentrated in, including the giants: Tengiz, Kashagan, Karachaganak, etc.

Kazakhstan is located between China and Russia. And this Kazakhstan is finding economic opportunities. And this opportunity cannot be found in cooperation with Russia alone. So Kazakhstan is willing to develop its massive oil and gas reserves, and it also seems to seek to develop industrial production and post-industrial services [6].

The country's development of the oil industry is very reasonable. The plan made by the Kazakhstan Ministry of Oil and Gas in a short term and a long term has proven to extract its hydrocarbon reserves, both onshore and offshore in the following decades, two decades. These resources are estimated to amount to 4.8 billion tones or more than 30 billion barrels as we have talked above. Nowadays reserves are still not fully prospected at all. A lot of experts think that there might be probably more reserves of oil and gas in fields located in the Kazakh section of the Caspian Sea. It is believed that this area is full of additional 17 billion tones or 124.3 billion barrels there. With these impressive huge reserves and also with the ever-increasing production volumes, in the near foreseeable future, Kazakhstan is very possible to become one top global oil supplier and producer [7]. The Kazakhstan central government has building a unified energy system across its huge territory, in order to fully meet electricity demand in the country. Its wish is to become less relying on Russia. The latter is still providing it with some electricity, as a remaining relationship from the Soviet central planning.

The energy relationship of Kazakhstan is closely linked with Russia since the collapse of the former Soviet Union. Implementation oil and gas had given a lot of job position even when back to that time in Caspian area. And the program for developing remains. It still will bring thousands of jobs throughout the country and require more gas.

As to gas exports, Kazakhstan has one of the most energy hungry clients in the world right across the border to the next door, the people's republic of China. The cooperation between China and Kazakhstan is very impressive and most important result from this cooperation is the construction of a Sino-Kazakhstan oil pipeline and also the China – Central Asia gas pipeline. And some other large energy cooperation projects have also been carrying out [8].

The two thousand eight hundred kilometers long Kazakhstan Chinese oil transportation pipeline was

officially started to build in 2006. Ever since then it has become an important energy channel for China. And there is more construction of infrastructures between these two countries and more projects are forthcoming. In 2013 during the official state visit to the country, Chinese President told medium that China plans to build more roads and wants to set a vast network of railways as well as more streamlined border crossings, and energy pipelines, highways [9]. Kazakhstan becomes an important bridge for china to reopen its ancient silk road to link with European and as far as the Indian and African areas.

This is the huge national plan called New Silk Road. If properly built up, it will make the largest infrastructure systems in the world built in the nineteenth and the twentieth century look smaller. This plan includes the infamous Trans-Siberian railway and pipeline systems that had brought oil and natural gas from Russia to eastern then to Western Europe. So, Kazakhstan has become a large attractive place for investment projects targeting both former Soviet Union republicans Russian and Russian supported Eurasian Economic Union as well as the huge Chinese markets. Kazakhstan's president knows and understands the need to implement. The President, re-elected in 2016 April, has announced the economic development plan for 2030 and 2050 before his recent presidential elections. During the annual Astana Economic Forum that took place in Astana on the May 21st this year, the president's approach, which can be outlined in the «100 Concrete Steps to Implement Five Institutional Reforms», was elaborated. And the approach was publicly spoken out about the challenges of Eurasian integration. The five modernizations include: build the modern legal system, including the transition from the five-level justice system (first, appeal, cassation, supervising and re-supervising) to a three-level (first, appeal and cassation) system; formulate of a modern, professional and independent public service; forming a «Nation of Common Future» by nurturing a modern, not ethnic, identity, and a viable middle class as the backbone of a successful nation and of a modern civil service; Attract more strategic investors for the country's agricultural sector to increase household income.

A set of policies have been performed to coordinate with the great economy policy to keep driving the fast development pace of this new country. Under this background, the oil and gas industry which is already the foundation of the country's economy will be no doubt that it will witness another swifter growth period. And new regulations have been created in order to facilitate

the implementation of these reforms. The President pointed out that promoting economic growth is the key government task [10]. He also points out that with the improvement of public administration and the rule of law, strengthening the Kazakhstani (civic) identity and, finally, improving the transparency and accountability of the state, implementation of these reforms has already been adopted and a one hundred steps action plan titled.

There is no doubt that Kazakhstan will keep remaining as the most rapidly developing Eurasian economy in the heart of European and Asian bridge. The oil and gas resources especially those under the gross lands around the Caspian area still wait for discovered and exploited.

The oil and gas industry is the leading and fastest growing industry in Kazakhstan. Oil and gas revenues account for a large part of Kazakhstan's GDP, its budget and foreign trade revenues. Kazakhstan has enormous reserves of oil and gas, including potentially third large oil reserves in the world, following Saudi Arabia and Iraq. Kazakhstan's proven land and land reserves of oil and gas is about 30 billion barrels. About 70% of these reserves are in Western Kazakhstan, the vast majority of which are related to salt. The deposit depth is more than 5000 meters. Kazakhstan's potential oil reserves which are mainly in the Caspian Sea are estimated at 60 billion barrels.

Most of the oil and gas reserves are located in areas rich in oil and gas resources, such as Kashagan, Tengiz and Karachaganak. In 2000 the Kashagan oil field that is believed to be the largest oil field discovered in 30 years. The Kashagan oil field, located in the city of Atyrau in northern area of 80 km to the southeast, is operated by Agip KCO. It is estimated that the oil field can hold up to 38 billion barrels of oil, which may extract 13 billion barrels of crude oil by re injecting acid gas. Tengiz (located in the northeast coast of the Caspian Sea), the estimated commercial oil reserves of about 6 billion barrels, by its major shareholder Chevron tengizchevroil business, Exxon, Mobil Kazakhstan and lukarco. The Karachaganak field (located approximately 150 km east of Uralsk City, northwest of Kazakhstan, operated by the Carla Chakannak oil company) has 50 billion cubic feet of natural gas, 5 billion 200 million barrels of condensate and 1 billion 400 million barrels of oil can be used for the commercial extraction. Kazakhstan's proven natural gas reserves of 3000 billion cubic meters, an estimated 5000 billion cubic meters of natural gas reserves. Most of the gas reserves are located in Western Kazakhstan, near

the Caspian Sea region. The main field of natural gas is amangeldy, in the south, and tie it Knoll about 250 kilometers south of the city in Western Kazakhstan, aktobe. Oil reserves were first found in 1899 of Kazakhstan this year, but the oil and gas industry began to grow rapidly in the rich zhetybai oil fields, found in 1961. In terms of oil extraction (about one million barrels per day (1991)), Kazakhstan ranks second in the former Soviet Union (followed by Russian Federation). Since the fall of the Soviet Union, Republic of Kazakhstan's policy has been focused on encouraging investors to make significant investments in the oil and gas industry. Investors in the Caspian Sea region have received a great deal of attention in setting up a stable legal environment. Between 1999 and 2002, Kazakhstan signed a package agreement with the Caspian Sea to locate its maritime border in the north of the Caspian sea. At the beginning of 2002, a similar agreement was signed with the Republic of Turkmenistan to define maritime boundaries, and an agreement has been reached with Azerbaijan. The agreement clearly defines the property rights of the sea area and ensures the protection of the interests of investors in the Caspian Sea region. Kazakhstan and Russian Federation have begun, with all coastal countries in the Caspian Sea comprehensive signed the Convention on the Republic of Azerbaijan (Kazakhstan, Russian Federation, Azerbaijan meeting, Iran, Turkmenistan), it will also address other important issues, including in the sea area of the environment and biodiversity protection [11].

In 2003, the government of Republic of Kazakhstan approved the Caspian Sea national marine development program. The plan includes three stages: (a) the comprehensive development of the oil and gas industry to create conditions (2003-2005); extracted from the level of rapid growth (2006-2010); and level stable extraction (2011-2015). The guiding principle is to make the Caspian Sea region an attractive and friendly area for investors and maximize the common interests of the country and its investors in the region.

Due to the high foreign investment of almost all major international oil companies (Chevron, Exxon, Texaco Mobil Mobil Shell, Total, British Petroleum, natural gas, Eni Agip, PHILIPS oil) in Kazakhstan oil production 530000 barrels a day from 1992 to one million barrels to 2005. It is speculated that the total investment in the Caspian Sea region will increase from 2003-2005 US dollars in 3 billion 800 million years to 16 billion 800 million US dollars in 2015. Foreign investment in the oil and gas industry in Kazakhstan is based on production, output

sharing, exploration and production licenses and joint venture agreements. KazMunaiGaz: National Operations

After its independence in 1991, Kazakhstan opened its markets and allowed foreign companies to invest in its own oil and gas industries. An important part of the project in the industrial sector is a joint venture with KazMunaiGaz, the national Oil Natural Gas Corp [12].

KazMunaiGaz was established in February under the 2002 decree of the president of the Republic of Kazakhstan, through the two state-owned business portfolios: kazakhoil and oil and gas transportation. Kazakhstan on behalf of local and international projects, Kazakhstan's economic interests and legal requirements, should hold no less than any project, carried out 50% new areas of interest to the sea. Kazakhstan exercises control of oil and gas management in Kazakhstan, including compliance controls on oil exploitation and trade contracts. In addition, Kazakhstan is actively involved in the development strategy of the use of oil and gas reserves, looking for national policy in oil and gas fields and holding soft litigation, related operations in the oil field. In addition, the Department of energy and natural resources can be prepared by experts of Kazakhstan petroleum project service, monitoring of the oil extraction Wells, maintenance, hydrocarbon transport and processing activities, and other problems involved in the oil and gas sector [13]. After its independence in 1991, Kazakhstan opened its markets and allowed foreign companies to invest in its own oil and gas industries. An important part of the project in the industrial sector is a joint venture with KazMunaiGaz, the national Oil Natural Gas Corp. KazMunaiGaz was established in February under the 2002 decree of the president of the Republic of Kazakhstan, through the two state-owned business portfolios: kazakhoil and oil and gas transportation. Kazakhstan on behalf of local and international projects, Kazakhstan's economic interests and legal requirements, should hold no less than any project, carried out 50% new areas of interest to the sea. Kazakhstan exercises control of oil and gas management in Kazakhstan, including compliance controls on oil exploitation and trade contracts. In addition, Kazakhstan is actively involved in the development strategy of the use of oil and gas reserves, looking for national policy in oil and gas fields and holding soft litigation, related operations in the oil field. In addition, the Department of energy and natural resources can be prepared by experts of Kazakhstan petroleum project service, monitoring of the oil extraction

Wells, maintenance, hydrocarbon transport and processing activities, and other problems involved in the oil and gas sector [14].

The main subsidiary of Kazakhstan: Kazakhstan exploration and production, KazTransOil, kaztransgas, Atla refinery, KazmortransflotAtla International Airport, Eurasian aviation Helicopter Company and kaztranscom Telecom company. Between 1999 and 2004, Kazakhstan's oil production grew at an annual rate of about 15%, or double that time. Kazakhstan's oil production increased from 61 million 900 thousand metric tons to 2005 metric tons, to 65 million metric tons, or 5%. The Kazakhstan government predicts that domestic oil production will reach 90 million tons by 2010 (1 million 800 thousand barrels per day) and 150 million tons per year (3 million barrels per day)[15]. Most of the oil is expected to be Tengiz, Karachaganak, Casa and Kurmangazy Fields (the KUHLMANN Gazi field located between Russian Federation and Kazakhstan maritime border). Kazakhstan's natural gas output has risen sharply since 1999, thanks to a law requiring mineral users to consider gas utility projects in their business development plans. As a result, gas production doubled between 1999 and 2000. Gas production has been growing since then, reaching 27 trillion 15 billion cubic meters, 2006, more than 2.6%. Kazakhstan's natural gas production is expected to reach 52 billion cubic meters, about 79 billion cubic meters, about 2015 cubic meters. In view of the limited absorptive capacity of the domestic market, Kazakhstan attaches great importance to exports. From the rapid growth of Kazakhstan's oil exports, the existing infrastructure and make it possible for people across the Black Sea oil supply to the world market (via Russian Federation), Persian Gulf (Iran swaps under) and use of oil pipeline and rail transport to northern Russia[16].

In 2006 months ago, 11 months ago, the combined volume of oil and gas exports from Kazakhstan was 38.2% higher than in 2005. In the next 10 years, every effort will expand Kazakhstan's export infrastructure (first, export to the East) as Kazakhstan's oil production increases. In choosing its export destination, Kazakhstan is in the field of oil export diversification opportunities, and to ensure the most effective operation of its pipeline system under the guidance of. The development of transportation infrastructure is an important growth factor of oil and gas production in Kazakhstan. The transportation of petroleum and petroleum refining products in Kazakhstan uses the following three modes of transportation: petroleum

pipelines, marine and rail transport. Kazakhstan has more than 6400 km of oil pipeline network and 39 pumping stations. KazTransOil, through the subsidiary company, is the monopoly of the pipeline transportation service market, providing about 80% of the oil produced in Kazakhstan. Now, much emphasis has been placed on throughput capacity projects conducted by the Chinese Communist Party, the oil pipeline consortium. The Communist Party's oil pipeline accounts for the largest proportion of Kazakhstan's export of oil and the number of oil flowing through the pipeline is gradually increasing. China petroleum pipeline was put into operation in 2001, and it is an important export route. Oil is pumped into the Uzen Atyrau Samara (UAS) pipeline from Russian Federation and Atla oil fields. The UAV system pipeline is about 1500 km long, in the Uzen link of Southwest Kazakhstan, the Atyrau city (Russian territory), and the Samara Russian pipeline transportation system. Given the expected increase in oil production in Western Kazakhstan, it is necessary to increase the capacity of this pipeline by 20-25 tons per year. Another destination is to build at the completion of the Baku Tbilisi hangood Jay Rick transport system oil is shipped from Baku to Lihaihasakesi Tanzania coast, further through Baku (BTC) Tbilisi – Ceyhan oil pipeline. BTC pipeline transportation of crude oil 1767 kilometers from Baku Azerbaijan to a new marine terminal is between the Caspian Sea and the Mediterranean of the first direct pipeline in the coast of Mediterranean Turkey port of ceyhan. The BTC pipeline is used to transport about 50 million tons of oil per year (1 million barrels per day) 2010. As for the development of the new market, it was a great development after the completion of the Alashankou pipeline in 2005 and November. This is the first part of the pipeline from Kazakhstan to china. At present, its annual throughput of 10 million tons of oil is expected to grow to 20 million tons. 2006, the pipeline transported 2 billion 161 million tons of oil. The second stage, namely high water to chiac Atasu pipeline construction, will be completed in 2011-2035 years. A pipeline from Kazakhstan to Iran was also proposed through Turkmenistan. Kazakhstan is also interested in crossing the Black Sea to transport oil to the reverse Odessa Brody pipeline. In order to improve its maritime transport capacity, Kazakhstan has begun to build its own tanker fleet. Two 12000 ton oil tankers, 'Astana' and 'Almaty', has been launched in September third, and delivered to Aktau port 2006. More tankers are scheduled for launch in 2007 and 2008. Rail transport is as the main form of Kazakhstan's oil transportation, before the

introduction of unmanned aerial vehicles and CPC pipeline. Railway infrastructure is still another mode of transportation [17]. Kazakhstan processing industry by the three major oil refinery in northern oil products (Pavlodar) and West (Atla) and southern (Shimkent) has a combined processing capacity of 345093 barrels of oil. Pavlodar refinery supply mainly West Siberia oil swaps on the oil refinery process Atyrau only from western Kazakhstan and chimkent refinery oil from South Western Kazakhstan time. The production capacity of Kazakhstan's refineries is often inadequate, and the local price of refineries remains low, so oil producers prefer the export of oil to the international market. 2006, Kazakhstan refinery processed 11 million 700 thousand tons of oil, an increase of 4.6%, compared with 2005. Kazakhstan is one of the few republics in the former Soviet Union, and in a stable political environment, the economy is growing rapidly. Solid export growth rate of high oil prices and increasing yield make Kazakhstan achieve the real GDP growth rate of nearly 10%, in recent years, the GDP growth rate of more than 6.8% in Russian Federation in the same period, the growth rate is Chinese. In recent years, the growth of GDP has been largely due to the rise in the price of natural resources. Kazakhstan's dependence on oil is its main structural weakness. Strong export led Kazakhstan tenge appreciation against the dollar. The challenge is similar to the challenge facing Russian Federation, namely, how to spread Kazakhstan's economy by developing non major sectors. Kazakhstan's banking system is growing rapidly thanks to well think out reforms and effective regulation. However, the banking system in Europe and America is still lagging behind in terms of scale and participation in the real economy. The pension system reform was carried out in 1998, and now there are debt instruments in Kazakhstan that invest mainly 18 of pension funds, including corporate and government bonds. Kazakhstan is among the three largest rating agencies in the world to obtain investment grade first CIS countries: Moodie investor services. In 2006 June, Moodie rated the long-term bonds of the government of Kazakhstan from Baa3 to Baa2. The government's fiscal policy act, adopted in September, assumes that the actual GDP growth rate will be 8.8% years, with interest rates between 2007 and 2009, which will make's GDP twice as high as 2000's 2008. The bill emphasizes the fact that Kazakhstan's per capita GDP will rise to \$6543, or 2009, or 1.8 times, compared to 2005. The bill envisaged rapid growth (10.7% per annum). Goods on average grew by 6.7% a year. It is assumed that industrial production

will grow at an average annual rate of 6.1%, with processing industry growing at an annual rate of 6.7% between 2007 and 2009. The growth of the service sector is mainly due to trade, transportation, telecommunications and other services provided to the company. Kazakhstan, by Chevron oil company (Chevron, 1.11%) has approved a \$36 billion 800 million plan to increase yield in the Central Asian country's Tengiz field, with lower prices and local economic growth in an industry rare major investment. One of the largest oil fields in the world, accounting for more than 1/3 of Kazakhstan's crude oil production, is the largest oil producer in the former Soviet Union. Oil-company also has shares to increase production to 39 million tons (850000 barrels) of 202 billion 227 million tons a year, said Kazakhstan's energy ministry and foreign partners Tuesday in a joint statement [18].

Exports of natural gas have risen by 7.9%, from 2016 to 13.7 cents. Through the country, the international natural gas transportation volume is 7 billion 580 million cubic meters, or 87% transports 2015 volumes.

In the future, Kazakhstan oil and gas turnover is expected to increase significantly. The growth of oil and gas production in Kazakhstan can be linked to the following three factors. First of all, there is a huge influx of investment and second, due to the favorable world market conditions for crude oil production. Finally, a study in the Caspian and Aral Sea large foundation will help further increase in resources.

Kazakhstan has proven oil reserves in the world ranking eleventh (the U.S. energy information administration, Kazakhstan, October 28, 2014) is a former Soviet Republic, the second largest oil producer in Russia, producing nearly 1 million 700 thousand barrels in 2014. Kazakhstan also has the largest recoverable crude oil reserves in the Caspian Sea. The government of Kazakhstan and foreign investors continue to focus on the hydrocarbon sector, and since 1991, about 60% of foreign direct investment has been received in China, accounting for about 53% of its export earnings. The main production including Karachaganak, tengiz oil, aktobemunaigas, uzenmunaigas, MangistauMunaiGas, and Kum Kerr; the main production accounted for 1 million barrels / day. The huge offshore Kashagan oil field, estimated at 7-9 barrels of recoverable oil, is expected to run into production by the end of 2013. However, in September, 2013, the daily inspection of gas pipeline, from the island to the bolashak unit, found a gas leak. Kashagan shut down maintenance and oil

production in suspension. Commercial production in the Kashagan is expected to be less than at least 2016 of the CV, after 200 km of pipe replacement. Casa is in the northern business development company (NCO) as a part of the North Sea project. The shareholders of Agee Puri Hay Company (16.81%), KMG Kashagan B.V. (16.81%), Kazakhstan (16.81%) Mobil Exxon Company, the company's North Sea (7.56%), Kazakhstan Shell Development Company (16.81%) Kazakhstan is (16.81%), the total EP and Chinese Petroleum Corporation (8.4%). Economists form a model assessing all the selective economy parameters like per capital, real estate price, cost percent of non-food usage in every household, balance of payment, inflation, interest rate, to show that financial performance of the Kazakhstan states in worldwide financial crisis to analyze all the factors that contribute to the result of economic performance. Sometimes it is an optional for enterprises to use a certain mathematic model to diagnose and predict the economy trend under the frame of crisis management system. Any mathematic model will base on presumption and some assumed parameters. The result calculated from this kind of model might not be so accurate, but it can reveal us the financial development and crisis result to some extent from packs of data.

$$M_j = \sum_{i=1}^n M_{ij} = W_j C_j^{\beta_j-1} \sum_{i=1}^n V_i D_i^{\alpha_i-1} d_{ij}$$

$M_j$  stands for the combination of economic results by calculating from every parameter that is set for the entire factors affecting the economic result of the enterprises. The more variations should be considered

We can get the conclusion from the tablet that the state whose economy is more dependent on prices are affected the crisis more.

During this period, the Chinese Oil Natural Gas Corp began to increase their onshore and offshore production assets in Kazakhstan. For example, by the end of 2004, the Sinopec acquired the First International Oil Co (FIOC) transactions of \$160 million from the albatross sazan Kurlak field development limited. The same year, the China National Petroleum Corporation bought 50% and 40% stake in the Arman and karakudyk fields, respectively.

2005 proved to be the most fruitful year for China in this sense. First of all, China in oil and gas exploration and development company 2005 (CNODC), which is a 100% subsidiary of China

National Offshore Oil Corporation (CNOOC), the third largest oil company in Chinese, \$160 million is Danmuai. Secondly, in 2005 of Kazakhstan's state-owned oil company, Kazakhstan (KMG) and China Petroleum Corporation signed a memorandum of understanding, a series of standard Chinese Kazakhstan combe Cole resources to buy stocks.

**Table 1** – The table of overall result of complex in worldwide economic crisis:

Region	1998	2008	2014
Akmola	-3	-2.3	-2.1
Aktobe	-3.5	-3.1	-4.5
Almaty	-1.5	1.1	-2.3
Atyrau	-4.1	-1.8	-4.7
Western Kazakhstan	0.7	0	-0.1
Zhambyl	1.7	1.4	-0.3
Karagandy	7.2	4.3	1.4
Kostanai	-6.1	1.4	0.3
Kyzylorda	-5.7	-2.2	-7.4
Mangystau	-6.5	-5.4	-0.2
South Kazakhstan	-1.5	-3.5	-3.3
Pavlodar	2.5	2	1.3
North Kazakhstan	1.6	0.9	-1.4
Eastern Kazakhstan	2.3	1.6	0.3
The city of Astana	4.4	2.3	2.4
The city of Almaty	4.3	5.2	2.2

(Syroezhkin, total funding of 2012), to get 100% shares of \$4 billion 180 million oil Sitanda Kazakhstan. However, after the company faces a claim by KMG, which wants to restore its owner's equity through the approval of the revised Kazakh legislation, allowing the government to intervene in sales and oil and gas projects to buy shares (butyrina, 2007). According to an agreement reached between Kazakhstan's former Ministry of energy and mineral resources for Kazakhstan, PetroChina will hold 33% of its company in 2006 and retain 67% of the remaining shares of KazMunayGaz. (CNPC, 2014) as part of the deal, Chinese Petroleum Group also acquired the Shymkent refinery 50% stake, KMG holding the other 50%. Finally, PetroChina also has the right to participate in other oil production in Kazakhstan, including joint venture shares, kazgermunai and oil tours. It should be noted that, after the acquisition of Kazakhstan oil obtained, South Qom, Cole field



control and acquisition of 50% shares of the North Qom, Cole field, tours, covers oil. In addition, the oil has become the cover basin in South Winterthur, three field operators that akshabulak, Nuraly and Aksay, jointly developed with kazgermunay. (kazenergy, 2016). The 2006 is the national energy company CITIC \$1 billion 910 million of assets (karazhanbasmunay Chinese), which in mangystau region of Karazhanbas oilfield. In 2007, as with the case of Kazakhstan, Kazakhstan KMG acquired 50% of the shares of the Chinese karazhanbasmunay to pay CITIC and equal to \$955 million. In 2009, in the petroleum exploration and development company and Kazakhstan to buy 100% of the shares of mangystaumunaigaz from Central Asia oil company of petroleum exploration and development, 50% of its shares for \$1 billion 400 million, the two companies have the right to vote shares, so as to get the opportunity to explore the land of Karan, and Tebayi hot oil. China's recent acquisition of oil and gas in Kazakhstan is a 8.33% stake in the Kashagan Caspian offshore oil field in Kazakhstan. Payments in the North operating company KMG share more than \$5 billion in oil, which is responsible for the development of Kashagan oilfield. As we can see, Chinese investors are all over the country, not just in the oil and gas areas of Western Kazakhstan. In addition, most Chinese companies have mature areas, in the production decline or to achieve the end of production and life. So far, Casa Gan is the only one possible field of Kazakhstan. China has a significant stake in its productive potential. According to table 1, the participation of 2015 of the

most successful Oil Natural Gas Corp with China is mangystaumunaigaz, PetroChinaaktobemunaigaz and kazgermunay. As a result, the total of four major assets accounted for about 15 million 900 thousand tons of liquid production, accounting for more than 20% of Kazakhstan's total output. It should be noted that not all companies mentioned on the list mentioned above have 100% ownership of china.

### Conclusion

Kazakhstani statistics agencies use specific methods to calculate China's participation in the oil and gas sector in Kazakhstan. As illustrated in Figure 1, Kazakhstan's share of China's oil and gas industry grew rapidly at 2005, to 25%, despite a slight decline over the next few years. (kazenergy, 2016). It can be concluded that, at present, China's stock in Kazakhstan's total oil output of around 24% may be if the Kashagan project will be put into production changes. Chinese enterprises, in contrast to western countries, have created joint ventures with Kazakhstan, thus making some advantages for Kazakhstan's economy. Obviously, Kazakhstan on a key goal is to ensure that investors China alternative energy Chinese overland routes inland maritime transport, which means that Beijing is also to strengthen energy cooperation with Kazakhstan's geopolitical interests. As a result, it is foreseeable that China will continue to look for opportunities to buy Kazakhstan's onshore and offshore medium and long-term perspective assets.

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