

# Foreign Policy of Kazakhstan



## Course Reading Packet

**KIMEP University  
2013**

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# Chapter 1

## Kazakhstan – Russia Relations

Gulnara Dadabayeva

Key terms and Concepts: alliances, strategic partner, historical ties, geopolitical interests, border issues, cooperation, energy policy, multidimensional diplomacy, Putin doctrine, Eurasianism.



Kazakhstan



Russia

Russia

Territory:

Total 17,075,400 km<sup>2</sup> (1<sup>st</sup>)

Population:

141,927,297 (9<sup>th</sup>)

Kazakhstan

Territory

Total 2,724,900 km<sup>2</sup> (9<sup>th</sup>)

Population:

16,004,800



## Introduction

The collapse of the USSR in 1990s tremendously affected development of post-Soviet Central Asian states. Being often called “industrial and agricultural appendix-republics” (where Kazakhstan was the largest one), speaking Russian language and sharing the same ideology; these states suddenly appeared to be independent and sovereign. Each of them had chosen different courses of political and economic development.

Each state of Central Asia began to review its previous history, consider modern position and its future potentials, setting the main question of their further geopolitical role, interests and place they will play in the international arena. Attraction of the investments from the West into domestic economy, which was a necessary condition for survival created a strong presence of US and other Western interests in the region 1990s.

In the second half of 1990s the new Russian minister of Foreign Affairs Y. Primakov shaped the new and rather strict Russian foreign policy strategy: that is a return and rebirth of the influence of Russian Federation in the world. With coming to power of V. Putin the Russian foreign policy acquired some logic and coherence, as well as predictability. Since 2000-s we may observe the establishment of strategic partnership between two republics. Russian Federation is the main trading partner for Kazakhstan now, we are also working together on problems of security in the region, and our cooperation concerning energy issues has been steadily increasing for last decade.

The present chapter is focusing on the following key points of Kazakhstan – Russian relations – the historical essay covering problems of relations between two countries, beginning of a new stage relations since getting independence and coming into strategic partnership period, joint efforts on settlement of conflicts in the CIS and cooperation in security sphere.

- 1) *Part I covers problems have been inherited by both countries from XVIII century affecting nowadays course of bilateral relations;*
- 2) *Part II touches the main issues shaping process of establishment and further development of bilateral relations;*
- 3) *Part III is focusing on economic cooperation which is currently growing. Both countries belong now to the world energy market leaders and thus we try to explain peculiarities of this side of economic relations;*
- 4) *Part IV mainly covers problems of Kazakhstan-Russian delimitation under international law and is also defining agreements concerning the general line of border shaping.*

Relations between Kazakhstan and Russia must be also seen through the lenses of constants and variables.

Constants - a) geography; b) history; c) economic interdependence; d) demography; e) interests of Russia in Central Asia. Variables depend on the balance of power and its nature in Russia and Kazakhstan as well the regional and global dynamics.

From the end of the XVI century Kazakh khanate was interested in establishing diplomatic relations with Russian state. In 1594 khan Tauekel sent the first Kazakh embassy to Russian court. Historically relations between Kazakh khanate and the Moscow dukedom could be dated as back up to the period of Khan Tauke, when Kazakhs turned to the Moscow rulers seeking reliable allies, partners and suppliers in weaponry.

But due to some reasons the contacts between them were occasional, and limited to trade. The conquest of Western Siberia at the end of XVI century made Muscovite state the neighbor of Kazakh khanate. Beginning of XVIII century was marked by the political, military and diplomatic successes of Russian empire. Eastern policy of Peter the Great, except relations with Ottoman Empire and Persia, also raised the question of cooperation with Middle Asian khanates - Bukhara and Khiva states. Thus, Kazakhstan became the “key and gates to ...all Asian countries” laying on the way to India and China. Peter initiated the process of building fortresses keeping in security Russian Siberian lands. Later they were used to protect Kazakh tribes who became Russian citizens in 1731. Since XVIII century Russian Ministry of foreign affairs established close relations with Kazakh khanate, paying special attention to problems of borders security. Beginning with 1830-s Russia steadily promoted politics of colonization and finally Kazakh territory became part of the imperial political and economic system.

The foundation of Soviet Union in 1922 finally implemented Kazakhstan into political unit of republics which were closely connected with Russia due to its most developed position. The ties between two republics became closer due to considerable migration of Russian speaking population to the territory of Kazakhstan. By the end of 1980-s Slavic peoples were amounted as 49% of the whole population in republic.

The challenges Kazakhstan faced after getting independence to a great extent were predetermined by the fact for over 200 years Russia dominated in economics, politics, security, culture, social spheres. Moreover, due to the specifics of Kazak lands incorporation into the Russian empire and absence of recorded sources about the borders between the lands under control of Kazakhs and the Turkic-Mongol tribes (Tatars, Nogays) there could push forward territorial issues in bilateral relations.

In the 1990-s, a number of some contradictory factors have driven Russian foreign policy. The most formidable and unchanging factor is the country’s immense geographical span, which gives Russia natural interests in three vastly different regions – Europe, the Pacific and Muslim stretch of the Middle East and especially Central Asia. Russia’s recent history gives it particular geopolitical motivation to perpetuate relations with the fourteen nations that emerged along the borders when the Soviet Union dissolved.

#### Bilateral Relations

Problems of bilateral relation: the process of focusing priorities among the number of possibilities has proved to be unusual complex in an era when ideology and bilateral rivalry no longer dictates responses. The main recurring disagreements in post-Soviet foreign policy were the needs for better relations with West against advocates of some form reconstituted union in which Russia would be the dominant force, politically and economically. The second option offers the security of retuning to a familiar role, but it also threatens to overburden Russia. Anyway, in the mid-1990-s Russia gradually began to turn her interests again to the region of Central Asia and Kazakhstan particularly. Due to

**a new turn in Russian foreign policy were adopted very significant documents that must be taken into account when considering the Russian-Kazakhstan relations. They are:**

- *Concept of national security (16.01.2000)*
- *Foreign policy concept (28.06.2000)*
- *Military doctrine (21.04.2000).*

**The main points of the above-mentioned documents can be summarized as follows:**

- *among the national interests of the Russian Federation in international sphere, the most important is strengthening the position of Russia as the great power;*
- *it is necessary to form the good neighborly belt on the perimeter of the Russian border; development of relations with the CIS states is the priority; they must be based on the international law principles; integration within the CIS must respond to the Russian interests, and especially important are joint efforts on settlement of conflicts in the CIS and cooperation in security sphere.*

**V. Putin as the new president of Russian Federation generally agreed with this approach and put strong ascent to Russian resurrection. The new role of Russians in Central Asia was one of the important element and result of this strategy. Beginning with 2005 an increasingly growing influence of Russian policy brought the initiatives on creation of Russian military and anti-terrorist doctrine that resulted on further establishment of military and security cooperation between Russia and Kazakhstan. The economic concept of Russian foreign policy made a priority to Central Asia, giving the opportunity to Kazakhstan government to find mutual interests in economy, specifically in the field of petrol politics.**

**But some issues remain contested and Astana and Moscow should seek to resolve them mutually. At the present time and foreseeable future, Kazakh – Russian bilateral relations will be influenced by global economic crisis, the consequences of the South Ossetia conflict (2008), and the security situation in Afghanistan, energy issues, international terrorism, and the creation of a Customs Union between Russia, Kazakhstan and Belarus.**

## **Part II: Main trends in the Kazakh – Russian Strategic Partnership**

**Kazakhstan in its external policy considers Russia as a priority. The latter could be explained by many factors: geopolitical situation of our countries with the largest border (7,5 thousand km) as well as the role of “northern neighbor” in a system of international relations.**

**A significant process has been reached in recent years in such important areas of bilateral cooperation as delimitation of the borders between our countries, strengthening trade and economic ties, deepening integration process on bilateral and multilateral levels, joint measures of struggle against new challenges, first of all terrorism and coordination of external policy.**

**Bilateral relations between the Republic of Kazakhstan and the Russian Federation have been developing in the manner of friendship, neighborhood and strategic partnership, in framework of the Declaration of Eternal Friendship and Partnership oriented to a long-term prospect. High level meetings of the Presidents of Kazakhstan and Russia as well as contacts in different areas of bilateral relations, including political, economic, social, humanitarian and cultural sectors are held on a permanent basis.**

**In the period from August 1991 till May 1992 when the disintegration of the USSR became obvious and inevitable two states created the legal basis for bilateral relations;**

*May 1992 - end of 1994 – the period of defining of basic dimensions and forms of bilateral relations;*

*1996 - 2000- deepening of the interstate relations ending with V. Putin coming to power led to reevaluation of the Russian policy in Central Asia and Kazakhstan, in particular.*

*2000/2006 - V. Putin continued to enlarge Russian presence in Kazakhstan, especially cooperation in energy sector*

*2006 - Present - Russian-Kazakhstan relations characterized by defining each side as major strategic partner in the region.*

**After 1991 Kazakh-Russian relations could be subdivided into several stages:**  
**1) post-independence and major challenges at that stage. Kazakhstan was trying to keep a demographic balance between Russian and Kazakh population which after immediate demise of the Soviet Union was not in favor of Kazakhs in Kazakhstan concerning to the situation in the northern and northeastern areas. That could provoke some separatist sentiments and claims from part of Russian population. The Russian population began migration from the territory of Kazakhstan due to complex reasons. Majority of them were of ethno-psychological - no double citizenship (for political/statistical reasons), poor economic situation, collapse of the social sphere, poor prospects of social mobility - not clear perspectives of promotion, education opportunities with the introduction of the Law on Language. Also the processes of privatization- establishment of control over land, industry, natural resources, and social promotion and breeding national (titular) cadres were seen troublesome for the ethnic Russians.**

**Russia did provide moral support for their Slavic kinsmen in Kazakhstan at the beginning of the 1990s, but the problem was that Russia was not ready to accept them as newcomers because of its own economic predicament.**

**The problem for both countries was to provide the ethnic peaceful co-existence and mutual understanding for the largest ethnic groups on the territory of Kazakhstan.**

**Since 1991 Russia and Kazakhstan signed a great number of documents that aimed to normalize, maintain and develop legal basis for bilateral relations. In August 1991 the leaders of Russia and Kazakhstan signed several documents aimed to prevent “Yugoslav scenario” of bilateral relations development.**

**On common economic space that addressed the leaders of other Soviet republics to meet and discuss all complex of economic issues to form common market. The agenda of the meeting was to include elaboration of Economic agreement and principles of setting up Inter-republican economic council.**

**During the 1992 there were held several meetings at various levels that reached signing of the documents on formulation of the inter-state relations. The most significant among them is Agreement between Kazakhstan and Russia (January 17, 1992) on lifting limitation in economic activities.**

**In 1992 March in Uralsk the inter-governmental meeting discussed a broad range of economic issues: economic relations, mostly in sphere of trade and development of enterprises. The parties agreed that they would closely cooperate in reforming economies and with IMF, follow common policy in liberalization of prices, and facilitate development of integration within common economic space.**

The documents signed during the meeting:

*Agreement on coordination in price policies between Kazakhstan and Russia;*

*Agreement on the principles of cooperation and terms of relations in transportation, on coordination of activities in space;*

*Protocol on principles of calculation and servicing the domestic debt of the USSR and value added tax payment;*

*Protocol of joint session of the governments of Kazakhstan and Russia;*

*Communiqué on the meeting of heads of governments of Russian Federation and Republic of Kazakhstan.*

**At the same time relations between two parliaments quickly developed. On March 27 1992 in Almaty was held a meeting of the delegations of Russia and Kazakhstan Supreme Councils that reached Agreement on activities of the parliamentary commission on cooperation between the legislative bodies of two countries.**

**On May 25, 1992 Agreement on Friendship, cooperation and mutual assistance between Russian Federation and Republic of Kazakhstan was signed by the presidents of two countries.**

**The agreements opened the first page of official legal inter-state relations of Kazakhstan and Russia. It defined the principles of bilateral relations and cooperation in political, economic, military-strategic, cultural, humanitarian spheres. The Agreement also stated that both parties would respect state sovereignty, territorial integrity and inviolability of existing borders, peaceful regulation of all disputes and non-use of force or threat of use of force, including economic and other ways of pressure, equality, non-interference into domestic affairs of each other, respect for human rights and basic freedoms, due execution of the commitments under the Agreement.**

#### Cooperation in Nuclear Sphere

**On December 21, 1991 at the meeting of the heads of states of CIS in Almaty was signed Agreement under that Russia, Ukraine, Kazakhstan and Belarus took upon themselves commitments to get rid of nuclear potential at their territories.**

**The Agreement consisted of eight articles, the most important are: article five stated that republics must join the Nuclear non-proliferation treaty; article four stated that leaders of the republics will complete liquidation of the nuclear weapons and admitted the process of decision making on the future use of the nuclear weapons.**

**Kazakhstan as well as other republics - Ukraine and Belarus - demanded to grant them security guarantees. Through diplomatic maneuvers of republic president N. Nazarbaev Kazakhstan agreed to declare non-nuclear status. The philosophy behind the process was that Kazakhstan became nuclear against its will during the Soviet time and was just a pawn in nuclear confrontation during the Cold war, its territory turned into nuclear testing ground and waste storage.**

**Russia was especially interested in non-nuclear status of Kazakhstan. On 23 May 1992 the representatives of 5 countries, among them - Russia and Kazakhstan signed in Lisbon the Protocol on the commitments taken by Kazakhstan to join the Treaty on nuclear non-proliferation as non-nuke.**

#### Part III: Kazakhstan –Russian Economic Cooperation

**Economic dimension of bilateral relations is very important for both countries for many reasons –economic development is one of the pillars of domestic and external**

stability of the country. Both countries share a long border and natural transit bridges for each other - it is another important moment. The most significant aspect of economic dimension- energy sector (oil, gas, coal, and related infrastructure) - has been in the focus of global politics for many years, and its role is currently growing. Russia and Kazakhstan are among leaders in the world energy market because of their rich reserves of oil, gas, coal and uranium.

The legal basis for economic operation is based on wide range of documents reached between the leaders of two countries - Yeltsin B., V. Putin from Russia side and N. Nazarbaev from Kazakhstan side.

Economic relations between Kazakhstan and Russia are developing under the following documents:

- the Treaty between Russian federation and Republic of Kazakhstan on economic cooperation for the period of 1998-2007;
- Program of economic cooperation between the Russian Federation and republic of Kazakhstan and list of measures to the Program;
- Agreement on cooperation and development of fuel-energy complexes (25 December, 1993);
- Agreement on technical cooperation and integration in oil/gas sectors (25 February, 1997);
- Memorandum on cooperation and development in fuel-energy complex (9 October, 2000);
- Plan of cooperation in fuel-energy sphere for 2001;
- Agreement on cooperation and development of fuel-energy complexes (22 December, 2000);
- Program for cross- border cooperation of regions of Russia and Kazakhstan for the period of 1999-2007.

#### Economic dimension of bilateral relations

**Development of economic relations between Kazakhstan and Russia is subject to many factors:**

- foreign policy priorities due to the geo-economics and geopolitical interests of Russia and Kazakhstan;*
- the role of business elites in the foreign policy decision- making process;*
- situation in the global market of raw materials and metals;*
- political will of the leadership in both countries to develop relations on bilateral basis or as locomotive of the integration within the CIS;*
- external pressure that provides better economic opportunities and political **benefits**.*

**The economies of Russia and Kazakhstan are complementary - Russia imports raw materials and exports machinery and equipment. It has both positive and negative moments for Kazakhstan.**

**Positive-** the shortest and reliable customer, opportunities for development of mining sector and northern oblasts of Kazakhstan adjacent to Russia.

**Negative-** dependence only on Russia market and its economic policy and the scenario of becoming a “banana republic” for Russian economy. Russian investors are and will be interested in only cheap labor and resources not on development of complex infrastructure in order not to make Kazakhstan a competitor.

Moreover, some branches of Kazakhstan mining and energy sectors are identical to the Russian located in the Urals and Siberia, and in future may become competitors.

But so far the relations are developing, although subject to national economic policies of market protection from both sides.

The Russian Federation is Kazakhstan’s key trade partner. In 2005 a trade volume between Kazakhstan and Russia reached the \$ 9.52 billion which is 23% of Kazakhstan’s all trade external volume. In framework of EurAsEC it totaled 90 %.

**More than 4,000 joint ventures are operating in Kazakhstan with Russian financial participation. Companies are involved in different spheres of our economy: trade, medical and social service, building and mining industry, energy and finance.**

**The agenda of bilateral cooperation includes such key goals as cooperation in the field of transport, investments, oil and gas industry, military and social-economic cooperation.**

**The years of 2003 and 2004 are remembered as the Years of Kazakhstan in Russia and Russia in Kazakhstan. During these two years many workshops, “round tables”, conferences and forums were held with the aims of strengthening agreements reached at high – level meetings in Astana and Moscow.**

**A number of visits of the presidents of both republics and government officials took place in 2004-2005 in the course of which other important bilateral agreements were signed.**

**Kazakhstan and Russia are successfully developed cooperation in the cosmic area, joint use of the “Baykonur” complex. Today Kazakhstan and Russian experts work under a new project on creation of the up-to-date rocket cosmic complex “Bayterek”, establishing Global system of satellite navigation (GLONAC). It is expected to start developing high technology science in Kazakhstan, allowing both countries to expand its scientific and intellectual potential. Moreover, cosmic area, according to international experts forecasts, in near future will be one of the most attractive and prospect fields in developing high technology and investment contribution.**

**The financial sector is successfully developing modern in bilateral relations of both countries. In 2006 two parties signed an Agreement on establishing of Eurasian Development Bank. The issues of cooperation in transportation sphere became one of the major tasks for Kazakhstan authorities and business. In October 2006, the parties agreed to develop transport route West Europe – Russia – Kazakhstan – China – South Eastern Asia. Kazakhstan’s Fund of Sustainable Development “Kazyna” with the participation of financial institutions has started implementation of this project.**

**Kazakhstan and Russia are eager to continue their successful cooperation in cultural and humanitarian spheres. The 2006 was declared the Year of Pushkin in Kazakhstan and the Year of Abay in Russia.**

**In 2006 the two parties signed 17 bilateral agreements in different spheres of cooperation. At present key issues of bilateral relations are lying in the trade – economic, transport, energy, culture and regional integration areas. A very important role in system of bilateral relations belongs to the problems of strengthening security and stability in the region. In all of these above fields Kazakhstan and Russia have similar positions.**

**Kazakhstan and Russia are members of such important regional organizations as “Eurasian Economic Community”, “Shanghai Cooperation Organization”, “Conference on Interaction and Confident Building Measures in Asia”.**

**Problems of economic relation: another moment affecting two countries relations - different economic strategies and priorities. For Kazakhstan Russian is one of the leading economic partners, while for Russia- is very insignificant, as priority is given to the western economies. Kazakhstan understands that sooner or later the Russian political and economic elite would turn to the east and Kazakhstan would enjoy the results of this cooperation.**

Nowadays among Russian direct investments to CIS Kazakhstan holds 5<sup>th</sup> position (4,3 % of the total for the period 2000-2008), following another Caspian oil-rich country – Azerbaijan. There are no direct Russian investment into most “popular” sectors of Kazakhstan economics.

#### Kazakhstan-Russian cooperation in energy sphere

According to the president of Republic of Kazakhstan N. Nazarbayev economic priorities had been dominated over political one in the whole course of country’s foreign politics. However, logic of present day changes dictates “multi-vector” dimension of external policy. It could be implied then that Kazakhstan strategy with regard to the previously key-economic partner – Russia – was changed due to geopolitical reason. Kazakhstan is the second largest oil producer among other former Soviet republics after Russia. The republic growing petroleum industry accounts for roughly 30 percent GDP and half of its export revenues.

Russia plays an important role in transit of Kazakh hydrocarbons to international markets. In 2005, 43.4 billion tones of Kazakh oil were transported through Russian pipelines to foreign countries.

Kazakhstan and Russia have organized joint activity on developing structures on developing “Kurmangazy”, “Tsentralnaya” and deposit “Khvalynskoye”.

In addition one of the main directions of bilateral cooperation is export of Kazakhstan natural gas to European markets through Russian pipeline system. In this regard a joint venture on transit “KazRosGas” was set up in 2002, which has transported more than 5 billion cubic meters of Kazakh gas to Europe to European and CIS countries.

Kazakh oil export are growing rapidly, with current infrastructure delivering it to a world market via Black Sea, Persian Gulf, to the north pipeline and rail (through Russia), and recently to the East-China.

In 1992, Kazakhstan exported 7,8 million tones of oil, while current annual export (due to increased production correspondently) has almost doubled after 17 years of independence (date 2008).

Problems in energy sector: A very relevant issues of Kazakhstan-Russian strategic partnership is the problem of “export route diversification” in the energy sector. For regional states it would be beneficial if energy transportation route did not all go through Russian territory, because it would allow these states to improve their access to a world market, leading to a rise in foreign investment and advanced technology. Disputes over the direction of oil and gas pipelines have led some Kazakhstan experts to consider Russia and Kazakhstan as competitors in the energy market. Yet, the clash of interests could be avoided if they agree to diversify their markets and transportation routes.

#### Part IV: Kazakhstan - Russia border issues

The history of Kazakhstan - Russia border is long and controversial both in the process and interpretation - theoretical/historical, legal and political. From the very start of the Russian penetration and then colonization of the Kazakh steppe the borderline was not defined.

As for Kazakh tribes the territorial control was based on the mutual consent, from time to time it was broken, and restored due to the reason that they did not reach any written accords with their neighbors.

Russian authorities on their advance in the steppes made its own landmarks in form of the pickets, settlements, military camps.

Bolsheviks when they came to power made several reforms on border issues trying to define the status of Kazakhstan within the USSR. The soviet administrative reform on border delimitation with Russia was not subject to the interests of Moscow only. It was also justified by the economic, military and other needs of the state.

Up to the mid 1930s there was not formed the border between West Siberian and Altay kray of the Russian Federation and Kazakhstan. On the map of 1932 the border was not defined at all. It was explained by the fact that Russian and Kazakhstan economic interests were connected too closely.

Since the USSR disintegration in 1991 Kazakhstan and Russia had no border at all, both republics were divided by very symbolic line with unclear shaping. So the border was transparent for goods, as well as for migration- legal and illegal, drugs, terrorists, etc.

After collapse of the Soviet Union all republics of Central Asia declared that they would keep the principle of their borders inviolability. Declaration on border problems was confirmed in August 1991 by its signing from Kazakhstan, Uzbekistan, Russia, Tajikistan and Kyrgyzstan sides. It is said that they bear collective responsibility for inviolability of the borders with third states and would consider the protection of the state border as sphere of mutual essential interests.

Delimitation under the international law - is defining in the agreement between the border states of general line of border shaping (word description of the characteristic places of its lining - rivers, lakes, mountain chains) and its mapping. Demarcation is defining the borderline through establishment of special border landmarks.

Russia-Kazakhstan border after 1991 had just about 70 checkpoints on the main auto and railways, between them- 100-300 km of open space, so that people could easily cross the border as they did. Russia calculated to spend about 10 years and about \$ 1 billion for the border accommodation. After 1997 Russia had only border with Kazakhstan to protect.

The difficulty in border consultations between Kazakhstan and Russia were in existence of some potentially conflict zones. In 1990s Kazakhstan claimed some sections of Orenbourg oblast that were included in Orenbourg oblast in 1934. But the Russian side declared that the territory of 'Russian corridor' must not be changed.

In 1994 the leaders of border areas from both sides signed the Treaty on friendship and cooperation.

The delimitation of the water and land section of Astrakhan part of bilateral border was complicated by absence of agreements on the division of the northern part of the Caspian sea, and claims to the part of Astrajhan oblast put by the Kazakhstan side in early 1990s. They were not taken back. But the negotiations were just frozen.

**One of the reasons - uncertain status on the Caspian and preoccupation of Russia with domestic problems and negotiations with China on border issues. The Caspian section of border was very complex - as it consisted of several part - sea surface, coastal line, bottom and air.**

**The sea line was regulated in 1998 when Russian agreed to delineate the northern part of the Caspian on sectors. Some years later were reached and signed protocols on the division of hydrocarbons of the Caspian shallow waters, and on disputed sections of the sea.**

**The process of defining the state boarder of Kazakhstan and Russia began in October 12, 1998 when was signed a Protocol on border defining.**

**Delimitation of the border was began from the west- low flow of the Volga river and finished on the east, on the Southern Altay section of the Altay mountains, where meet borders of three counties - Kazakhstan, Russia and China.**

The basis for border delimitation was the administrative - territorial borders between Kazakh SSR and Russian Federation by the time of the USSR disintegration, 1991.

The experts from both countries studied all the materials in state archives, and made field research in the borders areas, met the local population to find out the historical precedents.

The found out that inter-republican border between Kazakh SSR and Russian Federation sometimes was based on the contradictory maps, materials of land and forest works, that were regulated between the administrations of border oblasts.

There were several stages in border delimitation.

I stage - coordination and description of the draft of the border on the line of 7440 km.

The remaining 150 km the joint commission found 16 contradictions. Out of them were defined several groups- the first one covered 9 sections, they were not disputed, but the problem was in their economic significance for both parties, and social objects of each other were located on the territories of both countries. On that section the parties met each other halfway- mutual proposals and compensation exchange.

**II stage - The negotiation process on border delimitation began in 1999 August, since that time both parties tried to find compromise on disputed sections during the hundreds of meetings of prime-ministers, experts.**

Actually experts found 18 disputed sections. The most complex one was Imashevskoy field- rich with gas condensate. Under the soviet maps it is located on the territory of Kazakhstan, a small piece of it- touches Astrakhan oblast of Russia. But under the international law only Russia and Iran have the right to settle the territorial delimitation on the Caspian Sea. After very tense consultations Russia and Kazakhstan

**agreed to the political decision- to divide the field 50/50. On the Caspian section both sides also reached the compromise- Kazakhstan gave up several oil fields it had claimed earlier.**

The land section was very complex - twelve subjects of the Russian Federation with the population over twenty six million border Kazakhstan. The problem was in delimitation not demarcation as so far Russia and Kazakhstan are not going to prevent free migration of people on both sides.

On January 19 2005 Kazakhstan and Russia signed historical document on border delimitation.

The signing was the recognition of the independent status of Kazakhstan de-jure.

In November 2005 parliaments of both countries ratified the border agreements.

**Several oblasts of Russia and Kazakhstan develop close relations in all spheres - from economics through culture to legal - common fight against drugs trafficking - Orenburg, Chelyabinsk, Volgograd, Astrakhan oblasts and Altaysky kray. From Kazakhstan side - Aktyubinskaya, Kustanayskaya, Western Kazakhstan and Aturayskaya oblasts.**

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Answer the following questions?

1) How long Russia has been presented in Kazakhstan policy;

2) Characterize geographical, historic and economic reasons have been driven collaboration processes between Russia and Kazakhstan;

3) How the independent Kazakhstan and Russia needs projected main trends of cooperation of two countries;

4 Kazakhstan hydrocarbon resources – “blessing” or “curse” for its economic development and further relations with Russia;

*Agreement on cooperation in protection of external borders  
of the member states of the Eurasian Economic Community  
on 21 February 2003*

The Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan, hereinafter referred to as the Parties,

guided by the interests of practical realization of the provisions of the Treaty on the Establishment of the Eurasian Economic Community of October 10, 2000,

recognizing the need for close cooperation in the area of defense and protection of external borders of the Parties,

proceeding from a common interest in ensuring the security of the Eurasian Economic Community member states,

have agreed as follows:

Article 1

For the purposes of this Treaty the term “external borders” shall mean the state borders of the Eurasian Economic Community member states with the states that are not Parties to the Treaty on the Establishment of the Eurasian Economic Community.

Article 2

The Parties shall cooperate in suppressing terrorist acts and the illegal transit of weapons and ammunition, explosives, toxic, narcotic and psychotropic substances, radioactive materials and other smuggled items across the external borders, as well as in fighting illegal migration and manifestations of religious extremism.

Article 3

The Parties shall take measures to harmonize national legal and other regulatory acts on issues related to state borders in accordance with the Protocol on the basic principles of the frontier guard agencies’ activities to assist in harmonizing the legal and other regulatory frameworks of member states of the Eurasian Economic Community (Annex 1).



## Chapter 2

# Japan in Foreign Policy of Kazakhstan

Didar Kassymova

Key words: strategy, Eurasian diplomacy, Silk way diplomacy, resource diplomacy, denuclearization, ODA (Official Development Aid), Japanese Agency for International Cooperation (JICA), Central-Asia plus Japan dialogue.

The relations with Japan play serious role in the Asia-Pacific strategy of the Republic of Kazakhstan. Japan became a new actor in Central Asian politics after 1991, as it did not have any historical and geographical links with the region, and with Kazakhstan in particular. But both parties –Japanese and Kazakhstani leadership - were interested in developing relations, but from the very start they are characterized by unequal opportunities due to the economic potential and geopolitical positions of states.

Japan is an island country located in the North-East Asia, sharing Pacific waters with Russia (in the north), China and states on the Korean peninsula (North Korea and South Korea) – on the west, and South East Asian states in the south. Japan is one of the leading economic states in the Asia Pacific, and plays important role in global economic processes. The Japanese policies to Kazakhstan has been an integral part of its post-soviet space activities, and Central Asian dimension due to its strategic location and energy and transportation potential takes important role in it.



The Kazakhstani interest to Japan is based on the assumption that Japan is the leading economy in Asia, seeking investment and market opportunities, short of natural resources and especially heavily dependent on energy supplies is interested in development of energy related projects. But the some serious constraints were taken into account by the Kazakhstani leadership: geographical problems of Japan (no direct connection), its geopolitical status in the Asia Pacific due to the unsettled territorial dispute with Russia, World War II historical legacy, suspicion of its Asia neighbors on economic expansion, close security cooperation with the USA. In many spheres like energy and security Japan follows the U.S. path, and its interference into the zone of traditional Russian interests provokes countermeasures from part of Russia and China. The politics of Japan to Kazakhstan is based on the regional approach – Central Asia is viewed as a part of the former USSR and buffer zone between Russia and China after 1991, and since Global War on Terror – one of the theaters of confrontation between the New Great Game participants.

Japan included Central Asian states in the list of recipients of the Official Development Assistance (ODA) and became one the members countries of the OECD Development Assistance Committee to the region. Major Japanese projects were aimed to build transportation infrastructure, improve the business environment and promote the protection of the environment.

Japan recognized independence of Kazakhstan on December 28, 1991 and diplomatic relations were established on 26 January 1992. Later on were opened diplomatic agencies in both states.

Political sphere of mutual relations is based on a number of agreements and is supported by the high-level officials visits and exchange of delegations.

The countries have similar approaches to a number of key international problems, and nuclear non-proliferation is one of them. Japan expressed strong support to Kazakhstani international initiatives, e.g., Meeting on Mutual Confidence Building Measures in Asia (CICA) and

participates in the meetings of the Special working group as an observer. Kazakhstan supports the Japanese bid for the United Nations Security Council permanent membership and amendment of the UN Charter. Kazakhstan voted for the Japanese representative candidate F. Saiga as the head of the UN agency for discrimination against women (2003-2006).

High-level contacts began since May 1992 deputy prime - minister –foreign minister of Japan M.Vatanabe visited Kazakhstan, and launched an official political dialogue. President of Kazakhstan paid visit to Japan in 1994 (April 6-9) and signed Joint Communiqué. N.Nazarbaev met with the Japanese emperor and had fruitful talks with the prime-minister. Two parties agreed to follow major agreements reached between USSR and Japan. The political document emphasized readiness of Japan to support Kazakhstani efforts to promote reforms in political and economic spheres. Japanese Eximbank signed an agreement to allocate the national Bank of Kazakhstan \$220 mln. credit line to support in economic reforms. Since 1998 the Japanese companies are in the Caspian sea oil fields and are exploring the energy potential around the Aral sea. The problems on the way of Japan's deeper engagement in the Caspian oil projects - transportation problems and Chinese and Russian policies.

During the second visit of N.Nazarbaev to Japan (5-8 December 1999) was signed Joint Declaration on Friendship, Partnership and Strategic Cooperation between the Republic of Kazakhstan and Japan, that reinforced the level of strategic partnership in mutual relations.

In summer 2008 (June 18-22) during the official visit of Kazakhstani president Nursultan Nazarbayev to Japan was signed a joint communique supporting Japan's climate change initiative. Nazarbaev N. also participated in the Kazakhstan-Japan business forum and attracted the attention of the Japanese business circles to investment opportunities in Kazakhstan and chances to use Kazakhstan as the base for further expansion to the regional markets. President of Kazakhstan signed a number of deals and agreements. "Toshiba Corp." agreed to expand its partnership with Kazatomprom to include rare metals and reactor components.

Japan launched series of geopolitical projects to deeper engage in the Central Asia through energy, transportation and integration.

Economic relations demonstrate mutual interests, but depend on a number of geopolitical factors. Among them lack of direct transportation connection works as serious impediment. Trade relations are limited to import of raw materials from Kazakhstan (see the table).

Asian financial crisis of 1997/98 was a serious test for the readiness of Japanese business to invest in the regional economy. In July 1997 Japanese delegation headed by the Low Chamber of the Diet (to be prime-minister) Keidzo Obuchi visited Kazakhstan and had a number of important meetings with Kazakhstani leadership. The visit helped to develop a new approach of Japanese foreign policy concept in the region known as "Eurasian diplomacy", dubbed on 24 of July 1997 by the prime-minister Rutaro Hashimoto at the meeting to the Japanese economic forum "Keidzai Doaukai". The new concept rested on three pillars: political dialogue to deepen confidence and mutual understanding; economic cooperation and joint development of natural resources to foster regional prosperity; and peace maintenance nuclear non-proliferation, democratization and stabilization. Further on, the concept was supported by the plans of energy and transportation cooperation between the Central Asian states and Japan. The Silk Road concept drew more attention to the region and served as a basis for the further development of Japan's Central Asian diplomacy.

Starting from 2005 Japan initiated series of initiatives - the **Central Asia plus Japan** dialogue is a geopolitical project between Japan and regional states - [Kazakhstan](#), [Kyrgyzstan](#), [Tajikistan](#), and [Uzbekistan](#), with the goal to create "a new framework for cooperation, thereby elevating relations between Japan and Central Asia to a new level". The dialogue, according to the [Japanese Foreign Ministry](#), is also meant to serve as a forum to promote inter-regional cooperation. [Turkmenistan](#), maintaining its [policy of neutrality](#), participates only as an observer. The "Central Asia plus Japan" initiative met the geostrategic interests of regional states, as Japan declared its objectives as follows:

- 1) due to the growing regional influence of [Islamic fundamentalism](#), Japan wants to help Central Asia not be a "weak link in the chain" of international order; 2) Central Asia's significant amounts of natural resources are too important to be ignored; 3) Japan's post-war experiences can serve as a guide for the newly-independent states; 4) Japan has an important and growing influence in Central Asia. The Japanese mission is also emphasized by its desire to open regional cooperation. Regional states welcomed Japan's initiative.

Japanese policies to Kazakhstan is an essential part of its "resources diplomacy". Japanese investments are also limited to raw materials sector, and Japan is interested in oil and nuclear power industry (uranium projects, personnel training).

Kazakhstan holds more than 30% of the global uranium reserves and the Japanese interest in that sphere is based on the development of nuclear industry to compensate energy shortages.

During the August 2006 tour of the former Prime Minister Junichiro Koizumi to the region, he visited Kazakhstan and signed a memorandum on cooperation in nuclear sphere, including the development of uranium mines. Following the Koizumi's visit, were signed agreements between Japanese companies and state-run Kazatomprom. In April 2007, a 150-member strong delegation from Japan of government officials and private sector representatives visited Astana. Marubeni company bought a stake in a uranium mine, and Toshiba Corporation pledged to help Kazakhstan with building nuclear power plants. In October 2007 Toshiba sold Kazatomprom a 10 % share in Westinghouse Electric Co., one of the top world producers of nuclear reactors. The Japanese companies got access to Kazakh uranium, and Kazatomprom could enter the world of top nuclear technologies. In 2007 Kazatomprom signed a deal with Japanese utility Kansai Electric Power Co (9503.T), trading house Sumitomo Corp (8053.T) and Tokyo-based Nuclear Fuel Industries Ltd. to supply Kansai's power plants.

Japanese firms, in turn, will help upgrade Kazatomprom's Ulba plant producing uranium pellets and other value-added products, and invest in developing new deposits. The Japanese companies jointly with the Kazakhstani partners work at Western Mynkuduk, the uranium deposit. The second joint project - Khorasan deposit, started operating in 2009.

**Economic cooperation** develops within the framework of Japanese governmental program Official Development Aid (ODA) as free financial aid (grants), technical assistance, and credits. Japan understands the significance of Kazakhstan for the Japanese interests in central Asia and is ready to invest in its stability that is seen as a key to the regional stability. There Bilateral Policy consultations took place between Japan and Kazakhstan during 1996 and 2002. The goal of Japan's assistance to Kazakhstan were "to effectively solve the problems of lack of human resources that are required for smooth transition to a democratic and market-oriented economy, as well as economic problems caused by the collapse of the trade structure, by actively providing assistance". The priority areas were outlined as:

- 1) development of institutions and human resources for market economy; 2) economic and social infrastructure development, and 3) alleviation of social difficulties arising from the transition to a market economy and environmental problems.

Kazakhstan is one the main recipients of ODA. Japan was the top donor until 2000, and the second donor after USA in 2001 and 20002.

Japan has been the biggest donor of Kazakhstan – up to FY2003 it made up 8.7 bln. yen and technical assistance (JICA expenditure basis), 5.& bln. yen in grant aid and 88.8 bln. yen in loan aid. As of 2009 the Japanese ODA is over \$ 624 mln., among them- \$550 mln. came from Japanese Bank for international cooperation (JBIC), \$40 mln.- technical cooperation projects, and \$34 mln. - as humanitarian aid. “

## Japan's ODA Disbursements to Kazakhstan

(Net disbursements, \$ million)

Year	Loan Aid	Grant Aid	Technical Cooperation	Total
1999	47.64	8.66	11.15	67.45
2000	63.79	9.00	10.54	83.33
2001	24.57	5.80	13.55	43.93
2002	20.11	0.92	9.10	30.13
2003	120.76	4.89	10.62	136.27
2004	116.32	5.58	8.86	130.76
2005	59.97	1.09	5.10	66.17
Total	562.26	44.30	105.59	712.16

Source : OECD/DAC

## 2. Amount of DAC Countries' and International Organizations' ODA Disbursements to Kazakhstan

DAC Countries, ODA Net

(Net disbursements, \$ million)

Year	1	2	3	4	5	Japan	Total
1998	Japan 95.2	U.S.A. 61.9	Germany 11.3	U.K. 3.0	France 1.9	95.2	176.6
1999	Japan 67.5	U.S.A. 44.6	Germany 13.0	U.K. 2.0	France 1.9	67.5	133.6
2000	Japan 83.3	U.S.A. 58.3	Germany 10.3	Spain 1.7	France 1.5	83.3	159.3
2001	U.S.A. 56.0	Japan 43.9	Germany 8.2	Spain 7.4	Netherlands 2.2	43.9	122.7
2002	U.S.A. 74.0	Japan 30.1	Spain 17.5	Germany 13.1	France 2.3	30.1	143.9
2003	Japan 136.3	U.S.A. 47.8	Spain 17.0	Germany 16.4	Netherlands 2.5	136.3	228.0
2004	Japan 130.8	U.S.A. 56.4	Spain 4.5	Netherlands 3.3	France 2.8	130.8	203.3

Source : OECD/DAC

International Organizations, ODA Net

(Net disbursements, \$ million)

Year	1	2	3	4	5	Others	Total
1998	ADB 12.8	CEC 10.4	EBRD 2.3	UNICEF 1.8	UNDP 1.4	2.1	30.7
1999	CEC 14.1	ADB 6.7	EBRD 3.0	UNDP 1.2	UNICEF 0.9	1.3	27.1
2000	CEC 4.8	ADB 4.4	EBRD 1.4	UNDP 0.8	UNFPA 0.8	1.9	14.8
					UNICEF 0.8		
2001	CEC 4.4	EBRD 3.1	ADB 2.6	UNHCR 0.9	UNICEF 0.8	4.5	16.2
2002	CEC 5.7	EBRD 3.3	UNHCR 1.3	ADB 1.0	UNICEF 0.9	6.1	18.4
2003	CEC 6.9	EBRD 2.8	UNICEF 1.0	UNHCR 0.9	UNTA 0.8	2.2	14.6
2004	CEC 10.2	EBRD 2.9	UNHCR 1.4	UNICEF 1.0	ADB 0.8	2.5	18.9

Source : OECD/DAC

## 3. Disbursements by Fiscal Year and by Type

(¥100 million)

Fiscal Year	Loan Aid	Grant Aid	Technical Cooperation
Total until 1998	508.88	24.05	37.23

1999	—	<ul style="list-style-type: none"> <li>· The Project for Improvement of Medical Equipment for Children Hospitals in Astana City (9.95)</li> <li>· Supply of Musical Instruments to the Almaty State Conservatory (0.48)</li> <li>· Grassroots Projects (2 projects) (0.16)</li> </ul>	Total 8.95 (JICA Projects Only)
		Total 10.59	
2000	· Western Kazakhstan Road Network Rehabilitation Project (165.39)	<ul style="list-style-type: none"> <li>· Project for Improvement of Health Care Services in the Semipalatinsk Region (6.48)</li> <li>· Kazakh National Academy of Music (0.50)</li> <li>· Grassroots Project (1 project) (0.08)</li> </ul>	Total 12.45 (JICA Projects Only)
	Total 165.39	Total 7.06	
2001	· Astana Water Supply and Sewerage Project (213.61)	· Grassroots Projects (3 projects) (0.21)	Total 11.14 (Includes JICA Projects:8.70)
	Total 213.61	Total 0.21	
2002	—	<ul style="list-style-type: none"> <li>· The Project for Improvement of Emergency Medical Center in Astana (4.54)</li> <li>· The Project for Improvement of Medical Equipment to Multi-Field Hospital Complex of Kzylordain (4.67)</li> <li>· Grassroots Project (1 project) (0.08)</li> </ul>	Total 11.53 (Includes JICA Projects:10.53)
		Total 9.29	
2003	—	<ul style="list-style-type: none"> <li>· The Project for Rural Communities Water Supply (5.25)</li> <li>· The Supply of Japanese Language Learning Equipment to the School-College "Kokil" (0.01)</li> <li>· Grassroots Human Security Projects (2 projects) (0.20)</li> </ul>	Total 10.29 (Includes JICA Projects:9.30)
		Total 5.46	
2004	—	<ul style="list-style-type: none"> <li>· The Supply of Sound Equipment to the Republic Palace (0.50)</li> <li>· Cultural Grassroots Project (1 project) (0.06)</li> <li>· Grassroots Human Security Projects (3 projects) (0.26)</li> </ul>	Total 6.24 (Includes JICA Projects:5.02)
		Total 0.82	
2005	—	<ul style="list-style-type: none"> <li>· The Project for the Improvement of Equipment for Educational Complex of the Almaty A.V.Seleznev Choreographic College (0.49)</li> <li>· Cultural Grassroots Project (1 project) (0.03)</li> <li>· Grassroots Human Security Projects (6 projects) (0.38)</li> </ul>	Total 4.72 (Includes JICA Projects:4.01)
		Total 0.90	
<b>Total</b>	<b>887.88</b>	<b>58.38</b>	<b>96.19</b>

#### 4. Technical Cooperation Projects

Project
Technical Cooperation for the Improvement of Health Care Services in the Semipalatinsk Region in the Republic of Kazakhstan
Kazakhstan-Japan Center for Human Development
Kazakhstan-Japan Center for Human Development (Phase 2)

#### 5. Development Studies

Project
The Detailed Design Study of the Water Supply and Sewerage System for Astana City

Assistance loans to Kazakhstan are concentrated mostly on transportation infrastructure (railways, bridges and airports).

Within the JBIC credit line in Kazakhstan were sponsored 4 strategic projects:

- “Development of railway transportation (Druzhba station- phase 1) - \$76.4 mln. (JBIC line, completed). Strategic significance- better transportation with the regions adjacent to the Chinese border, facilitation of Kazakhstan- China economic contacts. Japanese company Chori is interested in modernization of Druzhba station (\$60 mln. project).
- “Bridge over Irtysh river in Semipalatinsk city” - \$251 mln. (completed)
- “Astana international airport reconstruction” - \$204.8 mln., JBIC line, completed. The airport might become the hub of regional air communication with bigger Asian perspectives.
- “Western Kazakhstan roads reconstruction” - \$156 mln. JBIC credit line, total length- 954 km (completed).

Other projects deal with the areas of healthcare, water supplies in rural areas and measures to ease regional income disparity. For example, one of the key projects is the Master Plan for the development the Astana City. Japan is implementing the “The Project for Improvement of Medical Equipment to **Multi-Field Hospital Complex of Kyzylorda**” that provides medical equipment used in basic diagnostic activities to Kazakhstan through grant aid.

To facilitate economic dialogue between Kazakhstan and Japan in 1993 was set up Bilateral Committee on trade-economic cooperation, regularly held in Kazakhstan and Japan (chaired by Mitsubishi Corporation). In 2006 the Kazakhstani side suggested to adopt an “Action Plan for Activation of economic Cooperation between Japan and Kazakhstan”, and was established a working group. The priorities under the Action Plan were given to business-related Hi-Tech Space technology, facilitating small and medium size enterprises, creation of favorable climate for trade and investments, transportation, and the new spheres were pointed as ecology and tourism.

Energy resources of the Caspian sea are the key factor in Japan’s interests to Kazakhstan, although the transportation has been the most serious obstacle on the way of deeper engagement in that area. To free Japan from the Middle Eastern oil dependence and transit via turbulent Pacific waters is the motivation #1 for its activities in the region. For Japanese side the most promising are projects in oil sphere with KazMunaiGaz, refineries reconstruction and development of the Caspian sea oil fields within the 1993 international agreement between JV “KazakhstanCaspianShelf” and group of companies (Ajip, British Petroleum, Statoil, Mobil, Shell and Total”). One of the Consortium participants is Japanese “Inpex” company with 1/12 share. Another joint energy related projects is energy efficiency saving at Uralsk power station (signed in 2002, \$15 mln.) to be implemented within the Kyoto protocol to the UNO Framework on the climate change. Under the agreement Kazakhstan gives to Japan 62 thous. tones of CO<sub>2</sub> annually (from 2008 to 2012), the Japanese side provides with technical equipment.

Japan government backed Itochu Oil Exploration and Inpex corporations, have a 3.92% interest and 10% interest, respectively, in a production-sharing agreement (PSA) for three fields in the South Caspian Sea and Inpex also has an 8.33% interest in the Kashagan oilfield in Kazakhstan.

Kazakhstan has been the most important partner of Japan in the region; all big Japanese companies are represented in the country. Trade with Japan (2008):

Export to Japan: 87.9 billion yen (ferro-alloy)

Import from Japan: 21.5 billion yen (cars, steel pipes and tubes, construction machines). But it makes only 0.02 % of the total Japanese foreign trade, due to the transportation difficulties.

According to Japanese statistics (JETRO) in 2002 the overall trade turnover reached \$ 192 mln.: export – \$99,8 ml., import – \$98,2 mln. positive saldo for Kazakhstan – \$1,6 mln.

Kazakhstan exports to Japan mainly raw materials and metals make the majority. Japan exports transportation systems, machines, equipment (including electronics), optics, watches, non-ferrous metals goods and plastics. The Kazakhstani market has not yet very been attractive for Japanese trade due to its heavy saturation with the Chinese and Russian goods, and relatively small purchase capacity, as well as high transportation costs. The main problematic spheres in bilateral relations up till November 2009 were unsettled issues in taxation of the joint projects realization that leads to slowdown in their implementation. There is no legal basis as the parties did not reach agreements On Avoidance of Dual Taxation, On technical cooperation and Free Financial cooperation.

Investments are not so significant, due to the high political and economic risks, amounting only to 0.7%.

Direct Investment from Japan:

5 billion U.S. dollar (as of 2008)

Japan's Official Development Assistance:

List of Exchange of Notes

Loan: 88.78 billion yen (the total till FY2007)

Grant: 5.91 billion yen (the total till FY2007)

Technical Cooperation: 11.04 billion yen (the total till FY2007)

Cultural Grant (cumulative total fiscal 1975-2008):

407.4 million yen (Cultural Grant Aid)

9.6 million yen (Grassroots Grant Aid)

Table: Major agreements reached between Kazakhstan and Japan

1995.12	Renunciation by the Government of the Republic of Kazakhstan of Convention on Avoidance of Double Taxation (=Convention between the government of Japan and the government of the Union of Soviet Socialist Republics for the avoidance of double taxation with respect to taxes on income")
2004.8	Signing of the Agreement on Technical Cooperation between the Government of Japan and the Government of the Republic of Kazakhstan
2007.12	Start of Negotiations to Conclude a Convention on Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
2008.12	Signing of the Convention between Japan and the Republic of Kazakhstan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income

## Cooperation in transportation projects

Kazakhstan is interested in getting access to the Pacific sea and Japan's initiatives to open-up the region are very promising. Kazakhstan joined a number of international transportation projects with active involvement of Japan. The Trans-Asian Railway Network Agreement signed on November 10, 2006, by 17 Asian nations as part of a United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) effort to build a transcontinental railway network between [Europe](#) and Pacific ports in [China](#). Two of its subdivisions- Northern Corridor

to link Pacific with Europe and North-South directly involve Kazakhstan. Japan as one of the donors and interested parties develops projects in Central Asia.

So far, they have been limited to opportunities research and sector based projects in the regional states. JICA launched a project "Development Study Project of the integrated logistics System and the Marketing Action plan for Container Transportation" (August 2006-November 2007) in Kazakhstan to develop East-West railway transport corridor. The suggested corridor will be much shorter than Trans-Siberian route, TRACECA and the Shipping Route. Strengthening of marketing functions, improvement of Dostyk (Druzhba, bordering China) Terminal and construction of Aktau logistics terminal are seen as the key elements on the way of that project. But the geopolitical implications might be very serious due to the Russian interest in exploitation of its routes.

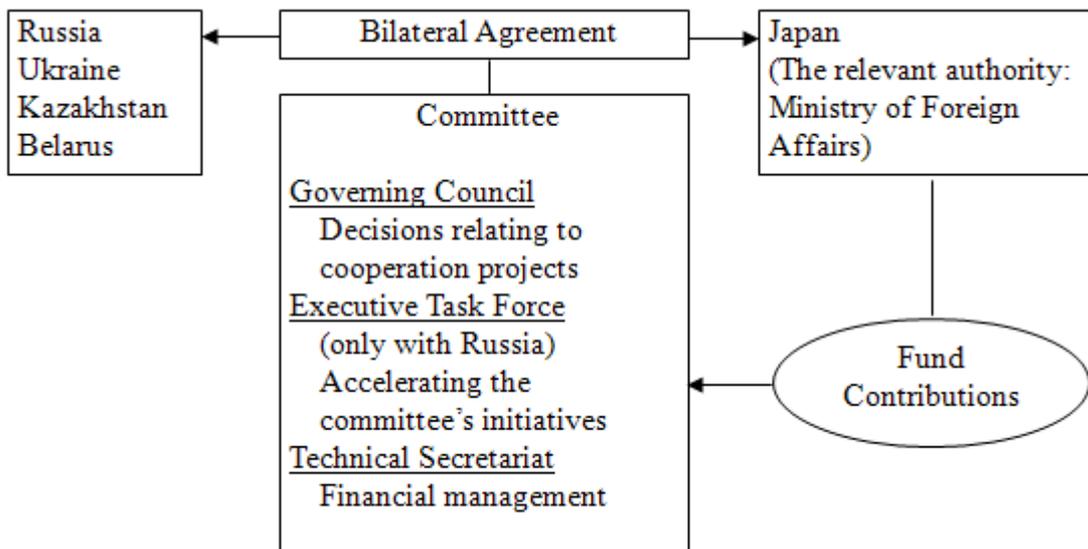
**Security sphere** in bilateral relations is the weakest one due to the specifics of its international status after World War II, limitations of the Japanese Constitution, and cautious policies of its neighbors in the Asia Pacific. Japan primarily relies on security arrangements reached since WWII with the USA. But Japan supports most of the international programs on rehabilitation in Tajikistan, Afghanistan and Pakistan, as it might seriously affect the situation in Central Asia.

But Japan and Kazakhstan share much in common in terms of **nuclear tragedies**. Japan was the first and only nuclear attack victim (Hiroshima and Nagasaki). Kazakhstan hosted the ill-famed Semipalatinsk nuclear testing site. The official international non-nuclear stance of both countries preconditioned their understanding in that sphere and move to cooperation. **Nuclear cooperation between Kazakhstan and Japan** falls in a number of interrelated lines: nuclear non-proliferation initiatives.

**Denuclearization:** to implement denuclearization cooperation projects in the former Soviet states, Japan signed the following bilateral agreements with Russia, Ukraine, Kazakhstan and Belarus (to March 1994) : "AGREEMENT BETWEEN THE GOVERNMENT OF JAPAN AND THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN CONCERNING COOPERATION FOR THE DESTRUCTION OF NUCLEAR WEAPONS REDUCED IN THE REPUBLIC OF KAZAKHSTAN AND THE ESTABLISHMENT OF A COMMITTEE ON THIS COOPERATION" (Signed and in effect on March 11, 1994)

The parties established the Committee on Cooperation to Assist the Destruction of Nuclear Weapons Reduced in the Republic of Kazakhstan (hereafter referred to as "Japan-Kazakhstan Committee"). Each Committee is composed of a Governing Council and a Technical Secretariat made up of the two states representatives. The Governing Council decides the priority of cooperation projects and the implementation of specific programs.

The following figure shows the cooperation mechanism, including the structure of each Committee and relationships between Japan and her counterpart. The Japanese relevant authority for each bilateral Agreement is the Ministry of Foreign Affairs through the Arms Control and Disarmament Division, Disarmament, Non-Proliferation and Science Department.



The results of the denuclearization projects in Kazakhstan are:

- (1) Assistance to safeguard-related projects (540 million yen, completed in October 1998)
- (2) Provision of an ESR (Electric Spin Resonance; to measure the level of radioactivity found in the teeth of people exposed to radiation) (90 million yen, completed in February 1997)
- (3) Supply of medical equipment (450 million yen, completed in October 1997)
- (4) Assistance for the establishment of a remote medical diagnostic system (70 million yen, completed in August 1999)

### **Elimination of the nuclear tests consequences**

Kazakhstan and Japan develop intensive cooperation to fight the nuclear tests effects on environment and humans. Japan signed with the government of Kazakhstan in March 1998 an Agreement on scientific cooperation between the Semipalatinsk Medical Academy and Nagano University. Japan's efforts contributed to the improvement of healthcare in the region suffered from nuclear tests, as was introduced new medical technology, early diagnosis became possible to detect and treat cancer.

Japan co-authored the UN General Assembly resolutions on Semipalatinsk polygon in September 1999 and initiated to hold in Tokyo an international conference on the former Semipalatinsk nuclear testing sites problems. In spring 2002 the Japanese government adopted a decision to grant medical equipment to this region.

The experts frequently visit Kazakhstan from Nagasaki and Hiroshima to study the Semipalatinsk region nuclear polygon affected areas. In August 1999 was launched a tele-bridge between Nagasaki medical university and Semipalatinsk medical academy with the presentation of the gift to the Semipalatinsk medical academy of the equipment to diagnose the Kazakhstani patients via satellite links in the Nagasaki university laboratories.

**Humanitarian cooperation** develops in the spheres of education, culture and maintenance of historical memory.

### ***Cooperation in education sphere***

*Japan opened a Kazakhstan-Japan Center for Human Development in September 2002 at Almaty on the basis of the cooperation agreement between T. Ryskulov Kazakh Economic University and Japanese Agency for International Cooperation (JICA). The Center objective was to contribute to human resources development in Kazakhstan on the transition to market*

*economy. The Center offers professional courses in business administration, economics, Japanese language, and promotes activities to develop mutual understanding between peoples of Kazakhstan and Japan.*

*The Japanese language is currently being taught in a number of leading Kazakhstani universities at the oriental departments: al-Farabi university, Kazakhstan foreign languages university, Kazakhstan academy of labor and social relations, Abay Kazakh National pedagogical university, Eurasian national university, KIMEP and some others. On the Japanese side invitations many Kazakhstani officials, entrepreneurs and students participate in exchange programs.*

### **Cultural cooperation**

Despite the fact that historically civilizations to which both countries relate have nothing in common, the Kazakhstani diplomats work in Japan to familiarize the traditional Kazakh culture, achievements in spheres of literature and arts. In turn, the Japanese diplomats contribute to promote mutual understanding through culture (movies, ikebana, music, sports, etc.).

In January 1999 Japanese publishing house “N-H-K Publishing” issued the work of Kazakhstani president N.Nazarbayev and major provisions of the Strategy “Kazakhstan-2030” as a book “Our House- Eurasia”.

The Japanese government provides grants under JICA line and cultural grants of the Japanese Foreign Ministry. 7 grants were allocated for equipment purchase to Almaty State University, Abay State Academic Drama and Opera theater, “Medeo” skating rink, Kazakh Foreign Languages university, al-Farabi National university, Almaty State conservatory and Kazakh musical academy. The Japanese architect Kurokawa Kisho on the invitation of Kazakhstani leadership developed several projects for the new capital Astana.

After the defeat of Japanese army in the World War II by the decision of the soviet government thousands of **Japanese prisoners of war** were sent to the labor camps in the Central Asia, working in the mines and construction sites. The total number of Japanese prisoners sent to Kazakhstan was 58000, they built about 2000 of industrial and cultural objects. After 1956 when the USSR and Japan established diplomatic relations and signed agreements the Japanese prisoners of war were allowed to get back to their motherland. In soviet times this topic was tabooed due to political reasons, but after 1991 group of historians enthusiasts led by colonel A. Aldanazarov initiated search of the episodes on Japanese presence in Kazakhstan. He got information about their gravesites and made a photo album “Book of Memory” on Japanese war prisoners in our country that presented to the Japanese side during the visit of president N. Nazarbayev to Tokyo. In September 2005 a documentary on Japanese war prisoners “Aka” was presented to the Japanese cultural center.

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Questions:

1. What are major obstacles for further development of Kazakhstani-Japanese relations?
2. What are the specifics of cooperation with Japan in energy sphere?
3. What are the main aspects of economic cooperation with Japan?
4. What is special of the cultural cooperation between Kazakhstan and Japan?
5. How can the nature and scope of nuclear cooperation between Kazakhstan and Japan change in the light of the nuclear power stations crisis?

## Chapter 3

### Kazakhstan and OSCE

Aigul Adibayeva



**Key words and concepts:** alliances, transnationalism, ethnic conflicts, strategy, security, stability, “Russian factor”, formula of 4 ‘T’s: trust, traditions, transparency, tolerance

## Introduction

**The organization's importance.** It is difficult to understate the importance of the Organization (Council) for Security and Cooperation in Europe's creation, as initiated by the USSR in 1950. As a security organization with a *preventive* character, in contrast to other military coalitions that were responding to the Cold War, its activities and large membership points to the importance of the organization through today. As noted by Baizakova, during the Cold War Europe was divided into two confrontational blocks; OSCE was an attempt to create a "permanently active system of cooperation between all European states" (Baizakova, 2005). Today, the security and cooperation dimensions of the organization have moved beyond European borders, admitting to its ranks Central Asian states and thus covering the huge geographic space "from Vancouver to Vladivostok" (Saudabayev, 2010).

Notwithstanding the organization's significant value, it has been noted that for a long period of time international relations scholars did not allocate much of their research to OSCE. As a result, the year 2001 was a "bumper year": a number books and articles were published that focused on the security activities and other dimensions of OSCE (Merlingen, 2003). This highlighted and revealed the ongoing importance of the organization. V.-I. Ghebali, W. Kemp, D. Thomas and many others have made major contributions to the study of OSCE, providing a broad perspective on the aims, bodies, and activities of the organization. Most of these studies have reviewed the OSCE agenda in areas of humanitarian, security, and conflict prevention concern, as well as taking a close look at the Helsinki norms and other organizational documents.

This chapter aims to first provide a brief description of the transformation, principles, and agenda of the OSCE; second, to focus on the issues of Kazakhstani participation in and chairmanship of OSCE. We will try to achieve these goals by the following means:

- a) Observing the main stages of OSCE's historical and structural development and depicting of the so-called 'baskets' (dimensions) of OSCE work (Sec.1);
- b) Following Kazakhstani membership in OSCE from 1990s up to the present and identifying the main interests and benefits of Kazakhstan's cooperation with OSCE (Sec.2);
- c) Analyzing the challenges and opportunities the chairmanship of OSCE brought Kazakhstan and some facts about the OSCE Summit in Astana (Sec.3).

### **Section I - A brief history of OSCE's transformation. Main dimensions.**

The end of the Cold War provided policymakers with both opportunities and challenges in regards to European security. Although on initiative of the USSR OSCE had in 1950 tried to enforce and solidify territorial changes in Europe after WW2, the organization shortly after its foundation began to rapidly increase in member states, dimensions, and activities. This expanded its scope far beyond territorial issues alone: the broadening of OSCE's membership from the countries of the Warsaw Pact to members of NATO in 1960 (under some conditions, that is, *including the USA and Canada, and the confirmation of the legal status of Berlin*); the addition of human rights to the OSCE agenda.

Thus, CSCE ("Council" as originally entitled) needed a re-naming and restructuring to become what it was expected to be – a "European United Nations Organization." As a result, three main reforms to CSCE were made. First, in 1994 CSCE was renamed the *Organization* for Security and Cooperation in Europe. Second, OSCE enlarged from its previous regional to *international* status. Third, the number of its member-states was increased from 35 to 56 due to the collapse of

the USSR and Yugoslavia. Additionally, the geopolitical situation of post-Soviet and Central Asian states affected their willingness to join the organization. The struggle against terrorism, for example, as well as NATO expansion, integration policies among European and Eurasian (CIS and CA territory) countries, and multidimensional concepts of states' foreign policies all provided incentive for newly independent states to join the OSCE (Laumulin, 2007).

**Dimensions.** The OSCE focuses its activities around several main dimensions (often referred to as “baskets”) such as political-military, economic, environmental, and human. The first dimension, *political-military*, is responsible for arms control, border management, combating terrorism, and conflict prevention. In the “OSCE Strategy to Address Threats to Security and Stability in the 21<sup>st</sup> Century” (12<sup>th</sup> meeting of the Ministerial Council, 2003), the aims of political and military cooperation were named as the most important factors leading to stability in OSCE member-state regions. Among the political-military instruments employed by or focused on by the organization are the following: arms control, non-proliferation, antiterrorism initiatives, interstate and intrastate conflict prevention, and encouraging the enforcement of democratic institutions. Having identified potential conflicts or problematic zones, OSCE responds by through political and security dialogues, consultations, representatives, fact-finding missions, field operations, and peacekeeping acts (articles 9-12). With the aim of solving possible disagreements peacefully, the OSCE provides its member states with the Court of Conciliation and Arbitration.

The second dimension, *economic and environmental*, points the organization's attention to the issues related to combating corruption, migration management, transportation routes, energy security, and water management. Environmental and natural resource degradation, economic inefficiency, corruption, poverty, and unemployment can all potentially provoke threats to stability and negatively affect human life; all fall under the scope of the second OSCE ‘basket.’ To cope with these problems, OSCE attempts to increase dialogue between states on the issues, activates international organizations dealing with economic and environmental issues, and mobilizes and facilitates the deployment of experts (art. 24).

The *Human* dimension of OSCE targets the level of democratization among member states and spreads democratic values such as free and transparent elections, education, human rights, media freedom, and gender equality. Among the issues primary in the human field, OSCE stresses discrimination, intolerance, illegitimacy, peaceful debate and the expression of interests by citizens and social groups, religious and ethnic discrimination, and xenophobic and racist propaganda (12<sup>th</sup> meeting of the Ministerial Council, 2003, art. 37). A special body named ODIHR (Organization for Democratic Institutions and Human Rights) monitors violations of human rights, and provides OSCE with data collection and analysis. Furthermore, this organizational dimension is in charge of establishing educational standards.

The dimensions listed above have proven quite attractive for most post-Soviet states: these countries now consider OSCE one of the main bodies with which to coordinate their foreign policies. By the 1990s OSCE has become one of the most important international organizations in terms of the peaceful resolution of disputes – as well as an important player in the early prevention of conflicts, the regulation of crises, and post conflict rehabilitation. Today, it has also grown to unite within its structural framework both Euro-Atlantic and Euro-Asian communities. Given the organization's member states' efforts on preventive measures in conflict, terrorism, and arms proliferation there has been much for the states of Central Asia to find of value. For Kazakhstan in particular, with its massive territory and heavy industrial complex – the results of which have been environmental problems ranging from drought to pollution – the environmental dimension of the OSCE may truly promote state interest. Finally, the measures of OSCE against corruption and incompetence in governmental economic management seem even more useful and attractive to Kazakhstan, especially in light of the world economic crisis.

## **Section II. Kazakhstan and OSCE: interests, history, challenges, and perspectives**

**Interests.** After the fall of the USSR the West attempted to guess which direction the newly independent states, especially those in Central Asia, would choose given their difficult geopolitical situation. According to some scholars OSCE was needed by post-Soviet states as an international organization that would truly really help to bring security and democratic values to post-Soviet countries.<sup>1</sup> For example, Warkotsch mentions that OSCE began its operations in Central Asia in 1994 by placing greater emphasis on human rights and democracy from the very start (Warkotsch, 2007).

One of the main motives for Kazakhstan to join CSCE and other international organizations was gaining international recognition of its independence. This pursuit was supported by Kazakhstan's so-called "multi-vectoral" (multi-dimensional) foreign policy doctrine. This concept defines the following major objectives: the establishment of friendly political-economic relations with other countries, and equal membership in international and regional organizations. The doctrine also emphasizes the state's peaceful and non-militaristic position and the aim to develop equal partnerships in the global economy, antiterrorist struggle, and political cooperation efforts. In this context Kazakhstan's membership in OSCE provides a solid opportunity for the establishment of these relationships in a multi-vector format. The establishment of human rights institutions, the creation of intergovernmental organizations (IGOs) and non-governmental organizations (NGOs), the observation of elections and other functions of democratic institutions -- this all that provided an opportunity for the young state to achieve recognition and status amongst the world's countries.

In addition, one of Kazakhstan's most profound initiatives was presented at the 1992 OSCE Session: the initiative to establish the CICA (Conference of Interaction and Confidence Measures in Asia) (see Attachment One). In this way Kazakhstan added to the Euro-Atlantic and Eurasian security concept a new – Asian - context. The membership of Kazakhstan in OSCE would also thus foster active participation in European processes that initiated work on and the implementation of practice principles laid in the Helsinki Final Act of 1975, one of OSCE's most important documents. The Final Act outlines ten fundamental principles: sovereign equality; refraining from the threat or use of force; inviolability of borders; territorial integrity of states; peaceful settlement of disputes; non-intervention in internal affairs; respect for human rights and fundamental freedoms; equal rights and self-determination of peoples; co-operation among states; fulfillment in good faith of obligations under international law (Conference on Security and Cooperation in Europe, Final Act, p.4-8).

Apart from the political-military benefits that potentially interest the Kazakhstani side, we can also point to the environmental dimension of OSCE as attractive to the Kazakhstani government. While Kazakhstan possesses a significant amount of water reserves, it at the same time suffers from harsh ecological problems, such as the Aral Sea's dehydration, pollution of the Caspian basin, the dehydration of large river systems, and land degradation. The OSCE Vienna Economic and Ecological Forum regularly receives Kazakh delegations. This Forum attempts to solve the environmental issues at the top level, whereas other OSCE bodies activate environmental NGOs and environmental protection officials on the ground in Kazakhstan.

**Main events.** Though OSCE's growth after the fall of the USSR was rapid, the entrance of new member states turned out to be a difficult question for the organization's officials. Expanding OSCE raised a number of questions among some of the permanent member states. Some of those questions concerned potential Central Asian states' membership and participation: there was a feeling that the concept of 'European' security would lose meaning if Central Asian states were to join or gain the usage of veto rights in organizational decision-making. However, under pressure from other main powers, the OSCE member states agreed to include post-Soviet states in the organizational. As a result, all of the former USSR republics (excepting Georgia) were

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<sup>1</sup> Warkotsch, Alexander. The OSCE as an Agent of Socialization? International Norm Dynamics and Political Change in Central Asia. EUROPE-ASIA STUDIES, Vol. 59, No. 5, July 2007, 829 – 846.

added. Kazakhstan, among 10 other post-Soviet states, joined C/OSCE on January, 30, 1992. Following this event Kazakhstan signed the Helsinki Final Act of 1975 and on September 23, 1992 signed the *Paris Treaty of New Europe* (MFA official site).

As part of its operations in Kazakhstan, OSCE has promoted its own interests and controlled the implementation of its principles through various activities on Kazakhstan's territory. This process of implementation has included several key events: the establishment of an Ombudsman Institution, provided by the OSCE consultancy and aimed at the observation of Kazakhstan legislation (especially elections); the signing in 1994 of the "Memo on Kazakhstani security guarantees" at the Budapest summit. Furthermore, the organization has worked on the reformation of Kazakhstan's legal system in order to bring it closer to the organization's member states' judicial systems. OSCE has additionally organized seminars to increase women's participation in the political sphere. Since Kazakhstan was actively involved with OSCE activities in the 1990s, the organization needed a office in Kazakhstan and in 1998 a OSCE Center was opened in Almaty, where Ambassador I. Vikki was appointed as Head (source: MFA of RK official site). The OSCE Center in Almaty did not carry out any observational functions, but rather emphasized the organization's regional approach towards its main activity dimensions.

The events of 2001 in the USA notably affected the relations between Kazakhstan and OSCE, as well as the global system of international relations. September 11<sup>th</sup> and subsequent events pushed many countries to find new approaches and solutions in the security sphere. In this context the European, Eurasian and Asian organizations also responded to these challenges by adopting new strategies and structures on regional and global levels. In 2003 OSCE called the 12<sup>th</sup> meeting of its Ministerial Council, where the "OSCE Strategy to Address Threats to Security and Stability in the 21<sup>st</sup> Century" was adopted for the purpose of establishing a more effective international system of reaction to global threats. The Strategy mentions multi-vector reactions to the dangers of security and stability in the OSCE region. According to this Strategy, OSCE will focus on the comparable advantages that it holds over other organizations: knowledge, experience, and potential. OSCE will provide an effective range of cooperation strategies in coordination with other international participants to properly coordinate and combine strategies in order to fight potential dangers. From the Kazakhstani side, the creation of CICA in 1994 was probably an early sign of potential threats to regional and global security – but the real steps to affect this structure were undertaken only after 2001.

Amongst recent events related to Kazakhstani participation in OSCE there have been several important steps taken in all three OSCE dimensions. In 2007 a permanent OSCE Council meeting heard the speech of the Minister of Culture and Information of Kazakhstan, Y. Yertysbayev, on reorganization in the informational sphere of Kazakhstan. In 2007 OSCE developed a report on Parliamentary elections in Kazakhstan. During the Madrid OSCE session in 2007 discussions about Kazakhstani chairmanship of OSCE were held. Later on, the annual session of the OSCE was held in Astana with 500 delegates from all over the world, and was followed in 2009 by a visit of the ODIHR head J. Lenarcic to Kazakhstan. The July 2009 Seminar on Tolerance and Non-discrimination, the Hague extended seminar on the Kazakhstani model of inter-ethnic and inter-confessional accord should also be included in our list of OSCE initiatives in Kazakhstan.



**Kazakhstan and OSCE: Leadership in 2010.** Perhaps one of the major “marker years” for Kazakhstani-OSCE relations was the year of 2003, when the idea to nominate Kazakhstan as *chairman* of the organization in 2009 was first announced. This event encouraged Kazakhstan to organize and participate in many events organized by OSCE. For the period of 2007-2008 a large number of meetings and seminars on political and economic reforms, ecology, human rights, mass media, freedom of speech and culture were held in order to enhance democratic values in Kazakhstan (see table 2: *Source*: Ministry of Foreign Affairs’ official site). However, acceptance of Kazakhstan’s chairmanship of OSCE was not an easy process: there were many discussions made to weigh this initiative, some of which were based on the efficacy of human rights reforms in the country. A series of discussions, often critical, on this point were raised at the 15<sup>th</sup> Annual Session of the OSCE in Madrid in 2007. Some westerners disputed Kazakhstan’s nomination, stating that the Republic had “relatively weak democratic performance, comparing to Europe”,<sup>2</sup> while other independent political analysts claimed that OSCE had made a tactically correct decision, but doubted its strategic clarity.<sup>3</sup> After the Kazakhstani delegation to OSCE proposed Kazakhstan’s candidacy for OSCE chairmanship, it started actively lobbying for this initiative. In 2009 in Vienna K. Tokayev presented the president of Kazakhstan’s project, entitled “Path to Europe.” The project reflected a broad range of issues related to the improvement of OSCE as a whole. The following major points were touched on in this document:

- Efforts to create the conditions for the development of democratic institutions within OSCE;
- Development of the transit-transport potential of OSCE member states and Eurasian transport corridors;
- Preventing environmental degradation;
- Enhancing confidence measures and regional security, taking into account the contribution of Kazakhstan to preserving peace, security, and nuclear non-proliferation;
- Strengthening non-military dimension of security in OSCE activities, namely, counter terrorism, counter-extremism, the fight against organized crime, drug trafficking, human trafficking, smuggling and illegal immigration;
- Rehabilitation of Afghanistan (<http://portal.mfa.kz>)

As a result of its lobbying efforts, Kazakhstan became OSCE Chairman in January 2010.

### **Section III: Expectations, Challenges and Results of Chairmanship.**

According to analysts, Kazakhstan’s chairmanship of OSCE has brought with it both positive and challenging moments. In the context of prestige and international positioning, which can be considered as the ‘good’ side of the Chairmanship, the simple uniqueness of the event should be mentioned. Kazakhstan was the first Central Asian and Turkic state with large a Muslim population to receive such an honor as to lead OSCE. Furthermore, it is the first CIS state that

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<sup>2</sup> Gorst, Isabel and Stafen Wogstyl. **Kazakhs to be offered deal on chair of OSCE.** *Financial Times*, 148

<sup>3</sup> Quoted in The Economist: "The OSCE has won tactically, but lost strategically." London: [Dec 8, 2007](#). Vol. 385, Iss. 8558; pg. 68

became the organization's chairman (from <http://lenta.ru/news/2010/01/01/osce/>). The final acceptance of Kazakhstan as OSCE Chairman demonstrated the recognition of Kazakhstan's political stability, economic development, its ability to drive conflict resolution, and readiness to cooperate on security matters. For Kazakhstan, as foreign policy officials have stated, the OSCE "tribune" allowed Kazakhstan to "translate" its national interests on a high international level (M. Tazhin, 2008). Becoming the leader of the organization, Kazakhstan also tried to intensify its program "Path to Europe," and worked with European states on "softening" the visa regime for KZ citizens (ibid.).

What were the expectations of Kazakhstan's Chairmanship of OSCE? According to Kanat Saudabayev's speech, which the current Minister of Foreign Affairs of Kazakhstan delivered in Brussels on January 26<sup>th</sup>, 2010 during the Ministry Meeting of OSCE – EU, Kazakhstan intended to focus during its chairmanship on coordination and the formula of «4 'T's», which included *trust, traditions, transparency and tolerance*. (K. Saudabayev, 2010).



As Chairman, Kazakhstan was responsible for advancing the OSCE's three stated objectives:

Political-military The OSCE aims to enhance international commitments to mechanisms for conflict prevention and resolution, and promote security through transparency and cooperation.

Economic and environmental OSCE also identifies potential security threats arising from economic and environmental issues, and helps counteract them.

Human rights OSCE is committed to respecting human rights and freedoms, abiding by the rule of law and promoting democracy through building, strengthening, and protecting democratic institutions.

As an explicit condition for gaining US and broader Western support for its chairmanship bid in 2007, Kazakhstan promised to:

1. Protect the OSCE's human rights mandate, including the autonomy and remit of the Office for Democratic Institutions and Human Rights (ODIHR); and
2. Before the end of 2008, advance domestic democratic reforms by liberalising laws on elections, political parties, local government, and the media (source: Oxford Analytica Daily Brief Service).

Another of Kazakhstan's priorities for its chairmanship of OSCE was reinforcing the developing transit and transportation corridors linking Central Asian countries to one another and other OSCE members. Kazakhstan may also play a role in shaping the OSCE's new initiative launched at the Madrid summit – that which is aimed at curbing the trafficking of drugs, weapons, and people across the Afghan-Tajik border.

**Challenges of Chairmanship.** Besides the positive reception of Kazakhstan's chairmanship and the associated high expectations, there were some tasks and objectives that would ultimately challenge the Kazakhstani chairmanship of the organization. During a conference held in Almaty (Kazakh National University al-Farabi in 2008) about the OSCE chairmanship, some participants pointed out there were many issues left for Kazakhstan to cope with. Among the "difficult" things Kazakhstan would have face in 2010 the following were given particular emphasis:

- The "Corfu Process" issues (see box 2);
- Active and potential conflict zones,
- Specific attention for Afghanistan;
- The 35<sup>th</sup> Anniversary of OSCE;
- The 69<sup>th</sup> Anniversary of World War II Victory;
- A planned Conference of Tolerance in Astana in 2010;
- The OSCE Summit in Astana, 2010.

These challenges meant that the chairmanship would not be an easy task for Kazakhstan. Apart from organizational preparations that Kazakhstan was responsible for, some commentators expressed concern about the costs of the arrangements. MFA officials already admit that Kazakhstan entered the OSCE Chairmanship during one of the "most difficult periods in a global sense," in terms of the world economic crisis conditions and security challenges (M. Tazhin, 2009). These financial problems coincide with some internal and external factors around the organization itself. Inside the OSCE two groups have formed symbolically called "liberals" and "pragmatists." One group is interested in concentrating on the human dimension, whereas the other insists on the security dimension (understood to include European energy security). Moreover, the European security concept that was relevant 40 years ago – given the organization's welcoming of other, non-European states – may no longer be "European" any longer. The diversity of OSCE's membership further deepens this concern: there are five nuclear powers amongst the other state-members, which, in its turn, are the members of other regional and international organizations.

Even beyond these internal factors, there were many external issues that Kazakhstan had to consider seriously. A long "cold" period between Russia and the USA (possibly changing under the new administration of B. Obama), strengthened by harsh discussions around the placement of an American rocket system in Europe had recently created a certain distance between Russian and the USA in international structures. At the same time, the so-called "Russian factor" is significant for Kazakhstan, since Russia is one of the country's most important strategic partners and neighbors, not to mention that it strongly supported its OSCE chairmanship. Astana attained a collective mandate from CIS countries to protect their interests in OSCE, yet one of Russia's main concerns in relation to OSCE is a review of the functions and authority of the Organization for Democratic institutions and Human Rights (ODIHR). Russia has insisted that it should have

only an observatory and consultative level of authority. As chairman, Kazakhstan had to balance various interests, fulfilling its responsibilities and interests of its strategic partners at the same time.

**Activities of Kazakhstan as the OSCE Chair.** The events in 2010 Kyrgyzstan naturally took a large portion of attention and efforts of Kazakhstan as a chair of OSCE. Though for the purpose of domestic security maintaining, Kazakhstan closed its border with Kyrgyzstan during the crisis, on behalf of this organization several steps to prevent the further conflict escalation in Kyrgyzstan were undertaken. Among those are:

- a Special Envoy, Zhanybek Karibzhanov was sent to Kyrgyzstan, as well as a senior official of the Vienna-based OSCE Conflict Prevention Centre;
- the republic of Kazakhstan as the OSCE Chair provided a substantial humanitarian aid;
- It was proposed by the OSCE authorities to deploy an OSCE Police Advisory Group, to consist of 52 unarmed police officers to the southern parts of Kyrgyzstan (it was later agreed that a reduced mission with training mandate would be deployed in early 2011);
- Kazakhstan focused on promoting its own “model” of interethnic tolerance;
- Promotion of possible measures of stability in post-conflict period, such as advising to postpone the Kyrgyzstan’s effort towards the parliamentary form of government (Melvin, p.39).

Apart from the Kyrgyz problem, Kazakhstan focused on the problem of Nagorno-Karabakh conflict, and in this regard, one of the first activities of Kazakhstan as a chair of OSCE was the visit of the OSCE Minsk Group on Nagorno-Karabakh conflict solution to Astana on January 22, 2010. This group co-chairing by France, Russia and the United States met the OSCE Chairman-in-Office, Secretary of State K. Saudabayev.

One month later on February, 2010, K. Saudabayev addressed the U.S. Helsinki Commission, and met with U.S. National Security Advisor General James Jones, Under Secretary of State for Political Affairs William Burns and US Special Representative for Afghanistan and Pakistan Richard Holbrooke.

Working on the OSCE dimension on human rights, Kazakhstan organized the OSCE High-Level Conference on Tolerance and Non-discrimination in Astana on 29<sup>th</sup> and 30<sup>th</sup> of June, 2010. On a regular basis of the OSCE sessions, an informal meeting of OSCE Foreign Ministers, hosted by the OSCE Chairperson-in-Office held on 16 and 17 July, 2010 near Almaty.

Finally, an important Three-part Review Conference 2010 (Warsaw, Vienna, and Astana) was held on 30 September - 8 October, 2010. The Conference was documented in the “*Indicative Work Program for the Working Sessions of the 2010 Review Conference*”, reflecting the new approaches and position of OSCE in military-political, economic, environmental, and human dimensions included into the agenda of the Conference sessions. (<http://www.osce.org/cio/74003>)

**OSCE Summit in Astana.** By the decision of the Ministerial Council of the OSCE members it was agreed that the organization’s Summit would take place on December 1-2, 2010, in Astana, after hold that had lasted for eleven years.

One of the initial aims of the Summit, as defined by Kazakhstan’s authorities, was “the identification of strategic directions for OSCE development,” as well consideration of broader issues related to Euro-Atlantic and Eurasian security (<http://kaz-news.info/2010/08>). Many observers, however, emphasized the significance of the Summit in Astana within the context of Central Asian security challenges, especially in light of the sudden and dramatic events in Kyrgyzstan (in March 2010). The OSCE Summit agenda also included the following objectives:

- To overcome OSCE’s organizational crisis and revive its importance, as well as to widen the dimensions of the organization;
- To support the initiative of a nuclear-free declaration and its adoption;

- To support and use Kazakhstan's experience in the World Traditional Religions Congress for inter-confessional dialogue activities within a security framework.



While highlighting the importance of OSCE in a modern world struggling with a global economic crisis, drug-trafficking, territorial disputes, the Summit clearly revealed some moments of disagreement and dispute between member states. The conflicts in Georgia, between Armenia and Azerbaijan, in Afghanistan, and in Kyrgyzstan raised a high degree of polemical commentary on the part of experts during the Summit discussions. Moreover, it was proposed by several leaders to significantly reform and “recharge” the organization itself, in order to increase its effectiveness and response to both existing and potential challenges.

One of the final objectives of the OSCE Summit in Astana was the signing of the historical Astana Declaration “*Towards the Community of Security*”. The process of the document’s adoption, discussed, delayed, and belabored upon by OSCE members and experts, lasted for almost ten hours – but ended with the final version being ultimately signed and ratified.

### Questions for further discussion

1. What are the main dimensions (“baskets”) of the OSCE?
2. What were the interests and priorities of the Kazakhstani chairmanship of OSCE?
3. What challenges did the Republic of Kazakhstan face while chairing the OSCE?
4. What were the main aims and results of the OSCE Summit in Astana?

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### **Attachment 1.**

by Murat T. Laumulin  
**Perspective**

**Security and Stability in Central Asia: Central Asian**

#### CICA

.....The Conference on Interaction and Confidence Building Measures in Asia (CICA) is the initiative of Kazakhstan in international security sphere. Kazakhstan initiated convening the Conference on Interaction and Confidence Building Measures in Asia in 1992 . After 10 years we had held the first CICA summit in Almaty, in June 2002. The summit resulted in two documents: the Almaty Act and the CICA Declaration on Terrorism Elimination and Promotion

Dialogue Between Civilizations. This meeting marked the beginning of institutionalization process of the organization. And we think, that it has a great potential and future.

The idea of CICA convening was supported by 16 key Asian nations. Geographical area of CICA membership is quite wide. The total area of its members' territories is 38, 8 million sq. km. that is about 89 % of whole Asian region and 72 % of Eurasia. The population of member-states is more than 2,8 milliard, that is 45 % of world population. At present members of CICA are Azerbaijan, China, Egypt, India, Iran, Israel, Kazakhstan, Kyrgyzstan, Pakistan, Palestine, Russia, Tajikistan, Turkey, and Uzbekistan. Australia, Indonesia, Japan, Korea, Mongolia, Ukraine, USA, Lebanon, Vietnam, Thailand, Malaysia have observer status.

Within the framework of CICA, a considerable progress in coordination of positions on building mechanism for cooperation and security in the continent has been achieved for relatively short period. The main objective of CICA is to strengthen confidence between the states, to provide openness policy conducting, to promote interstate cooperation in security sphere, to ease tension in disputable border area, to support disarmament and ultimately to create effective security system in Asian continent.

The First CICA summit on June 2002 was the very important step in the Kazakh foreign policy. 16 Asian states signed two documents: The Almaty Act and Declaration on Struggle against Terrorism and Support for the Civilizations Dialog. The Summit took place in the difficult international and regional situation, which followed the antiterrorist operation in Afghanistan and Indo-Pakistani confrontation. Nevertheless, the CICA summit was successful for Kazakhstan's international reputation and reinforced the position of Kazakhstan in Asian, Eurasian and global affairs.

The main objective and thrust of the CICA will be to enhance co-operation through elaborating multilateral approaches towards promoting peace, security and stability in Asia. The Member States seek to promote regional and international security and stability, which will also contribute to peaceful settlement of existing and prevention of the emergence of new crisis situations and disputes. The Member States will prepare with mutual agreement a "CICA Catalogue of Confidence Building Measures" and proceed on a gradual basis for its implementation. The Catalogue, which will be regularly reviewed and further developed, may include, among others, measures in the military-political, economic and environmental, humanitarian and cultural spheres.

Source: <http://old.uib.kz/index.php?name=Pages&op=page&pid=35>

## Attachment 2. The Corfu Process

### **Organization for Security and Co-operation in Europe, Ministerial Council, Athens 2009 MINISTERIAL DECLARATION ON THE OSCE CORFU PROCESS: Reconfirm-Review-Reinvigorate Security and Co-operation from Vancouver to Vladivostok**

1. We, the Foreign Ministers of the 56 participating States of the Organization for Security and Co-operation in Europe, meet, for the second time this year after our informal meeting in Corfu, to mark the significant progress that we have achieved together since the reunification of Europe and the elimination of Europe's old divisions. We reconfirm that the vision of a free, democratic and more integrated OSCE area, from Vancouver to Vladivostok, free of dividing lines and zones with different levels of security remains a common goal, which we are determined to reach.
2. To achieve this goal, much work remains to be accomplished. We continue to be seriously concerned that the principles of the Helsinki Final Act and OSCE commitments are not fully respected and implemented; that the use of force has not ceased to be considered as an option in settling disputes; that the danger of conflicts between States has not been eliminated, and armed conflicts have occurred even in the last decades; that tensions still exist and many conflicts remain unresolved; that stalemates in conventional arms control, resolution of disagreements in

this field, resumption of full implementation of the CFE Treaty regime, and restoration of its viability require urgent concerted action by its States Parties; and that our common achievements in the fields of the rule of law, human rights and fundamental freedoms need to be fully safeguarded and further advanced. This is occurring at a time when new emerging transnational threats require, more than ever, common responses.

3. We recognize that these security challenges, further accentuated by the ongoing international financial and economic crisis, should be tackled with a renewed commitment to achieve results through multilateral dialogue and co-operation. At this stage, our highest priority remains to re-establish our trust and confidence, as well as to recapture the sense of common purpose that brought together our predecessors in Helsinki almost 35 years ago. In this context, we welcome the dialogue on the current and future challenges for security in the Euro-Atlantic and Eurasian area, initiated at the 2008 Helsinki Ministerial Council and launched by the Greek Chairmanship in June 2009 as the “Corfu Process”, aimed at achieving the aforementioned goals. We consider the first ever OSCE Informal Ministerial Meeting in Corfu, with broad participation, as a milestone in this process, where we expressed our political will to confront security challenges, in all three OSCE dimensions.

4. The Corfu Process has already improved the quality and contributed to the revitalization of our political dialogue in the OSCE on security and co-operation from Vancouver to Vladivostok. We are committed to continue and further develop this process, setting ambitious, concrete and pragmatic goals, while also focusing on the key issues identified in our work so far. The OSCE, due to its broad membership and its multidimensional approach to common, comprehensive, co-operative and indivisible security, provides the appropriate forum for this dialogue. We welcome the valuable contributions of all relevant organizations and institutions dealing with security, on the basis of the Platform for Co-operative Security.

5. The dialogue within the Corfu Process will be grounded in the OSCE and in the principles of equality, partnership, co-operation, inclusiveness and transparency. It will aim at addressing disagreements openly, honestly and in an unbiased manner, acknowledging our diversities and concerns, in a spirit of mutual respect and understanding. It will build on three basic guidelines: (a) Adherence to the concept of comprehensive, co-operative and indivisible security, as enshrined in the OSCE fundamental documents; (b) Compliance with OSCE norms, principles and commitments in all three OSCE dimensions, in full and in good faith, and in a consistent manner by all; (c) Determination to strengthen partnership and co-operation in the OSCE area, as well as to enhance the effectiveness of the OSCE and its contribution to security in our common space.

6. The Corfu Process will be taken forward by our Permanent Representatives to the OSCE in Vienna, in accordance with the decision we are adopting today. We remain committed to provide strong political impetus to the Corfu Process, and we are looking forward to reassessing its progress in 2010, in the format and level that we will deem appropriate, taking into consideration the results we achieve.

7. We welcome Kazakhstan in the 2010 OSCE Chairmanship, the first ever to be exercised by a Central Asian OSCE participating State. We note with interest its proposal to hold an OSCE summit in 2010. We point out that such a high-level meeting would require adequate preparation in terms of substance and modalities.

Source:

[http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/afet/dv/201/201006/20100622\\_corfuprocess\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/afet/dv/201/201006/20100622_corfuprocess_en.pdf)

## Chapter 4

# Kazakhstan: Natural Resources and Foreign Policy

Kristopher White

**Key terms:** Natural resources, renewable natural resources, non-renewable natural resources, point resources, diffuse resources, ecosystem services, crude oil, natural gas, uranium, Caspian Sea, proved reserves



## Khan Tengri

Photo source: Asia Outdoor

<http://www.asiaoutdoor.com/content/blogcategory/67/116/lang.en/>



## Kazakhstan Oil Rig

Photo source: Terra Daily

[http://www.terradaily.com/reports/Kazakh\\_pipeline\\_begins\\_delivering\\_oil\\_to\\_China.html](http://www.terradaily.com/reports/Kazakh_pipeline_begins_delivering_oil_to_China.html)



## Snow Leopard

Photo source: Snow Leopard Trust

<http://www.snowleopard.org/about/contactus>



**Aktau, Kazakhstan: Caspian Sea**

Photo source: Kristopher D. White



**Near Aralsk, Kazakhstan: former Aral Sea**

Photo source: Kristopher D. White

## **Introduction**

The Republic of Kazakhstan, a former Soviet republic that gained its independence following the collapse of the USSR in 1991, has a history closely linked to its natural resources. Nomadic pastoralists migrated in sync with seasonal changes sustaining their livelihoods on the steppe grasslands, Soviet planners instituted the Virgin Lands program to increase USSR wheat production, and the Aral Sea basin became one of the most important cotton producing regions in the world. Kazakhstan is large (the 9<sup>th</sup> largest state in the world in area) and is endowed today with a wealth of natural resources. If we consider a natural resource to include anything occurring in the natural environment that is of use to humans, then a partial list of Kazakhstan's key natural resources (some of which are seen in the preceding photographs) would include its mountains, steppe, air, water, mineral deposits (such as uranium or copper), fossil fuel deposits (including its most profitable, oil), wildlife resources (like the endangered snow leopard), and even specific water bodies like the Caspian Sea (the site of large petroleum deposits as well as habitat for caviar-producing beluga sturgeon). Natural resources in Kazakhstan represent an important part of the state economy, and have been vital to its relative economic success within the Central Asia region. The main goals of Kazakhstan's foreign policy (as explicitly stated on the website of its embassy to the United States) include protection of national interests, providing beneficial conditions for economic development, and contributing to global and regional security (Kazakhstan Embassy to the US, 2011). As will be discussed in this chapter, natural resources in Kazakhstan play an important role in furthering these foreign policy objectives. This chapter will next discuss a definition and classification for natural resources in general, will continue with a description of the most important (economically and politically) natural resources in Kazakhstan, and will address the relationship between these resources and Kazakhstan's foreign policy objectives. Key terms, discussion questions, and a bibliography will also be provided.

## **Natural Resources**

Natural resources can be defined as “any property of the physical environment, such as minerals or natural vegetation, which is exploited by humans” (Mayhew, 2010, p. 342). Here, the issue of exploitation might tend to imply economically viable resources, though ubiquitous (and ‘free’) natural resources like air and sunlight may in fact be the most valuable as life could not exist without them. Air, water, sunlight, and food would form the basic natural resources necessary for human life, while those used to provide housing (construction materials), clothing (cotton, leather, silk, and other natural materials), and energy (to power factories, modes of transportation and communications systems) are also of great importance. Some natural resources, like each of the countless number of flora and fauna species in the world, may not be directly exploited by humans. The earthworm, for instance, is not a source of food or energy for most humans (most of us don’t eat earthworms) though this species plays a vital role in creating nutrient-rich soil so important for agricultural production (Werner and Bugg, 1990). The plants and animals that we don’t directly ‘exploit’ by eating them or harvesting their hides or leaves, are still natural resources as humans need the ecosystem services provided by them that ensure a healthy global environment (Wilson, 1992).

Natural resources are classified in a number of different ways, though the most important might relate to their likelihood of sustainability into the future. Nonrenewable resources are those that exist in finite amounts in the Earth’s crust and cannot be regenerated naturally. The examples of nonrenewable natural resources are numerous, and include any of the fossil fuels (oil, natural gas, coal) or minerals (silver, gold, uranium, silicon) important to today’s global economy. Renewable natural resources are those that can replenish themselves, though this does not mean that they are not exhaustible. Trees within the Amazon rainforest in Brazil, for instance, are renewable natural resources as seeds are pollinated, producing small saplings that grow, eventually, into large trees. Such renewable resources can, in fact, become nonrenewable if the rate of human exploitation exceeds the rate of natural regeneration. Clear-cutting in the

Amazon rainforest, harvesting the trees for their timber, has decimated much of the rainforest, leading to soil erosion and destruction of ecosystem services (most notably perhaps, the trees' role in producing oxygen). The beluga sturgeon is another example of a renewable resource on the verge of becoming nonrenewable. While these fish, like all others, reproduce naturally, human demand for Caspian Sea caviar has resulted in drastic overfishing and declines in beluga populations, leading to the specie being listed as endangered by the United States in 2006 (University of Miami Rosensteil School of Marine and Atmospheric Science, 2008).

Natural resources can also be classified with respect to their locations and geographical distributions. In this sense, resources can be considered point or diffuse (Lujala, 2003). Diffuse resources cover large areas of the surface of the earth, typically enabling many countries to access them. Rainforests or the world's oceans are good examples of diffuse resources. Point resources, like specific mineral deposits or locations of petroleum reservoirs, are highly localized. Such natural resources are located in certain places in the Earth's crust, meaning that some countries happen to have access to these resources while many do not. Perhaps the most geopolitically important point resource would be petroleum (which includes both oil and natural gas). Petroleum reserves are highly localized, largely within the so-called Middle East. Given the importance of oil to the world economy, these particular locations have high strategic value as the industrialized world (and rapidly industrializing places like China and India) needs a stable, uninterrupted supply of oil. As discussed below, Kazakhstan is an important supplier of oil (a nonrenewable, highly localized point resource), particularly given its relative stability and lack of Islamic extremism typical of many of the world's top oil suppliers.

### **Natural Resources in Kazakhstan**

Kazakhstan, as previously described, is well endowed with natural resources. The world's ninth-largest country in area (2,794,900 square km) (US CIA, 2011), Kazakhstan's boundaries encircle a large portion of the Earth's surface, leading to a large potential resource endowment. Kazakhstan has sizeable deposits of oil, natural gas, uranium, coal, iron ore, gold,

chrome ore (chromium), manganese, cobalt, nickel, copper, lead, zinc, and bauxite (US CIA, 2011). Additional important natural resources in Kazakhstan include the Caspian Sea, the northern portion of the Aral Sea and one of its feeder rivers the Syr Darya, its vast steppe landscape, and dramatic mountain ranges (including the Tien Shan, providing habitat for the endangered snow leopard). Each of these resources, if they are traded or for which Kazakhstan has entered some sort of international agreement, would impact foreign policy to some extent. As argued in this chapter, however, the most influential natural resources in terms of foreign policy for Kazakhstan seem to be oil, natural gas, uranium, and the Caspian Sea. In turn these resources make Kazakhstan a strategic player in global, continental, and regional economic and political dealings.

### *Oil*

Over the course of the past century, the most geopolitically significant natural resource has been crude oil and its associated refined products. As a source of energy, oil (refined into gasoline, diesel, jet fuel, or kerosene) powers entire industries and nearly all modes of transportation. Crude oil is also an important input into the manufacture of the fertilizers that enable high-yield agricultural production. In addition, oil “also provides the plastics and chemicals that are the bricks and mortar of contemporary civilization, a civilization that would collapse if the world’s oil wells suddenly went dry” (Yergin, 1992, p. 15). Clearly then, oil is a natural resource with tremendous economic and political significance. As a nonrenewable point resource, it is likely that this significance will increase over the coming decades, with greater global competition for remaining reserves (and locations of reserves) also increasing the likelihood of international conflicts for its control and access. Under these conditions, Kazakhstan appears very well positioned (economically and politically) as a major world producer and exporter and home to large proved reserves of oil.

Today, Kazakhstan is among the world’s leading producers (**Table 1**) and exporters (**Table 2**) of crude oil. Ranked 18<sup>th</sup> in the world in each category, Kazakhstan’s production and

export of oil solidify its global economic and geopolitical importance. With a comparatively small population (ranked 64<sup>th</sup> in the world) and correspondingly small domestic market, Kazakhstan exports (1.3 million barrels per day)

**Table 1: Oil Production\***

World Rank	Country	Barrels per day
1	Russia	10,120,000
2	Saudi Arabia	9,764,000
3	United States	9,056,000
4	Iran	4,172,000
5	China	3,991,000
6	Canada	3,289,000
7	Mexico	3,001,000
8	United Arab Emirates	2,798,000
9	Brazil	2,572,000
10	Kuwait	2,494,000
11	Venezuela	2,472,000
12	Iraq	2,399,000
13	Norway	2,350,000
14	Nigeria	2,211,000
15	Algeria	2,125,000
16	Angola	1,948,000
17	Libya	1,790,000
<b>18</b>	<b>Kazakhstan</b>	<b>1,540,000</b>
19	United Kingdom	1,502,000
20	Qatar	1,213,000

\*Data source: CIA World Factbook, 2011

<https://www.cia.gov/library/publications/the-world-factbook>

a large proportion of the oil it produces (1.5 million barrels per day). Of particular interest here is the fact that Kazakhstan's production and export of oil rank it above (in each category) two members of the Organization of the Petroleum Exporting Countries (OPEC), Qatar and Ecuador. Kazakhstan's oil production comes primarily from five onshore oil fields in the west near the Caspian Sea, particularly the Tengiz field (Kazakhstan's largest currently operating field), and the additional fields Karachaganak, Aktobe, Mangistau, and Uzen (US Dept. of Energy, 2011). The Tengiz, one of the world's largest oil fields, currently produces close to one million barrels

per day, though its potential of two million barrels per day has yet to be reached, primarily the result of a shortage of pipeline capacity to export this field's oil (Kramer, 2010).

**Table 2: Oil Exports\***

World Rank	Country	Barrels per day
1	Saudi Arabia	8,728,000
2	Russia	5,430,000
3	United Arab Emirates	2,700,000
4	Iran	2,400,000
5	Kuwait	2,349,000
6	Nigeria	2,327,000
7	Venezuela	2,182,000
8	Norway	2,150,000
9	Canada	2,001,000
10	Iraq	1,910,000
11	Algeria	1,891,000
12	United States	1,704,000
13	Netherlands	1,660,000
14	Libya	1,542,000
15	Angola	1,407,000
16	United Kingdom	1,393,000
17	Singapore	1,374,000
<b>18</b>	<b>Kazakhstan</b>	<b>1,345,000</b>
19	Mexico	1,225,000
20	S. Korea	907,100

\*Data source: CIA World Factbook, 2011

<https://www.cia.gov/library/publications/the-world-factbook>

With respect to oil exports (and in fact all exports), one important constraint for Kazakhstan is its landlocked location. Surrounded by other states (Russia, China, Kyrgyzstan, Uzbekistan, and Turkmenistan) and the inland Caspian Sea, Kazakhstan must rely on another state's port facilities to export its sizeable oil production. The one viable alternative to shipping oil for Kazakhstan is the use of pipelines, which currently connect Kazakhstan to China, Russia, and points west through Azerbaijan, Georgia, and Turkey. Most of Kazakhstan's oil is exported through pipelines, with the most important (for European and North American markets as this pipeline bypasses Russia) perhaps being the BTC (Baku-Tbilisi-Ceyhan) pipeline, running from Azerbaijan, through Georgia, to Turkey on the Mediterranean Coast. Other export routes for

Kazakhstan's oil include a pipeline east to China, the Atyrau-Samara pipeline into Russia, and a combination of tanker and rail transport to Batumi, Georgia on the Black Sea (US Dept. of Energy, 2011).

While Kazakhstan today is among the world leaders in oil production and exports, its true geopolitical and global economic significance with respect to oil becomes apparent in its predicted future production (and export) of oil, exemplified through its proved reserves (**Table 3**). Proved reserves are those identified quantities of oil,

**Table 3: Oil, Proved Reserves\***

World Rank	Country	Barrels (billions)
1.	Saudi Arabia	264.6
2.	Canada	175.2
3.	Iran	137.6
4.	Iraq	115.0
5.	Kuwait	104.0
6.	United Arab Emirates	97.8
7.	Venezuela	97.7
8.	Russia	74.2
9.	Libya	47.0
10.	Nigeria	37.5
<b>11.</b>	<b>Kazakhstan</b>	<b>30.0</b>
12.	Qatar	25.4
13.	China	20.3
14.	United States	19.1
15.	Angola	13.5

\*Data source: CIA World Factbook, 2011  
<https://www.cia.gov/library/publications/the-world-factbook>

realistically recoverable given current technology and market conditions. Kazakhstan's proved reserves rank it 11<sup>th</sup> in the world, higher even than four members of OPEC (Qatar, Angola, Algeria, and Ecuador). A large portion of Kazakhstan's oil reserves are thought to lay in the Caspian's Kashagan field, believed to be the world's largest oil field outside the Middle East (US Dept. of Energy, 2011). Production has not yet begun on the Kashagan, much to the dismay of the multiple foreign oil companies (Eni, Shell, ExxonMobil, Total, ConocoPhillips, and Inpex) involved in its development (Roberts, 2011). Originally slated for a 2005 startup,

Kashagan drilling has now been pushed back to late 2013, as development costs have greatly exceeded expectations, primarily the result of the oil's high sulfur content, high pressure natural gas in the deposit, and the heightened expense of platforms able to withstand the extreme climatic conditions of the northern Caspian (US Dept. of Energy, 2011).

### *Natural Gas*

Natural gas is an important source of energy and is a much cleaner burning fuel than other fossil fuels like oil (and its refined products) or coal. Natural gas is widely used for home heating, cooling, and cooking, and serves as an industrial input for many plastics, fertilizer, anti-freeze, synthetic fabrics, and pharmaceutical products (NaturalGas.org, 2011). Natural gas deposits are often found in close proximity to (and often part of) oil deposits, and those countries with large oil reserves also tend to have large natural gas reserves. Kazakhstan currently ranks 23<sup>rd</sup> in the world with respect to natural gas production (**Table 4**), just below Pakistan and above

**Table 4: Natural Gas Production\***

World Rank	Country	Billion m <sup>3</sup>
1	United States	593.4
2	Russia	583.6
3	Iran	200.0
4	Canada	161.3
5	Norway	103.5
6	Algeria	86.5
7	Indonesia	85.7
8	China	82.9
9	Netherlands	79.6
10	Saudi Arabia	77.1
11	Qatar	77.0
12	Uzbekistan	67.6
13	Egypt	62.7
14	Mexico	60.4
15	United Kingdom	58.6
16	Malaysia	57.3
17	United Arab Emirates	50.2
18	Australia	42.3
19	Argentina	41.4
20	Trinidad and Tobago	39.3
21	India	38.7
22	Pakistan	37.5
<b>23</b>	<b>Kazakhstan</b>	<b>35.6</b>
24	Turkmenistan	34.0
25	Nigeria	32.8

\*Data source: CIA World Factbook, 2011

<https://www.cia.gov/library/publications/the-world-factbook>

Central Asian neighbor Turkmenistan and OPEC member Nigeria. As is the case with oil, Kazakhstan's geopolitical importance with respect to natural gas is based partly on its current production, though perhaps more a result of its projected future production as expressed in its proved reserves of natural gas (**Table 5**). Kazakhstan is ranked 15<sup>th</sup> in the world in proved reserves, above many of the current top producers of natural gas (including, for instance, Canada, Uzbekistan, and Norway). One of the interesting aspects of natural gas production, export, and consumption in Kazakhstan revolves around the country's sheer size, and the great distances between locations of extraction of natural gas (the

**Table 5: Natural Gas Proved Reserves\***

World Rank	Country	Trillion m <sup>3</sup>
1	Russia	47.57
2	Iran	29.61
3	Qatar	25.47
4	Turkmenistan	7.50
5	Saudi Arabia	7.46
6	United States	6.93
7	United Arab Emirates	6.07
8	Nigeria	5.25
9	Venezuela	4.98
10	Algeria	4.50
11	Iraq	3.17
12	Australia	3.11
13	China	3.03
14	Indonesia	3.00
<b>15</b>	<b>Kazakhstan</b>	<b>2.41</b>
16	Malaysia	2.35
17	Norway	2.31
18	Uzbekistan	1.84
19	Kuwait	1.80
20	Canada	1.75

\*Data source: CIA World Factbook, 2011

<https://www.cia.gov/library/publications/the-world-factbook>

Karachaganak and Tengiz fields in the west are Kazakhstan's major natural gas deposits) and major consumption regions near Almaty and Shymkent. Given the lack of domestic (internal)

gas pipelines connecting western regions with southern and southeastern regions, Almaty and Shymkent import much of their natural gas from Uzbekistan (US Dept. of Energy, 2011).

### *Uranium*

In similar fashion to oil and natural gas, uranium is an important source of energy in the world today. The heaviest naturally-occurring element on Earth, uranium is currently used in nuclear power stations, harnessing the tremendous energy released by the splitting of its atoms (World-nuclear.org, 2011). Nuclear powered energy is seen as a clean alternative to the burning of fossil fuels and demand for uranium is expected to increase greatly in the coming decades – leading Kazakhstan president Nazarbaev to call uranium as strategic a resource as oil for Kazakhstan (Pan, 2010). The strategic nature of uranium for Kazakhstan, of course, comes from this country’s global ranking in terms of uranium production (**Table 6**) and uranium reserves (**Table 7**). Kazakhstan is currently

**Table 6: Uranium Production\***

World Rank	Country	Tons, 2009
<b>1</b>	<b>Kazakhstan</b>	<b>14,020</b>
2	Canada	10,173
3	Australia	7,982
4	Namibia	4,626
5	Russia	3,564
6	Niger	3,243
7	Uzbekistan	2,429
8	United States	1,453
9	Ukraine	840
10	China	750

\*Data source: World Nuclear Association, 2011  
<http://www.world-nuclear.org/info/inf23.html>

the world’s leading uranium producer (by quite a wide margin), and its reserves rank it second in the world behind Australia. Kazakhstan’s uranium is an important raw material for the 439 nuclear power stations in operation today around the world, and will be an important input for

China's planned construction of 23 new reactors (Paxton, 2010). On a cautionary note, the current nuclear crisis in Japan seems to have raised global concerns regarding nuclear power.

**Table 7: Uranium Reserves\***

World Rank	Country	Tons
1	Australia	1,673,000
<b>2</b>	<b>Kazakhstan</b>	<b>651,000</b>
3	Canada	485,000
4	Russia	480,000
5	South Africa	295,000
6	Namibia	284,000
7	Brazil	279,000
8	Niger	272,000
9	United States	207,000
10	China	171,000

\*Data source: World Nuclear Association, 2011  
<http://www.world-nuclear.org/info/inf75.html>

The March 11, 2011 earthquake and tsunami that struck Japan killed more than 25,000 people, caused enormous structural damage, and caused a meltdown at the Fukushima nuclear power stations, leading to radiation leaks (Schlein, 2011). While many countries have begun to review their nuclear power policies, the impact of this particular crisis (in combination with the 1986 Chernobyl disaster) on future demand for uranium is unclear. Despite the aforementioned crises, nuclear generated power is an efficient and less polluting (in terms of greenhouse gas emissions) form of energy than the burning of fossil fuels. If current plans to complete construction of nuclear power plants around the world, and particularly in China, proceed, Kazakhstan is well positioned to satisfy demand for uranium.

### *The Caspian Sea*

The Caspian Sea, the world's largest inland body of water, is an important natural resource bounded by five states – Russia, Kazakhstan, Turkmenistan, Iran, and Azerbaijan. As a large water body, the Caspian serves important functions in moderating the region's climate and

in its evaporative contribution to the regional hydrologic cycle. In addition, the Caspian functions as a unique ecosystem, providing habitat for the Caspian seal, found nowhere else on Earth, and many unique fish species including the many sturgeon species from which Caspian caviar is extracted. Increased industrial pollution and sewage effluent into the Caspian is thought to have been responsible for sharp decreases in the population of the Caspian seal, and these factors combined with overfishing have resulted in declines in sturgeon populations as well (Zeinolabedin *et al.*, 2009). While the Caspian has tremendous ecological value providing important ecological services, the current controversy over delimiting (drawing boundaries) the sea stems from the large deposits of petroleum (oil and natural gas) thought to exist below its seabed. The main point of contention among the Caspian's bordering states revolves around the water body's legal status, that of a sea or of a lake. If the Caspian is defined as a lake, then the five states would share equally (i.e. 20% for each of the five states) the resources and revenue extracted. On the other hand, if the Caspian is legally defined as a sea, then each state would have full rights to the resources in its particular sector. Following the first summit meeting between the presidents of Russia, Kazakhstan, Turkmenistan, Iran, and Azerbaijan in 2002, frustration and tension mounted over the division of the Caspian and its resources, described by one observer as likely to escalate into military conflict (Haghayeghi, 2003). The most recent summit meeting of the presidents of the five Caspian states, occurring in November 2010, also failed to resolve the sea's legal status (Pannier, 2010).

#### *Foreign Policy Implications for Kazakhstan's Natural Resources*

As discussed in the previous section, Kazakhstan is among the world's most important states with respect to the supply of key energy resources (oil, natural gas, and uranium). In addition, Kazakhstan's border with the Caspian Sea makes it a key player in the ongoing dispute regarding the legal status and delimitation of the Caspian and its resources. The primary objectives of Kazakhstan's foreign policy include the protection of national interests, the provision of conditions favorable to political and economic development, the development of

cooperation with leading states and regions, the improvement of international cooperation, the advancement of regional and global security, the involvement in regional and global integration, the promotion of democracy, and the protection of the natural environment and sustainable development (Kazakhstan Embassy to the United States, 2011). Kazakhstan's natural resources, as outlined in this chapter, seem particularly suitable for furthering many of these foreign policy objectives. The first clear relationship between natural resources and foreign policy for Kazakhstan relates to the closely linked national interests and economic development. Largely (though not entirely as Kazakhstan has pursued numerous positive economic reform measures since its independence in 1991) resulting from revenue generated by its oil exports, Kazakhstan boasts the highest levels of economic development and *per capita* GDP within Central Asia. Kazakhstan's commitment to regional and global security, its cooperation with international organizations, and its political and economic development seem, at least in part, to have resulted in its 2010 chairmanship of the Organization for Security and Co-operation in Europe (OSCE). It is also quite likely that another important consideration in Kazakhstan's OSCE chairmanship was its endowment of energy resources coveted by Europe (Kudabayeva, 2010).

Kazakhstan's natural resource endowment, particularly its energy resources (oil, natural gas, and uranium), places this former Soviet republic in a favorable position with respect to foreign affairs. A quick glance at the countries containing the greatest reserves of oil, for instance, validates this point. For European countries and the United States in particular, Kazakhstan is among the most stable and attractive future sources of oil. Comparing the top 15 countries in proved reserves of oil, Kazakhstan is arguably the second-most attractive source after Canada. Each of the other major oil reserve states is located in the volatile Middle East region, is beset by instability (Iraq, Libya, Nigeria, Angola), or has a tenuous relationship with the West (Iran, Venezuela, Russia, and China). Beyond oil, Kazakhstan is also a major global supplier of natural gas and the world's leading producer of uranium. As a result, Kazakhstan will retain its tremendous global geopolitical importance will into the future.

## Discussion questions

1. Much has been written and discussed about the potential contribution of fossil fuel emissions to global climate change. How will the global response to global warming impact Kazakhstan's economy?
2. Do you think the current nuclear crisis in Japan will impact Kazakhstan's economy? Why or why not?
3. How does a renewable natural resource become non-renewable?
4. Kazakhstan's large area (9<sup>th</sup> in the world) has both benefits and drawbacks. Discuss the positive and negative aspects of this large size in relation to Kazakhstan's natural resources.
5. In terms of foreign policy, what is the most important natural resource for Kazakhstan? Will this importance change in the future? Why or why not?

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## Chapter 5

### Kazakhstan - United States Relations

Scott Spehr

**Key Chapter concepts:** Nonproliferation, Oil and investment, Offset influence of Russia and China, Restructuring the bureaucracy and the private sector, Domestic and regional stability, Democracy promotion and strengthening civil society, Corruption



USA

Kazakhstan

Size - 9.83 million km<sup>2</sup> (3)

Size- 2.72 million km<sup>2</sup> (9)

Population - 308 million (3)

Population - 16.004,800

GDP - \$14.3 trillion (1)

GDP – \$129.8 Billion



## **Introduction**

Kazakhstan's relations with the United States reflect the overriding basic principle governing foreign relations for the country – the notion of balance. This is reflected in the terminology frequently employed to describe this approach: “multi-vectored” or “multi-dimensional” foreign policy.

In terms of the fundamental aims of this approach Kazakhstan seeks to maintain maximum independence, guard its sovereignty and optimize leverage for interaction with outside agents. This is most apparent in regard to its ability to develop and profit from its energy sector, as well as the exploitation of its other mineral resources and its agricultural potential.

The most obvious threat to Kazakhstan's ability to maintain its autonomy is geographic. It shares long borders with two far more powerful countries, Russia and China. The former has dominated and controlled the region historically, while the latter has ambitions to extend its growing influence in the region and desires access to the energy resources Kazakhstan possesses in such abundance. Neither border is defensible in strictly military terms. Therefore relations must be pursued on the basis of mutual self-interest and cooperative interaction.

Kazakhstan's relations with the United States are based fundamentally on this reality. Like the modest ties between Kazakhstan and the EU and its constituent parts, relations with Washington are a means to an end – not least of which is the ability to offset the influence of and pressure applied by its gigantic neighbors. What are the particular conditions which shape this strategy?

## **Russian Hegemony**

Among all the actors with whom Kazakhstan has to contend in regard to its foreign relations, Russia is “first among equals.” That is, its interests must be taken into account by Kazakh decision-makers (i.e., President Nazarbayev), when pursuing not only foreign but also domestic policy. As the former colonial power, as a world power, and as a country which shares a 7,591 kilometer-long border with Kazakhstan, Russia takes a keen interest in events and policies in that country. Russia's rivalries with the United States and China shape Russian demands for

limitations on political penetration of Kazakhstan by these powers, and its leverage in the region means these demands must be addressed.

Nevertheless, President Nazarbayev has been described as playing the balance of power game involving Kazakhstan and the three superpowers “with brio” not the least because Kazakhstan has the resources (literally) to pull this off (Genté, 2010).

### **Chinese Interest**

China’s interest in Kazakhstan is generated primarily by its growing need for energy. China’s spectacular economic growth has resulted in a gradual depletion of its oil reserves, and demand has for some time now exceeded domestic production. Demand is expected to grow considerably in the future and China’s coal-dependent industries are seen as major contributors to environmental degradation, both at home and abroad. Petroleum is seen as a crucial factor in its continuing development, and its export dominated industrial sector has provided it with the financial resources to invest in countries where this commodity can be secured. Given their priorities and geographic proximity, Kazakhstan and China’s relations take on a symbiotic dimension. That is, Kazakhstan wishes to diversify its primary foreign relations and markets for its products, (while not becoming “little more than a supply base for China’s natural resources” – Central Asia’s Affairs 4/2006) and China wishes to secure access to energy resources and other strategic minerals. The pipeline completed in 2005 to transport Kazakh oil to China is reflective of this.

### **Other Actors**

The significance of Russia and China in the formation of Kazakhstan’s foreign relations should not cause one to ignore relations with others, nor should the significance of energy resources and other natural resources blind one to the need for a more balanced basis for economic development and how such a need can influence Kazakhstan’s relations with other states. In keeping with the overall “multi-vectored” approach to foreign policy, Kazakhstan has pursued ties with the European Union and many of the individual states within the union, and with other

states with well-developed economies capable of aid or investment in the Kazakh economy such as Japan, and those with growing economies and civilizational ties (however tenuous) to the region, such as Turkey. Furthermore, despite ongoing schemes (compatible with the “multi-vector” approach), for economic integration with Russia and Belarus, the reality of the CIS, participation in the Shanghai Cooperation Organization (SCO), and on-paper designs for economic and political ties to Europe, the construction of a union of Central Asian states is “the only regional integration effort that [president] Nazarbayev truly supports” (Blank, 2005). Thus relations with the rest of Central Asia are seen as crucial to Kazakhstan’s security needs and economic development.

### **The Role of the United States in Kazakhstan’s Foreign Policy**

In the immediate aftermath of the collapse of the Soviet Union Kazakhstan was faced with a host of problems, not least of which were the economic crisis brought about by the disintegration of the Soviet Union and its system allocating specific economic roles to the particular republics, and the necessity of providing for the basics of national security. In this context, American aid and support were viewed as crucial to its survival as a viable independent country. The decision to give up those Soviet-era nuclear weapons located on Kazakh territory (Kazakhstan was for a brief time a leading nuclear power), was reflective of the desire of Kazakhstan to court the great powers, especially the United States, and to turn the situation to its advantage, in terms of attracting aid and investment in return for relinquishing those weapons. Indeed, non-proliferation remains a key pillar of Kazakhstan’s foreign policy, provides it with an issue that lends it prestige and a degree of prominence in the international arena, and serves as a nexus of interaction with the United States.

However, in the last decade the significance of close relations with Washington has waned. In some respects, it is now the Americans who have a vested interest in good relations with Kazakhstan, both as a major supplier of oil to the global market (a role forecast to grow

significantly in the future), and as a strategically located country bordering on its great-power rivals Russia and China and the troubled regions further south.

### **The Bases of Interaction – Cooperation and Conflict**

The relationship between Astana and Washington is one marked by general cooperation, yet serious obstacles to a completely harmonious relationship are ever-present. In terms of cooperation or a harmony of interests, nonproliferation, oil and gas sector development, limiting the influence of Russia and China in the internal affairs of Kazakhstan, regional stability, including the combating of terrorism, the drug trade and organized transnational crime, and technical development of the state apparatus and market reforms in the private sector are key. Yet in the fields of democracy development, the promotion of human rights and the fight against corruption serious disagreement is never far below the surface.

Kazakhstan and the United States both have an interest in developing Kazakh ability to locate, extract and transport oil and gas to world markets. Kazakhstan and the United States also share an interest in establishing pipelines for the transport of Kazakh energy resources that bypass Russian territory. The proposed trans-Caspian oil pipeline that would link with the Baku-Tbilisi-Ceyhan pipeline is illustrative of this.

Kazakhstan needs Western expertise in developing its energy sector, and the giant multi-national oil companies, some centered in the United States, are eager to provide it. Lucrative contracts for these companies to explore and extract this strategic resource have been a mainstay of efforts to exploit Kazakhstan's reserves both on land and offshore in the Caspian Sea. American interests in a robust role for American-based companies in this project are considerable. The Kazakhstani government on the other hand, has fluctuated between promoting an expansive role for these multi-nationals and emphasizing domestic industries' interests in the oil and gas sector. One source of conflict has been the charge made by foreign companies regarding what they believe is the inconsistent manner in which contractual obligations are recognized and honored by the

Kazakhstani government. Following the world economic crisis and the slowdown in exploration and extraction that resulted, a *laissez-faire* attitude marked the policy of the central government *vis-à-vis* the multi-nationals. Once the sector began to recover however, government control once again stiffened. But problems of this sort should not be exaggerated. In general the climate for investment is seen as relatively good by foreign investors. This reflects the progress that has been made in developing a market-based economy and a legal climate that protects investment - a clear indication of Kazakhstan's desire to promote foreign investment and integrate into the global economy. Indeed, Kazakhstan appears to be on the verge of becoming a member of the WTO and is seen as a leader in market reform among former republics of the Soviet Union (Gleason, 41-42).

In regard to the issue of the spread of nuclear weapons, the interests of Astana and Washington also coincide. Kazakhstan has a keen interest in this issue because of its unfortunate history in regard to these weapons. During the Cold War the republic's territory was the locus of above-ground testing of nuclear devices, with the subsequent contamination of large areas with radioactive fallout. The environmental and health repercussions of these tests are still evident in Kazakhstan today. When the Soviet system disintegrated and Kazakhstan emerged as an independent country, it found itself in possession of a considerable part of the Soviet nuclear arsenal. Its voluntary relinquishing of these weapons solidified its reputation as a serious opponent of nuclear proliferation. Astana has used this issue to propel it to a position of prominence in the global effort to combat the spread of these weapons and the technology necessary to produce them. Washington's fears of such weaponry or enabling technology falling into the hands of Muslim extremists has established non-proliferation as an important part of Astana's efforts to ground the vector of U.S.-Kazakh relations.

A related issue is that of domestic and regional stability. The primary impediments to stability are seen in Astana as the spread of Islamic radicalism, ethnic conflict, and poverty and economic underdevelopment. The "war on terror" raised the profile of Central Asia for the United States,

given its geographic proximity to Afghanistan and Central Asia's predominantly Muslim population. The U.S. sought to place airbases for supplying its forces in Afghanistan in Central Asian countries, notably Kyrgyzstan and Uzbekistan. Kazakhstan declined to host such bases, but has cooperated in the effort to combat Muslim extremism in Afghanistan and its spread to the Central Asia region. Kazakhstan's firm commitment to the establishment of a "secular" state, reflected in its foundational documents, is indicative of its antipathy to the notion of religion as a basis for political identification. It has acceded to requests to allow shipments of supplies to Afghanistan across its territory and has supported the activities there of coalition forces in a myriad of ways. Yet its support is not without limits. Kazakhstan is a member of the Shanghai Cooperation Organization, and the SCO call for a timeline on the removal of American military bases from Central Asia (now limited to Manas Air Base in Kyrgyzstan) has the backing of Astana.

In regards to economic development, Washington and Astana also seem to be on the same page. Kazakh political commentators, while frequently suspicious of and opposed to many American actions not only in Central Asia but globally, note the undeniable influence of American investment and involvement in developing the energy sector in Kazakhstan, and the fundamental importance that sector has had in raising the living standards and the overall economic well-being of the country (see Razumov, 2008).

Related to such issues is the interest of both Kazakhstan and the United States in reforming the organs of the state to conform to western notions of good government, and the organization of the private sector to reflect the basic tenets of the free market system. As noted earlier, the latter has enjoyed the most success.

On the other hand, ideas about the reform of the public sector frequently are the source of friction. Both the United States and Kazakhstan presume the utility of reforming the state bureaucracy along lines compatible with the efficient functioning of the state apparatus.

However, intrinsic to this project, from the western perspective, is the institution of meritocratic

selection criteria for state posts, disinterested decision-making procedures, and techniques to detect and punish violators of the same - in short, an institutionalized rule-of-law based apparatus that conforms to notions of civil service within the confines of a Weberian hierarchical structure. While Astana supports these reforms in principle, there are structural impediments to their actual implementation – that is, the reality of patron-client relationships in the society in general and in the state apparatus in particular, that mitigate efforts at reform, and institutionalized practices of rent-seeking on the part of officeholders that require a reward (usually monetary) for favorable outcomes in citizens’ interactions with state employees. Many people in a position of authority in the political system owe their position and their advancement to a network of others who have bent the rules in such a manner and authorities are thus loath to alter the system in any meaningful way. The resulting social and economic inequalities and concomitant resentments (on the part of the unconnected) are seen as a source of instability both by western reformers and Kazakh decision-makers. But their proposals for a solution differ significantly. American and other western civil society proponents and democracy advocates push for a wholesale and immediate reform of the system while Kazakh authorities prefer a replacement of the old system via the gradual introduction of reforms along with a new generation of western-trained state employees (for a discussion of corruption in an Asian context and recommendations for successful strategies to combat it, see Quah, 1999).

Finally, the United States is seen by policy-makers in Astana as a card to be played in efforts to offset the influence of Russia and China. Russia has been trying to reassert its authority in Central Asia and other parts of the former Soviet Union. After a period of readjustment and economic crisis, Russia, not least because of its energy resources, has recovered and is now in a position to challenge the United States’ hegemonic ambitions. Kazakhstan recognizes the legitimate interests of Russia in Central Asia and also recognizes the reality of disparate power between it and its giant neighbor. Given their geographic proximity, Astana must accede to the wishes of Moscow in regard to basic security needs. The economic desires of Russia must also be heeded –

Russia is Kazakhstan's largest trading partner, and much of its oil traverses Russian territory on its way to the global market. Indeed, until the completion of the Ceyhan-Tbilisi-Baku pipeline, which can be reached by tanker from Kazakhstan, and the pipeline to China, all its oil and gas had to pass through Russia to reach its final destination. It is an indication that Russia does not completely dictate Kazakh economic policy however, that the trans-Caspian pipeline is still on the table as a Kazakh policy priority. Nevertheless, the fact that transportation links, pipelines, and trading relationships are so closely connected with Russia means that Kazakhstan must regard, and does regard, relations with Russia as of primary foreign policy and economic concern.

On the other hand, Russia, and to a lesser extent China, serve to counter American ambitions, such as they are, or are perceived to be, in Central Asia generally, and in Kazakhstan particularly. There is a wide-spread perception in many quarters that American policy in Central Asia is reflective of the desire to extend its security borders into the Eurasian heartland, along with the desire to promote and protect American investments in the region and to control, rather than secure, the world's supply of energy (See, e.g. Chomsky, 2005; Amineh and Houweling 2005). Suspicions along these lines, as to America's real global agenda, are frequently reflected in the work of Kazakh government-sponsored think-tank commentators who one can assume reflect the administrations views. For example, Ashimbaev et al state that current American policy in Central Asia "is characterized by the aspirations to establish there the direct political, military and economic control of the USA" (2003, 95). Close and cooperative relationships on the part of Astana with Russia and China in regard to their interests in Kazakhstan and the rest of Central Asia can counter hegemonic ambitions of this sort. In short, it is still accurate that, "[t]he United States, Russia and China continue to jostle for influence in Eurasia" (Erickson in Cummings, 2003, 259).

Nowhere is conflict in Kazakh-American relations more evident than in the area of human rights and democracy promotion.

The following human rights problems were reported [in Kazakhstan]: severe limits on citizens' rights to change their government; military hazing that led to deaths; detainee and prisoner torture and other abuse; unhealthy prison conditions; arbitrary arrest and detention; lack of an independent judiciary; restrictions on freedom of speech, the press, assembly, and association; pervasive corruption, especially in law enforcement and the judicial system; prohibitive political party registration requirements; restrictions on the activities of nongovernmental organizations (NGOs); discrimination and violence against women; trafficking in persons; and societal discrimination.

*2009 Country Report on Human Rights Practices of the Bureau of Democracy, Human Rights, and Labor – U. S. Department of State.*

American foreign policy can be seen as suffering from a degree of schizophrenia. That is, a realist emphasis on national interest is paramount and as such, for example, the U.S. frequently supports dictatorial authoritarian regimes when it is expedient to do so. On the other hand, an impulse to promote its values frequently intrudes in its dealings with other regimes, and has done so frequently throughout its history (See LeFeber, 1994). An illustration of this is the *National Endowment for Democracy*. This Reagan era program was designed to “encourage worldwide the development of autonomous political, economic, social, and cultural institutions to serve as the foundations of democracy and the guarantors of individual rights and freedoms” (Wittkopf et al, 2003, 246). This messianic dimension to rights and democracy promotion, while real, is often dismissed as a thinly veiled cover for its power and material interests, especially in those societies that do not share its “civilizational” foundations or Lockian liberal tradition.

Regardless of motivation, promotion of such institutions and criticism of regimes that violate liberal democratic norms frequently intrude in American dealings with countries such as Kazakhstan. Joseph Biden, now vice-president of the United States, once referred to “corrupt dictators” in Central Asia, singling out President Nazarbaev as an example of a leader who stifled the independence of his country’s judiciary, repressed the development of a free press and

exercised political power with impunity (Levgold, 2003, 79). Many of the NGOs that operate internationally and are headquartered in the West, that promote the development of “civil society” and are highly critical of the human rights records of non-western regimes are regarded as Trojan horses for Western governments. That is, they are seen as bent on weakening their non-western counterparts in order to stave off future rivals for power and wealth or to soften their opponents up in order to take advantage of them in contemporary dealings (see, e.g., Spehr and Adibayeva, 2010 for an overview of this syndrome).

Corruption and the fight against it is another venue for conflict. Kazakhstan ranks very high on the global corruption index (in fact it ranks as the world’s most corrupt country on one such index – see Kaser , 2005, 150) and as such comes in for a degree of criticism from the West, including the United States. In terms of a realist emphasis on global security, the western argument is that corruption impedes economic development, weakens the state, and allows for the penetration of the state by criminal elements and thus reduces the legitimacy of the state in the eyes of its citizens. The result of the weakening of legitimacy is that states are more prone to instability, which increases the chances of violent conflict and enhances the opportunities for radical elements, including radical Muslim movements, to gain footholds. Kazakhstan on the other hand, has resisted efforts by outsiders to dictate to it concerning what its regards as internal matters.

## **Conclusion**

Kazakhstan has been described, in the context of “realist” theory as a “Middle Power” that pursues its interests within the confines of its relative capacities and its position in the international system (Kukeeva, 2007). This description would certainly be acceptable to Kazakhstani foreign policy decision-makers, as it is in complete accord with realist assumptions in regard to the workings of the international system.

This description also presupposes a hierarchy in the system compatible with notions of “core-periphery” classifications associated with world-systems analysis (see Wallerstein, 2004). That

is, Kazakhstan's position in the world-system would correspond to that of the semi-periphery, (the equivalent of a middle power). The semi-periphery is able to exert power over the periphery but is at a power disadvantage *vis-à-vis* the core countries.

Nevertheless, major oil exporting nations, even if "middle powers" or outside the core of the world-system, are not without power in their relations with more powerful states. This was made very apparent four decades ago at the time of the first "oil shock". In geo-political terms, Kazakhstan's strategic geographic location adds to its resources, even if it also adds to its concerns, in terms of enhancing its autonomy and providing for its basic security. Thus, one can interpret Kazakhstan's basic negotiating position in regard to the United States (or any other country) from the perspective of Realist theory, world-systems theory, or geopolitics.

Kazakhstani – United States relations are marked by both cooperation and conflict. But clearly, the decisive dimension is cooperation, as the interests of both states are largely congruent.

Disputes over the slow pace of political reform and democratic governance remain, but are more an irritation than a fundamental characteristic of the relationship.<sup>4</sup> More characteristic of relations are mutual concerns regarding security and the spread of Islamic radicalism, developing Kazakhstan's oil and gas industries and the capacity to access the global markets with these commodities and other natural resources, further market reforms, securing regional stability, countering efforts on the part of Russia to re-exert substantial control over Kazakhstan and the rest of the Central Asia sphere, and the mediation of Chinese influence in Kazakhstan's internal affairs. Finally, Kazakhstan and the United States share an interest in combating the proliferation of nuclear weapons and associated technologies.

In short, a host of security, economic and geo-political issues provide the basis for substantial cooperation and reveal the convergence of interests between these two countries.

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<sup>4</sup> See, e.g. US Assistant Secretary of State Robert Blake's recent remarks, Assistant Secretary of State at the opening of Nazarbaev University.

His stress on promoting democratization and human rights in Kazakhstan make this at least potential underlying tension clear (South and Central Asia: Opening Remarks at Nazarbaev University).

**Questions for Discussion:**

1. What is the primary utility of good relations with the United States for Kazakhstan?
2. What makes Kazakhstan important in the eyes of American foreign policy practitioners?
3. What will the future hold in terms of U.S. - Kazakhstan relations, in your opinion?
4. How might Kazakhstan benefit from closer ties with the United States in the future?
5. How might it benefit from distancing itself from Washington?

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