

The Development of Local Content in Terms of Innovative Development of the National Economy

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Abstract: In the structure of the economy of Kazakhstan is increasing every year the share of the mining industry, leading to its one-sided development and reducing the overall competitiveness of Kazakhstan's economy. However, the mining industry would be a consumer of the products and services of enterprises belonging to other sectors of the economy and, thus, contribute to macroeconomic stability, economic modernization and social well-being of the people of Kazakhstan. Kazakhstan's content - an indicator of the level of technological and industrial-innovative development of Kazakhstan, which is a share of the value of Kazakh goods, services and labor used in the implementation of the enterprise in the territory of the Republic of Kazakhstan. The article discusses the need for the development of local content in terms of innovative development of the national economy of Kazakhstan.

Key words: Kazakhstan content • Innovative development

INTRODUCTION

The domestic manufacturing industry has the potential to saturate the domestic market competitive domestic production, however, to date, the volume of production and, consequently, domestic procurement of goods, works and services, is negligible compared to the volume of imported goods and services. In a similar situation were and are many of the country. Not many of these countries have made significant progress, including successful examples are: the United Kingdom, Brazil, Norway. Analysis of the international practice of local content development shows that most government policy in the development of local content was aimed at:

- Organization of joint work of the Government, local producers, investors and buyers of companies active involvement of local products and services [1-5];
- A joint study of the needs of the market, the development of local production and infrastructure, based on the analysis of the needs of subsoil users and service providers and the use of the accumulated positive experience in other sectors of the economy;

- Development of the system of measures to support domestic production and protect the domestic market, the motivation of the parties in order to increase the local content ;
- Setting of targets for stages of the program of development of local content and constant monitoring;
- Improving the competitiveness of goods and services;
- Improving the education system, focused on the real needs of the labor market.

Main Part: International experience shows that, in a developing economy during the transition period (the United States, Brazil, Norway, etc.), the effective state regulation of economic relations can bring positive economic results, with government policy should not be limited solely to measures of consumer exposure but in parallel to ensure the development of the productive capacity of the domestic industry.

The main factors contributing to and preventing the improvement of competitiveness of the economy are presented below.

Strengths:-Rich mineral resource base. The scientists estimate that the leading countries of the world, Kazakhstan is ranked sixth in the world in terms of mineral resources;-A favorable investment climate. In the period from 1994 to December 31, 2009 in Kazakhstan's economy has attracted more than 140.7 billion U.S. dollars of investment;- Transit potential. Location between Europe and Asia, provides a unique opportunity for the development of integration processes.

Weaknesses:- low diversification of the economy. The share of machinery industry, which is the basis for industrialization, the economy of the country is only 3.2%;- high dependence on exports from the world market. The country's exports, consisting mainly of raw materials is very vulnerable and fragile, high degree of depreciation. In 2008, the depreciation of the manufacturing industry was 40.9%, low innovation activity of enterprises. The volume of innovative products in 2009 amounted to only 2.6% of the total manufacturing output;- shortage of highly qualified specialists, including technical specialists.

Features: Having the potential to significantly increase the domestic production of goods, services and human resources. The volume of purchases of goods and services only in the mineral resources of more than \$ 30 billion a year;- expansion of trade integration. Create EEA and accession to the WTO;- increase in foreign direct investment through the creation of a stable and predictable environment for investment decisions;

Threats: accelerated development of industrial production in large developing bordering the Republic of Kazakhstan countries such as Russia and China;- loss of leverage public support for accession to the EEA and the WTO;- further reduction in diversification.

The Government of the Republic of Kazakhstan has the authority to approve the procedure for calculating the minimum local content in goods, works and services for conducting mining operations and report on the performance of the obligations of subsoil users for the local content in frames.

In this regard, the Government of the Republic of Kazakhstan paid attention to the development of local content, primarily through government regulation, in the following areas:

- Creation and introduction of new products in the state support;

- Modernization of existing enterprises;
- Creation of conditions for the promotion of goods, works and services of domestic producers on the domestic market.

The development of local content, it is a complicated process, designed for long-term phased implementation in three areas : the creation and development of local producers of goods and services, workforce development and infrastructure [6-8]. Appropriate measures will allow domestic manufacturers to timely prepare for economic activity in an open competition within Kazakhstan's membership in the Common Economic Space and the World Trade Organization. In turn, the country's participation in these organizations provides economic opportunity Kazakh enterprises to enter the market, as neighboring countries and other countries in the foreseeable future.

Measures for the development of the Kazakhstan content is also listed in the following sectoral programs:

- Sectoral program on the development of chemical industry in the Republic of Kazakhstan for 2010-2014;
- Development Program of the nuclear industry in the Republic of Kazakhstan for 2010-2014 years, with the prospect of up to 2020;
- Sectoral program to develop the power of the Republic of Kazakhstan for 2010-2014 years ;
- The program of development of information and communication technologies in the Republic of Kazakhstan for 2010-2014 years;
- Development program for the oil and gas industry of the Republic of Kazakhstan for 2010-2014;
- Development Program mining industry of the Republic of Kazakhstan for 2010-2014 years;
- Development program for the engineering industry of the Republic of Kazakhstan for 2010-2014 years;
- The program of development of agriculture of the Republic of Kazakhstan for 2010-2014 years;
- Development Program promising tourist industry of the Republic of Kazakhstan for 2010-2014 years;
- The program of development of light industry of the Republic of Kazakhstan for 2010-2014;
- The program for the development of the construction industry and the production of building materials in Kazakhstan for 2010-2014 years.

The current situation for the local content in the various sectors of the economy is different.

The volume of purchases of GWS for 2009 is as follows:

Strategic Enterprises:

- Goods purchased by 272.2 billion tenge, including Kazakh goods purchased at 117.6 billion, the share of Kazakhstan's goods was 43.2 % ;
- Works acquired by 69.7 billion tenge, including Kazakh suppliers have been purchased in the amount of 57.2 billion tenge, Kazakhstan's share of work-82.1 %;
- Services purchased by 129.6 billion tenge in Kazakhstan suppliers in the amount of 113.5 billion tenge, Kazakhstan's share of services was 87.6 %.

Subsoil Users:

- Goods purchased by 196.1 billion tenge, including Kazakh goods purchased by 20 billion, the share of Kazakhstan's goods was 10.7 % ;
- Works acquired by 175.6 billion tenge, including in Kazakhstan suppliers purchased in the amount of 140.5 billion tenge, Kazakhstan's share of the work-80%;
- Services purchased by 318 billion tenge in Kazakhstan suppliers in the amount of 248 billion tenge, Kazakhstan's share of services amounted to 78%.

State Agencies:

- Goods purchased by 155.5 billion tenge, including Kazakh goods purchased 80.5 billion, the share of Kazakhstan's goods was 51.8 %;
 - Works acquired by 265.9 billion tenge, including in Kazakhstan suppliers purchased in the amount of 221.5 billion tenge, Kazakhstan's share of work-83.3 %;
 - Services purchased by 178.6 billion tenge in Kazakhstan suppliers in the amount of 162.7 billion tenge, Kazakhstan's share of services were 91.1 %.
- [1].

The main objective of public policy-prioritizing performance-oriented development of strategic sectors of the economy. A clear understanding of the analysis of the development of various sectors of the economy in the long run is an effective investment budget based on

state contract to a planned return and redistribution of income in the future, the most developed industries in the social sector.

The main objective of the analysis is to identify the sectors that have a high degree of development at the present time, as well as the definition of industries, looking for strategic development, which the government in the first place should be supported. Practice shows that the government often provides direct intervention in the economy in order to increase the competitiveness of national entrepreneurship competition and discrimination. In the newly industrialized countries of influence factor of the state has changed significantly, focusing on the world market mainly indirectly. It establishes controls on financial and capital markets, subsidizing large-scale industry, introduces a differentiated high external tariffs, extensive support for exports, actively involved in the marketing of rural products, is involved in regulating the production of small farms, etc. Promote the development of a new structure in the industry in these countries is the state with the help of a whole system of tools-tax breaks, low-interest loans, infrastructure development of foreign trade activities, etc [7-10].

However, these measures are more appropriate for developed countries held a strong economy and industry. Application of similar measures by developing countries not ready for industrial development, as it places national industries at a disadvantage to the industry of developed countries.

Therefore, Kazakhstan during the transition period to a more protectionist measures to support the national economy.

In the provision of state support for sectors of the economy should be guided by the following criteria:

- Competitiveness, efficiency and innovation;
- Job creation and skills development of workers;
- Development of small and medium-sized businesses;
- The presence of long-term and sustainable development strategy, to ensure continued employment.

Important to support local producers, who engaged in the production of high-tech products with a high degree of processing, updating the production base through the use of resource-and energy-saving technologies, the development of electronics and its implementation in all production and non-production

processes, as well as carrying out qualitative and demanded the economy of the republic (including foreign countries) research and development.

The development of local content will help achieve the goal of government support to improve the competitiveness of the national economy by stimulating the development of industries based on national interests. To achieve this goal requires industries with high value added and intellectual potential of the country, the development of which is impossible without government intervention.

CONCLUSION

Important to support local producers, who engaged in the production of high-tech products with a high degree of processing, updating the production base through the use of resource-and energy-saving technologies, the development of electronics and its implementation in all production and non-production processes, as well as carrying out qualitative and demanded the economy of the republic (including foreign countries) research and development. The development of local content will help achieve the goal of government support to improve the competitiveness of the national economy by stimulating the development of industries based on national interests. To achieve this goal requires industries with high value added and intellectual potential of the country, the development of which is impossible without government intervention.

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