

**STRATEGIC COOPERATION BETWEEN RUSSIA  
AND KAZAKHSTAN, 1991-2014**

*Thesis submitted to Jawaharlal Nehru University*

*for award of the degree of*

**DOCTOR OF PHILOSOPHY**

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## DECLARATION

I declare that the thesis entitled “**Strategic Cooperation between Russia and Kazakhstan, 1991-2014**” submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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## CERTIFICATE

We recommend that this thesis be placed before the examiners for evaluation.

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## **Preface**

The disintegration of the former Soviet Union in December 1991 has changed the scenario of world politics. After the collapse of the Soviet system, Russia became the successor of the Soviet Union and Kazakhstan emerged as an independent sovereign nation state on the political map of the world. Soon after the collapse of Soviet system both the countries faced common security challenges like economic crisis, political instability, social system failure, security threats, unemployment and poverty etc. To tackle these problems and for a stable situation, Russian and Kazakh Governments signed various treaties and agreements and also invited foreign direct investment in their respective countries.

In the process of regional integration, Russia and Kazakhstan worked within various regional frameworks such as CIS, CSTO, EurAsEC, SCO, and EEU. Due to changing regional security scenario in the region, various new challenges emerged such as extremism and radicalism, terrorism, drug trafficking, environmental degradation, and interference of the external powers etc. Trans-national crimes and terrorism creates direct threats to the stability of the region. For the sake of economic and regional security, both the countries aggressively engaged within various structures.

The study is an effort to understand the role of emerging partnership between Russia and Kazakhstan in the fragile security situation in the Central Asian states. This Research work is also tries to find out the causes which become obstacles between Russia and Kazakhstan relations.

Future prospects of bilateral and regional cooperation between Russia and Kazakhstan will depend on convenience of their national, regional and global interests. It is necessary that both countries are continuously engaged in bilateral and multilateral talks and work jointly at various stages. Future strategic cooperation would promote a strong partnership and stability in the region.

Strategic cooperation can provide a strong base for regional security and stability in the region. This can also play an important role for the boost up of both countries

economy as well as other Central Asian countries. For the stable region and prosperity their cooperation is the need of the time.

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## **ABBREVIATIONS**

ADFS – Active Directory Federation Services

BOMCA – Border Management Initiative for Central Asia

BTC – Baku-Tbilisi-Ceyhan pipeline

CA- Central Asia

CACI – Central Asia Counternarcotics Initiative

CAR- Central Asian Region

CARs - Central Asian Republics

CBC – Cross Border Cooperation

CES – Common Economic Space

CICA- Conference on Interaction and Confidence-Building Measures in Asia

CIS - Commonwealth of Independent States

CNPC – Chinese National Petroleum Corporation

CPC – Caspian Pipeline Consortium

CRRF – Collective Rapid Reaction Force

CST – Collective Security Treaty

CSTO- Collective Security Treaty Organization

CTBT – Comprehensive Test Ban Treaty

CU- Custom Union

DEA – Drug Enforcement Administration

EDB – Eurasian Development Bank



EEC – Eurasian Economic Community

EEU- Eurasian Economic Union

EU – European Union

EurAsEC – Eurasian Economic Community

FDI – Foreign Direct Investment

GPP – Gas Processing Plant

HT- Hizb-ut-Tahrir

IMU- Islamic Movement of Uzbekistan

ISIS – Islamic State of Iraq and Syria

KSOR – Collective Rapid Reaction Force

MoU- Memorandum of Understanding

NATO – North Atlantic Treaty Organization

NFC – Nuclear Fuel Cycle

OSCE- Organization for Security and Cooperation in Europe

PfP – Partnership for Peace

SCO- Shanghai Cooperation Organization

SEA – Single Economic Area

START – Strategic Arms Reduction Treaty

TCS – Treaty on Collective Security

USSR – Union of Soviet Socialist Republics

## **Chapter 1**

### **Introduction**

Strategic cooperation is based on a well-planned pursuit of a clearly defined long term goal or as a planned realization of a certain long-term interest. This has precisely defined objectives, timeframes and action plans. Strategic cooperation fully involves almost all aspects of security policy and other related activities.

In the aftermath of the disintegration of the erstwhile Soviet Union, Russia and the former Soviet States faced various problems and found themselves in a drastically changed situation. The transition to democracy was a costly affair with an inconsistent economic and political situation. Various problems cropped up in the region in the form of territorial and ethnic tensions and socio-economic crises. As well as, there were the attempts of the west to disrupt relations between Russia and the former Soviet states (Pradhan 2017: 153).

The disintegration of the erstwhile Soviet Union facilitated the emergence of the independent sovereign nation state of Kazakhstan. Since the Collapse of the Soviet Union, Kazakhstan is Russia's most trusted partners in CIS and certainly the most reliable one in Central Asia. Even though Russia's approach towards Central Asian Republics was quite homothetic, Kazakhstan always stood out as the most important strategic partner.<sup>1</sup>

Kazakhstan shares a 7000 km long border with Russia. Its large ethnic Russian population continues to reinforce Kazakhstan's cultural and historical ties with Russia. Kazakhstan has adopted a multi-vector foreign policy, which aims to gain different benefits from immediate cooperation with major powers in the region. It's intended to nurture balanced relations with all the leading powers (Russia, China, US, EU) of the

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<sup>1</sup> Romanovski, Dmitri, "Russia-Kazakhstan relations: A creeping shift", Accessed on July 17, 2017, Available at: [http://www.academia.edu/7185007/Russia - Kazakhstan relations a creeping shift](http://www.academia.edu/7185007/Russia_-_Kazakhstan_relations_a_creeping_shift)

world. The aims of the Kazakh foreign policy are to balance the influence of external actors, attract foreign investment, strengthen the country's independence and assure its external security. At the same time contain external efforts to dominate over Kazakhstan's national agenda. Kazakhstan's primary concern is to enhance economic development by securing access to foreign markets for its exports, attracting investment to major sectors of the economy, mainly mechanical engineering, agriculture and new technologies, and promoting substitute transportation links (Naumkin 203:188). Nazarbayev has preferred Russia mostly due to old historical, geo-strategic, economic and cultural ties. Kazakhstan is leading protagonist of market reforms, open the economy and actively integrate it into the world trade system. Kazakhstan implemented wide ranging privatization programmes which boosted private sector and on way to market economy system, it modernized financial and banking system for creating investment friendly environment (Singh 2010: 75). In this context, maintaining sovereignty over its natural resources and their development constitutes a major concern. As a newly sovereign country with an open economy, Kazakhstan wants to play an active role in addressing international economic problems. Kazakhstan as a critical transportation hub can become a trade bridge between Europe and Asia.

Both Countries relations have been generally good and friendly despite some disturbed issues. Stimulated on by Russia's new increased attention toward Central Asia, Kazakhstan and Russia relations became more dynamic. Russia is in Advantageous position in the list of Kazakhstan's foreign policy priorities due to the geopolitical neighbor with ample international credence and also because of its economic potential and numerous other factors.

Kazakhstan completely backed Russia's integration efforts and sustained a loyal ally in the CIS, CSTO, EurAsEC, SCO and EEU. Although this might have harmed Kazakhstan's bilateral relations with several countries both in near and far abroad and even its own economic welfare (Laumulin 2008: 117).

Russia and Kazakhstan mutually refer to their bilateral relationship as a strategic partnership, personifying the flexible and equally beneficial nature of relations between both Countries. There is a considerable probability for cooperation between the two

countries in different areas because Kazakhstan and Russia are influential actors in all regional courses within Central Asia. Presently and in the future, the global economic crisis, Energy issues, International terrorism, the security situation in Afghanistan, and creation of a Customs Union between Russia, Kazakhstan and Belarus, will influence the relations between Russia and Kazakhstan (Kukeyeva 2011:4).

Russia has looked Central Asia as a region of its exclusive interests, where its objectives have supported its ambitious approach of creating a multi-polar international system. Russia's policies have based on the various regional objectives such as: Securing Central Asia as a buffer zone, controlling Central Asia's distinct market and providing regional security, restoring its regional and international influence (Muzalevsky 2009:26). Russia's Policymakers are concerned about the Growing US and Chinese influence, as well as increasing religious radicalism in the region. In other words, it can be said that Russia has its geo-strategic interest in the region.

From Russian perspective, New Russian Foreign policy Doctrine, "The Medvedev Doctrine", Released in 2008, which outlined the maintaining and strengthening historic Security cooperation with Kazakhstan is perfectly in line with its own strategic policy. It gives more stress on the revival of Russia's "privileged sphere of influence" in the post-Soviet space and consolidating its role as a Eurasian power. Unified security system for Central Asian states is a key element in Russia's objective and strategy. Russia is moving in both directions, bilaterally, through the constant renewal of agreements with Kazakhstan, and on the multilateral level within the CSTO and SCO. In 1998, Yeltsin and Nazarbayev signed a declaration of eternal friendship and alliance which provided mutual assistance in the event of aggression by a third party (Zabortseva 2016: 88). In January 2004, an agreement on the establishment of a joint air defence, air force and joint naval systems were signed.

Cooperation between Russia and Kazakhstan is broad and dynamic and takes place in important area as Joint deployment of hydrocarbon resources of Caspian Sea shelf. One of the key aspects of the Russia-Kazakhstan interaction is military-technical cooperation, issues of regional security maintenance and also fight against international terrorism in all

its displays. Russia and Kazakhstan cooperate within the structure of the CSTO, SCO and CICA. An example of constructive mutually advantageous cooperation in scientific and technical area is joint use of Baikonur space-centre for realization of space exploration.

Russia wants special treatment from Kazakhstan. Russian leadership is considering a number of promising economic proposals between the two as adequate for ensuring Russia's unique status within Kazakh foreign policy. Kazakhstan keenly seeks to stay away from involvement in any conflicts due to its multi-vector foreign policy (Kukeyeva 2010:5). However, Kazakhstan is the object of huge interest from many countries or other actors such as international companies. Various US and European companies have invested huge money in Kazakh's oil and gas fields development. Due to its Strategic position between Europe, Asia and West Asia, various external powers such as US are very interested in the region. Its interest is primarily concentrated on the natural resources which flourish in the region. Influence over the Central Asia plays a decisive role in foreign policy strategies of concerned countries. The growing competition is obvious among China, Russia and the US over this territory and its natural resources. The US is, moreover, promoting integration of Kazakhstan into the structure of NATO. These US attempts create tensions between Russia, on the one side, and the US and the EU, on the other (Evascenkova 2011).

One important basis of Russia- Kazakhstan economic relations lies in Energy sector. Joint pipelines export Kazakh oil to Europe as well as mutual deliveries of oil and oil products. Kazakhstan exports raw oil to Russia and imports refined high quality oil products like petroleum. This makes old industrial and infrastructural ties between two countries considerably important. The main route, which accounts for the 39.6% of the total Kazakhstan oil exports is Caspian Pipeline Consortium controlled by Russia.<sup>2</sup>

Russia remains the centre of gravity in the Eurasian region and Kazakhstan. Nearly all existing pipelines linking Kazakh oil to international markets pass through Russian territory. Alternative Caspian oil transport routes projects are under development The new Caspian pipeline consortium (CPC), based on a long term cooperative arrangement

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<sup>2</sup> ibid

between Kazakhstan and Russia, has further reinforced Russia's position in the region (Legvold 2003: 191).

The two governments have re-committed themselves to restoring closer economic ties, and have developed common positions on key problems in trade and business relations. They are concentrating on these basic areas: (1) Development of inter-industrial ties in energy commerce, agribusiness, machine-building, and transportation. (2) Harmonization of tariff and currency policies. (3) Expansion of military-economic cooperation. (4) Joint projects in space exploration and in the use of the Baikonur spaceport. (5) Development of energy resources in the Caspian region (Legvold 2003: 191).

In terms of Export, Russia always saw Kazakhstan as a giant market for goods, particularly in the industrial sector. The import in Kazakhstan from Russia was two times larger than the export (\$14.6 vs. \$7.9 bln in 2011), making Russia the main exporter (38%) to Kazakhstan's market. After Looking keenly in the structure of trade, we can say that in many areas Russia exports end products, while Kazakhstan – raw materials. The factors showed that the relations between two countries although extensive and dynamic but cannot be labelled as equal.<sup>3</sup>

According to the Russian Federal Customs Service, the level of combined trade for 2012 improved by 8.5% compared to 2011 and reached to 22.4 billion USD. Russian supplies improved by 3.3%, whereas import from Kazakhstan grew by 19.6%. Russia repeatedly expresses its desire to build its relations with the former Soviet states on the basis of equality, respect and mutual interest. In December 2012 in Moscow, the two countries Presidents signed the Joint Operating Plan for Kazakhstan and Russia for the Years 2012-2015. It was a strategic document, shaping key tasks of joint cooperation.<sup>4</sup>

Along with the space program, Russia and Kazakhstan have maintained the foundation of the Soviet Union's unified military industrial complex. More than 70 percent of products

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<sup>3</sup> ibid

<sup>4</sup> Russia-Kazakhstan, Russia-Kazakhstan relations, the Embassy of the Russian Federation to the Republic of Kazakhstan, November 25, 2013. Access on January 19, 2015. Available on : [http://www.rfembassy.kz/eng/lm/dvustoronnie\\_otnosheniya/rossiya-kazakhstan/](http://www.rfembassy.kz/eng/lm/dvustoronnie_otnosheniya/rossiya-kazakhstan/)

of the thirteen Kazakh defence enterprises are supplied to Russia. The Kazakh army still relies heavily on old Soviet technologies (Legvold 2003).

Russia is interested in Kazakhstan's active participation in several joint security programs. Central Asia, which has recently experienced a marked increase in religious extremism and international terrorism, is Russia's immediate neighbourhood. The Russian leadership fears the spread of extremism and terrorism to the Volga regions of Russia, where majority of the Muslims reside. In this regard, for Russia, Kazakhstan exists as "shield" against the danger. To this end, Russian and Kazakh military forces serve as the foundation of the treaty on collective security, the mechanism by which Russia and the Central Asian states are attempting to deal with the new threat posed by extremism and terrorism. The most concrete initiative in this respect is the Collective Rapid Reaction Force (CRRF) for the Central Asian region.

Russia and Kazakhstan are main exporters of grain. Thus, the formulation of a joint food alliance should be a strategic goal for both countries. Large number of population in Kazakhstan speaks Russian. This population fosters bilateral cooperation between Russia and Kazakhstan. Nearly 23 % of the Kazakh population is ethnically Russian. Around 80 % of the Kazakhstani information space is covered by Russian media (Kukeyeva 2010:6).

Russia seeks to strengthen its influence over its "near abroad" through ensuring interdependence between Russia and the member of CSTO states. Russia will also extend to endorse the CSTO's consolidation as a military-political alliance. Russia wants to strengthen the organization's peacekeeping capacity and improve military-technical cooperation among the member states. Russia wants to enhance coordination of their actions in the international arena. The actual purpose to construct a regional defence system is to confirm stability and security and curtail NATO's expansion and possible intervention in the regional energy production and circulation. Among CSTO countries Kazakhstan holds the largest military resources after Russia, which makes Kazakhstan a key country for policy makers in Russia.

A very important issue in Russia-Kazakh strategic cooperation is the problem of "export route diversification" in the energy sector. Some Kazakhstani Experts consider Russia

and Kazakhstan as competitors in the energy market due to disputes over the direction of oil and gas pipeline. Both Countries consider Europe as the primary consumer market for their energy exports. Kazakhstan has begun working on pipeline routes in accordance with its interests and needs. Long awaited Kazakh-Chinese Atasu-Alashankou pipeline project has been launched. Kazakhstan has also joined the Baku-Tbilisi-Ceyhan pipeline via the Aktau-Baku segment. There have been periodically tensions over the Caspian Sea oil projects. This was reflected on general relations between the countries.

In April 2013, Russia saw increasing tensions over hydrocarbon trade with Kazakhstan. Kazakhstan limited Russia's gasoline sales in the country and took other provisional measures related to oil dealings, sending oil to Chinese refineries instead of Russian. Kazakhstan also demanded higher prices for gas from Russia threatening otherwise to divert deliveries to China. This highlights the unease of Kazakhstan's leadership about its dependence. But at the same time its readiness to use other countries as a leverage to bargain with Russia or even turn to more beneficial partners.<sup>5</sup>

Common threats arising in the region have a critical significance for the strengthening of the cooperation between Russia and Kazakhstan. The Centre of volatility in the region of the 'Islamic arc' is speedily advancing to the north. The enlargement of narcotics route to the West through the region is a massive frequent danger. The National interests of the Central Asian republics are also far from coinciding. Another very important factor is the growing volatility in these states. Chinese factor and the threat of Islamic extremism play a major role in it (Syroezhkin 1999: 107).

Stability in the region depends completely on external factors. Any country should carry out the burden of accountability for localizing conflict and sustain constancy in the region. In spite of a significant foreign presence, no state can make a greater contribution than Russia.

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<sup>5</sup> Romanovski, Dmitri, "Russia-Kazakhstan relations: A creeping shift", Accessed on July 17, 2017, Available at: [http://www.academia.edu/7185007/Russia - Kazakhstan relations a creeping shift](http://www.academia.edu/7185007/Russia_-_Kazakhstan_relations_a_creeping_shift)



Kazakhstan is gradually more concerned about stability in the southern part of Central Asia. Kazakhstan is also anxious about the growing Chinese, US and NATO presence and stress in the region. These concerns are pushing Kazakhstan to make stronger its ties with Russia.

The review of literature follows distinct themes based on their correlation with the chapters of this research work.

## **Economic and Energy Security Cooperation**

In the aftermath of the disintegration of the erstwhile Soviet Union, Kazakhstan emerged as an independent sovereign state with huge economic vulnerabilities. Russia became the successor of Soviet Union and consolidated its ties with Kazakhstan. For their needs and mutual interests in economic and energy fields they cooperate with each other and framed several agreements to forward it. Russia has moved to strengthen its role in the Central Asian region due to reserves of oil and natural gas, fear of displacement by US, and Islamic fundamentalism.

Zabortseva (2010) examines the economic relations between Russia and Kazakhstan with Kazakh's perspectives. She analysed investments and trade trends between these countries. She emphasizes the importance of oil for the region and the impact of natural resources on Kazakhstan's development. The author argues that while trade cooperation between Russia and Kazakhstan has been strong but there are numerous weakness and trouble in investment relations. Zabortseva (2014) discusses the Russian investment in Kazakhstan's economy, Russia's influence in Kazakhstan's oil production and the role of its direct or hidden investments into Kazakhstan. She analysed how for economic factors have been determinant of the overall relations. She explores the influence of off-shore investments via third countries and other aspects of the cooperative relationship between Russia and Kazakhstan and the participation of each country in the other's economy. The author also explores issues regarding the multi-polarity of Kazakhstan's foreign policy and its influence on Russia- Kazakh economic relationship.

Buszynski (2005) is of the views that Kazakhstan's oil and natural gas have played a role in promoting economic regionalism and simultaneously construction of a new place of Kazakhstan in global energy diplomacy. He pointed out that the energy factor and economic regionalism have helped in the establishment of link between Central Asia and Europe. The author attempts to examine that Russia has always seen Kazakhstan as an economic booster for its economy and Kazakhstan is situated between Asia and Europe, thus Russia always tries to gain benefit from its geopolitical location. Carlson (2008) explores that the Kazakhstan Government's interest in building pipelines will be a determining aspect of regional economic development and consolidating energy infrastructures in Central Asia. He pointed out that the building of trans-Caspian pipelines will help to increase energy trade in Central Asia and will connect Kazakhstan to other markets, if the project becomes economically feasible. He discusses that Kazakh government has also showed its concern regarding the idea of creating a unified SCO energy market. Despite its good relations with three major powers (Russia, US and China), Kazakhstan ranks its foreign policy priorities quite clearly. The author emphasizes Kazakhstan's relations with Russia are most important, followed closely by China, US, EU, and the other Central Asian countries. He argued that a number of recent developments call into question Kazakhstan's ability to maintain a balance among the major powers. The author also pointed out that Kazakhstan's multi-vectored foreign policy is enough flexible to tolerate the turbulence of great-power politics. Shadikhodjaev (2010) explains that Custom Union is a result of '*diverse speed*' integration in the post-Soviet space. The author discusses that Custom Union consists of both free trade activities among its members and a common commercial policy towards third countries. The author puts on focus that Russia has shown eager interest in this project because it opens up new space for both foreign and Russian investors. As a result, Russia has increased its economic and political weight in the region. The author argued that if we see the other side, the Customs Union limits Russia's sovereignty in foreign trade policy and requires coordination with its partners on issues of common jurisprudence and interests. The author concludes with the point that through Custom union Russia wants to engage major regional economic powers. Russia also wants to fulfil its goal to emerge as Soviet-time economic power through this collaboration.

Movkebaeva (2013) is of the view that SCO has increasing attention to joint economic projects. He explains that the project would create a single energy market within the SCO. The author emphasizes that the most constant and effectual cooperation in the energy sector is that between Kazakhstan and Russia. Both countries are doing a vast deal to build and expand a common market in energy resources. He pointed out that a joint Russian-Kazakhstan oil alliance would strengthen Kazakhstan's and Russia's positions as oil and gas exporters in premises of their influence on world prices. Blagov (2011) discusses Russian and Kazakh leaders plan to refocus on multilateral collaboration within the Customs Union and the Common Economic Space. He examines that from the prism of multilateral cooperation, Russia and Kazakhstan pledged to diversify their bilateral economic ties. He argued that their bilateral economic partnership was not only limited by energy matters but also includes hi-technology based cooperation. He briefly discusses that both countries agreed to develop oil and gas transit, transportation projects, nuclear energy and Caspian shelf. Baizakova (2010) is especially pointed out that China is primarily interested in economic goals, Russia is anxious with maintaining stability and the United States is devoted to promoting democracy in the CARs. The author puts on focus that Kazakhstan's role is seen as a bridge between Europe and Asia, maintaining a global partnership with all of the main players. Palkin (2012) is briefly discusses that to preserve its constant economic growth, China has been carrying out visionary plans to enhance its control of natural resources in the world, mainly in the energy sphere. The author examines that the combined projects of Russia, Kazakhstan and China in the field of energy are beneficial for countries.

## **Defence and Military Security Cooperation**

After the collapse of Soviet system, due to its vulnerable condition, Kazakhstan highly depended on Russia for its security programs. They participate in several joint security programs. Due to increasing religious extremism and terrorism, they adopted several joint measures to tackle these threats. In defence and in security and military sectors,

Kazakhstan has constantly and steadily anchored to Russia. Both countries have mutual interests in maintaining close strategic and military ties.

Gubaidullina (2011) discusses in a broad manner about Russia- Kazakhstan Military and Political cooperation. The author brief about military-political relations depends on some objective factors. Author pointed out that military-political cooperation is regulated by a standard legal base- the basic agreements and a number of special agreements. Author concluded with the point that bilateral cooperation in the sphere of security and its integral military and military –technical components is possible due to the creation of mutual understanding at such a level when the category of security loses its mainly military orientation.

Rousseau (2011) provides a broad and consistent view that Russia and Kazakhstan work together within the CSTO through more than 60 bilateral agreements. These agreements regulate defence and military-technical cooperation. He emphasizes that Joint military cooperation involves almost every aspect of their security policy and other related activities. He examines that this military cooperation is led to the functioning of joint military exercises such as the training of military personnel, the production of weapons and military technology, sharing of military facilities and installations especially within the structure of the CSTO. The author argued that Being a member of the CSTO, Kazakhstan benefits from privileged provisions on the purchase of weapons and systems manufactured in Russia, which is by far the biggest supplier of military utensils to the Central Asian countries. He also explains that In spite of the Russian efforts to expand the CSTO's military activities in Kazakhstan and Eurasia usually, it should be emphasized that Astana with its multi-vector foreign policy has proceeded to expand its list of strategic partners. McDermott (2012) emphasized that the close defence relationship between Russia and Kazakhstan help to reshaping the CSTO and its military capabilities to meet new challenges. The author is of the opinion that the initiative to strengthen the CSTO must be viewed in a larger scale of strategic context. Kukeyeva (2010) briefly discusses that the strategic cooperation between Russia and Kazakhstan emphasized the versatile and reciprocally beneficial nature of relations between two countries. But this cooperation does not mean that the two share an absolute identity of common interests. The author concludes with the point that some issues remain questioned and Kazakhstan

and Russia should look to address these and resolve them mutually. Shilibekova (2010) pointed out that Security relationship between Russia and Kazakhstan is exactly described as a strategic partnership even though Russia and Kazakhstan have diverse perceptions of the relationship. The author is of the view that Security relations between Russia and Kazakhstan will revisits on the bilateral level as well as within the framework of the CSTO. Aitmakhanov (2008) emphasized that Cross-border relations between Russia and Kazakhstan are broadening and expanding. The author explains that Russia and Kazakhstan may create single economic space on the basis of cross-border cooperation. The author concludes with the point that elimination of disputes on border issues will optimistically affect the security of the border between Russia and Kazakhstan by establishing common central posts on the border.

### **Non-traditional Security Cooperation**

In the Post-Soviet era, non-traditional security threats continuously pose a fragile security situation in the Central Asian region. Various non traditional security threats such as International terrorism, Religious extremism, Separatism, Illicit trafficking of drugs and weapons, Radical Islamists movements, contradictions within Ethnicities, Trans-border organized crime, Social and Economic crisis, Illegal migration, and Environmental threats formed by nuclear production and nuclear tests created an instable situation in the region, besides play a significant role in the structure of non-traditional threats to the security of Russia and Kazakhstan and shaping their relation. Non traditional threats to security have risen mostly in developing and post-communist countries and basically in Central Asia.

Golunov (2007) analyses Ethnic migration as a challenge for Russian border security. He pointed out the relationship between migration and drug trafficking, migration and transnational terrorism. The author explains the role of migrants in criminal activity in Russia's border regions. He concludes with the point that inadequate border security as the cause of a wide range of security threats. Swanstorm (2010) explains that illicit drugs trade carries the largest societal, political and economic consequences in various areas.

The author pointed out that it threatens the basics of societies through obsession, crime and diseases. He analysed that Drug trade is a growing threat to regional and international security because it links to insurgency, organized crime and terrorism. Aggarwal (2010) discusses about Trans-national threats to security specially drug trafficking in the context of Central Asia. She analyses its societal, economic and political ramification. She argues that it's disturbing the social fabric of society and weakening the conventional economy and governance. She explains that financial aspects of the international narcotics trade and money laundering are difficult to be assessed accurately and in many cases are underestimated. The author explores that the spread of HIV/AIDS because of drug use is a human security concern which not only destroys the social structure of society but also threatens the pillars of state economy. Zviagelskaia and Naumkin (1999) argue that the emerging non traditional security threats are directly link with the security environment of Russia and Kazakh Region. The authors analysed that it connects with the internal and external aspects of security problems and their interplay. Kulsaryieva, Kurmanalyyeva & Sikhimbaeva (2013) discuss about the Non-traditional security threats in the Central Asian region. The authors are of the view that Kazakhstan and other Central Asian countries faces challenge of radicalism and extremism. The author's emphasize that spread of fundamentalist and extremist ideologies, religious organizations pose a threat to socio-political stability. The authors conclude with the examination of the current religious situation in Kazakhstan and its impact on public consciousness and national security. Allison and Jonson (2001) are of the view that Instabilities may generate conflicts between states. The authors explain point that Non traditional security threats that are internal to the region may lead to disputes between the Central Asian states would be managed in concert with regional powers and organizations or external powers. Iskandarov (2013) provide an assessment existing potential security threats created dangerous situation in the Central Asian Region. The author argues that for regional security, this is necessary that countries participated in multilateral cooperation within the Regional organizations such as CSTO and SCO. The author concludes with the point that Integration of the regional countries and Russia's participation in the process is the only option that can consolidate the region's security.

## **Challenges to Strategic Cooperation**

Besides the cooperation in various fields between Russia and Kazakhstan, there are some frictions too, which emerge from time to time in their relations. Due to these frictions, periodically their relation is not as smooth as we see.

Rouseeeau (2011) explores some major frictions between Kazakhstan and Russia in the energy sector. He explains Kazakhstan did an agreement with Azerbaijan. He puts focus on that Kazakhstan exports a portion of its oil to Europe via the Baku-Tblisi-Ceyhan pipeline (BTC) bypassing Russia, which puts at risk the important Russian monopoly on hydrocarbon routes. Piner (2007) argues that Kazakhstan's geopolitical positions force the country to keep good relations with Russia and China to counter balance the other partners as US and EU. He emphasizes that Kazakhstan foreign policy is influenced by several domestic and international factors such as questions of national identity, the influence of domestic groups especially clans and Kazakhstan's landlocked geography. He also explains that the neighbouring powers interests and the multinational corporation's investment in the rich oil and gas are other main factors. Marten (2006) briefly discusses that Russia has used dominating state control over its gas pipelines to exercise political pressure on foreign partners. He examines that Russia wants to re-establish export pipeline domination in sovereign Kazakhstan. The author pointed out that for this domination, Moscow using state owned Transneft Company, and expands control over related oilfields. McDermott (2012) argues that the future of Kazakhstan's cooperation with NATO may be influenced or limited by its close defence relations with Moscow. He explains that in defence and security terms Russia's role and influence is on the decline. He expresses his view that Kazakhstan is entirely capable of independent security policymaking. Vinokurov (2010) is of the view that there were definite variance that led to an absolute period of friction between the Russia and Kazakhstan. He examines Russia and Kazakhstan clashed over the legal status of the Caspian and particularly over the exploration and development of oil and gas fields as well as transportation of fossil fuels to international markets. Shlapentokh (2013) explains that

the decline of interest in Russian culture is also evident in Kazakh program to move from the Cyrillic alphabet to the Latin. The author argues that the move clearly indicates a decline of Russia's centrality as the focus of political and cultural discourse in Kazakhstan. The author briefly discusses that in 2012, Kazakh Government announced that Kazakhstan wanted to Repossess Baikonur- the hub of the Soviet space industry and rocket launching, which is still under Russian control. Russia was seemingly surprised by this move and termed the Kazakh side's statement "unjustifiably aggressive".

Though several authors have worked on Strategic Cooperation but there are hardly any literatures that look at Strategic cooperation between Russia and Kazakhstan from both traditional and non-traditional perspectives. This research purpose to examine the working of the strategic partnership and the challenges encountered.

## **Rationale and Scope of the Study**

The end of cold war was an epoch making phenomena in the international system which brought a unique sense of homogeneity in almost every aspect of security in post cold war era. The disintegration of Soviet Union caused emergence of new independent states in Central Asia and Kazakhstan was the biggest country of the region. This new security shift has brought an opportunity to grow rapidly with its own requirements and necessities. On the other hand, it also increased a tremendous sense of insecurity due to changing security equations in Central Asia. This research work tries to understand the pattern of constantly changing security environment and the regional responses in this regard. This study also makes an effort to understand the role of emerging partnership of Russia and Kazakhstan in the fragile security scenario in Central Asia. The study has a well defined scope to understand the strategic partnership between Russia and Kazakhstan, which is a key factor in stabilizing regional peace and bringing prosperity.

Since 1991, Central Asia is being experiencing influence of number of security organizations i.e. NATO and CSTO as well as other regional frameworks like SCO and CIS, these organizations have a phenomenal impact on security conundrum. The work examined the influence and impact of these organizations in regional stability, peace and



prosperity. However, the western dominant organization NATO is the bone of contention between regional actors like Russia, Kazakhstan and China. The study also focus on the NATO's influence from the regional perspective and try to fill the lacuna of strategic gaps between the regional and extra regional actors.

Central Asian Countries have number of unresolved problems like Separatism, Terrorism, Ethnic Clashes, Economic Backwardness, Migration, Transnational Crimes, Human Security and Environmental Crisis etc. This research work helps to understand the emerging strategic cooperation between Russia and Kazakhstan in aforementioned issues as well as understand governmental policies and its impact on regional security environment. Another important aspect of research work is to analyze the economic and energy politics, which is the most important factor of contemporary global politics. The Kazakhstan has vast energy resources in form of gas, oil and uranium which attracts global attention and helps to cooperate with number of countries in this field. The research work provides a tool to understand the emerging scenario and its impact on regional politics.

## **RESEARCH QUESTIONS**

1. How does the presence of NATO lead to increasing tension in the Central Asian Region?
2. What is the role played by SCO and CSTO to facilitate cooperation between Russia and Kazakhstan?
3. What are the initiatives taken by Russia and Kazakhstan to counter Non-traditional security threats in the region?
4. How does Russian ethnicity in Kazakhstan influence relations between Kazakhstan and Russia?
5. What are the challenges faced by Russia and Kazakhstan in strategic cooperation?
6. What are the moves taken by Russia to counter the U.S. and NATO presence in the Central Asian Region?

## **HYPOTHESES**

1. The increasing threat of international terrorism, trans-national crimes and economic recession has forced Russia and Kazakhstan to consolidate their strategic cooperation.
2. Regional organizations like SCO and CSTO provide an instrument to mitigate the negative impact of fragile security situation and keep the region stable.

## **RESEARCH METHODS**

The research work is analytical and descriptive in nature. It's based on critical analysis of the text available on Russia and Kazakhstan and induction method has been used. The study begins with specific observations and measures, detect patterns, formulate some tentative hypotheses and finally end up with developing some general conclusions. The study is based on both primary and secondary source material available in English language. The primary source materials include- Governments documents, resolutions, treaties, agreements and speeches of the leaders. So far as secondary sources are concerned, it includes- books, journals, magazines, newspapers and internet materials available at different websites related to the theme of the research. The relevant information of lectures, seminars, workshop and symposium are also used to fill the gap. Besides, the works also utilize interviews published in magazines and news papers.

The study includes various variables such as international terrorism, trans-national crimes, economic recession and fragile security situation. In the first hypotheses, international terrorism, trans-national crimes and economic recession are the independent variables which are the main reason for strategic cooperation between Russia and Kazakhstan. Hence, strategic cooperation is the dependent variable in the study. In the second hypotheses, fragile security situation is the independent variable which promotes the strategic cooperation between Regional organizations. So, Regional Organizations are the dependent variable here.

## **Research Plan:**

The first chapter deals with the security threat perception in the post cold war era and subsequently analyse the emerging strategic cooperation in modern inter-state relationship. The chapter also focuses on the research design and a brief survey of relevant literature related to the theme of the research.

The second chapter analyzes the changing security environment in Central Asia and shaping new strategic engagement between Russia and Kazakhstan. The chapter examines the strategic cooperation in various fields such as Economic, Energy, Political, defence and Military, nuclear, space and Non-traditional security threats field such as terrorism, separatism, extremism, drug trafficking etc between Russia and Kazakhstan.

The third chapter sheds light on the increasing influence of number of great powers such as US, China, European Union and their vital impact on security and economic patterns in Kazakhstan. The prime focus of the chapter is to analyze the engagement of great powers in Kazakhstan and its implication for Russia and Kazakhstan Relations.

The fourth chapter discusses bilateral cooperation in the post cold war era. The chapter again make an effort to examine the bilateral cooperation between Russia and Kazakhstan on the one hand and their engagement within the regional frameworks such as CIS, CSTO, Custom Union and SCO, etc. on the other.

The fifth chapter throws light on the major hurdles and obstacles such as economic and security challenges etc. which influence Russia and Kazakhstan relations. The chapter also try to explore the non-traditional security threats and their impacts on the relations between these two countries. This chapter attempted to analyse the level of threat perception and its impact on survival of the countries in Central Asia.

The sixth chapter summaries the study and present a broad conclusion. It's also highlighting the gaps in the present knowledge and futuristic view.

## **Chapter 2**

### **Strategic Engagement between Russia and Kazakhstan**

Following the collapse of the USSR, Russia and Kazakhstan endorsed a roadmap for sustained bilateral relations on October 22, 1992, when the top officials of the two countries agreed to a framework of broad-based international treaty. Since then, over 300 agreements and treaties have been signed between the two countries. The major documents that have played instrumental part in strengthening and sustaining this framework include the Treaty on friendship, Co-operation and Mutual Assistance signed on 25<sup>th</sup> May 1992; Declaration on Widening and Deepening Russian-Kazakhstan Cooperation (1995), Agreement on Russian Participation in Exploration of Caspian Shelf and Gas Field in Karachaganak (1995), and Agreement on Custom Union (1996), July 6, 1998, Declaration on Eternal Friendship and alliance aimed for the 21st century, Treaty between Russian Federation and the Republic of Kazakhstan on State Border (2005) and others. On 7<sup>th</sup> July 2012, during the Russian President Vladimir Putin's official visit to Kazakhstan, a protocol on amendments to the Treaty on friendship, Co-operation and Mutual Assistance was signed by the officials from the two countries.<sup>6</sup>

Earlier, an agreement was signed by the governments of Russia and Kazakhstan in 1992, with a view to granting permission to trade missions mutually. Shortly after this, in Tashkent, Collective Security Treaty (CST) was signed by the officials of Russia, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Belarus and Armenia in May 1992. This treaty came into effect following its ratification on 20 April 1994. This treaty bonded them together in importantly security area. Disintegration of the Soviet Union, Sparked a number of regional conflicts that had glittered under the surface of a long time, but that were constantly curbed by Moscow. Most of the republics came to the end that while their national defence infrastructure were still in the procedure of construction, it would be sensible to become part of some sort of collective security and defence structure that

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<sup>6</sup> Russia- Kazakhstan, the Embassy of the Russian Federation to the Republic of Kazakhstan, November 25, 2013, Available on : [http://www.rfembassy.kz/eng/lm/dvustoronnie\\_otnosheniya/rossiya-kazakhstan/](http://www.rfembassy.kz/eng/lm/dvustoronnie_otnosheniya/rossiya-kazakhstan/)

could assure their security in case this was required. The treaty exclusively states that if one of the member states is threatened by aggression then other states will consider this as an act of aggression against all (Satt 2005: 3). Presently, it's looked upon as a milestone in the enlargement of combined initiatives by the independent states of the erstwhile USSR.

This period witnessed a slew of measures initiated by the Kazakhstan President Mr Nazarbayev to realise the avowed mission of establishing and consolidating a full Economic Union, with substantial stress on a hassle-free circulation of capital, goods, services, and labour within a common rouble zone. Due to sustained struggle for power and political unrest, the president even started contemplating a possible reintegration with Russia on fairly extensive scale. That could be the best way both to lend a boost to the country's economy and ensure security. Precedent for such a position taken by the leadership of the Central Asian states came from the integration of the European Union earlier (Vinokurov 2010: 3).

During 1992, various meetings took place at various levels. In which several documents were signed that constitutes the first attempt to give proper shape to the interstate relations between Russia and Kazakhstan. In this series the agreement between Russia and Kazakhstan on the lifting of restrictions on economic activity signed by the presidents in January 1992 (Mansurov 1998: 152).

At the Moscow summit of CIS heads of state, held in May 1993, President Nazarbayev stated categorically that his nation was ready for integration on an extensive scale, restriction-free movement of goods and services as well as labour and capital within the Common economic space of CIS, a common market, and consistent progress towards establishing a comprehensive Economic Union. The agreement was signed by eleven countries of the CIS. In September 1993, the Economic Union came into existence (Vinokurov 2010: 3).

Despite that, the Kazakhstan President soon started feeling that the Union's goals announced at the summit might not be viable in actual practice. So he embarked on a novel initiative aiming at a more palpable and comprehensive integration within the CIS.

Billed as the Eurasian Union initiative, it came into force in 1994. Several models of integration have been executed since then both at the regional and CIS levels. Such a development has directly influenced the fundamental content and nature of bilateral relations, which now encompass not only the economic aspect, but also the aspects of military, political, cultural, scientific and humanitarian integration.

In 1993, presidents of Russia and Kazakhstan signed a protocol of plan on the setting up of inter republican technological corporations. This document was aimed at certain targets in the future and constituted one of the first step in the search for establishing mutually advantageous economic ties, as much as the technological chain (Mansurov 1998: 153).

To achieve free circulation of commodities, services, and capital on the territory of the two states and a stage by stage formation of a unified customs territory, the two sides envisaged a consistent reduction and cancellation in mutual trade of customs duties, taxes, levies, and other tariff and non-tariff restrictions. In this way the two countries created the conditions for the transition from the zone of free trade to the establishment of a full- fledged customs union (Mansurov 1998: 183).

A remarkable development took place in January 1995, when Kazakhstan signed with Russia and Belarus an agreement on Customs Union envisaging a course of action aimed at putting in practice all cooperation agreements in a phased manner. The three countries plus Kyrgyzstan signed another agreement in March 1996, with a view to enhancing humanitarian and economic integration. The key objectives of this agreement were to engender the ambiance required for a hassle-free and unrestricted circulation of goods and services, besides labour and capital to strengthen the prospect of establishing direct links among market players; and to create a space for basic information sharing, and performing humanitarian as well as educational activities (Vinokurov 2010: 4)

This period witnessed Russia and Kazakhstan entering a new phase of economic integration characterised by a broad array of treaties that would regulate different spheres of bilateral relations. Bilateral relations between the two countries reached at a new high in March 1994, when the Kazakh President, on his first official visit to Moscow, signed

twenty two documents with his Russian counterpart. Among the documents he signed, three documents were the “Agreement on the Enhancement of Economic Co-operation and integration of Kazakhstan and Russia”, the “Memorandum on the basic principles resolving issues of citizenship and the legal status of individuals from either country who reside in the other country”, and the “Agreement on the Basic principles and conditions of use of the Baikonur launching site” (Vinokurov 2010: 4).

In January 1995, an agreement was signed in Omsk between the two countries on cooperation in the border regions of Russia and Kazakhstan. It represented further progress in bilateral cooperation in the interests of the population of border regions. The both sides decided to collaborate in the solution of specific task aimed at eliminating obstacles in the way of movement of commodities and services produced by using local resources within the border regions and used for the needs of these regions. They agreed to work out measures for simplifying the procedures for border, immigration, and other types of control in relation to citizens permanently living on the territory of the border regions (Mansurov 1998: 203).

In the late 1990s, Kazakhstan’s stand on the issue of Eurasian Bridge yielded place to the multi-directional diplomacy. As a policy, it involved the participation of some of the major global powers, such as the European Union, the USA, Russia and China. The objective of this participation was to optimise and develop the natural resources of Kazakhstan, including oil, hydrocarbons, and gases. This multilateral arrangement ensured that the interests of the various parties involved would be properly taken care of.

Kazakhstan’s bilateral relations with Russia have been steadily developing since the Independence of the former. In April 1996, during the visit of President of Russia Yeltsin to Kazakhstan, the leaders of the both countries noted in the Alma-Ata declaration: “Kazakhstan and Russia will strictly observe the rights and freedoms of the individual and rule out discrimination on the grounds of nationality; they will also promote the development of contacts between the citizens of the two countries, including scientific and cultural exchanges. Both states will resolutely oppose in the future, too, any

manifestations of national extremism, chauvinism, and separatism” (Mansurov 1998: 352).

In 1998, President Nazarbayev and his Russian counterpart Boris Yeltsin signed two important documents. These were “the Declaration on Eternal friendship and Alliance Oriented towards the 21<sup>st</sup> century” and “the Agreement on Declaration of the Sea bottom in the north Caspian for exercising sovereign rights to the utilization of subsoil.” One of the important parts of this agreement was the Baikonur launching site. President Nazarbayev stated in 1999: “It is time to accept the simple fact that partnership with Russia will be one of the critical prerequisites for the strategic security of our country in the next century” (Vinokurov 2010: 4). According to Russian analysts, this new stage in the bilateral relations arose from the lobby of the Russian political class who wanted to reimburse ample loss of regional influence in the 1990s (Zabortseva 2011: 6).

During the Russian President Yeltsin’s subsequent visit to Kazakhstan in October 1998, the two countries signed an agreement aimed at enhancing their economic co-operation. A few other crucial documents on bilateral co-operation were also signed by the two parties during this visit of the Russian President Yeltsin. It was followed by the Russian Prime Minister Primakov’s official visit to Kazakhstan in December 1998. During this visit, officials of the two sides signed a number of inter-governmental documents. These included an agreement on IT co-operation and another on the crossing points of their border. Apart from these, a number of co-operation protocols for the energy and power sectors, and free trade were also agreed upon by them. They also agreed to do away with mutual trade restrictions. In September 1999, during then Russian Prime Minister Putin’s official visit to Kazakhstan, officials of the both countries signed an intergovernmental agreement on co-operation between the border regions (Vinokurov 2010: 5).

In keeping with this strategy, top priority was given to national security and a foreign policy with multi-directional stress. As the Kazakh President said in 1997, “To secure our independence and territorial integrity, we must be a strong state, and have trust in and maintain amicable relations with our neighbours. Therefore we shall develop and strengthen an open and egalitarian relationship with our closest and historically amicable



neighbour, Russia. We shall develop similar relations with China, on a mutually beneficial basis. ...Our ties and integration with Central Asian states will be reinforced” (Vinokurov 2010: 5).

In order to avert the possibility of Russia’s dominance over Kazakhstan, it was crucial for the latter to formulate a broad-based strategy and chalk out a foreign policy that would favour the involvement of other major players as investors in the resource base of Kazakhstan. In 1997, Nazarbayev stated that the objective of the strategy was to prioritise the country’s energy resources on a long-term basis. He said that Kazakhstan was keen to be involved in enduring partnerships with leading and globally operating oil majors, so as to procure the most efficient technology, technical know-how and capital funding on a large scale. He observed that this would enable the country to exploit its natural resources in an efficient manner. He further said, “The second component of our strategy is the construction of pipelines for exporting oil and gas. Only by creating a large network of independent export routes can we eliminate our dependence on a single neighbouring country, or exposure to monopolistic pricing by a single customer”. He maintained that Kazakhstan’s key strategic objective was to draw “the attention of other large countries to Kazakhstan and its role as a world supplier of fuel. In this context, investments in our oil and gas industry will come from the United States, Russia, China, Japan and Western European countries, among others” (Vinokurov 2010: 5).

During 2000-2001, political relations between two countries were exceptionally strong, as Russia provided assistance to Kazakhstan related to the security area. During that period the security situation in the region became very unstable due to the threats from Afghanistan, and the instability in the region. The role of cooperation in security received an important emphasis in the policy of both countries, and in this has always been reflected in the official documents and speeches, preceding and following official state visits (Zabortseva 2011: 9).

The initial years of 2000s saw the introduction and execution of comprehensive market reforms with a liberal spirit. Furthermore, dynamic policy initiatives aimed at facilitating the inflow of foreign capital led to considerable stability and growth in the economy of Kazakhstan. Growth prospects for the country’s economy were also boosted by the energy resources available there and their export. These developments blazed the trail for

healthy democracy in Kazakhstan, and further enhanced the prospects of the country's overall development. The country's economic stability and strengthening of its institutional structures encouraged Kazakhstan to play a major part in international relations. Nazarbayev's consistent advocacy for Eurasian Union from 2000 onwards can be seen as a major corollary to these developments.

In 2000, Nazarbaev categorically highlighted the urgency for broadening and strengthening "co-operation" by evolving sound and effective mechanisms and concluding various bilateral/multilateral agreements on regional level. He stated, "The experience of the European Community, unlike that of the CIS, shows us that the legacy of disintegration in our past does not necessarily bar the way to a shared future". The Kazakh president also pinpointed the possible significance of establishing a Eurasian Economic Union, and proposed a common currency for all members of the union (Vinokurov 2010:6).

General political relations between both countries during the Putin's presidency were stable. Simultaneously, there were quite a few issues on which the two countries disagreed. One such issue related to the controversies regarding the legal status assigned to the resource-rich Caspian Sea. In January 2004, Putin was trying to strengthen Russian positions with regards to the 'lost' areas on a more favourable to Russia conditions. In Specifically, issues of "Baikonur, military and technical cooperation, Caspian Sea, synchronization of economic reforms, relations with the West (and the NATO), and transport infrastructure" were discussed (Zabortseva 2011: 9).

Between 2000 and 2005, a number of novel initiatives for integration were introduced by Nazarbayev. These included revived proposals for both the Eurasian Union and a common currency. The Kazakh President started supporting the moves of Russia due to its new leadership that looked veritably keen to restore the old glory of Russia which had been considerably eroded in the aftermath of the disintegration of the erstwhile Soviet Union. During 2000-2003, the economy of Kazakhstan showed first remarkable sign of growth despite some doubt over its sustainability. Simultaneously, Kazakhstan's relations with both Washington and Western Europe passed through a lean patch. Corruption at different levels, violation of human rights, and centralisation of power were some of the

major issues on which they differed. When colour revolutions took place, the Kazakh leaders alleged that Washington had intervened in the internal affairs of Kazakhstan as well as some other countries by raising the issue of democracy. While these factors accounted for a considerable decline in the bilateral relation of Kazakhstan with the West, they led to Kazakhstan's proximity to its two big neighbours, i.e. China and Russia (Vinokurov 2010:6).

The years 2003 and 2004 considered as the years of Russia in Kazakhstan and Kazakhstan in Russia. During these two years a lot of workshops, conferences, round tables and forums were held with the aim of strengthening agreements reached at high level meetings in Moscow and Astana (Chaudhury 2009: 49).

During 2004-2005, when the threat of intrusion in the Republic's domestic affairs became very real, Russia stood steadfastly by Kazakh's side. There active intensive efforts defused the threat of another color revolution, this time in Kazakhstan (Laumulin and Shaken 2008: 117).

During the latter half of 2000s, the Kazakh leadership started laying more emphasis on reaping the benefits of economic ties with major regional powers, even as the efforts for integration continued unabated, with the prices of oil skyrocketing, Kazakhstan was poised to embark on its strategy of development aimed at making it a prosperous and self-dependent nation on all counts. A slew of efforts were made to better its bilateral relationships across the globe, with a balanced and tactically sound approach. As part of these efforts, the political leadership of Kazakhstan recognised all the big and powerful players of global diplomacy, including Russia, China, the EU, and the United States etc, as its strategic partners.

Kazakhstan's bilateral relations with Russia reached a high water mark as a remarkable growth was consistently noticeable in trade between the two countries and their mutual investments. Despite this, no institutional development came out of it. Thus, as a strategic move, Kazakhstan cut down its reliance on the transportation infrastructure of Russia, primarily the pipelines for gas output and oil transportation. It searched for novel routes of export to reduce its reliance on Russia. In November 2005, Prime-Minister Tokayev

issued a statement that reflected this trend. In his statement, he clearly stated that from the outset, Kazakhstan had depended on the supply of raw materials with a multi-directional approach, to the overseas marketing hubs. The conceptual paradigm for this can be summed up as “the more pipelines we have, the better we do”. Interests of Russia were however diametrically opposed to the position of Kazakhstan. The two countries could not therefore embark on any broad cooperation in the energy sector. In 2005, Kazakhstan implemented its own natural resource diversification and export programme (oil and gas), and refused to be a party to the discourse on energy involving the EU and Russia (Vinokurov 2010:7).

All these developments suggest the basic character and underpinnings of structured attempts to prove that the allegations regarding its pro-Russian stance were insubstantial and impertinent. They also indicate that Kazakhstan was quite concerned regarding its dependence on the transportation system of Russia, and its pipelines in particular, despite its pronounced preference for Russia.

The year 2005 was noticeable through extraordinary events in political relations between the countries. Russia signed border agreement with Kazakhstan, which had substantial importance for the Kazakh Republic. In 2005, in his Address to the Nation, Kazakh president stated that “for the first time in (Kazakhstan’s) history (its people) have received jurisdictionally defined state border with Russia”. From this phase Kazakhstan has changed its investment policy towards increasing outward financial flows to Russia. In addition, various scholars argued that Russia has started to invest significantly more in Central Asia and in Kazakhstan through off-shore investments (Zabortseva 2011: 10).

In March 2006, without making direct reference to any particular country, Nazarbayev clarified that Kazakhstan’s independence might be gravely affected by the attempts of some of the powerful countries (Such as the USA, Russia and China) to regulate and tamper with the affairs of country’s economy. As a result, the idea of union state was sidelined. Stress was laid on establishing economic collaboration within a customs union through sound, relevant foreign policy initiatives, while encouraging bilateral relations simultaneously. In the midst of concerns regarding the financial crisis across the globe, the agenda favoured the move to adopt a regional currency. The dynamics of Russia-

Kazakh relations within the framework of a union state was explained by Nazarbayev in May, 2006. In response to a question regarding the pertinence of a union state, he stated: “This question is no longer relevant. Today we should talk only of pursuing the fullest integration possible in order to secure the dynamic economic and social development of our countries” (Vinokurov 2010:8).

Major strategic priorities of domestic as well as foreign policy of Kazakhstan was outlined and articulated in the 2007 Presidential address. Following this, Kazakhstan’s international responsibility was recognised by concentrating the foreign policy on paying attention to the global challenges, tackling regional disturbances, integration at regional level, and bilateral/multilateral cooperation. The policy of Kazakhstan stressed the significance of partnerships of diversified nature with different countries. Amicable bilateral relations with different regional powers, including China and Russia are given priority, besides developing partnership of strategic nature with the West, particularly the United States. Furthermore, it was also emphasized by Nazarbayev that his country might also act as a mediator at international level on issues calling for solutions to probable situations of conflict acceptable to all parties involved in it (Vinokurov 2010: 8). This strategy enabled Kazakhstan to comprehend and develop a new vision regarding the part it would play in the dynamic context of international relations.

Nazarbayev further added that it was imperative to set clear and achievable targets with a view to reaching and developing niches for Kazakhstan within the global economic context; and ensuring participation of the country in the advanced projects involving the various foreign collaborators. He also pinpointed the crucial role to be played in this regard, by the markets of Central Asian countries, China, Russia, besides the Black Sea and Caspian Sea regions (Vinokurov 2010:8).

In 2008, when Russia invades Georgia, Kazakhstan’s focus on domestic production and non-Russian procurement rapidly increased. And since Russia’s incursion into eastern Ukraine in 2014, Kazakhstan has been even more active in ensuring it reaches its goal of increased military self-sufficiency.<sup>7</sup>

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<sup>7</sup> Blurring the lines of Kazakhstan-Russia relations, Assessments, April 15, 2016, available at : <https://worldview.stratfor.com/article/blurring-lines-kazakhstan-russia-relations>

Global financial crisis of 2008 has pessimistically impacted Russian-Kazakh economic relations, due to a dramatic fall in raw material prices and a crisis within both countries banking systems (Golunov 2009: 4). In March 2009, in the thick of the global crisis, Nazarbayev affirmed that practical steps were required to achieve financial and currency integration, involving a structure that might have its own supranational non-monetary currency, with an exchange rate dependent on the rates of world currency. The new system of currency, as he stated, would not interfere with the existing one but will enable long-term infrastructure investment. It was designed to ensure consistent and continuous cashless transactions among multiple state bodies, firms and individuals belonging to the EurAsEC countries. This type of currency, as he put it, would be issued only to serve the best interests of these countries as well as the world in a broader, general perspective. Nazarbayev also opined that the process of integration to be carried out by the organizations involved in it should be consistently encouraged to set the goal of reaping collective gains for the various participants through concerted efforts and with a broad-based understanding of economic-developmental concerns. He further highlighted the significance of common resources with specific reference to common market, common currency, energy and so on. On its part, Kazakhstan would not only acknowledge the benefits offered by its energy resources but would also pitch for the optimisation of their use. In this regard, the interests of the key players at both regional and international levels would also be taken cognizance of. (Vinokurov 2010:8).

There is no denying the fact that the bids to set up and initiate the operation of the Customs Union of Russia-Kazakhstan-Belarus have brought in good dividends. Besides, the commitment articulated by these countries for establishing a Single Economic Area (SEA) by 2012 may be seen a giant leap forward. In this regard, it is worthwhile to mention that as per the Eurasian Development Bank (EDB), these three countries are the key players in Eurasian integration in the post-Soviet scenario. Confirmed and supported by quantitative data, the indicators also suggest that Russia remains an undeniable 'integration leader' for the entire Central Asia. Kazakhstan and Russia have also come closer on the turf of bilateral ties following a number of important projects and initiatives such as the CSTO, EurAsEC and SCO particularly because of cooperation in the form of the Russia-Kazakhstan-Belarus Customs Union. Operation of the Customs Union paved

the way for bringing these countries together, thus initiating the process of integration. The years 2009 and 2010 witnessed the operationalisation of numerous initiatives including a common custom territory and a common external tariff. In November 2009, during the Inter-State Council Meet of the EurAsEC held in Minsk, the key participants signed a number of documents that blazed the cooperation trail for these countries. Moreover, the union got substantial support from its core group members to extend its membership to more countries. Following this, Kyrgyzstan and Tajikistan voiced their keenness to be part of the Customs Union. In the meantime, members of the Customs Union decided to evolve a single economic space within a few years (Vinokurov 2010: 9). Throwing light on the economic rationale behind emerging customs union in 2009, N. Nazarbayev stressed the urgency for opening up 'our market' in mutual interest, thus promoting the industrialisation of 'our countries' with an innovative approach. This type of cooperation, he hoped, would prove to be beneficial to each country.

A consistent support coupled with positive statements regarding the union is required for its success. Its significance is suggested by the data relating to the short-term balance of profit-and-loss, which does not favour Kazakhstan. In Kazakhstan, for instance, custom tariffs are likely to rise by 45%, far more than the same for Russia standing at only about 4%. Despite this, it is worthwhile to notice that within the CSTO, considerable progress has been made in the regional security efforts for cooperation. At the same time, members of the CSTO embarked in 2009, on a decision to promptly establish collective forces. Russian and Kazakhstani forces accounted for most of their strength. The Central Asian region was the operational focus of this combined force. Due to its close collaboration and cooperation with Russia, Kazakhstan succeeded in winning the latter's support and in 2010, became the OSCE Chairman. Following this development, Nazarbayev thanked all CIS member states for choosing Kazakhstan as their collective candidate and expressed his country's immense gratitude to Russia for the latter's decisive support in the election of the OSCE Chairman (Vinokurov 2010: 9). Gradually, the cooperation between the two countries enabled the organization to achieve the common agenda.

Russia and Kazakhstan has in the past indulged in some mutual admiration activities to strengthen their relations with each other. It was in the year 2012 that the premiers of

both countries paid visit to each other and made some significant declarations. While Russian premier, Vladimir Putin, paid a visit to Kazakhstan in mid September of 2012, Kazakhstan's President Nursultan Nazarbayev returned the favour by visiting Moscow through an official tour in the month of October. These visits were meant to celebrate their 20 years of good-neighborly relations with each other. Both presidents exchanged their opinions on the then current condition of integration between the two nations within the Customs Union and the Common Economic Area. The Kazakh premier then brought to notice the achievement of 30 percent increase in the bilateral trade between Russia and Kazakhstan since the time they entered the agreements mentioned above. Russia was then suitably named as "strategic partner" with whom Kazakhstan had accounted more than \$24 billion worth of cross-border trade in several goods and services. The intention to increase this turnover to \$40 Billion dollars in future was reiterated. It was further revealed that that Kazakhstan was then nurturing more than 1,700 joint-ventures while Russia was playing a host to over 3,000 companies that held share to Kazakhstani capital (Voloshin 2012).

It is basically due to several agreements between Russia and Kazakhstan signed in the past that the latter still considers Russia as a dynamic partner to its economy. Their cooperation is in progress since the year 2001 in the form of a joint venture called KazRosGas - involved in the production and processing of Kazakhstan's Natural Gas in Karachaganak. Apart from Natural Gas, the two countries have also formed a legal framework through which they jointly produce uranium in Kazakhstan for non-military objectives, thus falling under the category of countries agreeing to operate under the Comprehensive Strategy of Nuclear Energy for Civilian Purpose. Above all these, Russia plays the crucial role of being a transit country cooperating with Kazakhstan for its energy exports to various other nations. 15.5 million tons of Kazakhstani oil is transported towards Europe through the Atyrau-Samara pipeline, while an additional 5.5 million tons is transported through another pipeline which travels up to the Russian seaport of Novorossiysk (Voloshin 2012).

Both, Putin and Nazarbayev, jointly arrived at a decision to replace the existing bilateral agreement - 1992 Treaty of Friendship, Cooperation and Mutual Assistance, with a new



document. Their respective governments came up with a new agreement - The Good Neighbor and Alliance Treaty for the 21st Century, and formally adopted it in the year 2013. This new agreement reflected on several achievements of Kazakhstani-Russian political dialogue and cooperation in economic, military, scientific, cultural, and other aspects of cooperation, of the last 20 years.

Since 1991, Kazakhstan's approach to its diplomatic relations, particularly with regard to Russia, and regional integration within the post-Soviet context underwent different phases:

1- During the initial phase that extended from 1991 to 1995, the CIS came into existence in the midst of tremendous turmoil and uncertainties in political and economic arenas. To overcome the systemic crisis, the then leadership of Kazakhstan proposed complete economic union with Russia. Subsequently, in 1994, Kazakhstan came up with a proposal seeking institutionalization of the political-economic concept of Eurasian unity as the Eurasian Union. Though the level of integration called for by the original proposal remained restricted in scope to a considerable extent, its essence was frequently spelt out in specific terms in the proposals that came later.

2- The foreign policy assumed a multi-directional orientation during the second half of 1990s, when differences between the global superpowers were exploited with a view to preserving national sovereignty. At this point, the significance of oil as the backbone of Kazakhstan's economy was completely understood, due to which securing the opportunities of best possible export was prioritised as the goal of foreign policy.

3- During the initial years of 2000s, positive signs of economic growth and change in leadership led to a revival in Kazakhstan's bilateral relations with Russia. In this regard, an important role was also played by the tension that crept into the bilateral relations of US and EU vis-a-vis the Colour Revolutions.

4- During 2003-2006, the idea of Eurasian unity was pushed to the backburner once again. Maintaining balance between the interests of regional powers was the focus of foreign policy. Due to hike in oil prices, the foreign policy of Kazakhstan showed a certain orientation towards making the country prosperous, self-sufficient and independent. Usually, the bilateral relations of Kazakhstan with Russia remained

positive. Though there was an increase in mutual trade and investment, no major institutional development was witnessed during this period. Kazakhstan adopted a systematic approach to cut down its dependence on the transportation systems of Russia, particularly their pipelines.

5- During 2007-2010, Kazakhstan's bilateral relations with Russia became stronger than ever before, due to the framework of regional organizations and initiatives. The most significant development was the establishment of the Customs Union besides the EurAsEC Anti-crisis Fund (regional macro-economic stability and major trans-border projects) and CSTO (collective forces). On account of global economic crisis, a sound determination was visible in the efforts to advance the regional economic integration (Vinokurov 2010:10).

6- During 2010-2014, Relations between two countries drive from various events such as political implications of the Ukrainian crises, direct short-term impact of western sanctions against Russian oil on the Kazakhstani oil sector, initial referendum in Crimea and disputes on Baikonur cosmodrome (Zabortseva 2016: 84).

Formally, political relations between Russia and Kazakhstan have been very stable. Since the collapse of the USSR, more than 400 bilateral agreements have been signed between the states following usual political meetings. However, there have been a number of challenging issues on the bilateral agenda between states (Such as, the nuclear status of Kazakhstan, space agreements, the mass migration of the Russian-speaking population, the division of the Caspian Sea and the impact of the Ukraine factor). These issues have featured on the bilateral agenda in similar to the necessary issues of cooperation in security and economic areas (Zabortseva 2016: 84).

A brief discussion on the various areas of cooperation between Russia and Kazakhstan is presented below.

## **Economic Cooperation between Russia and Kazakhstan**

As an independent nation with an open economy, Kazakhstan is thus keen to play a dynamic part in grappling with economic problems prevailing at global level. Its

leadership also wishes to be associated with global scientific processes and development of new technologies, thus helping to capitalise on its own potential for scientific research and develop technical knowhow comprehensively (Legvold 2003: 188).

Strengthening of economic cooperation with Russia and constant integration of the economy with economies of the CIS Countries are the main concern area of Kazakhstan's policy in foreign trade. Sound economic links maintained conventionally account for a high level of interdependence and mutual complementarity between the two economies, in terms of the size of the commodity market, as also the economic problems calling for effective solutions (Mansurov 1998: 208).

Russia also looks forward to reinforce its economic place in the Central Asian region. In particular, it seeks to utilize energy policies to fortify its influence. It wants a prominent role in the advancement of offshore Caspian oil and gas reserves, control in Central Asia's gas industry, and control of the region's hydroelectric power. It hopes to use Gazprom, basically state-controlled Russian gas domination, and its strong position in Central Asia as the basis for a gas union in the former Soviet region. Russia doesn't want any other nation's control over Kazakhstan because of Central Asia's major economy and biggest state by territorial size (Carlson 2008: 49).

As per the bilateral agreement signed in 1992, Republic of Kazakhstan and Russian federation have been maintaining a free trade regime, since then. Subsequently, a protocol, pertaining to it, was ratified in 1995. Thereafter, an agreement was signed in 1999, on Customs Union and the single economic area with Russia, Kazakhstan, Tajikistan, Kyrgyzstan, and Belarus (Zabortseva 2016).

The key concern of Kazakhstan is to boost economic development by ensuring access to overseas markets with a view to promoting its exports, protecting its business in foreign countries, drawing investment for all important sectors of the economy, in particular mechanical engineering, agriculture, and advanced technologies; and encouraging alternative links of transportation. The leadership of Kazakhstan is keen as ever to integrate itself into the international economic order. However, at the same time, it also wants to maintain its special characteristics as an independent, sovereign nation, without overlooking the issues pertaining to its economic and national security. In this regard,

maintaining absolute control over its natural resources and their development is a key concern for the country's leaders (Legvold 2003: 188).

In Kazakhstan relations with Russia, one main element is Kazakhstan's geographical position as a landlocked country. The major transport routes to world markets ran through Russia, making Kazakhstan's foreign trade completely dependent on Russia's transport infrastructure. Kazakh experts complained that their country's heavy economic dependence on Russia negatively affected the path of its economic reforms (Alexandrov 1999: 65). As a significant hub of transportation, Kazakhstan is likely to emerge as a trade bridge between Asia and Europe. As the new Silk Road has begun to operate, prospects for Kazakhstan to serve as the transport corridor for Europe - Caucasus- Asia; and Russian Trade with South-West and South Asia (including countries like Iran, Pakistan, and India) have increased. Besides, multiple opportunities for international transit trade through Kazakh territory have been brought into reckoning. Even as Kazakhstan's economic partnership with Russia continues unabated, its emergence as very promising new market for the goods that come from USA, Europe, China and Japan is remarkably noticeable (Legvold 2003: 189).

Within the regional context of Eurasia, Russia occupies a pivotal position. Obviously, like other countries from Central Asian and Caspian regions, Kazakhstan forms part of the Russian sphere of interests that has a crucial significance. On its part, Russia therefore tries its best to assert its dominant economic presence in this region. For most of the pipelines that connect the oil production centres of Kazakhstan to international markets, parts of Russian territory are used as passageway. The prospect of alternative Caspian routes for oil transport projects are yet to be realised in a comprehensive way. More importantly, the Caspian pipeline consortium, formed on the basis of a long term arrangement of cooperation between Russia and Kazakhstan, has further made the position of Russia in the region stronger (Legvold 2003: 191).

Russia has used aid and investment bilaterally to increase its economic presence in the region. In 2002, a bilateral pact on the division of the Caspian Sea also played an imperative role in improving economic cooperation between Russia and Kazakhstan (Patnaik 2011: 15). During the last few years, the economic improvement in both Russia and Kazakhstan seems to have enhanced trade as well as bilateral ties between them.

These positive developments have further enabled Russia to secure greater advantage within Kazakhstan. The kind of significance that Russia receives in the arena of Kazakhstan's external affairs basically depends on the broad-based complementarity and interdependence of their economies. It's worthwhile to mention that Russia was and continues to be the major foreign trading partner of Kazakhstan (Legvold 2003: 191).

The first few years following the disintegration of the erstwhile USSR witnessed unprecedented erosion in their major ties that had assumed significance in the past. However, the leaderships in both Russia and Kazakhstan soon realised that the weakening of their bilateral ties due to the course of reform in each country was detrimental to their economies. Consequently, the governments of the two countries have committed themselves once again to reviving economic ties, evolving mutual consensus on tackling major bottlenecks and challenges in business and trade relations. Now, the two countries are focussing on certain fundamental areas. The most important of these relates to inter-industrial ties in a number of fields such as agribusiness, energy commerce, transportation and machine building. Another key area of focus is the framing of appropriate and mutually beneficial policies of tariff and currency. Other important areas of cooperation that have captured their attention include expansion of cooperation in military and economic spheres; joint projects in space exploration and use of the Baikonur spaceport; and development of energy resources in the Caspian Sea region.

Kazakhstan currently holds fifth position among all members of CIS, in terms of Russian direct investment. Despite Russia's investment in Kazakhstan's construction, real estate business, referred to as the most "popular" sector among foreign investors attracts no Russian investments. Top Russian investments were directed into wholesale and retail trade, repair of motor vehicles, during the period billed as Kazakhstan's independency. Besides, manufacturing, electricity, gas, water supply and education, health and social work also attracted some investments, albeit on a much smaller scale. Communication, hotels business, agriculture, and transport are some business sectors where the quantum of Russian investment needs to be investigated closely and with precision. Interestingly, Kazakhstan has recently started expressing its intent to invest into Russian economy, marking a break from their hitherto one-way economic relationship. It's quite likely that concerns about the territorial integrity of Kazakhstan have ceased to be significant; and

Russia is no longer held to be a possible threat on that count. As a result, a number of diplomatic and policy think-tanks have begun to view in this a great prospect of business expansion.

In terms of trade between both countries, Russia plays a major role as an exporter to Kazakhstan. It has the largest share in Kazakhstan's imports. Moreover, Russia also had a share of approximately 35.4% in the overall exports of Kazakhstan in 2009, much more than China (22.1%) and Germany (8%). Since then, however, only about 11.2% of Kazakhstan's exports reached Russia. Kazakhstan has been making a bid to come up with a diversified export structure, but natural resources, including oil and oil products, chemicals and ferrous metals continue to have a dominant role in determining its export orientation ((Zabortseva 2014: 312).

As per the Russian customs statistics, trade between Russia and Kazakhstan in 2010 was estimated to be approximately \$15.3 billion. The trade between the two countries was about \$20 billion in 2008. However, due to the global financial crisis, it came down to about \$13 billion in 2009 (Blagov 2004).

During the global economic crisis, Russia has been affected being a part of the global economic structure. Russia's global reserves which stood at \$581.6 billion on September 1, 2008 have gone down by \$14.3 billion due to the global economic crisis, as reported by the Central Bank of Russia. At the same time, Russian economy faces various challenges such as high inflation, bureaucratic controls, corruption, over dependence on energy and raw materials for economic development and big differences in income among the population and regions in the country (Gidadhubli 2010:24).

In 2007 and 2008, Russian inflation rate continued to be in the range of 10-12 percent. The first Deputy President of the Central Bank Gennady Melikyan admitted that the country's inflation rate was likely to reach 12 % in 2008. Various western analysts admitted that the actual inflation rate is much higher than what is claimed by the official sources. Russian economy was overheating with the domestic demand outpacing the overall economic growth and real wages which were growing faster than the labour productivity (Gidadhubli 2010: 27). The average monthly wages shot up from \$179 in 2003 to over \$497 in 2007, a rise of about 2.8 times in five years, also contributed to this high rate. Wages were rising faster than the labour productivity due to shortages of man

power in the labour market. Due to the effect of all these factors, there has been a growing demand for consumer goods, pushing the inflation rate in the country. On the other hand, in supply side, there was a decline in agricultural production, milk and bread. Shortages of these essential food products lead to a sharp increase in their prices by over 20 to 30 % in 2008. Small and medium industrial units were faced an acute problem of not being able to get credit due to the economic crisis. According to Arkady Dvorkovich, economic adviser to Medvedev, the best way to fight inflation is to increase competition and raise investment (Gidadhubli 2010: 28). To tackle these problems Russia open their market for investment. Kazakhstan was also closely linked with global economic system. So during global economic crisis, Kazakhstan also badly affected with this situation. To take a boom to their economy and to emerge from this situation, Russia and Kazakhstan considerably cooperated with each other.

As far as Russia's direct investment in the CIS for the period 2000–2008 is concerned, Kazakhstan occupied third place (about 10.3% of the total). Only Belarus and Ukraine, with 54.2% and 22.5% of the total investment respectively, were ahead of Kazakhstan. In this regard, it's worth mentioning however that the major portion of Russian investments in Kazakhstan have been in areas like wholesale as well as retail trade and the repair of motor vehicles, rather than those of strategic importance to the country's economy. Areas like manufacturing (\$253 million), electricity, gas, water supply (\$50.8 million) and education, health and social work (\$800,000) have also attracted Russian investments, but these are minor and small-scale only (Zabortseva 2014: 314).

Kazakhstan depends considerably on its trade with Russia, which makes up over 13 percent of its total exports and 43 percent of imports. On the other hand, at the same time (2010) as the proportion of Kazakh imports from Russia has been growing, the fraction of its exports to Russia decreased almost twice compared to 2000 (Sinitsina 2012: 8).

Areas like agriculture, communications, hotels and transport have not attracted large investment. Likewise, real estate, which is usually regarded as the most 'popular' area of Kazakhstan's economy among foreign investors in general, has failed to capture the attention of Russian investors in spite of Russia's investment in the construction sector of Kazakhstan. Financial intermediation and mining, two key areas measured in terms of the volume of FDI, registered only about 1.9% of Russian investments each. Even though

mining and quarrying together are ranked third in terms of total volume of investments (next to real estate and financial intermediation), this is a major sector of strategic importance in the economy of Kazakhstan. The share of Russian investments in oil has been almost inconsiderable. Compared to American investments (more than 40%) that served as one of the major propellants of Kazakhstan's economy, Russian investments (less than 2%) literally stood nowhere (Zabortseva 2014: 314).

For most of the period since the end of the Soviet Union, Russia-Kazakhstan bilateral economic relations were one-way as the investments of Russia in Kazakhstan heavily outweighed those of Kazakhstan in Russia. It's only in the past few years that some keenness has been shown by the leadership of Kazakhstan to promote investment in the economy of Russia. This was noticeable at a time when the inward Russian FDI was going down, precisely between the years 2008 and 2011.

During these years, the investments of Kazakhstan in the Russian economy have exceeded the approximate quantum of Russian investments in the economy of Kazakhstan. During 2000–2006, Russia's investment into Kazakhstan's economy was about \$533 million (accounting for 8% of its total investments in the CIS). On the other hand, Kazakhstan invested \$2,552 million in Russia during the same period (about 36.6% of the investments from the CIS) (Zabortseva 2014: 319).

In terms of Kazakhstan's FDI abroad, Russia occupies second position accounting for about 15.4% of the total investment for the period 2004–2008. The Netherlands (30.7%) alone was ahead of Russia on that count. In the overall ranking, however, investments in CIS countries like Ukraine (3.6%), Kyrgyzstan (3.5%), Georgia (1.4%) and Azerbaijan (0.1%) hold a relatively low position. Moreover, during 2000–2008, Kazakhstan, with a share of 30.8%, ranked second among CIS countries investing in Russia's economy next only to Belarus, and followed by Ukraine. Investments of Azerbaijan are only about 2.4% of the total CIS investments in the economy of Russia (Zabortseva 2014: 319).

According to Kazakh national statistics, in 2011, the share of Russia in Kazakhstan exports declined to 8-9%, whereas in imports it has enlarged from 31.3 percent in 2009 to almost 43 percent in 2011. Mutual trade volume, after some decline in 2009-2010, amounted to almost \$24 billion, exceeding the pre-crisis maximum of 2008 by 19 percent (Sinitsina 2012: 17).



Kazakhstan's greater interest in Russian economy brings into focus a new phase of more comprehensive investment partnership, while at the same time suggesting a new phase of competition. Shifts that have come about in the investment policy of Kazakhstan suggest that the prospects of investment partnership between the states are increasing.

The factors that have led to these policy changes have rendered concerns about Kazakhstan's territorial integrity less significant at present. Once the Kazakh leaders began to see Russia not as a possible threat to the nation's territorial integrity, but as an ally in case of a possible demarcation claim from China, fresh prospects emerged for business cooperation between the two states and its expansion in numerous areas. Furthermore, new legislative changes introduced in Kazakhstan in 2003 allowed the state to limit acquisitions in strategic sectors of the economy, especially, in the oil industry. Following that, the government of Kazakhstan chose to take a stringent position vis-a-vis foreign investors, suggesting complete reversal of its attitude in the beginning of the 1990s, when Western investments had received an array of incentives and preferential treatment from the Republic of Kazakhstan. Besides, barriers for the foreign investor have also increased considerably (Zabortseva 2014: 319).

During 2005-06, most of the successful projects aiming to strengthen economic cooperation have been implemented bilaterally, and not on a regional multilateral level. One of the major initiatives in this regard has been an agreement between Putin and Nazarbayev on the setting up of the bank Eurasian Development Bank (EDB), in a bid to boost inter-state cooperation. It began operating in 2006. Subsequently, the EDB was granted observer status in the Eurasian Economic Community (EurAsEC) in October 2008. The major objective of the bank was to intensify cooperation between countries in such economic areas as hydro-electric complexes, electric power, 'high-tech' and innovative industries, transport infrastructure, the financial sector and the agro-industrial sector. For instance, as part of the "Comprehensive Programme of Partnership of the Russian Federation and the Republic of Kazakhstan in the Peaceful Uses of Nuclear Energy", the bank financed the Russia-based Tekhsnabeksport and Kazakhstan-based Kazatomprom to enlarge the uranium deposits of Zarechnoye in Kazakhstan. Besides, the

bank also co-finances the renovation of the existing power-generating units of the Ekibastuz GRES-2 power station (Zabortseva 2014: 322).

The investment portfolio of the Eurasian Development Bank also comprises numerous sizeable projects focused on the banking systems of both Russia and Kazakhstan. These include Khanty- Mansiiskii Bank and Bank Center Credit among others. Regarding other bilateral projects, the consistent operation of Russia's Sberbank in the financial area in Kazakhstan since 2006 is worth mentioning. Following its investment of more than \$1.4 billion in Kazakhstan's economy, the assets of this bank have more than doubled during the period 2008–2010. Regarded as an important partner for cooperation, the bank has presented plans for further extension to Kazakhstan's government. Banking institutions based in Kazakhstan are also keenly looking forward to investment in the financial and economic market of Russia. The Eurasian Bank in particular has bought Troika-dialog, the Russian investment company, which, as per the officials of the bank's officials, has the potentials to pave the way for its leadership in the banking services segment of the Russian market (Zabortseva 2014: 322).

Apart from the aforementioned power generating plants facilitated through the EDB, an important energy project is in the coal industry. In 2009, the open cast mining project undertaken by the Bogatyr Access Komyr Company began work under a previous agreement. Currently, it is managed by Kazakhstan National Welfare Holding Samruk-Kazyna and the Russian RusAl. Two of the major industrial projects of Kazakhstan in Russia are the modernization of the Serov Ferroalloy Plant by the Eurasian Natural Resources Corporation Group (ENRC); and the financing of the Novosibirsk Gold–Polymetallic mine to the value of \$48.6 million by Kazzink. Highland Gold Mining Ltd , the owner of the Novosibirsk mine, founded in 1996, agreed to sell half of its stake in the project to Kazzink in December 2006. Its intention was to establish a joint venture regarding these assets. During 2006-2009, engineering, construction and installation works were completed by the companies at an investment cost of \$136 billion. As for the second project, the ENRC, a leading assorted and fully integrated Kazakh metals and mining company, announced in 2008 that it had acquired a 75.3% stake (worth \$210 million) in Serov, an eastern Russia-based ferrochrome producer (Zabortseva 2014: 322-323).

The role of state regulations at the governmental level has considerably influenced this intensification of bilateral economic projects. Though the prospects of these projects seem to be quite promising, the purview of the bilateral projects does not seem to have any substantial impact on the total volume of the Russian and Kazakhstani economies.

In the sphere of economy, bilateral relations with Kazakhstan primarily rest on the framework of the 2012-2020 Economic Cooperation Program, formally endorsed on November 25, 2011 in Astana. As per the Russian Federal Customs Service estimates, the volume of mutual trade for 2012 went up by 8.5% compared to 2011, reaching 22.4 billion USD. While supplies from Russia registered an increase of 3.3% (up to 14.6 billion USD), import from Kazakhstan recorded a growth by 19.6 % ( up to 7.9 billion USD). During January- July 2013, the volume of bilateral trade rose by 18.8% reaching the mark of 13.1 billion USD, as compared to the corresponding period in the previous year. In this period, supplies from Russia went up by 12.6% (up to 7.9 billion USD), while imports from Kazakhstan recorded an increase of 5.2 billion USD (approximately 29.7%).<sup>8</sup>

## **Military and Technical Cooperation**

Mikhail Dmitriyev, a former director of the Russian Federal Service for Military-Technical Cooperation, Moscow, defines this cooperation in the following way.

“In principle, military and technical cooperation is a system of interstate relations which involves supplying foreign countries with military weapons, equipment and technology, providing military and technical services, and investing in the field. At the same time, arms trade and the entire military and technical cooperation system is a Russian foreign policy instrument designed to mark Russia’s presence in a region and influence a region’s balance of forces” (McDermott 2012:52).

When the USSR disintegrated and the CARs became independent, a number of analysts foresaw toughest challenges for Kazakhstan among all Central Asian Republics, in their

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<sup>8</sup> Russia- Kazakhstan, the Embassy of the Russian Federation to the Republic of Kazakhstan, November 25, 2013. Available on : [http://www.rfembassy.kz/eng/lm/dvustoronnie\\_otnosheniya/rossiya-kazakhstan/](http://www.rfembassy.kz/eng/lm/dvustoronnie_otnosheniya/rossiya-kazakhstan/)

bid to develop a powerful and stable nation-state. In Kazakhstan, a state with large territory but small population, the longest land border with Russia and a common border with China, numerous factors were held responsible for the lack of bright future prospects, suggesting an extremely complicated process of state-building. The situation was further compounded by a Soviet nuclear heritage without the technology and technical specialists to manage it; a diverse ethnic composition comprising a minority of ethnic Kazakhs in proportion to other nationalities; fragile governmental machinery and a steadily declining socio-economic situation; and a conspicuous absence of efficient security and military structures and forces (Shilibekova 2010:8). It was due to the prevailing perceptions about these challenges that actually prevented Kazakhstan from declaring its independence till 16<sup>th</sup> December, 1991. Keeping this scenario in view, the Kazakhstan President Nursultan Nazarbayev spelt out his intent to evolve an independent state by taking cognizance of the complicated process of breakup affecting not merely the economies, but also the armed forces of the erstwhile USSR, specifically with regard to the close links with Russia in these fields. Subsequently, on 21 December 1991, Nazarbayev upheld the likely continuation of the Soviet military as the nascent CIS' collective armed forces (Shilibekova 2010: 9). In spite of his efforts and the interest of some of other leaders, the CIS could not create a combined or unified armed forces, as each of its member states was keen to grapple with the challenges of state-building individually. In Kazakhstan's own context, however, military building has, to a considerable extent, committed itself to maintaining and strengthening bilateral ties with Russia (Shilibekova 2010: 9).

Russia holds various security interests in Central Asia. It looks forward to preserve Central Asia within its zone of geopolitical influence and motivate these countries to contribute in its endeavour of integration with Russia. It has also sought to bring these states into a single defence and security organization under its exclusive control with an effective exclusion of the West. In Russian analysts view, US want to Russia out of the Caucasus and Central Asia. Russia seeks to protect its open southern border against various threats emanating from Central Asia, including religious extremism, illegal migration, and drug trafficking (Carlson 2008: 49). In Russia's security calculations and

the benefits of cooperation in this sphere, Moscow became more and more sensitive to the importance of Kazakhstan.

In Central Asian region, Kazakhstan remains the core buffer state for Russia, and this observation is reflected in the Russian-Kazakh axis. Kazakhstan inherited from soviet times the largest and most important military infrastructure in all Central Asia. However, in the mid 1990s, plans to create a common Russia-Kazakh defensive space, and to form unified arms forces based on the principles of joint planning, training, and use of troops, appear to have been shelved, except in respect of air defence (Allision 1999: 51).

The year 1992 saw Russia and Kazakhstan entering into a number of agreements. Security and safeguarding of nuclear facilities, and protection of industrial activities in Kazakhstan were the main thrust of their bilateral cooperation. “Treaty on Cooperation in the Peaceful Use of Atomic Energy” and the “Agreement on the Transportation of Nuclear Materials” were two key agreements signed by the two countries. As per the latter, Kazakhstan received uranium hexafluoride from Ural Factories and sent tablets to all atomic stations in Russia (Naumkin 2003:41). The Kazakh uranium thus exported to American, Australian, and European markets would pass through the Russian Federation. Measures to secure these materials were readily endorsed by the two countries.

The two countries signed the “Treaty on Friendship, Cooperation and Mutual Assistance” on May 25, 1992. Besides, they were also actively associated with the “Treaty on Collective Security (TCS)” signed in May 1992, which sought to unite several CIS governments. However, till 1995, the TCS could not achieve anything substantial. Both parties signed a “Declaration on the Expansion and Deepening of Russian-Kazakh Cooperation” in January 1995, which aimed to “strengthen participation in the TCS”. They also endorsed a common position on the creation of a unified air- defence system among CIS States that participated in it. Furthermore, both countries also signed an agreement on cooperation and mutual payment for the utilisation of nuclear materials in the SS-18 strategic nuclear missiles, which were pulled out of Kazakhstan in accordance with the START I agreement (Naumkin 2003:42).

During the mid-1990s, the governments of Russian and Kazakhstan also agreed on the export of Uranium, Tantalum, and beryllium products to Russia, which were essential for the Russian uranium industry. On its part, the State Atomic Surveillance Agency of

Russia agreed to provide security for nuclear facilities of Kazakhstan. Both governments felt the urgency of optimising cooperation. This became necessary because following the collapse of the Soviet Union, Russia could claim largest stake in all engineering, scientific and production-related organisations associated with nuclear enterprises and installations based in Kazakhstan. In order to overcome difficulties caused by this situation, the two countries therefore worked out an agreement on maintaining the status of the most important nation to each other. In this regard, it is worth mentioning that Russia and Kazakhstan were cooperating in a substantial way at that time with the United States on the safe removal of Kazakhstan's nuclear weapons. Within the context of Russia's ties with Kazakhstan, issues of nuclear security had a top priority status (Naumkin 2003: 42).

Though the Russian media occasionally criticised the highly classified "Operation Sapphire", through which 600 kg highly enriched uranium was transformed from Kazakhstan to the United States, the highest level of the Russian government endorsed this operation. This operation paved the way for the cooperation of Russia, Kazakhstan, and the US, leading to the inception of a non-proliferation regime in Central Asia (Naumkin 2003:42-43).

In the context of military cooperation between Russia and Kazakhstan, both governments only tried to adapt to the new reality until March 1994. Thereafter, the two countries signed the first set of agreements and treaties. Of these, the most significant one was the Treaty on Military Cooperation. Kazakhstan and Russia signed a military treaty on 28 March 1994. Since that time, a number of bilateral and multilateral agreements for military-technical cooperation and several other issues have further strengthened the legal framework (McDermott 2012: 45-46).

A few articles from the 1994 Russia-Kazakhstan Military Cooperation Treaty truncated the scope for Astana to go for stronger relations with NATO. Article 10 is a striking instance in this regard. As per this article, "The contracting parties will cooperate in the sphere of military intelligence. Each of the contracting parties pledges not to conduct military intelligence activities directed against the other party" (McDermott 2012: 46).

In keeping with the Treaty, NATO could take part in sensitive discussions with Astana only after sharing this information with the Russian Federation. This conditioning

implied that there would always be limits on how close the relations or discussion might prove to be. Besides, the treaty also sought to generate for both countries some positive opportunities to pursue close defence ties in highly sensitive areas.

As stated in Article 19, “The contracting parties will retain the existing network of all types of communications, air defence, antiballistic missile defence, and early warning systems and supply lines and will agree on measures for their development.

The contracting parties will cooperate in the sphere of military transport movements. The procedures of this cooperation will be defined in a separate agreement.

The contracting parties will retain the common air space for flights by military and civilian aircraft and the joint flight control system on the basis of the corresponding agreements” (McDermott 2012: 46).

It’s worth mentioning in this regard that nearly the entire gamut of defence cooperation’s involving Kazakhstan and NATO is subject to the terms of its bilateral treaty with Moscow, thus implying that the terms of the treaty can be contravened any time if Moscow raises objection to the Alliance.

Furthermore, as per Article 17, “The contracting parties will agree on policy in the sphere of the joint development, production, repair, and shipment of arms, military vehicles, and material and technical resources in the interest of the comprehensive support of the armed forces, facilities used for defensive purposes, and integrated military units, and will coordinate aspects of military–technical cooperation, securing the preservation and development of existing cooperative relationships between enterprises developing and producing weapons and military hardware” (McDermott 2012: 46-47).

All the key features outlined in these articles remain in force, and are automatically renewed every ten years unless either party apprises the other of its intents to abrogate the Treaty, thereby restricting the scope for NATO’s cooperation with Kazakhstan substantially or at a more comprehensive level. In spite of its so-called ‘multi-vector foreign policy’ and striking trends of diversification in the pattern of its international defence ties, there is no gainsaying that Astana attaches great significance to Russia–Kazakhstan axis as the crucial defence and security relationship for Astana.

At a time when Kazakhstan was acknowledged as Russia’s most reliable partner in the region, the two countries signed agreements on further leasing of defence amenities in

1997. Subsequently, Russian President Yeltsin and Kazakh President Nazarbayev signed in 1998 a “declaration of eternal friendship and alliance”. This initiative sought to provide for mutual military support in the event of aggression by a third party. When the Second Chechnya War began in fall 1999, Kazakhstan was keen to help Russia and established additional border checkpoints at ports and railway stations and suspended ferry traffic with Azerbaijan to control Chechen refugees (Nygren 2008: 176).

Again in October 2002, Putin billed Russo-Kazakhstan bilateral relations as a ‘Strategic Partnership’ and called Kazakhstan ‘the closest and most consistent ally’ of Russia. Nazarbayev reached Moscow in February 2003, to attend the formal inauguration of “2003- the Year of Kazakhstan in Russia”. The key objective of this ambitious project was to boost educational, scientific, economic, and cultural relations between Russia and Kazakhstan. While Putin referred to Kazakhstan as a ‘reliable’ and ‘strategic’ partner, Nazarbayev laid stress on the novel ‘oil alliance’ involving the two countries. In a high-level meeting held in April 2004, Putin told Nazarbayev that he was worried about the developments in Central Asia on the issue of a concerted fight against terrorism. In response, President Nazarbayev made it categorically clear that Kazakhstan was unconditionally in favour of a stronger and mutually advantageous partnership with Russia. As many as fifty agreements were signed between the two countries, covering a wide area of military and defence. This ensured a boost in their bilateral relationship (Nygren 2008: 177).

The novel context of Russian- Kazakh relations with all its undercurrents and underpinnings appears to have propelled each country to re-examine its place in the dynamic configuration of Central Asian Security. The role of some of the major institutions including the CIS treaty on Collective Security and the SCO has assumed unprecedented significance. At this backdrop, both governments have shown commitment to goals with focus not only on maintaining these structures, but also on lending more comprehensive outlook to their role in combating the new threats, particularly those caused by global terrorism and religious fanaticism. The Bishkek-based Anti-terrorist Centre, created by Russia and its Central Asian partners along with China, has received special attention (Naumkin 2003:63).



Following a large scale naval exercise in August 2002, which witnessed the participation of armed forces from Russia, Kazakhstan, and Azerbaijan as well as observers from Iran, the Caspian Sea emerged as a new epicentre of Russian-Kazakh military cooperation. In 2005, a few years after the naval exercise, Russia proposed the creation of a rapid reaction force similar to the one formed in the Black Sea. Subsequently, Putin had a meeting with military officials from the Caspian Sea states where he stressed the great significance of setting up a force to fight drug trafficking, organized crime and terrorism. As a result, the first-of- its kind Caspian ‘Anti-terror 2005’ exercise took place in August 2005.

The two countries have shown great commitment to the aim of preserving and developing close ties. It’s due to this commitment that they identify common threats to their national security. In their relation, the governments of the two countries have encountered certain complex issues, including those of monitoring trade across their border and collecting customs duties across a long border and its many potential crossing points, calling for collaboration. A comprehensive border delimitation agreement was signed by Nazarbayev and Putin signed in January 2005, which handled this problematic situation to produce desired results. Moreover, Kazakhstan and Russia have also expressed a common view regarding the development of a united air defence system among the countries associated with CIS. It’s worth mentioning here that Russia depends on Kazakhstan, for the nuclear power industry based in the latter. Due to this, Kazakhstan is able to supply uranium and similar products to Russia. A crucial concern for the Kazakh leadership has been the possibility of granting approval to Russia’s access to the Baikonur Spaceport. Following a long negotiation process over the use of spaceport facility both countries attempted to obtain for themselves the most beneficial rental conditions (Shilibekova, 2010:9).

Cooperation between Russia and Kazakhstan in the military sphere has taken place on two levels. The first of these involves the two countries in a multilateral cooperation within the SCO and the CSTO. The second level of their military cooperation encompasses renewal of agreements, highlighting the general outline as well as various other aspects of their cooperation. Numerous agreements and conventions involving the

two countries are renewed periodically. Illustrating this commitment, the “Plan of Cooperation for the period 2008-2012” was signed on December 8, 2010 in Moscow by the visiting Kazakh Defence Minister Adilbek Dzhaksybekov and his Russian counterpart, Anatoly Serdyukov (Rousseau 2011).

Within the purview of Joint security cooperation, all dimensions of Kazakh and Russian security policies have been incorporated. These include conducting joint military exercises, training military personnel, production of weapons and military technology, and sharing of military facilities. Moscow has been striving consistently to accomplish the key objective of military integration of Central Asian countries both bilaterally, through the various agreements with Kazakhstan, and multilaterally within the CSTO. The primary reason behind Russia’s keenness to strengthen cooperation among the CSTO members, as some commentators opine, is not confined to combating drug trafficking and terrorism. The actual purpose of Russia is to evolve a system of regional defence capable of ensuring security and blocking NATO’s expansion and possible intrusion in the regional energy production.

Kazakhstan has also endorsed Russia’s access to military facilities, by leasing more than 11 million hectares of its territory for such purposes. Russia’s access to the Kazakhstan-based Baikonur Cosmodrome accounts for about Seventy per cent of space launches in this region. The agreement for lease that was initiated in 1994 was renewed after a decade, now extending to 2050. Presently, Russia has been allowed to conduct naval and air force aviation trials of new arsenals at Kazakhstan’s military ranges in Atyrau, western Kazakhstan as well as of the Chkalov State Flying Trials Centre. Moreover, Russia can also conduct the tests of missiles and ammunition at firing ranges in western Kazakhstan, as well as at those located in Karaganda, Aqtobe, Kyzlorda and Zhambyl. Thus, an area of approximately 80,000 square kilometres has been added up for the purpose of testing strategic ballistic missiles and air defence. It’s worth mentioning here that an independent radar node Balkhash-9 is employed as part of Russia’s Aerospace Defence Forces (*Vozdushno Kosmicheskaya Oborona –VKO*) integrated missile attack warning system. To facilitate air transport requirements for these military ranges and

other sites, a division of the Russian Air Transport Branch has been set up at Kostanai (McDermott 2012: 49).

This level of complementarities, similarities in military culture and shared language suggest that Kazakhstan's armed forces do not have to work hard to attain interoperability with their Russian counterparts. This comes only naturally, emanating from all these influences besides a higher level of trust. The spirit of defence or military cooperation has been further reinforced through the collective defence mechanisms in the CSTO besides the initiation of a process by Astana and Moscow resulting in the creation of the CSTO's KSOR in late 2008; and to a lesser extent through the SCO and its biannual military exercises (McDermott 2012:50).

In the light of the joint defence heritage, even a new generation of officers and soldiers from Russia and Kazakhstan can readily share experiences and easily develop a sound understanding of each other's experiences of military life, its problems and challenges. Completing courses in military educational establishments in Russia makes their professional careers free from any risk. Not surprisingly, very few among the Kazakh officers are sent to training or educational courses in the West. The quantum of haemorrhaging from the military within a brief period following their return to Kazakhstan is relatively high (McDermott 2012:50).

It has been already stated that Moscow offers and imparts training to the armed forces of Kazakhstan in the major areas that directly affect the combat capability and combat readiness of the latter. The training covers key areas of technical significance including artillery, aviation and naval doctrine, besides skills of leadership for the training of officers. Kazakhstan's military would not have attained the present level of efficiency unless it had continued access to such courses.

Kazakhstan and Russia have discussed for several years the prospect of developing a joint air defence system. Both Moscow and Astana attach priority to achieving the rapid implementation of this ambitious scheme. In July 2012, Colonel Nurjan Mukanov, the Commander of Kazakhstan's ADF, expressed the intents of the two sides to draft an agreement on joint air defence aimed at resolving outstanding issues on the delivery of additional Russian S-300 PSU SAMs (McDermott 2012:56).

In keeping with the bilateral cooperation in the area of air defence, it was decided that Kazakhstan would be included in the Russian combined system of state identification employed by the armed forces and security structures of Russia, named YESGRLO, the radar beacon transponders of the Parol (password) system. The Russian version of the Mk XII Identification, this Friend or Foe (IFF) system used by the US and NATO is applicable in case of all the CIS member countries that signed the 1992 Minsk Agreement (McDermott 2012: 57).

With a view to achieving this integration level, the legal framework governing access to the system requires amendment. Issues arising due to the dearth of spare parts pose technical obstacles affecting complete integration. Moreover, regular repair and maintenance are required to ensure the functioning of all units. Since the collapse of the Soviet Union, Russian air force and air defence has been restructured three times.

Apart from the plan to integrate joint air defence cooperation, increasing involvement of Russia's defence industry has been noticed in its support to upgrade Kazakhstan's critical platforms like MiG-31 jets. Russia has already completed the upgrades of a few MiG-31s paving the way for the modernisation of Kazakhstan's ADF. The obsolete radio-electronic equipment on board these platforms in particular are the focus of this modernisation drive (McDermott 2012: 57).

Kazakhstan has two S-300 systems that are deployed to protect Karaganda and Astana. As per the decisions taken at a landmark bilateral defence meeting of Kazakhstani and Russian delegations in 2008, Moscow supplies air defence equipments to the armed forces of Kazakhstan. This includes purchase of additional S-300s and Astana expressed interest in the S-400 (Triumph) (McDermott 2012: 58).

With a view to discussing Russian assistance for modernising the armed forces, Astana sent defence delegations to Moscow in 2006. This reportedly extended to include S-300 SAMs. A revised agreement with Russia to use 4 training ranges in Kazakhstan was the basis for financing these SAMs. As per this agreement, Moscow was to pay Astana an annual sum of about \$3.2 million and provide approximately \$19.6 million for the training of military personnel, military hardware and equipment. On 22 August 2007, during the Russian military air show- MAKS 2007, Deputy Defence Minister, Altynbayev signed an agreement to buy Russian military aviation equipment and missile

defence systems. This involved Russian equipment, including the repair and modernisation of MiG-29s, MiG-31s, and Su-25s, as well as Russian S-300PS, 300PMUS2, and supplying S-400s, worth about \$60 million. Touching upon this, Minister Altynbayev stated: “We are part of the CSTO. We have the same tasks, and we will focus on purchasing Russian military equipment in future”. In spite of such procurement ambition, Astana has made no further advances towards acquiring S-400 though it continues to be interested in additional S-300s (McDermott 2012: 58).

During 2010, 3 joint military exercises had been held. these are: operational-tactical command post exercise of the regional command “Yug” with participation of the Operational group of the PrivolzhskoUralsky military command of the Russian Armed Forces, and two large-scale exercises in the framework of international organizations: "Peace Mission -2010" and "Vzaimodeistvie-2010". Kazakhstan and the Russia had signed more than 60 documents on a variety of aspects of military and military-technical cooperation. The defence ministers of Russia and Kazakhstan have uttered confidence in the more optimistic development of Russian-Kazakhstan relations in the military area and have shown interest in further dynamic cooperation.<sup>9</sup>

In June 2012, Russia tested an intercontinental ballistic missile on Kazakh land. In October 2012, Russian and Kazakh military pilots decided joint exercises to deter missile strikes over Central Asia (Kroth 2012).

Besides, Astana also wants Moscow to offer a potent solution to the problems that arise due to old fleet of helicopters and aircraft. Crash of a Mi-17 training flight near Astana in August 2012, which led to the death of its four-man crew, only reinforced the urgency to address these problems at the earliest. As a result, all Mi-17 flights were grounded temporarily rendering the prospect of an investigation inconclusive. A series of similar incidents further intensified the need to modernize much of the existing ADF assets including the helicopters produced in the Soviet era (McDermott 2012: 59).

In June 2011, a bilateral exercise called Shygys 2011 was staged in eastern and South-Eastern Kazakhstan. In this bilateral exercise, Kazakhstani air assets were used for the

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<sup>9</sup> Military cooperation of Kazakhstan and Russia, December 8, 2010, Accessed on September 30, 2013, Available at: [www.mod.gov.kz/mod-en/index.php/faq/377-military-cooperation-of-kazakhstan-and-russia?tmpl](http://www.mod.gov.kz/mod-en/index.php/faq/377-military-cooperation-of-kazakhstan-and-russia?tmpl)

first time to rehearse repelling cruise missile attacks. Around 3,000 servicemen, 500 armoured and other military vehicles, and 30 aircraft took part in this bilateral exercise. Though the exercise had no CSTO banner, the exercise envisaged elements from both the countries that are incorporated within the purview of the CSTOs KSOR (McDermott 2012: 59).

Kazakhstani ADF's air operation to repel cruise missile attacks was the most interesting aspect of Shygys 2011. In its aims and scope, the exercise was officially counter-terrorist, but the rehearsal to guard the territory of Kazakhstan against a massive cruise missile strike could not be overlooked.

The joint air defence, CIS Council of the Commanders of Border Troops (SKPV), and the CIS Anti-Terrorist Centre are a few of CIS security initiatives that have seen the involvement of Kazakhstan. As a member of the SCO, it has been actively involved in the Tashkent-based SCO Regional Anti-Terrorist Structure (RATS). But the CSTO is the dominant defence organization in which it holds membership (McDermott 2012: 61).

There are four military testing grounds in Kazakhstan in which Russia has a lease. Army personnel from Kazakhstan, as it has been stated earlier, have received training in Russian military schools. To further determine the major tasks of bilateral cooperation, the presidents of the Russia and Kazakhstan signed a strategic document called the Joint Operation Plan for the Years 2012-2015, in Moscow on December 19, 2012.

## **Energy Cooperation**

Since the Industrial Revolution, oil and gas have been consistently affecting the political and economical processes in the world, as products of strategic significance. Today, Kazakhstan is one of the world's largest producers of oil and gas. It occupies 9<sup>th</sup> and 15<sup>th</sup> places in the world in terms of proven oil reserves and gas, respectively. The country has 39.8 bn barrels of proven oil reserves and 1.8 trillion cubic meters of natural gas (Aldabek & Gabdullin 2012: 247). Diversification of oil and gas exports along with changes from exports of crude oil to exports of oil products is the prime focus in the energy strategy of Kazakhstan 2020.

Discovery of Karashangul oil-field in 1899 marked the beginning of oil industry in Kazakhstan. This was followed by the discovery of two other major fields in Dosser (1911) and Makat (1915). Subsequently, the disintegration of the Soviet Union led to the collapse of the unified industry system. Thereafter, Kazakhstan started cooperating with foreign companies in developing oil and gas fields.

A retrospective glance at Kazakhstan's oil industry suggests a two-stage development.

The first stage (1993-2002) saw Kazakhstan promoting the privatization of oil and gas fields. In order to achieve this goal, the organs of state were created in oil and gas industry, resulting in a rapid growth of investment. With a view to conducting geological study of oil fields in the Caspian shelf, a state company called 'Kazakhstan Caspian Shelf' was established in 1993. Subsequently, the ministry of oil and gas industry was created in 1994. The year 1995 witnessed the promulgation of the law 'On depths and depths use'. Furthermore, Kazakhstan and Russia entered into an agreement with Oman and International Oil Consortium on constructing a pipeline through the formation of the CPC (Caspian Pipeline Consortium) (Aldabek & Gabdullin 2012: 248).

The second stage in the development of oil and gas industry in Kazakhstan was initiated with the setting up of NC 'KazMunayGaz' JSG, in 2002. Around this time, Kazakhstan was trying to enhance its presence in oil and gas industry by buying stakes in different oil companies. The programme on developing the Kazakhstani sector of the Caspian Sea was accepted in 2003. North Caspian Project for the Industrial Development of the Kashgan oil field is one of the most significant oil projects in this region (Aldabek & Gabdullin 2012: 248).

Presently, there are six regions across Kazakhstan where oil deposits occur. Atirau and Mangistau regions have the largest of them, followed by Aktobe and West-Kazakhstan. These four regions account for about 94% of proven oil deposits in the country. The remaining 6% of the deposits are situated in Karaganda and Kzil-Orda regions (Aldabek & Gabdullin 2012: 249).

Kashagan, Tengiz, Uzen, Karachaganak, Kalamkas are the largest oil fields in the country. In fact, Kashagan East and West are among the largest deposits in the world. Oil was discovered in Kashagan East, West and South-Wes in 2000, 2001 and 2003, respectively.

Karachaganak, Kiziloysk, Valin and Chinarev are the biggest gas fields in the country. Of these, Karachaganak, with estimated deposits of 1.35 bn cubic meters, is Caspian Sea shelf's largest gas field. Kiziloysk gas field, situated in Aktobe region and operated by TethysPetroleum, has 1.4 bn cubic meters of estimated gas deposits. Valin Gas field, operated by Lukoil, KazMunayGaz and GDF Suez, is evaluated to have 332 bn cubic meters of gas deposits. Chinarev gas field, explored in 1991 and currently operated by Zhayikmunay, has proven deposits of 49 bn cubic meters (Aldabek & Gabdullin 2012: 250).

Kazakhstan 2020 strategy, containing energy vector, has three directions.

- (1) Swift breakthrough for Kazakhstan in the global energy markets by wooing international oil magnates for massive investments in oil and gas projects, involving foreign business and advanced technology.
- (2) Evolve a sound system of export pipelines for oil and gas transportation to discourage one consumer's transport and price monopoly.
- (3) The state strategy regarding the use of energy resources is oriented towards developing the interests of great powers in Kazakhstan as an energy raw material importer.

The major objectives of Kazakhstan's Energy strategy are to enhance the presence of foreign investment and ensure security and expansion of export links to the South Asia and other destinations (Aldabek & Gabdullin 2012: 252).

An almost unprecedented growth in oil and gas production has motivated the government to gear its energy transportation activity to external markets. As per the Energy Strategy of Kazakhstan 2020, diversification of exports, particularly those of oil and gas has been recognised as the priority direction of Kazakhstan's energy policy. Also, with the construction of Pipelines via Russia, Kazakhstan is eyeing other pipeline projects, including those bypassing Russia to china (Kazakhstan-china oil pipeline), South Asia (Kazakhstan-Iran-Persian Gulf Pipeline) and the EU (Aktau-Baku- Tbilisi- Ceyhan oil pipeline and Nabucco gas pipeline). Kazakhstan regards Russia as priority direction. Hydrocarbons are transported from Kazakhstan to Russia. Caspian Pipeline Consortium and Uzen-Atyrau-Samara pipelines serve as conduits for most of the export of oil and gas through Russia. The cooperation between two states began in 1992, following the



conclusion of the agreement on economic cooperation. The major goal of cooperation rests on developing export possibilities for both Kazakhstan and Russia. Russia's aim in Kazakhstan is the expansion of its transport monopoly over Kazakhstan's hydrocarbon export. Kazakhstan's energy policy vis-a-vis Russia, on the other hand, comprises more expansion of its transport infrastructure via Russia and reduction in hydrocarbon transit fees (Aldabek & Gabdullin 2012: 252).

Russia earned the highest economic leverage in the sector of energy, owing to the monopoly it has had held over oil and gas pipelines since the very beginning. Until the year 2001, the Atyrau-Samara pipeline oil pipeline was put to use to export a major share of Kazakhstan's resources. This pipeline was routed from the northern regions of the country to finally meet the Russian distribution system. This vulnerability led, Kazakhstan to seek ways to reduce its dependence. The Chevron-led Caspian Pipeline Consortium (CPC), in the last decade of 20th century, built a pipeline covering a distance of 980 miles linking Kazakhstan's oil reserves in the vicinity of Caspian connecting it with the Russian Black Sea port of Novorossiysk (Carlson 2008:52).

Despite this pipeline running through Russian territory, CPC operates independently without any interference from Transneft, Russia's state owned oil-pipeline that enjoys a monopoly there, hence controlling its dependence on Russia. Since the year 2001, the CPC has achieved the target of transporting one-third of Kazakhstan's exports. Tengiz field is the primary source of all these exports and in future its ability to export will increase. Three-fourths of Kazakhstan's oil is still exported through Russian territory, while various oil companies from Russia like Lukoil and Rosneft also contribute in production of this oil. Lukoil planned to meet a target of producing 70 million barrels by the year 2010, and Rosneft, a government firm has its operations at the Kurmangazy field (Carlson 2008: 52). Keeping these considerations in mind it is not surprising that several analysts believe that Russia intends to gain authority over oil in Kazakhstan. This point of analysis has rung true to even those Kazakh officials who agree on the vitality of Kazakh-Russia relations stating that one area where these two countries find their interests divided are over energy exports.

Under such conditions, Russia eagerly seeks to control Kazakhstan's energy exports, and the latter understands Kazakhstan pressing need to hunt new avenues re-route its exports

out of Russian territory. At present though, when Kazakhstan's energy sector is projected to witness a surge, it is much practical for Nazarbayev to understand the need of Russian support, reflecting the harsh reality that all major pipelines intended to transport oil, routes through Russia. While there are multiple hurdles in operationalising new pipelines to the West, China looks like Kazakhstan's best chance to route its energy export (Carlson 2008: 52).

Caspian Oil Pipeline Consortium is the most important export organization in this project that registers the participation of various countries and Companies. These countries and companies include Russia, Kazakhstan, Oman, ChevronExxonMobil, 'LUKArko' Russia, 'Mobil Caspian Company', Agip, 'BritishGas', 'Eni', and 'Oryx'. The Consortium's First pipeline with an annual capacity of 28 mn tones began to operate in 2003. This Consortium's oil exports come from Arman, Alibekmola, Karachaganak, Tengiz, and Martishi oil fields, pass through Russia, and reach European markets via Novorossiysk. In 2011, Kazakhstan exported 28 mn tones of oil, which is likely to reach the mark of 52 mn tones by 2020 (Aldabek & Gabdullin 2012: 253).

When Yeltsin and Putin represented Russia's political leadership, production and transportation of gas and oil formed the core of bilateral relations between Russia and Kazakhstan. It was in 2000 that Kazakhstan started exporting gas to Turkey via Azerbaijan and Russia. Simultaneously, Kazakhstan government granted Gazprom approval for replacing the Belgian company to manage its gas distribution system, and also gave a go-ahead for the establishment of a Russian- Kazakh joint project focused on the utilization and transportation of gas. Subsequently, Russia and Kazakhstan signed an agreement on gas export and development of gas deposits (Nygren 2008:177). As per a draft agreement signed in June 2002, the amount of oil to be exported via Russia was stipulated for the next 15 years. In January 2004, an agreement was signed by Putin and Nazarbayev. This agreement was focused on joint development of oil fields in Kazakhstan at the northern end of the Caspian Sea, and the transportation of Kazakh oil and gas via Russia to International market, besides facilitating the growth of electric power industry. Kazakhstan signed an agreement in February 2004, with the international consortium involved in developing the Kashagan oil field in north-west Kazakhstan (Nygren 2008: 178).

Russia announced in January 2006, that it would develop the Kurmangazy and Khvalynskoye oil and gas fields on a 50-50 basis. Later, Russia and Kazakhstan agreed on building a joint gas processing plant in Russia. Leaders of the two countries also had several rounds of discussion on nuclear energy cooperation. From these discussions, it emerged that Russia would build a nuclear power station in Kazakhstan. These discussions were followed by the inauguration of a joint venture on uranium extraction on December 2006 (Nygren 2008: 178).

Presently, Russian refineries get a huge supply of its oil from Kazakhstan. Similarly, Russian oil flows to the refineries of Kazakhstan for processing. The two countries also exchange substantial quantity of coal. Coal is supplied by Russia from the Kuznetsk Basin to north-eastern border regions of Kazakhstan. Kazakhstan delivers coal from Ekibastuz field to nearby Russian oblasts. Both the regions of Northern Kazakhstan and frontier Russian oblasts form part of an integrated grid, relating to the exchange of electric power. This suggests the great intensity of trade between Russia and Kazakhstan. As Russian experts opine, the processes of integration between the economies – members of CES get no boost from the preservation of a high proportion of energy products in the structure of Russian and Kazakhstan. Basically, the strategy of preservation only restricts efforts made for energy integration with a direct export orientation. The fact is that the processes of integration could be boosted by the expansion of mutual deliveries within the framework of intra-sectoral production cooperation, accompanied by a modernization of economies participating in them. Integration efforts aimed at promoting regional trade, such as the CU and CES, would lose their significance and become futile without these initiatives.

LUKOIL, a Russia-based major is actively involved in several oil and gas onshore production projects in Kazakhstan. It is also active in some offshore exploration projects in the Kazakh sector of the Caspian shelf. Kazakhstan has about forty percent of the company's proven reserves. Besides this, LUKOIL is also involved in wholesale trade of oil products, and is a major shareholder of the Caspian Pipeline Consortium. The company has had a huge investment in the economy of Kazakhstan (Sinitsina 2012: 31).

“Rosneft” is another major oil giant from Russia that has been operating in Kazakhstan under “RN- Exploration” brand. Its operations in Kazakhstan have not yielded much

success. A significant breakthrough came in 2005, when the company signed a Production Sharing Agreement (PSA) on Kurmangazy prospective structure on the Caspian shelf at the Russia- Kazakhstan border for 55 years. However, keeping in view some discouraging prospects, the company cancelled a PSA on development and exploration of the Adai field in the Atyrau region, in 2011 (Sinitsina 2012: 31).

Shortly afterwards, President Nazarbayev of Kazakhstan embarked on a decision to initiate the construction of home-based GPP at Karachaganak with a view to ending dependence on gas, regardless of how much it would cost. This decision posed a threat to the future of a large joint project, involving Gazprom and the Kazakh Company KazMunaiGaz for the processing of natural gas from the Kazakh deposit Karachaganak at the Orenburg gas-processing plant (GPP). One of the preconditions of joint venture operation put forward by the Russian side was a guaranteed annual delivery of no less than 15 billion cubic m of Karachaganak gas to Orenburg. The operation of a new GPP at Karachaganak was viewed as an obstacle to Kazakhstan's ability to supply to Orenburg the amount of gas that was required as per the condition of the joint venture (Sinitsina 2012: 31).

## **Cooperation against Drug Trafficking, Religious Extremism and Terrorism**

To guard themselves against non-traditional security threats such as drug trafficking, Russia and Kazakhstan have long been conducting joint military exercise on regular basis. Russia- Kazakhstan border is the main canal for drug trafficking into Russia. It is across this border that most of Russia's trafficked marijuana, heroin and other drugs are brought. Based on the observation of border security guards and customs officers, a major chunk of these illegal drugs come through the Russia-Kazakhstan border (Gulunov 2007: 4).

Russia and some of the countries in Europe are worst affected by the huge bulk of drugs smoothly flowing out of Afghanistan. The profits yielded by the illegal narcotic trade pose threat to the stability and regional security of these countries. The opium poppy,

harvested in Afghanistan, yields opium or processed heroine, which is transported through the ancient Silk Road to Europe and China. This region is notorious for much of drug trafficking plaguing Russia and Europe.

Being a significant hub and transit point of drug trafficking, the Fergana Valley plays a major part in this regard. The transit point with the dubious distinction of being the biggest for drugs and weapons here is Osh. The drug route originates in Afghanistan, extends through the forbidding passes of the Pamir Mountains and descends to Osh. A number of armed groups have started using this route to generate income through drug trafficking. According to Kyrgyz government officials, Namangan controls about seventy percent of the heroin trafficking industry in this region, leading to the emergence of a vicious cycle. Moreover, socio-economic factors have also aggravated problems like drug trafficking. Teeming number of unemployed youth in the valley provides breeding ground for the recruitment of armed groups involved in drug trade that serves as a substitute form of income. The situation is worsened by the glaring lack of broad-based government programs to assist the unemployed. As a majority of Osh's factories are closed, millions of its inhabitants are almost forced to adopt this path. Militants and extremist groups spend the funds raised through drug-trafficking to sabotage the operations of the government. Armed incursion and an array of other terrorist activities are usually financed by the unlawful drug trade funds.

Apart from these, there are quite a few other factors that bring the two countries closer to forge the ties of bilateral cooperation. From the standpoint of stability, Central Asia, due to its geopolitical location, occupies a key place in the Eurasian Region. The dominating threat here comes from the intense and broad-based radicalisation of Islamist organizations and a cluster of militant outfits operating under the slogan of struggle against the enemies of 'veritable Islam' has become. It's worthwhile to notice that threat posed by international terrorism is not related only to its destabilizing influence on the situation in the region, but also to the possibility of terrorist groups transit through Central Asian countries to Russia and Europe. Counterproductive efforts of Islamic extremists may lead to serious political calamities in the Central Asian countries, as well as have huge negative implications for security of many countries throughout the world (Sheryazdanova 2012:161).

Islam has had a deep historical root in CAR. Thus, it is obvious that any attempt to divide the world on the basis of civilizations and religions might have grave implications for the Central Asian countries. Though the countries in the Central Asian Region are avowedly secular in terms of official approach to different faiths, the threat of political extremism looms large in the region so much that it's undeniable at present.

No doubt, Kazakhstan may serve as an example of struggle against terrorism. President Nursultan Nazarbayev signed in February 18, 2005 the Law 'On Countering Extremism', through which the legal and organizational grounds of countering extremism were defined for the purpose of protecting human liberties and rights, fundamentals of constitutional system, and the republic's sovereignty (Sheryazdanova 2012: 162).

Subsequently, in March 2011, seven international organizations were recognized by the Supreme Court of Kazakhstan as terrorist and were banned. These included Asbat-al-Ansar, Muslim Brothers, Taliban, Boz Curd, Central Asian Mujaheeds' Jammal, Lashkar-e-Toiba, and organizations of social reforms. Prior to this, four organizations, including 'Al-Qaida', had been recognized as extremist, leading to their prohibition in 2004. Similarly, in keeping with the law, 'Hizb-ut-Tahrir', an international Islamist outfit with emissaries in the region since 1998, was banned in Kazakhstan in March 2011, for its attempt to spread extremist ideas (Sheryazdanova 2012:162).

To Russia, countering the increasing influence of Islamic revivalism in this region is another point of interest. South and south-western parts of Russia, which is largely inhabited by Muslims, chances increase for the demand for independence. In an interview to *Nezavisimaya Gazeta*, the former Deputy Minister for Foreign Affairs, Georgy Kunadze, expressed such fears while commenting on Russia's relations with Central Asia. As Kunadze put it, Russia's main geopolitical interest in Central Asia is to prevent the forces of Islamic extremism from penetrating into Russia. Furthermore, Russia also perceives that forces of political extremism operating in Afghanistan, Pakistan and Iran are driving waves of instability, provoking communal clashes in every quarter. That is why Moscow assumes that its interests in the region could be best served only by maintaining internal stability in the countries of Central Asia.<sup>10</sup>

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<sup>10</sup> Geopolitics: Central Asia and its CIS Neighbour's, Accessed on 20 June 2016, Available at: [http://shodhganga.inflibnet.ac.in/bitstream/10603/16913/12/8\\_chapter%204.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/16913/12/8_chapter%204.pdf)

Another significant reason for Russia's serious concern over the spread of Islamic fundamentalism in Central Asia is the fact that Kazakhstan is a nuclear power. Kazakhstan's political leadership has long been reiterating its commitment to hand over the nuclear arsenal to Russia so as to honour all international non-proliferation conventions. However, no concrete initiative has been taken so far at least to show that Kazakhstan is serious on this issue. Whenever, Russia has raised this issue, Kazakh leadership has responded by citing internal security as the main reason for the delay.<sup>11</sup>

Several organizations that call themselves Islamic operate throughout Russia, including the North Caucasus, the Volga region and the Urals. The fact is that "cases of religious extremism" are scarcely grounded in religious nuances. Also, it's worth mentioning that Russia's problems with regional religious extremism relate to Afghan issues persisting for decades. As the strength of the Taliban continues to increase, it keeps offering bases for different extremist outfits.

During large-scale military operations in Chechnya in May 2000, Russian government warned that it might launch air strikes against Afghanistan for supporting the Chechen rebels. Shortly, Russian soldiers began to guard the Tajik/Afghan border. In November 2000, a statement was issued by Colonel General Nikolai Reznichenko, the first deputy director of Russia's Federal Border Service, clarifying that Russian soldiers would remain and be put on full alert to prevent any infiltration into Tajikistan from the conflict-ridden Afghanistan. Russia expressed concern over religious extremism moving north from the Afghan border. Following the civil war in Tajikistan, extremist bases started operating from that country. The critical Fergana Valley would be the next logical move for base formation (Sarafian 2001: 67).

At a Shanghai Five meeting, Vladimir Rushailo, then Russian Interior Minister stated that Moscow intended to join armed forces to combat the activities of armed separatists, terrorists, and international extremist organizations that give them financial support. The strategic interests of Russia in this region are of humongous significance. These include the use of the Kazakhstan-based international space station Baikonur Cosmodrome, and the buffer role of the southern countries against an Afghanistan dominated by Taliban (Sarafian 2001: 67).

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<sup>11</sup> ibid

Moreover, Russia also wants supportive and secular governments at regional level, to address trans-national narcotics trading and exploiting fossil fuels from the Caspian Sea. In Russia, a majority of indigenous people are Muslims by faith. In the worst case, it might happen that some of them would be carried away, through carefully loaned guidance from imported ideologues, to embrace the extremist path. Many of them might not be keen to adopt extremism, but they might see in the movement the signs independence in future. According to the Russian intelligence, many of the militants, who took part in the August 1999 invasion, had been trained at terrorist bases in Chechnya. Though the Chechens have already gone for the regions extremist movement, Russia is poised not to allow further moves toward independence (Sarafian 2001: 67).

Seeds of Islamist extremism in Russia were sown by the Arab missionaries involved in spreading radical Islam among Russian Muslims through educational institutions. Russian Muslims from Turkic ethnic groups (Including the Tatars, the largest Russian Muslim group) practice Sunni Islam of the Hanafite school, while those living in the Caucasus Mountains Practice Sunni Islam of the Shafiite School. Besides, a number of them also follow Sufi orders such as Qadiri and Naqshbandi.<sup>12</sup>

In the early 1990s, when the Islamic revival began in Russia, Arab missionaries used to operate as preachers and teachers influencing Russian Muslims with what they would refer to as “pure Islam.” As the Memoirs of Ildus Fayzov, the former mufti of Tatarstan, informs, the local Muslim population looked at the Arab missionaries “almost as if they were looking at the Prophet himself.”<sup>13</sup>

Taibah, the Saudi charitable organization, agreed to provide educational assistance to the Yoldyz madrassa in Naberezhnye Chelny, which was the second largest city in Tatarstan. Shortly, the educational programs started supporting radical strands of Islam and training radicals, some of whom fought as representatives of jihadist militant outfits in the Chechen war. A number of Russian students from the Saudi-supported madrassas were even enrolled in the Saudi and Kuwaiti religious educational institutions. As the threat

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<sup>12</sup> Militant Islamism in Russia is the Product of outside influences, Homeland Security News Wire, Published on March 4, 2014, Available at: <http://www.homelandsecuritynewswire.com/dr20140304-militant-islamism-in-russia-is-the-product-of-outside-influences>

<sup>13</sup> ibid



posed by the Arab missionaries to the relatively moderate fabric of Islam in Russia began to assume dangerous proportions, the government banned the Taibah organization in Russia, a move that was soon followed by the closing of the Taibah-supported madrassas in 2000, on the grounds that their activities were different to the values of the Hanafite and Sufi traditions popular among local Muslims.<sup>14</sup>

Presently, Russian authorities are concerned with the rising number of Russians converting to Islam. Many of them have joined radical Islamist groups and some have even carried out bombings and suicide attacks in Russia, like the terror acts in Volgograd in December 2013. The concerns of Russian authorities are deepened by the fact that local Muslims are being recruited to fight on behalf of extremists groups in Afghanistan, Pakistan, and now Syria. According to the reports of *Al-Monitor*, Islamic State of Iraq and Syria (ISIS) and other jihadist groups have hundreds of Russians who actively participate in their operations.<sup>15</sup>

When the Syrian civil war concludes, as the Russian authorities believe, Chechen Islamist militants might return to Russia and start influencing local Muslim populations; in the same way as the Arab missionaries did in Russia during the 1990s. No doubt, the policy of the Russian government on the Syrian crisis and its efforts to prevent the arming of various rebel groups trying to overthrow Assad, have been affected by these concerns.

## **Border Cooperation**

Following the disintegration of the USSR, 15 new sovereign countries appeared on the world map. The Russian Federation, the successor of the erstwhile USSR, is the biggest among them followed by the Republic of Kazakhstan. Some of the unique features they share include the existence of common border, traditional economic ties, and presence of minorities of both countries [Over 1 million ethnic Kazakhs live in Russia and more than 4 million ethnic Russians live in Kazakhstan] on the territory of these two countries. Around 95 percent of Kazakh population speaks Russian. Russia's potential to pressure Kazakhstan by raising the concerns of ethnic Russians is worrisome for Kazakh leaders.

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<sup>14</sup> ibid

<sup>15</sup> ibid

Ethnic Russians do not wish to accept the citizenship of the Kazakhstan, for fear of losing their claim to Russian citizenship, which remains available to those who have not obtained another citizenship. On the other hand, they have no clear future in Russia, where jobs and housing are scarce. In Kazakhstan, they have an established life. If ethnic tensions break out in the region, these Russians are undoubtedly in favor of a Russian intervention in Central Asia's affairs. The Russian Ethnic issue is very sensitive for Kazakhstan, whose large minority resides primarily along the Kazakh border with Russia. Their concentration in one area makes secession, at least technically, a feasible scenario. This is one of the reasons why President Nazarbayev is not encouraging Kazakh nationalism but advocating a multinational society (Peimani 1998: 54-55).

Russia inherited the longest border with Kazakhstan, extending up to a length of more than 7000 km. Presently, the land border shared by the two countries is the longest in the world. Naturally, cooperation on border issues served as the cornerstone of bilateral relations between the two countries. As independent countries, the delimitation and security of borders have been crucial for both of them.

Despite this, the prospects of cross-border cooperation have never been fully utilized. Analysts opine that this cooperation holds the key to drive regional economic development, and thus participate actively to augment better relations with neighbor nations of Central Asian Region in terms of security. For instance, Kazakhstan shares its border with Tyumen oblast. If the two countries share a cooperative relationship with each other then, their large and middle scale regional business stands to benefit from accession to new markets in areas of machine building, woodworking and business related to agricultural activities. These two countries, along with Uzbekistan, have contributed to a fruitful cooperative relationship among them to ultimately boost their timber, light and chemical industries, machine building and cattle breeding. According to the estimates projected by experts, more than 70% of food trade between Russia and Kazakhstan is possible due to cooperative relations between the governments and involvement of cross-border traders. These friendly cross-border relations can cause certain serious problems as well. For instance, doing away with customs control at the Russian-Kazakh border has led to the penetration of drugs, mostly heroin from Afghanistan and Tajikistan, creating critical security concerns. (Sinitsina 2012: 67).

During field trip to Russia in 2016, the researcher discussed with Prof. Pavel Afanosevich (Head of Department, Department of Comparative Politics, MSU) about ethnicity in Kazakhstan, he told that many Russian live in Kazakhstan since 1990 and do not interfere in the government Affairs. About Eurasian Union he said that Russia considers it as soft power diplomacy. Kazakh President Nazarbayev gave a view on stop Idea of imperialism and stop idea of separatism. Prof. Pavel told that there was no formal problem between Russia and Kazakhstan. Russian federation concern is to establish the local Leadership. Institutions are traditionally taken by local and police. Separatism problem insight in Russia is more than Kazakhstan.

Russia has a long coastline of over 37,000 km (23,000 mi) along the Arctic and Pacific Oceans, as well as the Baltic, Black and Caspian seas. Besides having one of the largest deposits of oil and gas in the world, Russia also possesses raw materials such as gold, diamond, coal etc. While Russia is the largest country in the world, Kazakhstan is ranked 9-th in terms of area. Though Kazakhstan is a landlocked country, it has several outlets now to the open sea. Like Russia, Kazakhstan also has large deposits of raw materials such as oil, gas and other mineral resources (Aitmakhanov 2008:1).

There are some important factors of strategic nature which determines correctness of Cross Border Cooperation (CBC) development along Russia- Kazakhstan border. This is first of all the potential of natural resource deposits on the border areas, which is really vast in the case of Russia- Kazakhstan border. Issues like cross-border Rivers, water regulation and utilisation, and environmental pollution also play a very atypical role in such cooperation. For Russia and Kazakhstan these are related to such rivers as Irtysh and Ural. The resource potential is motivating cooperation and restoration of earlier existing industrial and production links and connections. On the other side, it is also contributing to illegal cross-border activity. Through bilateral negotiations, the leaders of the two countries have been trying to deal with the problems since 2000. The border cooperation was presented as an important factor of economic integration and the tool for building common economic space. The leaders of both the countries underlined the keen socio-economic and socio-cultural issues for which need for action exist crystallise in the border regions, and they also felt that border cooperation is becoming the mechanism of testing and solving such issues at the nationwide levels (Vodichev 2012: 302).

Russia and Kazakhstan enjoys huge potential of CBC. There are lot of possibilities for CBC development. In last two decades, especially since the beginning of 2000s, through CBC a number of important interstate problems were tackled. These include the issue of updating of economic legislation in the two countries, setting up coordination institutions, elimination of obstacles for interregional trade, mutual actions in environment protection activity, stimulating investments into economies of the neighbouring regions, setting up joint ventures, exchange of information, stimulating contacts among educational and cultural institutions, expanding tourism etc. All these issues are at least mentioned in Russia- Kazakh treaties and agreements. However, not all of them are properly addressed because priorities since core principles of CBC were outlined in the 1990s and focused mostly on getting fast commercial gains for participating regions (Vodichev 2012: 302).

On 12 October 1998, for the period of 1998-2007, Treaty and Program on economic cooperation signed. On 24 September 1999, for the period of 1999-2007, Intergovernmental Agreement and Program on cross-border cooperation of the regions of the Republic of Kazakhstan and Russian Federation signed, which regulate the problems of cross-border cooperation. In this regard, a significant issue is the economic cooperation of regions of the Republic of Kazakhstan and Russian federation realized on the basis of cross-border economic programmes as supplying Ekibastuz's coal (Kazakhstan) to Ural and Siberia's (Russia) electro stations and returning electric energy back. As an exchange for the goods and products, mineral raw resources are sent to firm of mining installations of South Ural. Likewise, oil and gas liquefaction are sent to refinery firms of Samara, Orenburg oblast and Bashkiriya for the return of prepared commodities of oil and gas (Aitmakhanov 2008: 3-4).

On 15 April 2003, an agreement on Joint measures signed in Omsk with the forum of border regions of Russia and Kazakhstan. The Agreement on joint measures aimed at identifying channels of illegal migration and drug trafficking, as well as on the development of cross-border cooperation between Russia and Kazakhstan in the field of international highway service and health (Issabayev 2016: 9673).

For both countries, the true significance of cross-border cooperation obviously rests on the longest border, close economic ties and cultural-historical relations. Securing and maintaining peace on the border is an issue that may not linger on for too long. Since

their formation as independent sovereign states, the two countries have been trying to forge cross-border cooperation. To achieve this end in the long run, the Forum format was established in 2003. On May 17, 2003, First Forum of Cross-border Regions of Russia and Kazakhstan was held in Omsk. Later on September 22, 2008 during the fifth meeting in Aktobe, the heads of the two States had decided to convert the format of the meeting to the Forum of interregional cooperation (Gulnar 2013). It deserves mentioning here that such integrative measures and steps in CIS were realized by drives of Nursultan Nazarbayev, resulting in the expanding of cross-border cooperation in particular and the whole area of bilateral relations in general. The first forum witnessed the formulation of some tasks aimed at removing obstacles that had accounted for decrease in trade turnover. Besides, the possibility of finding solutions to some other tasks was also discussed with a view to facilitating hassle-free communication between people on both sides of the border (Aitmakhanov 2008:4).

More importantly, the governors of border parts and other associated authorities were assigned the task of creating such a regime of Kazakhstani-Russian borders, where people of both countries would not be separated but united. Simultaneously, special attention was paid to easing the border regime for the cross-border population from both countries so that there would be no negative impact on the efficiency of their struggle against religious extremism, terrorism, transnational crime, illegal migration, and illegal drug trafficking. Essentially, the cross-border cooperation was conceived as a masterstroke to promote and empower law enforcement framework of Kazakhstan and Russia against the threats and challenges posed by orthodox mindsets with unorthodox weapons of destabilisation and disruption (Aitmakhanov 2008:4).

Second Forum of Cross-border Regions of Kazakhstan and Russia was held in Chelyabinsk (Russia) on 17 May 2005. This conference saw the participation of the Heads of both states. During this conference, it was noted that in two years following the last forum held in Omsk, the amount of trade turnover between the two countries increased three-fold reaching the over 9 million USD. More than 340 enterprises were acting on the cross-border zone at that time and 100 of them had come into existence in 2004 only. In the light of this positive development, leaders of the two states touched

upon the importance of cross-border regions in creating Single Economic Space (Aitmakhanov 2008: 4).

Such close cooperation reflected on the state and development of all trade ties. Agro-industry, fuel-energy complex, and transport industry etc. were priority of bilateral cooperation. The share of bilateral commodity turnover makes more than 18 percent of the total foreign trade turnover of Kazakhstan. According to the data provide by the Kazakh Foreign office, goods turnover in 2008 made USD 19.9 billion that is 22 percent higher against 2007 (Zhailin 2009).

Kazakh President Nazarbayev paid attention to how the crucial tasks could be accomplished effectively. The most prominent among these was the removal of hurdles in the area of cross-border cooperation without the adoption of any complementary document, liquidating antidumping methods and eliminating disparities in tariff rates for transport services, rising the amount of custom spots for holding common control on Russian-Kazakh border, setting up cross-border economic provinces with special regimes, and developing transit-transportation potential. Stand of the presidents on strengthening of cross-border cooperation has been further reinforced by the residents of both sides. Kostanay oblast border on Chelyabinsk, and Orenburg and Kurgan oblasts of the length of 1500 km can be cited as a good example (Aitmakhanov 2008:5).

In 2004, Russian trade representative in Kazakhstan, Yuri Kazachenko, stated that external trade turnover with three regions of Russia noted above went up twice compared to previous year resulting in 600 million USD. Kazakhstan's export items include pellet, grain, iron-ore concentrate, and floor. While imported goods include equipment, black metal and its products. Cooperation of Kostanay enterprises are primarily done with big industrial enterprises- metallurgic combinates and machine producing factories of Chelyabinsk, Nijnii Tagil, Magnitogorsk and Orenburg (Aitmakhanov 2008: 5).

Construction companies from Samara, Moscow, Tumen and Omsk took part in the construction of unique complex "Biohim" in Tayinshin district of North Kazakhstan oblast. Kazakhstan in turn supplied 350 thousand tons of grain (which was one third of their yearly need) to Belokamennaya. In 2005, trade turnover of Chelyabinsk with Kazakhstan rose twice resulting in 1.5 billion USD. The overall investment of Kazakhstani business into regional economy crossed 54 million of USD. In 2004 alone,

223000 transports and 1 million 466 thousand people passed through Chelyabinsk region's Kazakhstani-Russian border. Omsk oblast's trade turnover with Kazakhstan in 2004 was 550 million USD. Subsequently, it reached the 1 billion USD mark. Now, there are 31 joint Russian-Kazakhstani enterprises on the territory of this region (Aitmakhanov 2008: 5-6).

In near-border region functioning of more than 3,100 joint ventures highlights the importance of both countries economic ties. Among them the largest ones are KazRusChrome, Koksohim, and an automomile complex on the ground of UralAZ and Kostanay Diesel Plant (Zhailin 2009).

There are many practically unsolved cross-border issues in the world, due to little interest shown by parties in forging viable agreement. This explains why signing Treaty on Russian-Kazakh border in Moscow by the Presidents Vladimir Putin and Nursultan Nazarbayev can be considered to be a historic breakthrough of global significance.

Within the context of cross-border cooperation, it is worthwhile to develop a critical understanding of the Treaty on State Border between the two countries signed on 18 January 2005. It seems that, the officials of both sides looked satisfied with this Treaty. Yet, there was some strife from both sides. This strife was put to rest with the signing of the historic Russia-Kazakhstan border delimitation agreement. It was concluded during President Nazarbayev's visit to Moscow (Aitmakhanov 2008: 7).

The agreement took five years to conclude and was the first that was ever signed between Caspian states. Now, for the first time in its history, Kazakhstan's border problems seem to have been solved. Nevertheless, at least at the informal level, there is slight faith that the signing of the agreement will put an end to territorial claims. Moreover, it's difficult to overlook that the agreement has already resulted in subdued protests from nationalists in both the countries.

Members of the Azat and Zheltoksan Kazakh patriotic movements staged a demonstration at the Russian Embassy in Almaty on January 26, 2005. They protested against the comments by the deputy speaker of the Russian Duma, Vladimir Zhirinovskiy, regarding border issues. During an interview, Zhirinovskiy had stated that there was no necessity for Russia to sign a border agreement with Kazakhstan because Kazakh lands were previously limited to the Kyzylorda, Shymkent, and Zhambyl regions in south

Kazakhstan. Thus, the rest of the territory is part of Russia. Earlier, Zhirinovsky had commented that, as a nation, Kazakhs had never achieved the high degree of social maturity needed for statehood (Aitmakhanov 2008: 7).

Media persons covering the demonstration were informed by Hassan Kozha Akhmet, leader of the Azat movement, that the outraged Azat and Zheltoksan activists would destroy the editorial offices of newspapers that prints such provocative, anti-Kazakh sentiments. According to him, leaders of Azat and Zheltoksan had given a letter of protest to the Russian Ambassador, to be forwarded to Russian President Vladimir Putin. The protesters asked President Putin to bar individuals who "create strife between the two nations" from key posts in the Russian government and the State Duma (Aitmakhanov 2008: 7). Though the border delimitation agreement between Russian and Kazakhstan was generally applauded in Kazakhstan, those who criticised it argued that Kazakhstan paid a high cost for pleasant relations with Russia. With a view to doing away with the last obstacle in the consultations, both countries agreed to divide the contested Imashev gas condensate deposits in Atyrau region (western Kazakhstan) on an equal basis. In turn, Russia promised to leave its claims on some of its zones that had been transferred to Kazakhstan in Soviet period. In the final analysis, however, there is good reason to suspect that Russia came out ahead of Kazakhstan (Aitmakhanov 2008: 8).

With proven reserves of 128.7 billion cubic meters of gas, the Imashev gas condensate deposits are the second largest in Kazakhstan after Karashaganak deposits. Besides, Kazakhstan also gave away a village named Ognyeuponoye, in Kostanav region to Russia. As Experts note, Russia had employed the tactic of border delimitation talks to put forth political pressure on Kazakhstan for all these years and lastly had to sign the agreement when all pretexts for further direction were exhausted. There is an uncertainty as to how far the hard-won border agreement will serve the national interests of Kazakhstan. That notwithstanding, the signed agreement allows Kazakhstan a free hand to expand its military ties with the West, and possibly join NATO in the long term, without being obliged to put up with Russia's big-brotherly attitude.

It was on the 7<sup>th</sup> of September in the year 2010 that an agreement was signed between Russia and Kazakhstan to build an Inter-regional Cooperation Forum. The signing ceremony took place in Ust-Kamenogorsk where the premiers of both the countries were



present. The objective behind such an agreement was effectively organize cross-border and interregional cooperation between both the nations. But all is not as homogenous as it looks like. There exists a disparity in the degree of cross-border relationship Kazakhstan shares with several Russian regions. It shares a robust and healthy relationship with Omsk, Kurgan, Chelyabinsk, Orenburg and Astrakhan, which contributes a major share to its economy. On the other hand it shares a much poor relationship territories of Altai Krai and Novosibirsk region. Although, both countries wish to ensure a homogenous relationship across territories so as to enable steady and developed trade. The relationship between both the countries should be based on a stable policy and mutual cooperation (Gulnar 2013).

When it comes to cross-border cooperation then both nations look forward to serve only their own individual interests. A large proportion of cross-border cooperation between the two nations involves import-export activities of raw materials. Let's take an example of the western regions of Kazakhstan-Russia border where crude oil is pumped and supplied whereby a part of pipeline passes through the CPC (Caspian Pipeline Consortium), from west Kazakhstan to port of Novorossiysk. For obvious reasons, the pipeline is not empty and includes limited amount of physical commodity as well. Another example can be cited of Omsk region. Omsk refinery is the primary indicator of Kazakhstan's cooperation with Russia which receives a huge supply of raw materials from Kazakhstan. Such an amount of regional cooperation is achieved through range of raw materials. Unfortunately, there is only one major project taking place in Ekibastuz, a Russian-Kazakh joint venture patronized by "RAOUES" of Russia" (Gulnar 2013).

In 2011, both countries launched a program aiming at the long-term economic cooperation up to 2020. The program of interregional and cross-border cooperation between the Russia and Kazakhstan for 2012-2017, adopted in 2011 at the XIII Forum of interregional cooperation in Astrakhan became another official document in this respect. These annual fora became a central part of economic integration, symbolically speaking, the "face" of peculiar alliance relations between Russia and Kazakhstan. Border regions are largely accountable for the trade and economic cooperation between the two countries. In 2012, the IX Interregional Cooperation Forum was held in the Kazakh city

of Pavlodar, it was dedicated to the development of innovative cooperation between Russia and Kazakhstan (Issabayev 2016: 9674).

Over 200 agreements have been signed between Russia and Kazakhstan to enable seamless cooperative activities among their nations-states. These agreements cover numerous domains like trade and commerce, scientific-technical, humanitarian, environmental, natural resource safety in neighboring areas, accident prevention, catastrophes, natural disasters and mitigation. Customs Union provides an impetus to the efforts of strengthening and stabilizing Kazakh-Russian cross-border cooperation. After the border barriers were removed in 2011, bilateral trade increased by 37% and the beginning of the year saw an increase by another 13% (Gulnar 2013).

Though, cross-border cooperation is still far from being exploited in full. According to the experts, cross-border cooperation would become a significant way of regional economic development. It will lead to better solution of the security issues, boost in the economy, and harmonious relations with the countries in the neighbourhood. For example, in Tyumen oblast that borders Kazakhstan, cooperation provides favourable circumstances for large and middle scale regional business which lead to access of new markets in machine building, woodworking and agribusiness. Cooperation between Tyumen oblast and Kazakhstan and Uzbekistan is enhancing in the area of timber, machine building, light and chemical business, and cattle breeding. According to Experts estimate, over 70 percent of trade in foodstuffs between Russia and Kazakhstan involves cross-border trade agents. After the removal of customs regulation at the Russia-Kazakhstan border, through which drugs from Afghanistan and Tajikistan penetrate into Russia, create a serious security problem (Sinitsina 2012: 67).

There are a lot of obstacles for CBC development which obstruct the process and diminish the opportunities theoretically achievable through CBC. These include poor communication, transportation infrastructure and big distance between the centres of Russia and Kazakhstan provinces. As well as, Lack of or very limited development of interregional aviation routes, bad quality and scarcity of automobiles roads, administrative barriers, high level of corruption, and problems related to national currencies (Vodichev 2012: 303).

In the context of cross-border relations, security is a major problem. Illegal migration, illegal drug trade, biological weapons, proliferation of nuclear etc. are the major threats posed by the longest border. As we have already seen, among all these problems, illegal drug trade has now assumed extremely dangerous proportions. As some experts opine, more than 30 percent of heroin produced in Afghanistan is transported to Russia through Tajikistan, Uzbekistan, Kazakhstan and Kyrgyzstan (Aitmakhanov 2008: 9).

Today, the illegal trade and use of drug have become an extremely serious global problem engulfing almost the entire Russia, and particularly the Urals region in particular. Factors that account most prominently for this problem include the massive production of heroin and opium in Afghanistan, political volatility and fluid inter-state borders in the region, and abysmally low standard of life in the republics of Central Asia. All these have resulted in an unprecedented increase in the trade of opiates into Russia from the neighbouring states of Kazakhstan, Turkmenistan, Tajikistan, Uzbekistan, and Kyrgyzstan.

Moreover, as it has been suggested earlier also, the long border between the Urals Federal District and Kazakhstan is itself an important factor in the drug trade. During the past few years, drug-related offenses have multiplied manifold. Moreover, incidence of offenses related to drug-trafficking and the volume of drug trafficking committed by groups have also increased at an unprecedented pace. These trends are quite noticeable in the Urals Federal District. Crimes connected to trade in narcotics, psychotropic substances and other heavy-acting substances have been constantly on the rise. Sverdlovsk, Chelyabinsk, and Khanty-Mansia regions register the largest numbers of these crimes (Golunov 2007: 5-6).

In its report for the year 2002, the health services administration of the Urals Federal District detected more than 49 thousand local users who were involved in the trade and consumption of narcotics, psychotropic and other heavy-acting substances for non-medicinal purposes. According to experts, a large number of people in Russia use drugs, including heroin, opium users, other opiates and cannabis. During the past few years, the number of drug users among the Russian citizenry has gone up by five percent (Aitmakhanov 2008: 9-10).

Flexible borders of the Urals Federal District create some problem too. Due to the open border of the Urals Federal District, illegal smuggling and drug trafficking can get an unwanted boost. The traffickers can use the area as a trans-shipment zone for the illegal drug export or import to and from Central Asia to the various regions of Russian federation. Starting from the 1998 about 90 percent of all illegal drugs captured by law enforcement bodies has been grabbed along the Russia-Kazakhstan border, as per the state customs committee. It is worth mentioning that the drugs mostly come from Afghanistan, Tajikistan, and Uzbekistan via Kazakhstan. From the Kurgansk oblast, the drugs are then transported to the Sverdlovsk, Chelyabinsk and Tyumen oblasts, as well as to other areas of Russia. Usually, huge narcotic shipments are broken down into smaller shipments, once they reach Russia (Aitmakhanov 2008: 10).

Advantageous position of the Urals Federal District along the Russian-Kazakhstan border has made it a transit area for the smuggling of drugs into Russia. Various means of transportation are used by drug traffickers, train and automobile are the most prominent ones among them. Generally, in the district drugs are trafficked through two main routes. Using the Southern Route, marijuana, hashish, and heroin are sent from the “Golden Half-Moon” (Pakistan and Afghanistan) through the Central Asian countries into Russia. The production zones lie in Afghanistan and Tajikistan. Besides, drugs grown in the former Soviet republics of Central Asia are also sent to Russia.

Using the Northern Route, cocaine and synthetic drugs are brought into Russia from Western Europe and the Baltic States. There are two international airports in the Urals Federal District, located in Chelyabinsk and Magnitogorsk. They have service routes passing through Uzbekistan, Kyrgyzstan, Armenia, Azerbaijan, Turkey, Spain, the Arab Emirates, Iran, Switzerland and Germany (Aitmakhanov 2008: 10).

The illegal economic sector, corruption and organized crime in both Russia and CARs are financially supported by drug trafficking. Following the elimination of customs barriers at the Russia- Kazakh border, over which narcotics, mainly heroin from Afghanistan (that accounts for about 74 percent of world opium production) and Tajikistan, enter into Russia, the modernization of customs posts at the southern Kazakhstan border has become a serious concern (Sinitsina 2012: 67).

Apart from drug trafficking, other kinds of smuggling, and mass immigration, the threat of transnational extremist infiltration into Russia is one of the strongest points for the strengthening of Russian border policy. There have been quite a few alarming instances which suggested that some of those, identified as infiltrators trying to enter Russia (legally and illegally) from neighbouring countries, were militants and extremists. There is also a probability that they may have cooperated with Chechen rebels and even made groundwork for terrorist activities. Traces of such infiltration have been observable mostly across Russia's border with Azerbaijan and Georgia, where illicit centres auxiliary Chechen militants worked, and occasionally in the areas near the border of Russia and Kazakhstan (Golunov 2007: 5).

According to some experts, in some Kazakh and even Russian borderland districts, the existence of Chechen communities, in affiliation with Russia's overall illegal migration from traditionally Muslim non-CIS countries, can be regarded as a paradox connected *a priori* with trans-border extremism. It is observed that the number of foreigners who are suspects of extremist activities quite small. However, while the involvement of suspicious Russian citizens is an internal problem, not border security (Golunov 2007: 5). Simultaneously, the transnational measurement of this threat cannot be précised exclusively on the basis of quantitative indicators. There is no gainsaying that penetration even a small group of militants into Russia from the side of any CIS borders can cause a severe hardening of the border regime, justified by the need to appease public opinion.

The other major challenge conventionally related with mass migration is an increase in border crime. Nevertheless, an examination of law enforcement statistical data suggests that in most cases the proportion of crimes committed by foreigners is not that great. In the huge majority of border territories, this share is less than 1%. Rise in the incidence of crime among migrants may be a serious concern for some of Russia's large cities, but have no big impact on its borderlands. Besides an objective dimension that it has, the relationship between border security and illegal migration may also a subjective one. There are many Russian observers who regard insufficient border security as the cause of a wide range of security threats. In the development of border policy, this perception is

too widespread to be overlooked. Keeping this in view, it can be stated that even a single act of terrorism or notorious crime can give rise to serious border policy changes (Golunov 2007: 5-6).

As per intergovernmental arrangements, Custom Union members have the responsibility to regulate their external frontiers. Controlling the southern border of the Custom Union is technically easier, since the southern Kazakhstan border is half as long as the border with Russia. Moreover, the northern Kazakhstan border runs through the plain grassland areas, quite unlike its southern border that runs along natural barriers like mountain chains and ridges. It's important to note in this regard that Kazakhstan has already embarked on a plan to strengthen its southern borders over the next two years. At a cost of about USD 9 million, a single stationary inspection customs complex has been set up. It is equipped with Xray facilities to check motor vehicles and cargo containers (Sinitsina 2012: 67). It has been noted by experts that an effective system to counteract drug trafficking cannot be put in place without close cooperation from Central Asian countries, on the one hand, and with members of the anti-terrorist coalition in Afghanistan, on the other hand.

A big help can come from the Central Asia Counternarcotics Initiative (CACI), initiated by the United States in October 2011. This initiative aims to establish task force structures to counteract drug trafficking using force in the five Central Asian countries. Task force personnel will be imparted education and training by the US Drug Enforcement Administration (DEA). With the help of their counterparts in Russia and Afghanistan, these operational teams can carry out joint operations to intercept drug traffickers and collect evidence against drug dealers (Sinitsina 2012: 68).

Within the framework of the Tenth Regional Cooperation Forum, the presidents of Russia and Kazakhstan, Vladimir Putin and Nursultan Nazarbayev, met in Yekaterinburg, Russia on November 11, 2013. The main aim of this bilateral structure is to develop closer economic and trade relations between the border regions of Russia and Kazakhstan, especially in the context of growing integration ties between the two countries. The major topic of official discussions was the general state of Russian-Kazakhstani partnership. One significant development was the signing of a new

bilateral treaty known as the Treaty for good-neighbourliness and alliance in the 21 century.<sup>16</sup>

Grounded in the May 1992 Agreement signed after the collapse of the Soviet Union, this treaty reaffirmed the keenness of both Russia and Kazakhstan to foster relations “built on mutual trust, strategic partnership and comprehensive cooperation” (article 1). Reiterating their mutual respect for state sovereignty and territorial integrity (article 2), the two sides categorically articulate their intention to avoid participation in any blocs and alliances directed against either of them. Besides, they also pledge their commitment to coordinate their foreign policy initiatives (article 3). Keeping in view the fact that the bulk of subsequent articles concerning various bilateral partnerships are associated with an array of fields such as oil and gas, atomic energy, trade, cultural and scientific cooperation, article 10 of the new agreement specifically mentions the Customs Union and the Common Economic Space formed in July 2010 and January 2012, respectively. Thus, Russia and Kazakhstan are poised to strengthen these two structures with a view to deepening Eurasian integration based on the principles of equality, voluntariness and mutual benefit without infringement upon political sovereignty (Voloshin 2014).

The two countries have also shown their keenness to use the Yekaterinburg forum to conclude several sectoral agreements, such as the Roadmap for increased industrial cooperation; Memorandum of understanding between their respective Industry Ministries foreseeing the expansion of their joint projects as well as a large gas contract. In all, the two countries remain strategic political and economic partners. Their trade turnover registered a fourfold growth within the last ten years reaching the mark of US\$ 23.8 billion in January-December 2012; and cross-border ties still account for over 70 percent of this figure. At present, Kazakhstan trades with almost 80 Russian regions based on nearly 200 interregional cooperation agreements, with the number of joint ventures having recently surpassed 5,000 (Voloshin 2014).

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<sup>16</sup> Russia-Kazakhstan Interregional Cooperation Forum, Nov.11, 2013, accessed on June 15, 2016, Available at: <http://en.kremlin.ru/events/president/news/page/222>

## Nuclear Cooperation

When the Soviet Union disintegrated in 1991, Kazakhstan rooted nuclear weapons and a portion of the Soviet's enormous nuclear infrastructure, whose organizational structure tangled military and civilian facilities. Instantly, the Kazakh leadership decided to denuclearize. As a manifestation of denuclearization, Kazakhstan acknowledged IAEA safeguards and the other Protocol. Furthermore, Kazakhstan engaged in drafting the Central Asian Nuclear arms free zone and took further liability to stop nuclear proliferation in the Central Asian region.<sup>17</sup>

As per estimates, Kazakhstan holds 16 percent of the world's uranium resources. Kazakhstan supplying 9 percent of the world's uranium needs. It plans to increase its mine production. Kazakhstan wants to shift from a mining attention to higher value-added production- fuel fabrication by developing fuel fabrication facilities. Kazakhstan has warm and conventional ties to Russia by asset of its membership in the Soviet Union. Kazakhstan wants to preserve its proximity with Russia's nuclear fuel cycle but it does not want to depend a lot on Russia, and plans to increase more value-added production in Kazakhstan. In the Soviet Union time, Kazakhstan conceded the early stages of uranium mining and conversion into yellow cake for the Soviet complex. The interim products were then transferred to Russia for advance processing--gasification and enhancement. After this process, the uranium returned to Kazakhstan to be constructed into fuel pellets, which were then transported back to Russia to make assemblies.<sup>18</sup>

After the Independence of Kazakhstan, then Kazatomprom head Mukhtar Dzhakishev said that "Kazatomprom would continue to rely on Russia for uranium enrichment, Russia and Kazakhstan will build an enrichment facility near Angarsk as a joint venture, in which Kazatomprom will have a 50% stake. Even though Kazatomprom specialists will not have direct access to the enrichment technology, they will be able to enrich

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<sup>17</sup> OSC Analysis: Kazakhstan-opening up for Nuclear collaboration, Open Source Centre, 6 october 2009, Accessed on 13 July 2017, Available at : <https://fas.org/nuke/guide/kazakhstan/osc100609.pdf>

<sup>18</sup> ibid



uranium there.” Kazakhstan is also a part of the International Uranium Enrichment Center in Angarsk, where Kazatomprom holds a 10 percent share. A further nuclear joint venture with Russia is the Atomniye Stantsii project. This joint venture, design, builds and sells small and medium-size Reactors. Russia's sustained concern in mining Kazakhstan's uranium is indicated by joint ventures with Zarechnoye and Budennovsk. From its side, Russia is anxious that Kazakhstan's inclination to look for nuclear projects with other countries would reduce the amount of uranium which could be supplied to Russia. This makes Kazakhstan fewer reliant on Russian nuclear technologies.<sup>19</sup>

In the nuclear sphere, bilateral cooperation between Russia and Kazakhstan is based on two related interests: Russia’s purpose to utilize Kazakh uranium resources, and Kazakhstan intentions to rebuild the entire nuclear fuel cycle in the republic, with a significant reduction in its reliance on Russia. After the disintegration of the Soviet Union, Kazakhstan rooted only a portion of nuclear fuel cycle process stages: mining of natural uranium, primary refining, and fuel pellets production. Rest of the nuclear fuel cycle stages are in Russian region. It’s worthwhile to notice that uranium oxide concentrate accounts for just about 35 percent of the total cost of fuel assembly, at about USD 1M. (Sinitsina 2012:32). To become a vertically unified company relatively than just a dealer of natural uranium, Kazatomprom is consolidating the missing nuclear fuel cycle links by shaping own capacities and through procurement abroad.

Kazakhstan and Russia continued to cooperate in the area of uranium and nuclear power. In 2009, Kazakhstan became the world’s leading uranium producer, with almost 28 percent of world production. In 2010 expanded to 33 percent, in 2011 to 36 percent and in 2012 to 36.5 percent. Throughout the Soviet Union period, a single Russian nuclear power reactor operated from 1972 to 1999, generating electricity and enabling desalination processes to operate. In July 2006, Russia and Kazakhstan (Kazatomprom) signed three nuclear combined venture agreements totalling US\$10 billion for new nuclear reactors, uranium production and enrichment (Zabortseva 2016: 218-219).

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<sup>19</sup> ibid

In 2012, a joint centre for uranium enrichment based on the world's largest enterprise in the industry, the Urals electrochemical integrated plant was organized, as per the framework of an integrated Russia-Kazakhstan cooperative programme. Subsequently, Kazakhstan was allotted a certain equity share in this plant. Earlier in March 2009, Russia consolidated its uranium production assets in Kazakhstan. Atomredmetzoloto (ARMZ), a Russian uranium holding which is part of the Rosatom Corporation, acquired a 50 % block in Limited Liability Partnership (LLP) Karatau and 25 % in JSC Akbastau joint venture (JV). The two firms are under the control of Rosatom through its subsidiary Effective Energy H.B. The year 2009-2010 saw ARMZ's successful bid to acquire control over Canadian Uranium One, the owner of 70 % of Akdala and Inkai and 30 % of Horasan uranium minefields in Kazakhstan. Due to this, JVs in Kazakhstan accounted for over 25 % of uranium produced by ARMZ in 2009, and this percentage is growing (Sinitsina 2012: 33).

People can see their bilateral alliance in other related areas, such as construction of nuclear power stations in Central Asia and establishing a single company for sales of natural and low-enriched uranium on the world market. The cooperative scheme, uranium mining in Kazakhstan and enrichment in Russia, have been facilitated by these developments.

Earlier, in 2007, Russian Renova Group won the tender for the acquisition, for USD 4M, of 72.23 % in the Kara-Balty mining plant, the largest Central Asian enterprise for processing uranium ore and producing marketable uranium oxide concentrate. Renova has engaged in the expansion and development of the plant based on retreating existing tailings to obtain alternate uraniferous materials and to resolve environmental issues. Russian company Mechel is another major involved in mining projects including the one that saw the operationalisation of the Voskhod- Chrom mining and processing plant in September 2008. About 1.3 million tons of chromium ore is annually processed by the plant from the Voskhod deposit in Kazakhstan, since Mechel acquired the UK-based Oriel Resources for USD 1.5 bn in April 2008, which had owned the Voskhod deposit and the Shevchenko nickel and cobalt minefield in Kustanai province (Sinitsina 2012: 33).

1. The gold mining industry in Kazakhstan also records the presence of Russian investors. The Severstal Group has been involved since 2007, in the development of Kazakhstan gold deposits Suzdalskoe (100 %) and Zherekskoe (75 %), and in mining of molybdenum at Shorskoe minefield (50 %). About 100 % of the Kazakh Balazhal company that developed the Balazhal gold minefield at USD 25-30M was acquired by Severstal in August 2008. Russian company Rusal and Kazakh company Samruk-energo continue to cooperate in the JV Bogatyr Komir in Ekibastuz, where they are developing two coal strip mines, Bogatyr and Severnyi, which account for about 69 % of Ekibastuz coal production. The two companies are implementing a program of technical re-equipment with a total investment of about USD 300M, and production capacity is expected to increase by 19 % to 50 million tons in 2018 (Sinitsina 2012: 34).

In November 2011, a strategic partnership memorandum was signed by Russian AVTOVAZ and Kazakh ASIA AVTO. The memorandum outlines the establishment of complete-cycle manufacture of passenger cars from the AVTOVAZ lineup at a site in Eastern Kazakhstan province. Besides, an assembly line for VECTOR agricultural combines has been organized by Rostselmash in partnership with Kazservice, based on LLP Combine Plant Vector in Akmola province. Currently, local content of combine assembly in Kazakhstan does not exceed 23 %, but this will increase to 50 % when annual output reaches 500 combines. Cooperation in the aerospace field is one of the most potential areas of Russia's cooperation with Kazakhstan that acquires the important material, intellectual and fiscal resources. The Russian Khrunichev State Space Research and Industrial Centre and the Kazakh Committee on Government Property and Privatization established JV Baiterek (Topol) in Astana at the end of 2005 (Sinitsina 2012: 35).

The Baiterek JV developing a technical complex and launch facilities for a heavy Angara missile vehicle that is expected to enter the global market of commercial space services. The project will be financed from the budgetary loan of about USD 200M provided by Kazakhstan. Missiles will be supplied by the Russian party. The first missile launch from the Baiterek Rocket and Space Complex is planned for 2025 with maximum launch frequency of twelve times a year. Furthermore, Since November 2011, Kazakhstan and

Russia together operate the second Kazakh communication satellite KazSat-2 which was positioned into orbit by a Russian launch vehicle. Other significant aircraft industrial project is the assembly of A-31 agricultural airplanes and Yak-58 light passenger aircraft by the Russian-Kazakh company (Yak Alakon) in Almaty province since 2011. Total assets amounts to about USD 60M (Sinitsina 2012: 35).

In 2010, the development of an aviation plant for the assembly of Former agricultural airplanes began by the Russian-Kazakh company KazAviaSpektr in Karaganda province. Costing USD 65M, the project became operational after a few years.

On September 30, 2014, Kazakh and Russian officials have signed an agreement on nuclear cooperation. The agreement was signed between Kazakh and Russian bordering regions in Kazakhstan's western city of Atyrau. According to the agreement signed by Sergei Kirienko, Director-general of Russia's Rosatom nuclear energy corporation and Vladimir Shkolnik, Kazakh Energy Minister, a nuclear power plant will be developed in the town of Kurchatov in the Eastern Kazakhstan region. Kurchatov used to be the center of operations for the Soviet Union's major nuclear test field- Semipalatinsk Polygon. The site was formally shut down in 1991. The agreement states that some components of nuclear fuel for the future nuclear plant will be produced in Kazakhstan.<sup>20</sup>

In October 2016, Between Kazakhstan and Russia an MoU was signed within the framework of the 13th Forum of Interregional Cooperation to cooperate on nuclear energy projects in Astana. The memorandum targets on cooperation in developing nuclear energy joint ventures using existing infrastructure. It includes uranium mining segments, conversion, enrichment, fuel fabrication and the final stage of the nuclear fuel cycle. It also asserts earlier agreements of the Comprehensive Programme of Russian-Kazakh Cooperation in nuclear energy.<sup>21</sup>

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<sup>20</sup> Russia-Kazakhstan Sign Nuclear cooperation deal, Radio free Europe Radio liberty, 30 september 2014, Accessed on 13 July 2017. Available at : <https://www.rferl.org/a/nuclear-cooperation-russia-kazakhstan-oskemen-semipalatinsk-test/26613323.html>

<sup>21</sup> The Astana Times, Kazakhstan Russia reaffirm nuclear energy development cooperation, March 1, 2017, Accessed on July 13, 2017, Available at : <http://astanatimes.com/2017/03/kazakhstan-russia-reaffirm-nuclear-energy-development-cooperation/>

Russia worries that in order to satisfy its commitments to other countries, Kazakhstan will lower export of uranium to Russia. With stakes in joint ventures and in the International Uranium Enrichment Center, Kazakhstan still depends on Russia for uranium enrichment. To that end, by producing its own nuclear fuel, Kazakhstan is looking to expand its business so that it can provide high-end uranium products. This is more economically beneficial than its traditional products. Kazakhstan has signed multiple contracts including technology transfer agreements with companies from Japan, Canada, China, and France.<sup>22</sup>

## **Space Cooperation**

Space exploration is another successful area of cooperation between Russia and Kazakhstan. Russia continuously interested in space projects, Kazakhstan has also started expressing interest in joining such projects.

In order to maintain security for further use of the space vehicle launching site in the interests of the Russian federation's space exploration, Kazakhstan leased the facilities of the Baikonur launching site to Russia. In relation to the Baikonur complex, following basic principles had to be worked out:

- 1- The task to preserve and develop the material and technical basis of the Baikonur complex out of the budget of space programs is undertaken by the Russian federation.
- 2- A rental of about USD 115 million per annum is paid by the Russian federation to the republic of Kazakhstan for using the facilities of the Baikonur complex. A portion of the rental may be paid every year as compensation by agreement of the governments of the countries.
- 3- The material losses and expenses of the republic of Kazakhstan in connection with the upkeep and maintenance of the Baikonur complex in 1992-1993 are

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<sup>22</sup> OSC Analysis: Kazakhstan-opening up for Nuclear collaboration, Open Source Centre, October 6, 2009, Accessed on July 13, 2017, Available at : <https://fas.org/nuke/guide/kazakhstan/osc100609.pdf>

estimated by the two sides in the amount that does not exceed the state debt of the republic of Kazakhstan to the Russian federation.

- 4- Assistance is provided by the Russian federation to the republic of Kazakhstan, for realizing space projects, in the first place in the field of satellite communications and the study of the earth's natural resources, as well as in the establishment of joint structures and the training of space technology specialists.
- 5- Russian federation's military units that provide support for the implementation of space programs using the Baikonur launching site, as per the treaty between the republic of Kazakhstan and the Russian federation on the leasing of these facilities, are granted the status of Russian military units on a temporary basis stationed on the territory of the republic of Kazakhstan.
- 6- The leasing period for Baikonur complex is 20 years, which can be further extended for the following 10 years with the two sides mutual consent (Mansurov 1998:186-187)

In December 2004, both Russia and Kazakhstan decided to construct another launch site for rockets in Baikonur with the intention to launch Angara rockets. These rockets, designed by Russian scientists, are particularly known for being environment friendly. But they had their own axes to grind. While Kazakhstan wanted to have all three types of rockets (light, medium and heavy) used within the Baiterek project, with its priority clearly being the third type, since it would allow KazCosmos to deliver its own tele-communications satellites to near-Earth orbit. Instead, Russia's intention was to focus on small scale commercial projects and to invest as little as possible in Baikonur's infrastructure (Voloshin 2014).

Kazakhstan's scientists and state representatives have stated about their space projects: "2005 could be seen as a crucial juncture for the development of space activities in Kazakhstan. The ideas presented by scientists, engineers, decision makers and experts on capacity building in space activities were put together and summarized in the country's first national programme, the Development of Space Activities in the Republic of Kazakhstan in 2005–2007" (Zabortseva 2016: 199).

In March 2006, a joint project group was set up consisting of specialists from the Russian space rocket company Energiya and the national nuclear centre of Kazakhstan. On 18 June 2006, the first Kazakh communications satellite Kazsat was finally launched. This satellite was assembled by Russian specialists at the Khrunichev factory. In 2007, a National Space Agency of the Republic of Kazakhstan was established, which is currently headed by Kazakhstan's cosmonaut Talgat Musabayev (Zabortseva 2016: 200).

Russia and Kazakhstan signed a contract to develop third Kazakh satellite KazSat-3 for Kazakhstan in 2011 at Paris Air Show, L Bourget, Paris. Russian Reshetnev Information Satellite Systems Company and Kazakhstan's National Center of Space Communications (RTSKS) were signatories to the contract. Roscosmos Head V. Popovkin, Kazcosmos Chairman T. Musabaev, TAS Head R. Seznec were witnesses to the signing of the contract. Strategic partnership for space exploration programmes involving Russia and Kazakhstan was confirmed by the contract.<sup>23</sup>

Russia, in its Far East region began the construction of a new space station which was named as Vostochny, in the year 2012. As part of this project, they plan to launch a manned spacecraft in the year 2018 to mark its inauguration ceremony. Now, Kazakhstan sees Vostochny space station as a threat to its own interests. Its own space facility stationed in Baikonur may suffer a commercial setback if Vostochny begins to offer space services to foreign clients as well (Voloshin 2014).

Despite initial objections raised by the Russian leadership, it was decided by Kazakhstan to broaden its control over the Baikonur Cosmodrome. Eventually, Russia gave in and in late 2013, the two countries signed an agreement on joint operation of this facility (Kosolapova 2014).

Though the Russian leadership is mulling over the possibility of commissioning its own new cosmodrome (Vostochniy) in Siberia in 2018, it has presently no alternatives to Baikonur. This is arguably the reason for Russia wanting Baikonur to remain a space center. History of Moscow's association with Baikonur suggests that any restrictions

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<sup>23</sup> Russia, Kazakhstan to develop KazSat-3 satellite, June 21, 2011, Accessed on August 1, 2013, Available at: <http://www.brahmand.com/news/Russia-Kazakhstan-to-develop-KazSat3-satellite/7334/1/14.html>

imposed by Kazakhstan on this facility can be seen by Russia as an encroachment on its economical and geopolitical interests.

There was a consensus among the parties over the issue of conducting joint operations at the Sary-Shagan anti-ballistic missile testing range located in the vicinity of the Balkhash Lake in Kazakhstan. Earlier, this missile testing range had been used only by Russia. Though this development might not have evoked a happy response from Moscow, experts believe that any change in the operation of the complexes- which holds great strategic importance for Russia- may not have grave consequences for the bilateral relations between Russia and Kazakhstan (Kosolapova 2014).

According to Alexander Knyazev, a Russian policy analyst on Central Asia and regional program coordinator of the Institute of Oriental Studies of the Russian Academy of Sciences, the period that saw Kazakhstan expressing no genuine interest in managing crucial facilities within its territory was brief. He further referred to this as a 'normal integration process in the military-political sphere' without anything too striking.

Contrary to popular perceptions, he in fact holds that joint operation of objects with strategic significance suggests increasing confidence in their bilateral relations. As the Russian expert opines, Kazakhstan continues to be the most reliable partner of Russia in the entire Central Asia region. Kyrgyzstan and Tajikistan are two Central Asian countries formally recognised as the allies of Russia within the Collective Security Treaty Organization (CSTO). However, as Knyazev puts it, the foreign policy of these countries has been quite inconsistent. So even though they are formally treated as Russian allies, they cannot be regarded as reliable. Over the years, they have been making attempts to alter the status of presence of Russian military objects on their soil to secure some economic advantages (Kosolapova 2014).

Usually, even the ecology protests that shook the whole of Kazakhstan after the explosion of the Russian carrier rocket, Proton, in Kazakhstan, didn't oppose cooperation with Russia. Basically, as political analysts from Kazakhstan said, they only demanded the use of ecological fuel at Baikonur. It's worthwhile to mention here that on July 2, the Proton-M carrier rocket carrying three Glonass-M navigation satellites of Russia met with a disaster at the Baikonur Cosmodrome, immediately after take-off. As a result, its toxic fuel spilled over the territory of Kazakhstan (Kosolapova 2014).



Thus, as experts think, Kazakhstan-Russia bilateral relations continue to be fairly positive. Nevertheless, it might be practically difficult to foresee the same rosy picture for a long term. At the same time, one can't overlook the fact that Russia is embarking on a plan to develop a strong military base at Kant air base in another Central Asia republic, Kyrgyzstan.

## **Cooperation on Trans-Boundary River**

Cooperation between Russia and Kazakhstan in the field of use and protection of trans-boundary waters is carried out on 20 trans-boundary rivers, of which the main ones are the Ural, the Ishim, the Tobol, the Irtysh, the Bolshoy Uzen and the Malyi Uzen.

The legal base of Russia and Kazakhstan in the field of use and protection of trans-boundary waters consists of the following documents:

- 1) Agreement signed on September 7, 2010 between Russia and Kazakhstan on joint use and protection of trans-boundary waters (instead of the August 27, 1992 Agreement between Russia and Kazakhstan on joint use and protection of trans-boundary waters).
- 2) December 22, 2004, Agreement between Russia and Kazakhstan on cooperation in the field of environmental protection.

At the present time the Russian-Kazakhstan Commission on mutual use and protection of trans-boundary waters [here in after the Commission] is functioning. During the 1993 to 2013, 21 meetings of the Commission were held. The Co-Chairmen of the Commission are the Vice-Minister of Environmental Protection of the Republic of Kazakhstan and the Deputy Head of the Federal Agency of Water Resources of the Russian Federation.<sup>24</sup>

Within the framework of the Commission the following working groups are established:

- 1) Working Group on the Tobol River basin
- 2) Working Group on the Ural River basin
- 3) Working Group on the Ishim River basin

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<sup>24</sup> Cooperation between the Republic of Kazakhstan and the Russian federation in the field of use and protection of transboundary rivers, Ministry of foreign affairs Republic of Kazakhstan, Accessed on Feb.15, 2015, Available at: <http://mfa.gov.kz/index.php/en/foreign-policy/current-issues-of-kazakhstan-s-foreign-policy/transboundary-rivers/cooperation-between-the-republic-of-kazakhstan-and-the-russian-federation-in-the-field-of-use-and-protection-of-transboundary-rivers>

- 4) Working Group on the Irtysh River basin
- 5) Working Group on the Bolshoy and Malyy Uzen Rivers basin
- 6) Working Group on the Kigach Branch (the Volga River).

The considerable progress in Russia-Kazakhstan water cooperation was gained due to the meetings of the Commission and its working groups. During the discussions special focus is given to conservation of ecosystems of trans-boundary Rivers.

The Commission look at issues regarding the condition and the results of monitoring of trans-boundary rivers water resources, carrying out joint inspections of enterprises business activities, which affects on water resources, reservoir storage, flood discharge and conditions of water supply of people and industry.<sup>25</sup>

In short, If Kazakhstan holds special strategic significance for Russia then Russia represents Kazakhstan's top foreign policy priority. The post-Soviet states, or 'near abroad' as popularly known, is imperative to Russia's national security. Russia's early hopes of establishing influential economic and military power in Central Asia remained unfulfilled by the mid-1990s largely due to Russian weakness. Though, Russia's current economic and geopolitical growth, fuelled largely by an increase in oil prices, has motivated its intention to act out a much more powerful role in Central Asia. For reasons, ethnic, demographic, geographic, linguistic, and cultural, Kazakhstan among former Soviet states is specially vital for Russian policymakers (Carlson 2008:48).

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<sup>25</sup> Ibid

## **Chapter 3**

### **External Factors and Russia-Kazakhstan Cooperation**

The Post-Soviet region can currently be described as an area marked by several International political actors confronting as rivals and competing against each other to yield maximum influence over resources and foreign markets especially that of Russia and USA. But in coming years the shape of its development will undergo much change owing to several factors laying significant impact on its landscape. In CARs several other countries like China already hold a strong influence over policy decisions and their activity will only increase in the future determining the angles of development in a much more powerful way that the regional governments can. If relations between Russia and U.S were to take on the nature of a strategic partnership, the situation in the CARs would be much more stable, predictable and hopeful.

Here we examine the major powers interests in the CARs, especially in the context of Kazakhstan and analyze their impact on security and economic patterns in Kazakhstan.

#### **Kazakhstan's Approach towards Major Powers**

Kazakhstan, as an independent country, has followed a foreign policy which is “multi-vector” in nature. The objective of such a policy is to bring a balance with its large neighbours Russia and China, and also with USA, a synonym to superpower acknowledged globally (Carlson 2008: 46). These countries, despite being much powerful than Kazakhstan, find themselves leveraged over by its balancing act where the priorities of foreign policy are defined in clear terms without compromising over the quality of relations with the aforementioned countries.

In 1995, Kazakh President Nazarbayev said that Kazakhstan seeks a “genuinely new international order, built on trust and security,” with the direct participation of the new states in a “rich dialogue between both developed and developing countries, including

those with well established statehood as well as those that are younger” (Sultanov & Muzaparova 2003: 187).

Kazakhstan’s main concern is in boosting economic development by securing access to foreign markets to major sectors of the economy, mainly mechanical engineering, agriculture, new technologies, and promoting substitute transportation links. Kazakhstan means to assimilate itself into the global economic order, but in a way continuous with its special features and consistent with national and economic security (Muzaparova 2003: 188).

To Kazakhstan, its relations with Russia are extremely crucial. The importance of China, US, EU, Central Asian and other Asian countries can be arranged in descending order thereafter. But the several political upheavals around the globe can be a reason of concern for strategists in Astana. The power balance maintained so precariously is under duress with continuous erosion of US-Russia relations due to years old enmity between them taking centre stage again. Also, Russia seems to be getting closer with China more as they share a common opposition and look forward to pull down its hegemony. Despite these glaring concerns the country’s strategic analysts downplay these developments and remain assured with the flexibility of their foreign policy which can bear complicated set of political developments without causing any harm to Kazakhstan’s interests (Carlson 2008: 48).

Since Independence, Kazakh foreign policy can reveal the intricate pattern of the weave knitted with powerful nations mentioned above. With the primary goal of maintaining its dominion in the region, a balancing act was performed by using Russia and China. Affinity with United States was also maintained as a safety net. This can be exemplified using a series of recent events.

In July 2006, Kazakhstan decided to ship up to 500,000 barrels of oil per day by tanker across the Caspian Sea to Baku, Azerbaijan. From there, the oil would be shipped West via the new Baku-Tbilisi-Ceyhan (BTC) pipeline, bypassing Russia, as the United States and European countries wanted. Astana also uttered interest in building a trans-Caspian pipeline if the project were to become economically reasonable. Two months later Kazakh President Nursultan Nazarbayev visited Washington. His visit can be termed as

successful because the country's democratic shortcomings were intentionally overlooked and he was in fact thanked by George W. Bush for cooperating with US over a number of issues. Bush further stressed that both the countries need to get together towards its "commitment to institutions that will enable liberty to flourish" (Carlson 2008: 46)

In the year 2007, several events took place that determined Kazakhstan's position in Central Asia. In November 2007, Kazakhstan received approval to chair the Organization for Security and Cooperation in Europe (OSCE) in 2010. In May 2007, building a new gas pipeline through the length of Caspian Sea coast was agreed upon by Russia, Turkmenistan and Kazakhstan. The objective was to transport Central Asian gas supplies from north to Russia. Transportation of a minimum 20 billion cubic meters of gas by the year 2012 was projected by Russian president Vladimir Putin. These decisions on pipelines were projected to be a blow to the hopes of the western world to gain access to Turkmen gas and Kazakh oil through pipeline passing across the Caspian Sea. Many analysts were also seen as Russia's victory of efforts to grasp control over Central Asian gas exports. To corroborate these analyses, Nazarbayev clearly pledged that Russia will always be a preferred oil export route for Kazakhstan (Carlson 2008: 47).

In August 2007, Nazarbayev attended the annual summit of the Shanghai Cooperation Organisation (SCO) held in Kyrgyzstan. SCO caught the world's attention during its summit in Kazakhstan. In this summit, SCO member states – Russia, Kazakhstan, China, Uzbekistan, Kyrgyzstan and Tajikistan – unanimously issued a joint declaration where they asked US to withdraw its military bases in Central Asia in a scheduled manner. US had established military base in several strategic locations after 2001 terrorist attacks. Uzbekistan was the first nation to evict out the US forces following the latter's Western criticism on its violent crackdown on protestors in Andijan. These events led to concern that SCO may turn itself into an anti-West "dictator's club". In the 2007 summit, the Kazakh president identified the need for the conception of an integrated SCO energy market. Nazarbayev and other SCO pioneers also examined the final stage of joint military exercises in Russia. During the closing of the summit, the Chinese President Hu Jintao was hosted by Nazarbyev in Astana, where both agreed on construction of Caspian oil and gas pipelines to China. One stage of a Kazakhstan-China oil Pipeline, Aksu-Alashankou line, had already been completed towards the end of 2005. This time the aim

was to further this line from central Kazakhstan to the Caspian Sea, forming a connection between China and the energy-rich Caspian seabed. It is through Turkmenistan and Kazakhstan that a gas pipeline of capacity to carry 30 billion cubic meters would transport gas to China. Such deals were moves of next level in Kazakhstan's plan of diversifying its energy export routes. Though several analysts observed that major share of Kazakh oil would still flow through Russia (Carlson 2008: 47).

Kazakhstan's foreign policy is multidimensional to feature such dexterous outreach to every influential external power in Central Asia, and has helped to maintain the country's security, which is no small task considering the potential security threats Kazakhstan has had to face in the past. From the viewpoint of strategy, the foreign policy that Kazakhstan implements to maintain peace and security for its people, is worth a close scrutiny for various reasons. The first one is the geopolitical location of this country – right at the intersection of Europe and Asia. The second reason is its unaffected status by Islamic radicalism. Because this country is surrounded with countries grappling with radicalism, it automatically plays a key role in combating the war on terrorism. The third reason is its robust economy which has witnessed a growth of at least 8 percent since the year 2000 – the most dynamic in Central Asia. This is directly related to its immensely vast energy resources which have been estimated between 9-40 billion barrels of oil and 65-100 trillion cubic feet of gas, as calculated by The U.S. Energy Information Administration (Carlson 2008: 48).

### **Russia's Stakes in Central Asia**

Central Asian Republics are considerable significance for Moscow and the Russian policy assigns main importance to this region. Today, after having lost direct control over these states, Russia still regards this region as crucial to its security. In other words, the region is considered as underbelly of Russia.

The combined bilateral relations of Russia with the Central Asian republics have brought its various regional strategic objectives to light. And these objectives can be expressed as the following:

- (i) Protecting Russian land from destabilising factors emanating from Central Asia (Drug trafficking and militant extremism).
- (ii) Controlling Central Asian hydrocarbon resources, as well as other raw materials and assets.
- (iii) Providing security to the region but restricting interference and engagement by other external actors.
- (iv) Confirming the region's position as part of the Russian "Sphere of influence" (Muzalevsky 2009: 28).
- (v) Preservation Russia's economic interests in the region.
- (vi) Ensuring Central Asia's ecological security.
- (vii) Ensuring the protection of the Russian Population living in the region (Roy 2001).

Speaking in geographical terms, Central Asia is viewed as Russia's 'underbelly,' and, as such, Russia has laid more emphasis on the requirement of a steady buffer zone in the south to provide for its military and political security.

### ***Way towards Restoring Influence***

Central Asia acts as a platform for Russia to reclaim its lost strategic control in Eurasia and to advance as a strong pillar of the reshaped international structure. It is not looking forward to any more accession of territories as it annexed the region and made it of the Russia Empire during the Tsarist regime. At present, Russia's objective is of reasserting its influence in Central Asia and its endeavours in this direction have led reflections on many economic, cultural and political considerations. Russia is coming to terms with a declining population and disorder in its labour resources due to which it has been acting liberally on immigration policies for Central Asian countries and has sought access to the region's energy resources so that it can grow its economy as well as influence in Central Asia. Russia has a strong cultural presence in Central Asia which has also helped

improve its case in regaining influence. Till 2007, Russian minority groups constituted 30% (4 million) of Kazakh population, 12.5% of Kyrgyzstan, 1.1 % in Tajikistan, 4% in Turkmenistan and 5.5% in Uzbekistan (Muzalevsky 2009: 30). It has worked to restore its power in the region through economic and political means in the attempt to surface as a influential pole of the international system. According to the latest figures from the Economy Ministry, from 1991 to present days, the proportion of ethnic Russians in Kazakhstan's population has fallen from 40 percent to just over 21 percent (Pannier 2016).

Apart from Central Asia's oil and gas, Russia has also been interested in its transportation and energy distribution systems, water, and uranium reserves used for nuclear weapons production. In addition to this, it has looked at this region as a basis of manpower and market for its growing economy. But the presence of other great powers has challenged Russia's efforts to gain complete control over Central Asia's market (Muzalevsky 2009: 31).

Russia's gas reserves are already depleting and to reduce pressure on its domestic reserves, it has secured energy deals with other Central Asian states. This will help it to achieve political dominion over transit and destination countries. 4.3 percent of the world's proven gas reserves are held by Turkmenistan, Kazakhstan, and Uzbekistan collectively. Kazakhstan holds 13th position for its oil reserves. Russia is the world's largest producer of gas and it has become imperative for it to hold back a near monopoly on Central Asian gas exports to augment its economic supremacy, diversify its exports, and reclaim strategic influence in Eurasia, especially over European countries that are dependent on it for oil and gas (Muzalevsky 2009: 31).

At present, the Russian interests in Central Asia concern its security and energy. About security problems, this region displays all the features of a weak state- corruption, human trafficking, smuggling, drug trafficking, terrorism and extremism.

Until 11 September 2001, only Russia and China were the key actors in the Central Asian region but after the 9/11 attacks, the US made a visible presence in the region. This US



engagement more ignited Russia's role and presence in the Central Asian region (Pradhan 2017: 166).

In Central Asian region SCO played an important role. A crucial task of SCO has been to establish a commercial connection between energy producer like Iran, Kazakhstan and Russia with energy consumers like India, Pakistan and Tajikistan. If this project of establishing a commercial link within Asia is lead towards success then Russia will be less dependent on European markets for selling its exports. In 2007, Russian administration under the leadership of Putin, looked forward to block the Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum pipelines, supported by EU and US because that would bypass Russia in the Caspian region, and build up a joint energy system with Kazakhstan and Turkmenistan. Russia has also shown inclination in Central Asia's uranium and water reserves. It has clinched deals with Uzbekistan, which is bestowed with 250,000 ton of uranium reserves, and with Kazakhstan, which holds 25 percent of the world's proven uranium reserves (Muzalevsky 2009: 32).

This exercise of building economic networks through groups like CIS, SCO, and EEC after disintegration of the Soviet Union indicates towards Russia's efforts to integrate the Central Asian states on economic basis and place itself integrally into the wider international economy. Russia has been Central Asia's primary trading partner and has viewed this region as a spring of migrants working to strengthen Russia's economy. But cost-effective Chinese goods have adversely affected Russia's position in trading sector. On the contrary, Kazakhstan's growing economy has an increase in the number of Central Asian migrants to its nation. Russia's economic influence in Central Asia has been diminished further due to the presence of the EU, United States, and China in the region's energy sector (Muzalevsky 2009: 32).

### ***Regional Security Cooperation in Central Asia***

It is through organisations like CIS, CSTO, SCO and EEC that Russia has been able to provide security in Central Asia. Peacekeeping, anti-missile defence and counter-terrorism are Russia's prominent security issues within the CIS. However, at the same time, events in Chechnya, an evident propagation of terrorism within Central Asia, and

'frozen' conflicts in the Caucasus have verified, some of these organizations, especially the CIS and EEC, have not been very effective in providing regional security and intended economic integration (Muzalevsky 2009: 32-33).

Therefore, Russia has to rely on bilateral relations with the Central Asian states to deal with regional threats. Russia and Central Asian states have adhered to the SCO and CSTO in order to counter religious radicalism, organized crime, and drugs trafficking. The SCO, initially dealing with regional border demilitarization, has developed into an economic, political, and security organization. Its anti-terrorism structure has benefited Central Asian states. On similar lines, the CSTO, created in 2002 as a retort to terrorist incursions into Kyrgyzstan, has further promoted regional security (Muzalevsky 2009: 33).

The Federal state of Russia with predominantly Christian population is concerned about the rising Muslim population in its country and their concerns have been verified by Chechnya. Russia has increased its interest in several secular states of Central Asia which are influential in curbing terrorism and maintaining regional borders; it has engaged its military infrastructure in Central Asia and supported the regional states as politically and economically stable entities with a pro-Russian policy line.

The aim of EEC has been to bring together its members on the basis of economy and reduce poverty in the region. Predominance of political and military issues, however, has overshadowed EEC's efforts, and its influence has been sidelined. Strengthening Russia's regional economic role will be essential for economic security and suppression of fundamentalism in Central Asia (Muzalevsky 2009: 33).

Border and trade problems create Regional tensions and have challenged Russia's security efforts that have therefore made use of regional organizations and on a bilateral level to avoid regional conflicts. As Russia's strategy in Central Asia has been moulded by bilateral relations, it is crucial to analyze these relations from the point of view of individual republics in the context of other great powers so that a comprehensive assessment to Russia's strategy can be charted out.

## **U.S stakes in Central Asian Region**

US has still not been able to define its interests in Central Asia which, at the moment, is under formation. Nonetheless, it identifies the potential this region possesses to dominate on the global energy market. Therefore, it is the interest U.S holds in Central Asian energy sector, that motivates U.S to participate in crucial decisions related to security, stability, and political shifts related to Central Asian countries at both, local and global levels. The conditions of this region will be determined largely by how well or bad the economy and politics of Asia develop, especially of China and Russia.

As a short-term goal, US is not only vouching for Central Asian Republics (CARs) to develop into full-fledged energy-rich region, but is also looking for stake-holding in the management of these resources. Apart from this, its efforts to instill a democratic government in this region, promoting stability and freedom, supporting human rights and establishing a transparent system of decision-making to fight out corruption can be seen as a disguised policy with implicit personal motivations. It is their assumption that soon Russia will have to admit that dangers like terrorism, proliferation of weapons of mass destruction, radicalism, and weak administration are a lurking threat to Russian security.

And such a condition, as they assume, will result in a stronger coordination among the US, China, India, and the EU in terms of Russia's Eurasian policy.

CAR has been an area of interest for several Western nations, especially US, since the time Soviet disintegration took place. These countries have been keeping themselves busy with drafting of various economic and political policies related to this region. It is out of their own interests in abundant energy resources found here, that the Western nations brought the issue of development of energy resources to the center-most pedestal. And by highlighting their area of interest they intend to serve their own geo-political and geo-economic motives (Gidadhubli 2011:42). Several analysts have put forth the argument that such a keen interest of Western countries, as shown in CARs, is primarily due to the following considerations:

1. The West has its own self-centered interests in CARs. These interests supervise them to lend support to political leaders in this region under the garb of maintaining political sovereignty, independence and Political stability.
2. Another consideration was the CARs would do better for themselves if they followed in the footsteps left behind by the West in reference to establishing a West-style democratic government system.
3. The third consideration was to restrict Russia's growing dominance in Central Asia and thus establish its own. The consideration is more concerned with Russia's monopoly in the region's energy sector.
4. The fourth consideration in this series is their understanding to support economic stability in Central Asian countries. This support comes in through investments made by various international institutions and Western countries in the name of developing the energy sector there, also an objective (Gidadhubli 2011:42).

It was right in the beginning of the year 1992 when the former US secretary of state James Baker, set an example for others to lay more emphasis on developing bilateral ties with the Central Asian republics on strategic, political, security and economic themes. At the same time the US government also promoted the assimilation of Central Asian states with the western politico-economic-military institutions and safeguarding their right to sovereignty and independence. Taking this ideology ahead, the US government had also come to a decision where they intended to assimilate these Republican states into the international community. The modus operandi was to back their entry to organizations and institutions like Organization of Security and Cooperation in Europe (OSCE), North Atlantic Treaty Organization (NATO), Partnership for Peace (PfP) program and several other international organizations. A multi-faceted financial assistance program for Central Asian Republics was founded by US with the passing of two Acts, namely, "Freedom Support Act" on October 24, 1992, and the "Silk Road Strategy Act" in 1999 (Alam 2005:155).

Relations with NATO are a crucial gain for Central Asian states and can influence their strategic relations with the US. But formations of political and economic ties are not the only policies US is relying upon. Military is another aspect which is being exploited to its advantage. Within the periphery of PfP program the US government has begun with a

series of military exchanges and joint exercises and Central Asian nations have participated in several such events. Military representatives from several Central Asian states like Kazakhstan, Kyrgyzstan, and Uzbekistan have had invitations to various military schools of NATO member states. The US defense forces, in collaboration with other members of NATO have conducted several programs to assist the development of regional military cooperation (Alam 2005: 159).

Thus, apart from US-led initiatives, Central Asian states have also exhibited their eagerness to form bilateral ties with western community so as to avoid letting Russia take a larger portion of pie in terms of dominating the CARs. The eagerness of Central Asian states was manifested in their active participation in NATO's PfP programme and the North Atlantic Cooperation Council. It was also apparent in the staging of NATO's joint military exercises on the territory of CARs. Besides the aforementioned military cooperation and peacekeeping activities, the Central Asian states have participated in exchanging envoys periodically to establish stronger diplomatic relations (Alam 2005:160).

The Post 9/11 period has completely changed the Central Asian geopolitics due to US initiated operation "Enduring Freedom" in Afghanistan. US has boosted in more assistance to this region in the name of security and economic development against anti-terrorism, counter-narcotics trafficking, non-proliferation, democratization, and other defence cooperation program. But the real deal for US was its ability to establish its full-fledged military bases in the Central Asian-Caucasus region which has not only added a new dimension in the local geo-politics, also contained the regional setting where Russia and China held primary dominance (Alam 2005:156).

## **US Engagement with Kazakhstan**

With the perspective of developing their strategy further in the CARs, United States pitched security cooperation as an important element which eventually led to many nuclear weapons and strategic warheads deployed on the Central Asian territory, specifically in Kazakhstan, becoming the initial centre of focus for US. It is for this

reason that after the disintegration of the Soviet Union, US took particular interest in nuclear security when it orchestrated the transfer of nuclear weapons from Kazakhstan to Russia. It also managed to safeguard other fissile material in Kazakhstan so that further proliferation could be brought under check (Alam 2005:157).

For a safe and secure process of dismantling 104-SS-18 missiles and destruction of their silos, a “Cooperative Threat Reduction” (CTR) was signed between US and Kazakhstan in the last month of the year 1993. By April 21, 1995, Kazakhstan was removed all bombers and air-launched cruise missiles. An approximately 1,040 nuclear warheads were also shifted to Russia. In June, 2002, Kazakhstan agreed and to that effect signed an agreement with US to destroy the last six silos at the Leninsk testing ground situated in Kyzyl-Orda region (Alam 2005: 157).

US concerns were always sensitive towards nuclear issues and this sensitivity reflected in its relationship with Kazakhstan despite the latter being a member of the non-proliferation regime and having all its missiles and warhead being transferred to Russia. Their sensitivity towards nuclear concerns were more due to their fear of Kazakhstan’s remaining nuclear infrastructure, fissile material or technical expertise, would find itself in the wrong hands. But gradually this fear subsided and at present the relationship between both the countries resides on a positive note, because apart from the fear of proliferation been eradicated, the Kazakh government exhibited due diligence in safeguarding any possible nuclear leakage (Legvold 2003:85).

This brings US to “Operation Sapphire”. It was the fall of the year 1994, when William Perry, US Secretary of Defence, in a press conference announced the completion of a very complex operation carried out by both, US and Kazakhstan, together. This operation was the transfer of 600 kilograms of uranium from Kazakhstan to the Department of Energy’s Y-12 plant in Oak Ridge, Tennessee (Legvold 2003:85). This uranium was weapon-grade and highly-enriched and therefore US had all the reasons to be concerned about broader security issues in CARs especially out of the fear that Iran exhibited signs of spreading its influence to the region, that role had been assumed by Afghanistan under the Taliban.

September 11, 2001 incidents gave a new phase in Kazakh-U.S relations. Just after this heinous attack, Kazakhstan condemned the terrorist attacks in Washington and New York

and supported the US anti-terrorist operation in Afghanistan. The Americans praised the Kazakhstan's support for the US counter-terrorist operations in Afghanistan and Iraq. In December 2001, at a meeting in Washington, US President G.Bush and Kazakh President Nazarbayev adopted a joint statement on US-Kazakh relations which restated mutual devotion to strengthening the long term strategic partnership between US and the Kazakhstan (Nurdavletova 2011: 39).

And of course, oil and its trade were also critical concerns US kept in purview while charting policy towards Kazakhstan. How important the oil and energy sector is for the US administration can be gauged by the fact that it lost no time in drafting a pipeline strategy for Kazakhstan which formed the centerpiece of the symbolic layout of its bilateral relationship. This symbolic centerpiece in reality looked like an East-West pipeline route which connects Baku with the Turkish port of Ceyhan. As further discoveries were made in Kazakhstan concerning energy resources, like in its Caspian region, it became an all the more crucial part of US foreign strategy. By the year 1998, the two erstwhile soviet countries - Kazakhstan and Azerbaijan - became two sides of a balancing scale of the US policy on energy security in Caspian Region. US in fact began pressurising Kazakhstan to convert Baku-Ceyhan pipeline into the Aktau-Baku-Ceyhan pipeline after oil was discovered in its Kashagan field towards the end of the 1990s (Iseri 2007).

### **China's Stakes in Central Asian Region**

Central Asia holds strategic importance for China as well due to the potential this region holds in becoming a possible source to fulfill its energy needs. An additional source of energy is a dire need for China not only to enable economic development for its state, but also to gain access to Xinjiang province, which was then out of China's dominion. In 1996 SCO was formulated based on the success of talks among China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan over issues of border and security. The formation of SCO enabled a permanent mechanism to augment their political and military contacts.

This formation of SCO is in direct contrast to the interests of West. The bottom line is that Central Asia is a strategic region for Russia, China and the Western nations.

The border shared by Chinese province of Xinjiang with Central Asian States hold immense importance for China from the perspective of strategy and polity. Let us take the case of China's Lanzhou military district which stands at the 4th position for being the largest military district in China. Its importance is heightened with the knowledge that there are 12 Chinese land divisions and it also nests a nuclear test site named Lop Nor. Inter-state border tensions have marked China's relation with the Central Asian border sharing states and with Russia. These tensions were put to rest with the aid of a multilateral agreement signed in Shanghai in April 1996, which created Shanghai Five. This treaty proved instrumental in setting ceilings for ground troops, tactical aircraft, and air defence aircraft within the radius of 100 kms on each side of the border. This treaty also put a cap on the size of military exercises taking place on the border region, while renouncing territorial claims by either party (Menon, Fedorov & Nodia 2015).

China had hitherto been exercising a crucial position in the CARs, particularly in the energy sector. China has seen tremendous growth in its economy since several decades now and due to this reason its demand for energy has also seen a rise. If figures are to be believed then the need for energy resources has projected to be about 10 million barrels over the next decade. To be able to meet such a high demand, China is left with only one option and that is look for alternative sources of energy in the West Asia, Africa etc. Since the past decade or so, special attention has been paid by Chinese authorities on finding measures to gain entry into Central Asian energy sector. Therefore, the formation of the SCO has given more power to China's political and economic ties with the CARs. China has invested majorly in the development of energy sector owned by Kazakhstan, Turkmenistan and has rights to explore and exploit oil and natural gas in their region. China's CNPC is a key investor in these countries (Gidadhubli 2011: 44).



## **China's Engagement with Kazakhstan**

From the vantage point of China, the disintegration of the Soviet Union is a boon to its national interests and present it with a golden opportunity with no similar precedent in the history. Three post-Soviet states, Kazakhstan, Kyrgyzstan and Tajikistan, share borders with China but do not pose any real threat to its security. This is the reason why China's northwest region is stabilized despite a dynamic political and economic change in the border countries. Among these states aforementioned Kazakhstan holds a significant position. It not only shares a significantly long border with China, it is a prominent power in CAR. Its prominence is proved from the fact that it plays a decisive role not only in the region's political and economic structures but also in its international relations.

The Soviet Union's collapse benefitted China in terms of power. The new states that emerged out of Soviet Union were relatively weaker than China in their individual existence and therefore the latter found itself in an influential position, unlike the times when these very states were together. But China could not enjoy this dominance for a longer time. The U.S. arrived in Central Asia with its military troops in the year 2001 and hit a blow to China's influential aspirations. Although China's priorities are invested in the Asia-Pacific region, it wants to gain importance in Central Asia as well, which is expected to grow considering the advantageous geographical and economical position it owns (Carlson 2008: 52). After Russia, China stands as the strongest contender to enjoy its dominance in this region. For the time being, CARs can benefit from both Russia and the United States for instant gratification in terms of reaping economic and security benefits. But no matter what the situation is, China has continued to chase a set agenda in CAR which is a natural extension to its foreign strategy that intends to propagate an environment which is globally amicable and provides enough space for China to focus on domestic modernization, economic growth, and social stability. Within this strategy, China looks forwards to stability on its borders. And it is for this purpose that SCO was utilised to reach certain agreements pertaining to shared borders with Kazakhstan, Kyrgyzstan, and Tajikistan (Carlson 2008: 53). According to critics, China follows a "long-term strategy of denial" where it willfully chooses to deny that Central Asia is a

source for Uighur separatism in Xinjiang. It also denies regional dominance by any external power. But one thing it refuses to deny is US as a possible threat to China which it definitely seeks to prevent. The United States, through establishment of its military forces in Central Asia, has forced China to see these events as an attempt to contain China. If seen from the Chinese point of view, then US presence in CAR is a trouble due to two main reasons. One is that, this presence raises the specter of “strategic encirclement”, while the other is possibility of U.S. taking advantage of the disturbance in Xinjiang and adversely affect China’s interests. Although China and Russia came out in support in International war against terrorism and backed US led operations in Afghanistan, both equally opposed its long-term presence in CAR. While China finds Russia an ally in opposing US, the two countries are competing against each other in their individual attempts to gain monopoly of exercising influence in the region. Thus, in spite of sharing cooperative ties with Russia in SCO, China challenges Russia’s position as CAR’s backyard (Carlson 2008: 53). Apart from this China plans to expand its economic ties in this region. Laying its hands on abundance of energy resources is also a part of its strategy which will help its growing economy maintain its rapid development. At present, China is dependent on West Asia for energy supply which reaches its country through waterway patrolled by US Navy. Kazakhstan holds much importance for China in CAR which in turn heartily welcomes China’s intrusion in CAR despite the fears that they harbour concerning its increasing influence. Not only now but elected authorities in future will also understand the significance of maintaining robust ties with China. Because Kazakhstan knows that positive relations with neighbouring countries are good for its political and economic health. China in fact offers economic dynamism that can lead to resourceful opportunities (Carlson 2008: 53).

The two countries laid the foundation of their diplomatic friendship in 1992. This diplomacy reached a new height in the tenth month of the year 1993 when a series of official visits began between the premiers of these two nations. It is in this context that an agreement outlining the main principles of interaction between them was signed between them. This was one of the first agreements signed between Kazakhstan and China to be called the *Joint Declaration on the Foundations of Friendly Relations between the Republic of Kazakhstan and the People of China.*, The signing took place in Beijing in

the 1993 between the then Kazakh President Nazarbayev and the then Chinese President Jiang Zemin. This agreement is significant from the point of view that it helped the countries to immediately begin solving the problems they had received in legacy from the past of Soviet-Chinese relations. Moving forward many more issues were discussed between them which were in context of their bilateral relationship. A significant and delicate issue among these was the delimitation of their mutual border. The significance of this agreement lies in the successful implementation of their intentions. Several declarations were signed to this effect (in Shanghai in 1996, Moscow in 1997 and Almaty in 1998) within the Shanghai-Five organization, which led to the resolution of the border-related issues. As a result all territories on the Kazakh-Chinese border today stand delimited and demarcated (Nurdavletova 2011: 36).

China and Kazakhstan share a healthy cooperative relationship in oil and gas sector. This relationship is on a continuous rise especially due to Chinese companies displaying an active interest and participating in the same spirit. This relationship found its beginnings in the year 1997 when the China National Petroleum Corporation (CNPC) bought a 60% stake in AktobeMunaiGas Oil and Gas Company, owned by Kazakhstan. In the year 1997, a bilateral declaration was agreed upon concerning the oil and gas sector. Under the aegis of this declaration, in the year 2003, commercial organisations hailing from both the countries undertook the task of building an oil pipeline travelling from Kazakhstan and China. Under this project, a pipeline named Atyrau-Kenkiyak oil pipeline has its first phase completed, whereas the Atasu-Alashankou oil pipeline reached completion and was commissioned in the year 2005. The latter shipped an approximate of 6 million oil to China in the year 2008 (Nurdavletova 2011: 37).

Together, the two countries, Kazakhstan and China had set a target to achieve their bilateral trade volume of \$15 billion per annum by the year 2015. China had in store a valuable opportunity for Kazakhstan in the form of an outlet for its energy resources moving towards the Pacific. It could be route for Kazakhstan to gain access to the eastern world for its energy exports. The two countries have reached an agreement for the construction of pipeline from Kazakhstan to the Ala pass in the Chinese province of

Xinjiang. This pipeline will be laid across 3000 km. It is this how China proves to be a balancing act for Kazakhstan when it comes to maintenance of its energy resources (Carlson 2008:54).

China offers the most instant chance for Kazakhstan to spread its energy export routes. For China, Kazakhstan offers an opportunity to gain ownership and moderately direct control over stable foreign oil supplies. The Chinese advantage can be seen turning into reality with its government-run agencies already exploiting energy reserves in Kazakhstan (Akt'yubinsk and Uzen oil fields). A whopping amount more than \$6.5 billion has already found an investment through The Chinese National Petroleum Corporation (CNPC) in oil projects in Kazakhstan. Kazakhstan, thus, encourages more Chinese investment in their energy resources, so that its dependence on oil firms from Western countries is reduced. An important development is the acquisition of Petro-Kazakhstan by CNPC. This acquisition is significant as Petro-Kazakhstan was one of the largest producers of energy resources in Kazakhstan. The first phase of Kazakhstan-China oil pipeline has already found an investment of more than \$700 million from China (Carlson 2008:54). Overland oil supply provides China with security and stability which is much precious for it. Also because it's home-grown companies own a large amount of control, so it is not unwilling to cough up a security fee for such supplies. As mentioned before building pipelines to China in the pursuit of finding an alternative route to export energy resources is an easier task for Kazakhstan as compared to other alternatives. Its achievability is much higher in medium term as compared to the trans-Caspian pipelines. It is even better than laying an oil pipeline to Iran, which is much preferred by Kazakhstan, but has been disrupted by the opposition of the West. Limiting oil shipments through Kazakhstan-China pipeline is part of Kazakhstan's plans on operationalising this pipeline. It stands to 40,000 barrels per day. This cap indicates a strong stance from Kazakhstan's side to who is not willing to commit extra supplies to China. Despite all of this, most of Kazakh oil will be routed through Russia in the near future. But it is safe to say that China is the gap that releases Russian pressure which builds on Kazakh energy exports. Hence, a balanced multi-vectored policy has been successfully put in place by Kazakhstan (Carlson 2008:54).

Anything that threatens China-Kazakhstan relationship is the separatist force in Xinjiang. The dangers of terrorism, extremism, radicalism and the influence of separatists in Xinjiang pose a serious threat to stability and territorial integrity of China. These local threats have counterparts in CARs as well, thus posing as a much larger challenge globally. In the past, terrorists from the East Turkestan outfits have detonated explosives in several public spots of Xinjiang like market-place, bus stops, hotels, and supermarkets. Firearms were also used by these same groups with the intention of attacking Chinese embassies and consulates in other countries and managed to kill many Chinese nationals of repute including businessmen, government officials, and foreign police officers (Guangcheng 2003: 111).

It is the struggle for democracy and a fight for the rights of minority groups that these terrorist outfits seem to fight for, but actually it is divisive politics that are being played under a garb, thus propounding terrorism at an international scale. In the past they have also received backing from Al-Qaida who has its headquarters in Afghanistan. This organisation go hand-in-glove with the operators of other terrorist organizations in Central and West Asia to fulfill their dream of establishing an Islamic government in Xinjiang which the Chinese claim for themselves (Guangcheng 2003: 112).

Kazakhstan is used as a base for them to operationalise their activities into Xinjiang. It is through Kazakhstan that they continuously attempt to enter into the unstable Chinese territory by putting into actions that are at times direct and concealed at other time. These acts affect Chinese integrity without a doubt, but they also affect Sino-Kazakh strategic cooperation in an adverse manner. Keeping this reality in mind, Kazakh President Nazarbayev expressed support in favour of Chinese standpoint and against nationalist separatism. He also vowed to take rightful actions to restrict such organizations from carrying anti-Chinese activities from Kazakh territory (Guangcheng 2003: 116).

Kazakhstan is undoubtedly central to China's foreign policy for reasons elucidated above. All these reasons pertain to broad areas of political, economic and security on the basis of which bilateral ties are being formulated. When it comes to politics, China looks forward to two main points. One is to gain a robust support from Kazakhstan on the issue of Taiwan and the second is to secure cooperation in its attempts deal with separatists operating in China. When it comes to economic issues, then China desires to compose a

strategy based on energy resource cooperation. And finally, when it comes to security, it looks forward to a future where the three forces of separatism, extremism, and terrorism will be opposed in a much stronger form. For obvious reasons, Chinese policy in all these three areas will shift its dimensions depending on events in the global arena, but its relations with Kazakhstan may remain sacrosanct (Guangcheng 2003: 139).

## **European Union Stakes in Central Asian Region**

Since centuries, Central Asia Region has played a vital role in bringing Europe and Asia together. This role has become sort of a tradition for Central Asia due to its strategic positioning in geographical terms. The countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan have been a witness to substantial transformation and development of the political and economic situation since the time these nations attained independence. Since Europe and Central Asian countries share the common objective of securing stability and prosperity through peaceful measures, they have over the years become cooperative partners. The European Union works under the framework of establishing a cooperative neighbourhood policy within the aegis of which the two regions have come closer to each other, both in terms of politics and economics.<sup>26</sup>

Because we live in a globalised world, Europe and Central Asia face several challenges that are common to both. Hence, they also respond to these challenges collectively. Security and regional economic development are two areas which require the two regions to operate in close ties where each Central Asian state also takes into account their geographical location with Afghanistan, Pakistan and Iran. Such a strategy also applies to developments in border management, migration, radicalism and vigil against crimes such as human, drug and arms trafficking.

EU is dependent on external energy resources and requires a diversified energy supply policy so that it can heighten security of these resources which open further contexts for cooperation with Central Asia. EU's wish list comprises of a strong local energy market,

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<sup>26</sup> The EU and Central Asia: Strategy for a new partnership, May 31, 2007, Available at: [https://eeas.europa.eu/sites/eeas/files/st\\_10113\\_2007\\_init\\_en.pdf](https://eeas.europa.eu/sites/eeas/files/st_10113_2007_init_en.pdf)

improved investment conditions, increased energy production and efficiency in Central Asia.

EU also desires to help develop Central Asia with the introduction of human rights, good governance, democracy and social development programmes through the strategy explained above and the Commission's assistance programme.

The reasons for EU's interest in Security and stability, adherence to human rights, and maintenance of law and order in Central Asian States are as follows:

- Strategic, political, economic developments, and increasing cross-border challenges in Central Asia have a direct/indirect impact on EU's interests.
- Central Asia and EU are also moving much closer to each other due to inclusion of Southern Caucasus in its European Neighbourhood policy, and the Black Sea Synergy Initiative.
- Central Asia is houses a large energy base and it wishes to diversify trade partners and supply routes which can aid EU to meet its demands in terms of energy security and supply.

EU is of the opinion Central Asian region will be more secure and stable if it implements international law, human rights and other democratic values, and an economy based on trade. A secure and stable Central Asia will increase its quotient of reliability and its nations can be trustworthy partners of EU nations.<sup>27</sup>

EU and Central Asia have intensified talks between them over matters concerning energy, security and human rights, which unfortunately, have not resulted in much concrete resolutions, despite a heavy presence of EU member states. The strategy fails when it comes to owning responsibility of developing multi-vector foreign policies by regional level CARs authorities, so that recognition by Europe comes easy, that too without a deep indulgence in European projects related to democracy and human rights. Also, Central Asia displays limited understanding of the EU. Their civil society is weak and participates only on temporary basis (Boonstra 2011: 4).

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<sup>27</sup> ibid

## **European Union Engagement with Kazakhstan**

Since beginning, reinforcing ties with the European Union has been one of the priorities of Kazakh diplomacy. EU is an important trade and economic partner for Kazakhstan and a major investor in its economy. Kazakhstan's ties with EU nations rest on a framework of agreements, the most vital of which is the *Partnership and Cooperation Agreement* (PCA) signed in January 1995 and switched on in January 1, 1999. It forms a legal base of multilateral political, financial, and cultural-humanitarian cooperation between Kazakhstan and the EU, and provides support for EU in the construction of a market economy and the firming up the democratic process (Sultanov, Muzaparova 2003:201). EU's aid to Kazakhstan is injected health care, social welfare, scientific research, market reform, and liberalization of the economy. The years 1996 to 2000 were marked by the extension and renewal of relations based on early achieved accords. The main strain in this phase was put on cooperation in the oil and gas and energy spheres and the transport and joint trade were strengthened (Nurdavletova 2011: 41). In addition to this Kazakhstan gains from Interstate Oil and Gas Transport to Europe program (INOGATE), structured to diversify the current system of hydrocarbon transportation from Central Asia to Europe, and TRACECA, a planned Asia-Caucasus-Europe transport corridor. The European bank of reconstruction and development is also active in Kazakhstan (Sultanov, Muzaparova 2003: 202).

A landmark event was the enforcement of the "Partnership and Cooperation Agreement between the Republic of Kazakhstan and the European Union" (July 1999), which concluded the official political configuration of relations. New aspects of mutually beneficial cooperation became the expansion of partner relations with European Space Agency enterprises for the construction and launch of a joint satellite and other projects in the hitech area. The first step in this way was the successful launch of the Cluster 2 satellite using a Russian booster from the Baikonur space launching site in March 2000 (Nurdavletova 2011: 42).



For the first time in 2000, European investment (\$1040.3 million) in Kazakhstan surpassed American investment (\$993.5 million). Generally, EU investment comprises of approximately 25 percent of total foreign investment in Kazakh projects. Primary investors in Kazakhstan among EU nations are Great Britain, Netherland, Germany and Italy. European investment is above all in the oil sector. In October 2000, the European Union granted Kazakhstan “special status as a market economy.” This decision gave new push to cooperation with the EU, specifically by relaxing negotiations over trade in steel and textiles, taking measures to secure the interests of Kazakh producers in the European market, and advance toward Kazakhstan’s admission into the WTO (Sultanov, Muzaparova 2003: 202-203).

Since 2002, bilateral trade and economic relations between Kazakhstan and EU have been increasing gradually. The EU has increasingly become Kazakhstan’s top trade partner. EU have almost 40 percent share in its total external trade. Kazakhstan’s exports to the EU are mainly dominated by oil and gas, which account for more than 80 % of the country’s total exports. EU Exports to the Kazakhstan are deeply dominated by machinery and transport equipment, as well as products of the manufacturing and chemicals sectors. Presently, more than 5000 joint ventures are in progress in Kazakhstan. Imports from Kazakhstan significantly surpass EU exports to Kazakhstan. Despite drooping prices, Kazakhstan’s importance as an oil and gas supplier to the EU continues to grow. (Michel 2017).

With the turn of the century, harmful trends previously underappreciated, are increasing in Central Asia: global terrorism, religious extremism, organized criminal activities, and illegal migration. In the end the effects of these and other threats pose danger to not only the states of the region, but Russia, China, and even Western Europe. The September 11, 2001 terrorist attacks in the United States, the attempts to aggravate situation in Chechnya, Central Asia, Xinjiang- Uighur autonomous area of China (Sultanov, Muzaparova 2003: 203).

Instability among Muslims living in the northern Caucasus and in Central Asia and in Russia’s Volga area endangers the extraction of oil and gas from these areas and their transport to Europe. Therefore, real and impactful joint mechanisms are important if the

threats issued by international terrorism and radicalism, the illegal drug trade, weapons smuggling, and illegal immigration are to be controlled. Such mechanisms call for European participation (Sultanov, Muzaparova 2003: 203).

In 2001, Kazakh foreign minister Idrisov and the general secretary of the European Council, Javier Solana, met to discuss potential danger to stability and security in Central Asia, the need to work out a unified EU-Kazakh doctrine for Central Asia, the prospects for a common EU guiding principle towards Kazakhstan, and methods of stimulating joint efforts in the struggle against illegal proliferation, transit, and trade of drugs. The European Union, which had not express serious interest in previously, and as a result of which did not have a long term strategy in this territory, has substantially modified its policy. Moreover, while earlier EU strategy focused almost completely on oil and gas and the advancement of trans-continental transport networks, after September 11 the priority shifted to providing stability in the region (Sultanov, Muzaparova 2003: 204).

In 2006, Kazakh President Nazarbayev's visit to Brussels became an important step in cooperation between Kazakhstan and the EU. Kazakh president visited the European Commission's headquarters and met with Jose Manuel Barroso, president of the European Commission. The talks resulted in the signing of a MoU in the energy sphere. Kazakhstan and EU was aware that their Partnership and Cooperation agreement was expected to expire in 2009. So both parties agreed to raise their bilateral relations to the level of strategic partnership (Nurdavletova 2011:43). In 2010, Kazakhstan chairmanship for OSCE is seen as an incentive for president Nazarbayev's strategy of engagement with the west.

In the long term, the European neighborhood strategy (ENP), EU's proposal for ties with states on its periphery, offers the best opportunity for nurturing this friendship. The ENP is structured to forge a "circle of friends" around EU based on mutual interests in security, financial development, the rule of law, and respect for human rights. Kazakhstan is suitable as a partner for ENP in every respect.<sup>28</sup> The enlargement process of the EU

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<sup>28</sup> Back to the Great game in Kazakhstan, access April 17, 2014, Available at: <http://www.project-syndicate.org/commentary/back-to-the-great-game-in-kazakhstan>

played quite a substantial role, as it brought the Central Asian nation closer in more than just a geographical sense. The close historical ties that Kazakhstan has with the new members of EU are an extended impulse to advance this cooperation. Kazakhstan-European partnership has reached at a strategic level in the extensive range and intensive nature of the links and the fact that this high level of contacts is regularly active. Political dialogue with the EU will also permit Kazakhstan to coordinate its position on global issues. In relation with this, Kazakhstan is fully supporting the efforts of EU with the objective of fighting against global threats, including taking part in the Border Management Initiative for Central Asia (BOMCA) and the Central Asia Drugs Action Plan (CADAP). Economies of Kazakhstan and the EU, mutually balance each other to a substantial degree. The volume of bilateral trade is more than 20 billion euro (Chaudhury 2009: 53).

In Kazakhstan's economy, EU nations have invested more than USD 35 billion. This is more than half of the total foreign investment. In several ways it's the common interest in oil and gas sector that drives Kazakhstan- European monetary cooperation. The constant political and financial situation in Kazakhstan has raised its vitality as a substitute provider of these resources to the EU. Therefore one of the core strategic jobs is to make stronger the energy dialogue and bring other Central Asian republics into it (Chaudhury 2009: 53).

Kazakhstan and the European Union signed their new Enhanced Partnership and Cooperation Agreement (EPCA) in the Kazakh capital, Astana in December 21, 2015. This agreement considered as an important step for two sides to develop relations and strengthen economic and political cooperation. In the same year, Kazakhstan joined the World Trade Organization (WTO). In fact, the two agreements are deeply interconnected: the EPCA was signed only on condition and after Kazakhstan's accession on WTO. However, Kazakhstan is also a full member of the Eurasian Economic Union, which complicates its relationship with the European Union (Emerson 2015). In the Changing Scenario, EU has decided to revise its Central Asian strategy, which offers support and aid to Central Asian Republics on regional sustainable development (Socio-economic development, environment, and cooperation on energy) and regional security

for development (the fight against drugs and crime, regional security, integrated border management).

Kazakhstan is also prepared for various kind of cooperation that would help joint action in fulfilling the needs of the EU nation's atomic energy sectors for uranium, and would also provide assistance from the EU in developing the country's uranium industry. There will be substantial gains if all sides contribute enthusiastically in developing multilateral energy cooperation between the EU and the Caspian and Black Sea nations as part of the Baku process (Chaudhury 2009: 53 ).

### **Major Powers Engagement in Central Asia and Russia's Response**

In the aftermath of the erstwhile USSR, Russia experienced a dire vulnerability due to a lack of buffer zones along its borders. The nation was exposed to volatile and hostile neighbours. From the disintegration of the Soviet Union to its present day, Russia has apprehended USA's role in Europe, Transcaucasia, and Central Asia in belittling its presence not only in the Northwestern region but worldwide. With creation of the cordon by the West-oriented Baltic, East European and Caucasus states and the revelation of the U.S.A's secret bases in Romania and Hungary, its Anti-missile Defence System plans in the Czech Republic and Poland, Russia has further become a polarized and antagonized toward United States. Emphatic to prove the significance of its influence and to combat the expanding power of USA, Russia has clearly signaled to other countries that the Post-Soviet space lies within Russia's zone of interests. How successful will Russia be, is unknown because the growing presence and power of United States, EU, and China in the region and the incapability of CIS have shown an altogether different perspective (Muzalevsky 2009: 29).

Foreign Military bases in Central Asia had posed a veritable threat to Russia's security. Strategically important the Tangshan and Pamir mountains, and the Fergana Valley, the major powers of today's world have established a control that Russia cannot choose to ignore. Caught and trapped among these foreign-controlled junctions and presence on the transportation routes, have given Russia much anxiety and things to think about for the

future. Any military confrontation now would mean a war at extremely close quarters (ibid). Although Russia supported the U.S.- led campaign to bring down the Taliban and hunt al-Qaeda, but it never supported a long-term military presence of the U.S. in Central Asia. Russia responded to this U.S. presence by increasing its own capacity. In November 2002, Russia established an air base in Kyrgyzstan, additive its existing base in Tajikistan. Later, Russia made both bases robust. Russia's security goals in Central Asia include improving air defence, prolonging joint training, strengthening ties among the military-industrial complexes of CSTO member countries, and enhancing rapid reaction forces (Carlson 2008: 50).

Uzbekistan, a Central Asian country in possession of the greatest military potential, withdrew from the CSTO in 1999 only to return in 2006 following a snap in its relations with the United States. Uzbekistan again has suspended its membership from the CSTO in 2012. Russia opposes NATO's expansion into East Central Europe as it is scared that NATO might encroach upon CIS.

Moreover, the security questions that Russia is experiencing has further lead the country to feel threatened by NATO's expansion strategy which does not deter the NATO forces to use force even in the territories that do not fall under the Treaty or carries UN Security Council's authorization. Wary of NATO's "Partnership for Peace" programs in Central Asia, the NATO has not been able to address the Russian security concerns. Consequently, Russia has worked to ensure that the CIS states refrain from participation in hostile or volatile blocs. Russia's concerns are not unjustified also. As one begins to notice that although, the 2008 Romania Summit delayed NATO's expansion as membership of Georgia and Ukraine was vetoed by Germans, French, and Italian governments. The process demonstrated just how close NATO could be to Russia's borders (Muzalevsky 2009: 29).

Russia also feels threatened by China's probable deployment of its bases in Central Asia. Russia's bid to create a multi-polar world and discourage Western presence in the energy-rich Central Asia has lead it to start initiatives such as SCO. Not only that, the steps that Russia is taking, show that the country has acknowledged China as a potential threat and is trying to maintain stability in areas which are already Chinese buffer zones by agreeing

to all the terms early on and having its own military buffer zones in strategic positions in Central Asia (Muzalevsky 2009: 30). In order to achieve and manifest territorial dominance, Russia has operated an air base within the CSTO in Kyrgyzstan, and also maintained a Kazakh-leased 'Baikanur' spaceship launch facility in Kazakhstan. In order to guard the Tajik-Afghan border, Russia has run space-related installations in Tajikistan along with a bunch of small-numbered troops along the border. But, presently Russian security forces are busy with maintaining internal security in Tajikistan and Tajik forces are taking care of border security at the Tajik-Afghan border. Moreover, the nation has also proved its military presence by basing its SCO Regional Anti-Terrorism Centre at Tashkent, in Uzbekistan. Although, there is no Russian military presence in the neutral Turkmenistan, yet the co-operative relationships between Russian military and the region's authoritarian states have allowed Russia to secure the Central Asia as its military and political buffer zone (Muzalevsky 2009: 29).

Russia's losing influence on the Central Asian states owing to the ineffectiveness of the Russian-led regional institutions and the "multi-vector" foreign policies have made it improbable for the Russia's Encroachment of the 'West' and the 'East' into its 'underbelly'. Post 9/11 Central Asia became a platform for the U.S War on Terror. United States declared Central Asia as an area of strategic interest and significance. It serves the dual purpose of containing the rise of China on one hand, and checking Russia's increasing willingness to reassert itself in the global arena, on the other. Nonetheless, China, with its bid to destroy what it labels as "regional terrorism" that has kindled Uyghur Separatism in the Northwestern Xinjiang Province, has also secured the booming energy marketing in Central Asia. With presence of the global Super-Powers such as US and China in Central Asia and a shockingly new geostrategic setting post the Soviet-period, even Russia has not made any annexations bid in Central Asia (Muzalevsky 2009: 31).

### **Russia's Response towards U.S and China Presence in Kazakhstan**

Although the direct involvement of the U.S in the security matters of CIS is not much to speak of, it has nonetheless provided enough reasons for Russia to be vocally critical and

protest US involvement in Central Asian matters. The reason for Russian concerns arise from its foresight of US forming a potential trajectory in the region and the perceived snare it can lay in the name of security commitments. Russia has delivered equally critical response to activities of NATO Partnership for Peace (PFP) program in Central Asia and other regions of the Caucasus (Allison 1999: 38).

Kazakhstan and the United States have entered into bilateral treaties on defence cooperation where the latter has agreed to allow the United States fly troops and weapons over its region. This agreement opens a direct and faster route over the North Pole for America to transport its forces and arms and ammunition to Afghanistan. The Pentagon has also been toying with the possibility of a sea and land route to Afghanistan which begins at the Georgian Black Sea port of Poti, passing through Azerbaijan and that country's Caspian Sea neighbors Turkmenistan and Kazakhstan, conspicuously circumventing Russia. This route is similar in nature to oil and natural gas pipelines the West has promoted to carry oil and natural gas in the opposite direction, that is, from Kazakhstan to the Black Sea (Rozoff 2010).

At the event of the signing ceremony of the *Kazakh-U.S Defence Cooperation Agreement*, in the year 1997, then U.S Secretary of Defence had pointed out that the two nations were working through a bilateral relationship and the PFP “to build new structures for regional stability in Central Asia”. This seemingly challenged Russian sponsored Tashkent Treaty Security system, and Russian analysts claimed that the Pentagon perceives the Caucasus and CIS Central Asia as “zones of America's responsibility” which are being subject to the eye of the US intelligence and tactical planning (Allison 1999: 39).

Kazakhstan entered into two agreements which confirmed its support to U.S. and NATO military activities operationalised in Afghanistan, under the aegis of the Enduring Freedom plan, on 15th December, 2001, and on 10th June, 2002. In the year 2003 a 5-year Military Cooperation Plan was agreed upon by the the US and Kazakh governments. This makes Kazakhstan as the only region to with which the Pentagon has such a program comprising of “such important directions of cooperation as the development of the peacekeeping potential of the Kazakh Armed Forces, improvement of the Kazakhstan

system of military education and mutual participation in trainings.” In the same year, Kazakh forces were stationed in Iraq. As agreed formally, more than 300 Kazakh officers were trained by U.S. military institutions, including the West Point Military Academy and the National Defense University. According to a Kazakh news agency which reported the above information January 2009, “Realization of the first Plan successfully ended in 2008. In February 2008 a 2008-2012 Cooperation Plan was signed. Kazakh-American cooperation in defense and security has achieved significant results within implementation of the first plan (Rozoff 2010).

The primary motive behind US and NATO increasing their military presence in CAR is to limit the chances that Russia and China hold to dominate this energy rich region. Such a strategy is in alignment with the ambitious plan of USA which is to develop a Greater Central Asia with its boundaries spanning from Afghanistan, to the West Asia.

In particular, because of the previously illustrated agreements between both the countries, “allowing U.S. and NATO coalition forces to use Almaty airport as an emergency airfield for fighter planes flying on missions to Afghanistan,” the Kazakh authorities provided the U.S. “an opportunity to watch and gather intelligence on Chinese nuclear facilities”. Seemingly for Kazakhstan, NATO, and the United States, the backup airfield will symbolise military cooperation between the West and Central Asia. In future, the US intends to effectively pull these nations towards NATO’s partnership programs. The proposed land route spanning Georgia, Azerbaijan, Kazakhstan and Turkmenistan holds potential for an easy conversion into an energy corridor and turn itself into a Caspian oil and gas corridor while successfully bypassing Russia (Rozoff 2010).

Washington had always dreamt of such a corridor. Furthermore, European countries will bow down to the US demand to grant a form of NATO protection to the transit countries for the energy corridor. Fulfillment of such a demand will lead to increased presence of NATO forces in the Caucasus and CARs.

Russia wanted to more pressure on Kazakhstan to amalgamate itself more widely into a Russian-led security order, thus creating tension in Kazakhstan’s balance strategy. Nevertheless, Kazakhstan’s participation in NATO’s Partnership for Peace (PfP) complicates its security relationship with Russia. To date, the CSTO remains



unsuccessful because none of the Central Asian countries, including Kazakhstan, is prepared to trade its sovereignty for protection by Moscow (Carlson 2008: 51).

All of these activities and entrance of U.S in Kazakhstan severely create fear for Russia. Informally, Russia sees such activities as a potential threat for Russian interests in Kazakhstan especially in Economic, energy and Security fields. Russia sees that these activities curtail its influence in the region as previously this region known as the zone of Russian influence.

Moscow perceives China's increasing interest in Central Asia's economy as an alarm bell for itself. And this alarm bell has been ticking for the last few years, warning Moscow of an impending threat to its current influence in the region. Therefore, it keeps a hawk's eye on the Silk Road Economic Belt initiative, which not only holds the potential to provide a dominant role to Beijing but can also supplant the Eurasian Economic Union. Whenever Kazakhstan becomes a central member of any agreement or declarations signed in the Central Asian Region, there is enough reason for Russia and China to find themselves at loggerheads with each other due to their competition over casting influence in the region. Within this context Russia has 4 energy companies floated in Kazakhstan which continues to drive Russian policy through its activities. These companies are: Gazprom, Lukoil, Transneft and Rosneft. They benefit Moscow by their attempts to limit Astana within the boundaries of Russian interests and keeping Beijing at bay from entering this boundary of influence and domination. Their active participation in local energy projects also ensures that Russia will receive access to oil and gas reserves, further tying the two nations in the fields of energy, transport, space and agriculture (Guschin 2015).

China has clearly defined its goals in its policy towards Kazakhstan. The first goal is to develop the Xinjiang Uygur Autonomous Region. China intends to do this through interregional cooperation, construction of roads and railway lines. Its second goal is to gain access to Kazakhstan's energy resources comprising of oil, gas and uranium, and a reliable transit of Turkmen gas to its own nation. Apart from these two goals, it also harbors plans of expansion by intruding its products in the Kazakh market, form

economic relations with Astana with the provision of financial aid and credits, foster cultural ties, and impact the new generation by yielding its soft power. Recently China's strategy to foster economic collaboration with Kazakhstan is based upon its efforts in helping the latter develop its oil and gas fields, and modifying the energy pipeline network to meet China's requirements. It is clear that China wishes to hold a strong position in rich pre-Caspian oil projects and boost its shares in the Kazakhstan energy sector from the current 22-24 percent. At present, the amount of oil China receives from Kazakhstan is increasing (Guschin 2015).

Kazakhstan-China-Russia can be seen in a triangular relationship with each other where latter two countries are always vying for maximum access to the former's uranium resources. Although China is developing its own nuclear energy sector at a stupendous rate, it still lacks substantial number of domestic fields. The State Council of the PRC had expectations for the volume of uranium to be increased to 100,000 tons. In the year 2013 primary bulk of its imports amounting to 14,981 tons came from Kazakhstan (increased from 9,613 tons in 2012). Although Russia possesses 541,000 tons of uranium resources, but consumption rate is high enough for it to look for new resources outside its territory. It is the growing demand of uranium deposits that acts as a trigger for competition between Moscow and Beijing, prompting them to reserve their supplies well in advance. The next stage of SCO development is another plane where Russia-China rivalry exists, especially on the economic component of this development. It is difficult for these rival nations to arrive at a consensus regarding the formation of an SCO Development Bank and its subsequent monetary integration. They have in the past obstructed each other from gaining a dominant position in SCO development as it would lead them to gain a firm grip on Kazakh member states (Guschin 2015).

## Chapter 4

### Role of Regional Organization in Russia- Kazakhstan Cooperation

After the disintegration of the Soviet Union, Kazakhstan-Russia bilateral relations can be referred in two key stages. On these stages, Foreign policies during Yeltsin's and Putin's presidencies have a great influence. Mikhail Alexandrov (1999), in his book about Kazakhstan-Russian relations during 1991-1997, titled 'uneasy alliances'. The political relation between Russia and Kazakhstan has always been very stable (at least officially) and there were no crisis's in the diplomatic relations between these two nations. However the presidencies of Yeltsin and Putin saw different sub stages of relations, the policies of which could be different upon consideration of different areas of relations (political, military, economic, or cultural).

The political relations between Russia and Kazakhstan were mostly stable during both Yeltsin's and Putin's period. The only period of confrontation (though mostly *de facto*) was the end of 1991-the beginning of 1992; while in all the following years political relations were characterized as very stable by both the countries. During Yeltsin's regime five periods in political relationship could be outlined (1) the end of 1991- beginning of 1992- period of political confrontation (2) period of 1992-1993- "cold" *de facto* relations (3) 1994- positive trends (4) 1995-1996- "cold" *de facto* relations and (5)1997-1999- positive trends in political relations (Zabortseva 2011:5).

It is argued that during Yeltsin's rule these periods were highly influenced by the following Russian interests in Kazakhstan: (1) space agreements (2) nuclear issues (3) border issues (4) issues of economic cooperation (5) Russian Diaspora issues (6) oil agreements (Caspian issue, and transit of Kazakhstan's oil) (7) military agreements (post-Soviet arsenal).

National security is an exceptionally complex thought; nonetheless, for Russia amid that period concerning Kazakhstan it was generally identified with military-related interests. Regardless of the non--appearance of common understandings, Russia had been desperately moving ex-Soviet military arsenal from Kazakhstan to Russia. There were

likewise disagreements over the Baikonur cosmodrome, which had been somewhat settled just in 1994. Nevertheless, the primary discussion was identified with the strategic nuclear forces, situated in Kazakhstan. In fact, not until Kazakhstan acknowledged Western financial aid, and arranged territorial integrity with Russia, had the Republic get to be true non-nuclear state in 1995, passing an essential stage in the reciprocal relations (Zabortseva 2011: 5).

Once the above mentioned national security issues were settled, other more positive stage in political relations –commenced between the nations. As a matter of fact, the year 1994 was set apart by the main authority visit of Kazakhstan's leader to Moscow. In any case, while political relations have been for the most part extremely stable from that period, this couldn't be additionally anticipated towards the general relations between the nations.

Beginning from 1995 different angles, rather than the military-related, had been changing the motivation of relations between the nations, and controversial issues were for the most part not reflected in authority political relations. First of all, the new Russian foreign policy to Kazakhstan was changed because of geopolitical perspectives, identified with the Caspian Sea area. Another issue was identified with the unavoidable inquiries of financial cooperation. Thus, in his presidential announcement of 14 September 1995, Boris Yeltsin declared the reintegration of post-Soviet space around Russia as the major foreign policy priority: "on the region of the CIS our fundamental interests are amassed in the areas of economy, military defence, security, rights of the Russian citizens, keeping up of which is the key priority of our national security strategy" (Decree of the President of the Russian Federation 1995) (Zabortseva 2011: 6).

Since 1995, a number of integration models have been enforced at the CIS and regional levels. This process has had a direct effect on bilateral relations, which have been played a prominent role at the level of Political, military, cultural, economic, scientific, and humanitarian integration. Russia, Kazakhstan and Belarus signed an agreement in 1995 on Customs Union and agreed on a time phased Programme of Action for implementing cooperation agreements (Vinokurov 2010: 4).

Throughout this period, the economic integration of Russia and Kazakhstan was guided by inclusive package of treaties governing bilateral relations in various areas.

As a matter of fact, in 1998, a Declaration on Eternal Friendship and Alliance was signed between the two nations. As per Russian experts, this new stage in the bilateral relations emerged from the lobby of the Russian political class who wanted to remunerate significant loss of territorial influence in the 1990s. Be that as it may, however the extent of Russian interests in the "near" abroad' has extended; its considerably debilitated key positions had averted accomplishment in recapturing its past power (Zabortseva 2011: 6). The year 1998-1999 showed various visits of Head of states for the cooperation purpose. In October 1998, Russian President Yeltsin's visited to Kazakhstan. During this both countries signed the Agreement and Programme to Enhance Economic Co-operation between the Russia and Kazakhstan in 1998-2007, and a package of documents on joint cooperation. In December 1998, Russian Prime Minister Primakov visited to Kazakhstan and signed various inter-governmental documents, including various agreements on Russian-Kazakh border crossing points, cooperation in IT, protocol on cooperation in the power sector, protocol on cooperation in the fuel and energy sector, and protocol on free trade and removal of restrictions on trade between Russia and Kazakhstan. In September 1999, During the Russian Prime Minister Putin visit, the countries signed an intergovernmental agreement on cooperation between the border regions of Russia and Kazakhstan in 1999-2007 (Vinokurov 2010: 5).

Some political delegates considered the issue of border division as not positive to Russia (notably, well known Russian author Solzhenitsyn and Duma representative Zhirinovskii were expressing the view that the northern domains of Kazakhstan has always been a part of Russia). While Russia never started the re-evaluation of the border division, such claims definitely put the border issue on the essential agenda of Kazakhstan's government. Pressures with Cossacks were additionally escalating Kazakhstan's worries over the danger of the northern region secession to Russia, as in these regions ethnically Russian population was dominant. Actually, however the move of the capital from Almaty (Alma-Ata) to Astana (Akmola) in 1995 limited this danger. Kazakhstan had been still worried over the conceivable Russian predominance through the immense Russian Diaspora and through the strategy for the Republic oil spear. Russian presence in the oil region was significantly moved by Foreign Transnational corporations (TNC), as Kazakhstan declared "multi-vector" foreign strategy. Apart from that, Russian business

circles were disappointed with the after effects of Kazakhstan's privatization, which constrained Russian capital interest in the Republic's economy (Zabortseva 2011: 7).

All the negotiations over double citizenship, started by Russia, for the Russian speaking population fizzled. Informally, the clarification of this is well-known in the Republic; for this situation, amid that time, larger part of Kazakhstan's populace would hold Russian citizenship, definitely putting the national security at risk. In 1995, the Russian Duma attempted to draw attention for a few issues of the Russian Diaspora in Kazakhstan. The hearings on Russian-Kazakhstan relations, announced by the Russian Federal Migration Service, included such issues as the de-russification inclines in the Republic and infringement of Russian-speaking populaces' rights (including into the new Kazakhstan's constitution). These endeavours to talk about issues of the biggest post-Soviet Russian Diaspora abroad were not effective (Zabortseva 2011: 7).

By and large, Russian foreign policy did not set the tone for bilateral relations in general amid Yeltsin's administration. Kazakhstan's approach critically affected bilateral relations amid that period. Specifically, in 1995-1998, Kazakhstan has strengthened relations with the US, and this adversely affected respective relations. The primary Russian political disengagement from Central Asia happened for a few reasons. This included inward restructuring and local rivalries. It was additionally established in the ideology of the newly formed Federation.

Yeltsin's administration had to guarantee Russian populace that the disintegration of the USSR was necessary— regardless of the consequences of the referendum to keep it. New national approach around then centred around Russia itself, and Central Asia was depicted as a weight, without which Russia would continue more rapidly. This initial illogical Russian foreign policy had likewise mirrored the development of bilateral relations inside various integration structures. CIS have been developing as a logical structure, and previously in 1992 Russia initiated CSTO to settle mutual security issues (it is essential to note however that in 1999 a few states-Uzbekistan, Georgia and Azerbaijan-pulled back from the organization).

Kazakhstan's relations with the West on many issues aroused concern in Moscow. Kazakhstan's dependence on Russia in the military-technical sphere could no longer be taken for granted. Astana was actively developing its relations with the West (within

NATO and on a bilateral basis). Moscow and Beijing (Kazakhstan's SCO partners) did not like the fact that several countries (the U.S., Germany, and the U.K.) were invited to modernize Kazakhstan's air defense system (Laumulin & Shaken 2008: 118).

In the economic sphere, it is even conceivable to agree open confrontation of the states on the territorial integration arena amid that period. Various Central Asian integration structures had risen, in which both Kazakhstan and Uzbekistan were putting endeavours to wind up distinctly focal players. Besides, Nazarbayev's drive - additionally encircled as an idea- for Eurasian Union was met with the cold response in Russia. Henceforth, Russia has been extensively more excited by another economic organization- Eurasian Economic Community (EurAsEC), through which growth were further reached on cooperation in custom's area (Zabortseva 2011:8).

Due to the further expanded emphasis paid by Russia to cooperation with the CIS; the second stage in Russian-Kazakhstan relations has seen many changes. In the few months after Putin's election three key doctrinal records, characterizing future Russian foreign and security strategy, were received: the National Security Concept (10 January 2000), the Military Doctrine (21 April 2000), and the Foreign Policy Concept (28 June 2000). As it was stated in the Russian federation foreign policy concept (2000) "certain plans related to establishing new, equitable and mutually advantageous partnership relations of Russia with the rest of the world, as was assumed in the Basic principles of the foreign policy concept of the Russian Federation (endorsed by Directive of the Russian President in April, 1993), and in other documents have not been justified" (Zabortseva 2011:8). Subsequently, these global realities provoked Russia to redefine its policy. According to Russian Federation foreign policy concept 2000, "A priority area in Russia's foreign policy is ensuring conformity of multilateral and bilateral cooperation with the member states of the Commonwealth of Independent States (CIS) to national security tasks of the country. Proceeding from the concept of different-speed and different-level integration within the CIS framework, Russia will determine the parameters and character of its interaction with CIS member states both in the CIS as a whole and in narrower associations, primarily the Customs Union and the Collective Security Treaty"(Zabortseva 2011: 8).

This new Russian foreign policy was also reflected in number of academic publications. Some Russian researchers delineated that Russia needed to utilize ideal costs on energy resources so that it can once again become superpower. Under Putin's government Russia has been recapturing its economic power, and this encouraged the move of financial collaboration and geopolitical interests into the key state priorities in relations with Kazakhstan. Russia has likewise been putting constant efforts on keeping strong political relations with Kazakhstan. As a matter of fact, amid the second decade of independent relations impressive increment in official meeting of the presidents could be observed. Apart from sessions of integration developments, the presidents also met during official visits (Zabortseva 2011:9).

In 2000-2001, as Russia gave help to Central Asia (Kazakhstan, specifically) related to the security area, political relations between the nations were especially strong. Amid that period the security circumstance in the area turned out to be extremely insecure because of the dangers from Afghanistan, and the unsteadiness in the area. In general, the official documents and speeches reflected that the role of cooperation in security received an important emphasis in the policy of both countries.

Throughout 2004 and 2005, the situation in the CIS developed under the strong influence of the Georgian, Ukrainian, and partly Moldavian events: rapid regime changes, the new regimes' Western orientation, and the West's obvious intention to export Color Revolutions to other CIS countries. Throughout 2005 and 2006, Russia and Kazakhstan found it much harder to pursue their joint policies in the CIS and other integration structures. The crisis in the CIS forced Kazakhstan to step up its involvement in the post-Soviet expanse and, at the same time, shift its interests to smaller integration units (the EurAsEC and SES) (Laumulin & Shaken 2008: 119).

On conditions that Russia would be among the other leading powers and Kazakhstan's own strategy would be pursued through balancing foreign presence in the state; Kazakhstan have always been interested in cooperation with Russia. The following year 2005 was set apart by unprecedented movement in political relations between the nations. The signing of border agreement by Russia with Kazakhstan had a considerable



importance for the country. The president Nazarbayev, in his address to the nation stated "for the first time in (Kazakhstan's) history (its people) have received jurisdictionally defined state border with Russia". Beginning from this period Kazakhstan has changed its venture approach towards expanding outward monetary flows to Russia. Moreover, numerous researchers contend that Russia has begun to invest significantly more in Central Asia and in Kazakhstan through off-shore investment (Zabortseva 2011: 10). In this year, Chief Editor of the Russian journal (Finans) Anisimov, referring to the sourced in Kremlin, which alleged a secret Moscow plan to create a single state Russia and Kazakhstan, was published.

It has sense to note that amid this period the US-Kazakhstani relations were worsening and "the US State Department has exchanged Central Asia from European to Asian and West Asian sub-offices, accepted recognizing approach 'democracy in the exchange of power' to the region". Much to these new political relations changes of Kazakhstan's investment strategy were contributed as the Republic's government has changed the approach of keeping up special preferential investment incentives to the foreign companies (Zabortseva 2011: 10).

Evaluating the after effects of Putin's years, the MFA has expressed that among key accomplishments of the state amid these years, the re-gained capacity to conduct independent foreign policy can be underlined. Though, numerous Russian specialists however criticized the Russian accomplishment in the CIS, and specifically in Central Asia. The foreign policy experts were of the view that Russia had accepted to fail in accomplishing its key objectives in Kazakhstan amid Putin's presidency in these zones-CPC (Caspian Pipeline Consortium) and Baikonur-related participation. The new appearing regional initiatives have been the main concern of the Russian experts. This incredulity has been related not only organizations, not including Russia; as well as demeanour towards, for instance, such new structures as the Shanghai Cooperation Organization (SCO) has been additionally to some degree partitioned. Numerous official Russian delegates stretch that "the aim of the SCO is cooperation, not integration" due to "many controversial issues in relations with China", one of the key members in the new organization (Zabortseva 2011: 10).

Kazakhstan itself aims to become the new regional power, contending in this way with Russia in the regional structures. Unlike Russia it doesn't support the CIS region in its foreign policy strategy. Not just the idea of Eurasian Union and remaining differences over the Caspian Sea ventures has been raising controversy, but also the contending interests in building up regional financial centres in Moscow and in Almaty. Taking after 2005, Kazakhstan, aside from Russia has begun to put resources into other post-Soviet states (Georgia specifically), and expressed interests in Belorussian ventures amid the time of disagreements between the states (Zabortseva 2011:11).

In 2006, however, strategic cooperation between them was crowned with the launching of KazSat, Kazakhstan's first satellite. Russia and Kazakhstan worked together on the Bayterek carrier rocket. Related to peaceful space activities, these achievements objectively strengthen both countries strategic potential (Laumulin & Shaken 2008: 120).

In spite of all the mutual official intentions to fortify collaboration through territorial participation, these endeavours have not been productive. In the interim, the advance are made through particular narrow understandings in such manner- apart from the earlier said Custom's Union, activities of the purposefully established in 2005 inter-state Eurasian Development Bank (EDB) could be laid out for instance in such manner (Zabortseva 2011:11).

## **Russia and Kazakhstan Engagement within the Regional Frameworks**

Russia holds a stronghold in matters of providing Kazakhstan with economic, political, and military support. For as long as Russia seeks to assert its interests in Central Asia, Kazakhstan must be sensitive to Russia's desires. In the words of one of Kazakhstan's leading foreign policy commentators, "*Byez Rossii, nel'zya*" ("Without Russia, it's impossible."). Russia's chief interests in Central Asia, including maintaining relations with Kazakhstan, lay more emphasis on strategic and security concerns. More particularly Russia seeks to plug Central Asian states into Russian-led security structures

so that these nations can be established as allies and at the same time external powers be denied entry to gain strategic access (Carlson 2008: 50).

The region has been looked upon by Russia in the light of the major institutions operating there. Apart from the Commonwealth of Independent States (CIS), three other key institutions that play the most significant part in this regard include Shanghai Cooperation Organization (SCO), Collective Security Treaty Organization (CSTO) and Eurasian Economic Union (EEU). Except for the Customs Union, the Central Asian states account for a majority of members in these institutions.

Following the disintegration of the USSR, numerous multilateral and integrated organisations were established by the former Soviet republics. The CSTO and the SCO were founded, for instance, to address the key issues and concerns in the areas of security and military affairs. In 2002, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan signed the founding treaty of the CSTO. Earlier in 2001, in Sanghai, the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan laid the foundation of SCO, an intergovernmental mutual security organization. The SCO is mainly centred on its member nation's concerns over security-related matters in Central Asia such as terrorism, separatism and extremism. In 2007, the SCO and the CSTO signed a memorandum of understanding, laying the foundations for military cooperation between the two organizations. Presently, the relations of the SCO and CSTO with the rest of the world are facing certain challenges. The bilateral relations between Kazakhstan and Russia reflect this to a considerable extent. This is illustrated by Kazakhstan's bid to balance its military and security interests through cooperation with the CSTO, SCO and NATO. An assumption that has been widely prevalent in the political-diplomatic circles of the West is about the fundamental purpose of the SCO that was to act as a counter-balance to the USA and NATO (Zabortseva 2016: 34-35).

Several strategic doctrines of Russia contain perfunctory references to Central Asia. These include the concepts of Foreign Policy and National Security, and Strategic Course of Russia with CIS Member-states. Moreover, Russia also stressed bilateral cooperation as the guiding principle for its foreign policy vis-a-vis the CIS states (Muzalevsky 2009: 28).

## **1.1 CIS and Russia-Kazakhstan**

On December 8, 1991, the CIS formally came into existence. It comprised 12 former Soviet republics but none of the three Baltic States, i.e., Latvia, Estonia and Lithuania. Its purpose was to reduce the possibility of instability caused by the collapse of the centralized Soviet state. Since 1991 when the Soviet Union ceased to exist, Russia has been striving consistently to re-establish itself within the framework of CIS (Commonwealth of Independent States), and to play a major part within the Asia Pacific region.

After Soviet Union disintegration, in post-Soviet space Russian Policy based on some basic factors such as economic growth in Russia, high oil prices, vertical structure building and concentration of power, the threat of terrorism, separatism and international developments. Russian foreign policy has always included the development of bilateral and multilateral cooperation with the CIS member states, as its priority areas. Prime focus motto of Russia has reinforcement of CIS as a basis for enhancing regional integration among its participants. These countries not only share a common historical background but also have a greater capacity for integration in the various spheres including security. (Pradhan 2017: 168).

All the activities performed by CIS are based on the guidelines laid down in the Charter, which the Council of Heads of States adopted on 22 January 1993. The Charter contains the goals and principles of the Commonwealth, besides the obligations of the countries and the rights to be exercised by the latter. According to the Charter, the Commonwealth was founded to honour all its members' sovereign equality and as such, it would never overlook the fact that under international law, the member states are independent and equal subjects. It is also categorically stated in the Charter that the CIS is a multilateral platform devoted to the spirit of mutual cooperation, strengthening of friendship, amicable realization of inter-ethnic accords, and consistent growth of trust and mutual understanding among all member States. As the Commonwealth has no supranational powers, interaction among different States within the CIS is usually accomplished by means of the coordinating institutions associated with it. These include the Council of

Heads of State, the Council of Heads of Government; the Councils of Foreign Ministers, Defence Ministers and Border Troops Commanders; the Inter-Parliamentary Assembly, the Executive Committee (the legal successor of the Executive Secretariat), and the Interstate Economic Committee of the Economic Union.<sup>29</sup> Documents like the Collective Security Concept, the Declaration by the Collective Security Treaty States, and the Basic Guidelines for Deepening Military Cooperation among the Collective Security Treaty States have been adopted by the CIS Collective Security Council. As per these documents, national contingents are divided into three sectors, namely, Western, Trans-Caucasus, and Central Asia. The member States of CIS engage in joint exercises within their sector.<sup>30</sup>

On 26 June 1992, in Minsk, a comprehensive agreement was signed by eight CIS countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine, and Uzbekistan). The focus of this agreement was the coordination of work on issues appertained to control over the export of raw materials, equipment, technologies, and services that could be used for developing weapons of mass destruction and missiles. Signatories to the agreement unequivocally expressed their intent to adopt coordinated policies for export control, including the application of sanctions against all economic entities that violate the norms aimed at regulating export.<sup>31</sup>

In the wake of this agreement, the Heads of States signed in September 1993 a treaty relating to the Establishment of the Economic Union. As per this Treaty, they unanimously agreed to implement the concept of transformation of economic interaction within the Commonwealth. The rationale for the Treaty was the urgency to form a common economic area rooted in the principles of free movement of goods, services, workers, and capital, to elaborate concerted money and credit, tax, price, customs, and foreign economic policies. The major objectives recognized by the signatories were to

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<sup>29</sup> Commonwealth of Independent States (CIS), April 30, 2016, Available at: <http://www.nti.org/learn/treaties-and-regimes/commonwealth-independent-states-cis/>

<sup>30</sup> *ibid*

<sup>31</sup> *ibid*

bring harmony in the methods of managing economic activities; and to evolve favorable conditions for forging direct links to facilitate production.<sup>32</sup>

The CIS Free-Trade Zone Treaty was signed in 1994 by its members. Shortly after this, in May 2015, security heads from the CIS signed an agreement on tackling organized crime. The agreement encompassed within its purview a set of protocols relating to terrorism, nuclear smuggling, drug trafficking and "illegal armed formations." Subsequently, in March 1996, the CIS Customs Union was set up with the inclusion of five of the CIS countries (Russian Federation, Kazakhstan, Kyrgyzstan, Tajikistan and Belarus). In the wake of this significant development, a Declaration on Maintaining Strategic Stability was adopted by the Presidents of the 12 CIS countries at their Moscow Summit in June 2000. The document signed by the Heads of States articulated their commitment to strengthening the strategic security of the world. The CIS Heads of States unanimously welcomed the ratification of the START II Treaty, the Comprehensive Test Ban Treaty (CTBT), and the 1997 package of agreements on missile defence, by Russia.<sup>33</sup> The Summit concluded on a happy note with all the CIS Heads of States expressing their hope that the United States would soon ratify these documents. Furthermore, they also decided to set up a Moscow-based Anti-terrorism centre to be jointly operated by Russia and Ukraine with the support of other member states of CIS.

The presidents of six states of the CIS Collective Security Treaty met in Bishkek in 2000 and discussed steps for increasing their military and political integration up to and including the possible formation of regional armed forces. In 2002, on tenth anniversary of the CST, Council of states decided to transform the existing cooperation mechanism and structures into an international regional organisation (CSTO) (Patnaik 2011: 16).

Besides, a plan of action was adopted to increase the efficiency level of coordination among member States regarding political activities performed by foreigners. The CIS leaders also unequivocally supported an initiative launched by the Council of Heads of Security Organs, to work out draft procedures in order to initiate joint anti-terrorist

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<sup>32</sup> ibid

<sup>33</sup> ibid

actions within the territory of CIS. At its regular session held in June 2002, the CIS Council of Defence Ministers endorsed a decision relating to exchanges of data on air defence. Moreover, they also embarked on a comprehensive plan to set up a common database for their air defence systems and expressed their consent over a list of airfields, whose services could be engaged by the aircraft of CIS countries whenever a need arose for this. They further decided that mechanisms for "a common military communications system" would be worked out at the next session of the council. Thereafter, the meeting of the Council of the Heads of States was held on 7 October. It concluded with the signing of a number of documents on making the processes of integration in the Commonwealth, smoother and more effective. At this meeting, the CIS heads also took decision to establish a Central Asian division of the CIS anti-terrorist centre, while approving a regulation on the procedure for organizing joint anti-terrorist measures in the CIS as well as various other documents.<sup>34</sup>

On 19 September 2003, a high-level meeting of the Council of Heads of State, chaired by Mr. L.D. Kuchma, President of Ukraine, was held. At this meeting, the leaders endorsed a plan to set up a free trade zone. Besides, Kazakhstan, Russia, Ukraine and Belarus signed a separate agreement on coordinating legislations regarding transport, tariff and customs. Subsequently, the CIS Heads of Government met on 16 April 2004 in Cholpon-Ata, Kyrgyzstan, to address a number of issues, primarily focusing on efforts against terrorism, issues related to transport and the prospect of setting up a single bureau to coordinate States efforts against organized crime, terrorism and drug trafficking. An agreement was reached by the leaders as to the creation of a reserve fund, with a view to providing financial and material assistance to States dealing with or recovering from emergencies caused by natural or industrial disasters. At the two-day summit, it was also announced that the CIS Inter-Parliamentary Assembly would send a team of observers to Kosovo to gather information on the situation there and present their findings to the regular session of the Parliamentary Assembly of the Council of Europe.<sup>35</sup>

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<sup>34</sup> *ibid*

<sup>35</sup> *ibid*

At their next summit held on 26 August 2005, the CIS Heads of State adopted several resolutions, two of which were on military cooperation and fight against terrorism. The parties unequivocally expressed their interest to intensify cooperation in the fight against terrorism; and execute the measures of the ongoing program. Simultaneously, the Heads of states decided to strengthen the conception of military cooperation and implement it by 2010.<sup>36</sup>

The next top-level meeting the CIS Council of Heads of State was held on 25 May 2007, in Yalta, Crimea. Energy issues were the key focus of their discussion. As to the formation of a common energy market for expanding electricity trade and enhancing access to energy resources in CIS countries, an agreement was signed by Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. This meeting was followed by the CIS Electric Power Council meet in Yerevan on 29 May, where the possibility of the common energy market was discussed in detail. Subsequently, in a major diplomatic breakthrough, Russia, Kazakhstan and Belarus, three major members of the CIS agreed in 2009, to establish a customs union that would blaze the trail for a single economic area. Ukraine has however avoided joining the customs union as it is poised to develop a policy "in sync with the principles of WTO".<sup>37</sup>

The CIS has been a particularly important context for the Russian-Kazakh relationship. From the outset, Russian policy toward former Soviet republics reflected several competing lines of thinking. One would have strengthened the CIS as much as possible and transformed it into a fully integrated union. Another would have focused on developing bilateral relations, and sought new forms and alliances within the framework of the CIS (Naumkin 2003: 60).

In the post-soviet era, Russia-Kazakhstan relations have depended to a large extent on their interaction within the multilateral framework of CIS. Thus, the positions of the two nations as major CIS member states are of utmost significance not merely for their bilateral relations but also for the the Eurasian mainland's future geopolitical architecture.

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<sup>36</sup> Ibid

<sup>37</sup> ibid



It is worthwhile to note here that the attitude adopted by Kazakhstan vis-s-vis the CIS has been predetermined by its heavy dependence on economic relations with other member states of CIS. Since the initial phase of the post-Soviet era, Nazarbayev stood firmly for integration within the CIS. However, in spite of annual meetings held at regular intervals and numerous declarations associated with them, the CIS has hardly developed as a coherent organization. Though at the September 2003 Yalta Summit of CIS, all 12 members were represented, only four of them, namely, Russia, Belarus, Ukraine, and Kazakhstan signed a “plan for the realization of the most important economic tasks up to 2010.” One of the major tasks outlined was the formation of a single economic and customs space with one external tariff, and a council of governments with supranational powers.

In October 2002, Russia upgraded its relations with Kazakhstan to the level of strategic partnership and referred Kazakhstan as Russia’s ‘closest and most consistent ally’. In 2005, as many as ten summits took place between the both countries president’s. In 2006, Nazarbayev referred the Russia-Kazakhstan relations as the “most effective model for bilateral cooperation in CIS”. Subsequently, Putin called Kazakhstan as “one of the most consistent supporters of the integration process in the post-Soviet space”. In April 2006, Kazakh president complimented Russia as the “locomotive of all integration processes in the post-Soviet area” (Pradhan 2017: 187).

A major problem facing the CIS has been the inability of European, Caucasian, and Central Asian sections to find a ground for their key interests to converge. That has made the ambitious plans of economic integration almost impossible to realize. While a few states such as Belarus and Kazakhstan have sought closer economic integration with Russia, others have looked up to either to Europe or the US for economic support.

## **1.2 CSTO and Russia-Kazakhstan**

Presently, there are several regional organizations with which the Central Asian Republics are associated. The avowed aim of all these organizations is to promote

multilateral solutions to challenges facing them on economic and security fronts. Due largely to their association with the Central Asian states, these groupings are presently receiving increased scrutiny all over the world.

Established under the framework of the Commonwealth of Independent States, the Collective Security Treaty Organization (CSTO) serves as a mutual defence alliance among Belarus, Russia, Armenia and four Central Asian states with the exception of Turkmenistan. A similar grouping of states dominates the Eurasian Economic Community though its focus is economic, as it engages in the creation of a common market, border security standards, a customs union, standardized currency exchange and joint programs on social and economic development. Firmly supported by Russia, the two organizations receive impetus from residual political, economic, and bureaucratic linkages that characterise the proximity of former Soviet republics.<sup>38</sup>

Thus, the present standing of the Commonwealth of Independent States (CIS) suggests that it has been unproductive and has failed to materialize into a political-military pact. There has been a prevalent tendency to see Moscow as a competitor to NATO and the EU. Besides, a number of states rejected the May 1992 Treaty on Collective Security, or Tashkent Treaty, initiated by Moscow as a "regional security structure within the CIS."

The Collective Security Treaty of the CIS was rechristened as the Collective Security Treaty Organization (CSTO) in May 2002. Its focus was avowedly on preserving territorial integrity and seeking closer cooperation with other multilateral institutions, such as the UN, SCO, NATO and Organization for Security and Cooperation in Europe. As per the CSTO's main principle, an attack against one state is an attack against all member states. The CSTO was referred to by the Russian Defence Minister Sergei Ivanov as a potential Eurasian partner for NATO. Moreover, many Scholars claimed that CSTO was established in response to the increased US Presence in Central Asia after the September 11, 2001 events. Members of the CSTO included Russia, Belarus, Armenia, Kazakhstan, Tajikistan and Kyrgyzstan.<sup>39</sup>

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<sup>38</sup> Collective Security Treaty Organisation(CSTO), March 22, 2016, Available at: <http://www.globalsecurity.org/military/world/int/csto.htm>

<sup>39</sup> *ibid*

The military doctrines of Kazakhstan (2007) and Russia (2010) stress the importance of the CSTO. Kazakhstan as a facilitator of change is assessed in terms of questioning the common misperception that the CSTO is largely dominated by Moscow. Viewed from Kazakhstan's perspective, the need to transcend the symbolism of the CSTO's collective defense theme and promote ways in which it might meet real transnational and emerging security challenges is both real and urgent.<sup>40</sup>

Uzbekistan took steps to rejoin the CSTO and the EurASEC in 2006. But in 2012, Uzbekistan again suspended its membership from the CSTO. Largely dominated by the leaders of Russia and Central Asia, these two organizations were seen as potentially effective platforms for countering the potentially destabilizing influence of the IMU, Hizb-ut-Tahrir and AL-Qaeda throughout this region. Multilateral approaches including CSTO-NATO parity in Central Asia have been upheld by Russia, but its effectiveness has been largely restricted to promoting bilateral relations with the former republics. Within the context of military-to- military contacts, this seems to be particularly true.

The drivers of change in the CSTO preceded the Arab Spring in 2011. Factors influencing the formation of the Collective Rapid Reaction Forces (KSOR) in 2009, widening the missions for CSTO multilateral military forces include perceived shifts in the nature of future warfare, Russia's reform of its armed forces initiated in October 2008, and assessments of the threat environment among CSTO members.<sup>41</sup>

As far as the CSTO was concerned, Russia set up a base at Kant, Kyrgyzstan, with a view to providing air support to the rapid deployment force. As representatives of the CSTO, Bishkek and Moscow finally concluded a long delayed agreement in September 2003, to establish a Russian managed air base and deploy Russian air force personnel and combat aircraft in Kyrgyzstan. All these formed part of a joint (Russian/Kyrgyz) air element that accounted for CSTO's rapid reaction force and supported its anti-terrorist role.

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<sup>40</sup> McDermott, Roger N., "The Kazakhstan-Russia axis: Shaping CSTO transformation", Accessed Sept. 25, 2013, Available at:

[http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO\\_Transformation-final.pdf](http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO_Transformation-final.pdf)

<sup>41</sup> *ibid*

In Belarus, "Channel 2005", the first stage of the international anticrime operation, was subsequently launched by the CSTO. This cooperative effort involving law enforcement official of the CIS, it resulted in the seizure of more than 80 kg. of narcotics in Belarus in October 2005. In all, about 9 MTs of drugs, including over 200 kg of heroin, were seized in 2005 following the interdiction effort by Channel-2005.<sup>42</sup>

For Kazakhstan, the CSTO is not only a defence umbrella, but also an important structure for bilateral and multilateral cooperation with other states within the former Soviet space. Therefore, at the informal summit of the leaders of the CSTO member-states held in Kazakhstan in 2008, Nazarbayev emphasised that the CSTO should be regarded primarily as a framework in the context of the Russian–Georgian war, and it was imperative for its members to discuss ways to ensure its further development. Furthermore, only Russia and Kazakhstan signed the CSTO Plan of Joint Actions for 2009–2010, a document covering economic and trade aspects of relations within the CSTO, besides military cooperation. Indeed, it is not surprising that further developments in Kyrgyzstan have led to a re-evaluation of the CSTO and the tough relationship between some members of the organization has caused Kazakhstan and Russia to look for closer relations with each other (Shilibekova 2010: 9).

Joint military cooperation fully involves almost all aspects of their security policy and other activities related to it. These activities include conducting joint military exercises, especially within the framework of the CSTO (such as the ones conducted in 2010), production of weapons and military technology, military personnel training (more than 15,000 Kazakhstani soldiers were trained at Russian military facilities during 1992-2005); and sharing and installations of military facilities. Being a member of the CSTO, Kazakhstan also benefits from preferential terms on the purchase of weapons and systems manufactured in Russia, which is the biggest military equipment supplier to the Central Asian country (Rousseau 2011).

Nikolay Bordyuzha, the then Secretary General of the Collective Security Treaty Organization (CSTO), indicated in January 2006, that the CSTO might use its military

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<sup>42</sup> Collective Security Treaty Organisation (CSTO), March 22, 2016, Available at: <http://www.globalsecurity.org/military/world/int/csto.htm>

potential if Azerbaijan attacked Armenia. As per the “Article 4” of the Collective Security Treaty Organization, aggression against any of the CSTO member states is considered by others as aggression against all. Despite its military potential, however, the major task of the CSTO is to create such a system free from the compulsion of using the armed forces. The fundamental aim of the treaty is to prevent bloodshed and avoid the possibility of military confrontation in order to solve problems both inside the country and on the borders.<sup>43</sup>

Meanwhile, to counter terrorism, Russia has used its position in the international arena to build cooperative mechanisms and programs. Efforts have been made by Russia to make counter-terrorism cooperation a key element in the CSTO and the SCO. Moreover, through the CSTO, Russia has also committed financial and technical resources, while supporting the OSCE's initiative to develop projects for the purpose of strengthening security along Tajikistan- Afghanistan border. In August 2008, when Russia invaded South Ossetia, it considerably undermined the respectability of the CSTO in the eyes of its Central Asian members. Consequently, they either distanced themselves from Moscow's policies towards Georgia or, openly criticized them as Kazakhstan did.

Earlier, President Putin had devoted a lot of time and effort to "reenergizing" both the Collective Security Treaty Organization and the Shanghai Cooperation Organization. The framework of cooperation that was operational till 2003 included a joint command centre in Moscow with a rapid reaction force based in Central Asia. This Force was readily designed to operate throughout the territory of entire Central Asian region. As the then Russian President Dmitry Medvedev stated in February 2009, the collective rapid-reaction force to be set up by a post-Soviet regional security bloc would be just as good as comparable NATO forces. At its Moscow summit, the members of the Collective Security Treaty Organization (CSTO) agreed to set up the new force, which would be based in Russia. The force, as Medvedev further added, would consist of a "sufficient" number of units, and would be "well trained and well equipped". He further expressed Russia's willingness to contribute a division and a brigade.<sup>44</sup>

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<sup>43</sup> Ibid

<sup>44</sup> Ibid

In 2009, the leaders of all CSTO member states signed an agreement to create a joint rapid-reaction force. It was reported that the force would have an air assault brigade from Kazakhstan and an airborne division as well as an air assault brigade from Russia. Each of the other members promised to contribute a battalion-size force, although Uzbekistan simply agreed to “delegate” its detachments to participate in operations on an ad hoc basis. As per the agreement, the force would be used “to repulse military aggression, conduct anti-terrorist operations, fight transnational crime and drug trafficking, and neutralize the effects of natural disasters.” The Armed Forces of Russia contributed, with a paratroop brigade and a paratroop division, to the creation of the Collective Rapid Response Forces, which would be acting in the interests of the CSTO member states. A senior CSTO official stated on 26 December 2013, that they were planning to allocate some 33 billion rubles (\$1 billion) to procure new weaponry for its joint rapid reaction force. At a news conference in RIA Novosti, CSTO Deputy General Secretary Valery Semerikov announced that an arms procurement program for the rapid reaction force of the bloc had been approved by all members states and would be endorsed by their presidents. He further added that the program would be implemented in 2014, requiring an allocation of some 33 billion rubles.<sup>45</sup>

In the wake of regime change in Kyrgyzstan in April 2010, which resulted in the displacement of President Kurmanbek Bakiyev, neighbouring states as well as international security organizations were apprehensive regarding the country’s uncertain future. The bleak prospect of a political crisis in Kyrgyzstan following its regime change soon became too real to be overlooked. On June 11, 2010, ethnic violence broke out in southern Kyrgyzstan, posing a serious threat to the fragile state and creating an atmosphere of instability throughout Central Asia. Several statesmen and diplomats looked up to the CSTO expecting the latter to take action to stabilize the country. This expectation was reinforced by the fact that Collective Rapid Reaction Force (KSOR) seemed suited for this purpose. However, with CSTO’s refusal to act in response to requests for assistance from the interim Kyrgyz government, this expectation proved to be unfounded. The Western analysts looked at this almost unequivocally as a perfect instance of the CSTO’s ineffectiveness. Thus, the Kyrgyz crisis brought to the fore an

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<sup>45</sup> *ibid*

array of complex perceptions and perspectives regarding the role of the CSTO. Besides Western analysts and policymakers, CSTO members, senior officials and even the Kyrgyz President Rosa Otunbayeva had a lot of confusion regarding the CSTO or the potential of KSOR.<sup>46</sup>

At the CSTO summit held in Moscow on December 10, 2010, some very significant amendments were made in the Collective Security Treaty (1992) and the CSTO Charter (2002). These amendments reportedly allowed a political decision and authorized the use of force based on a ballot among member states, rather than on achieving full consensus. These changes led to the evolution of the organization from orientation utterly towards collective defence to cooperative defence arrangements - CSTO was originally designed to protect its members from external aggression rather than internal instability.<sup>47</sup>

Medvedev told the CSTO summit that Moscow had prepared a “crisis reaction mechanism” for approval, and linked this directly to the June 2010 Kyrgyz crisis he said: “The events in Kyrgyzstan make it utterly obvious that we should make our organization more efficient in countering modern challenges”. Equally, Medvedev’s reported comments linked CSTO transformation to the need to further strengthen KSOR, which had already emerged as “a regional power that is capable of neutralizing potential threats,” based on the results of the CSTO military exercises Vzaimodeistviye 2009 (Interaction 2009) in Kazakhstan and Vzaimodeistviye 2010 in Russia. Medvedev said “The organization is finishing the forming of peacekeeping forces that will number 3,500 troops, and there are preparations underway for peacekeeping operations, including under cooperation declarations that have been signed”. He also praised three CSTO operations: Nelegal (stopping illegal immigration), Kanal (anti-drug trafficking) and Proksi (against cyber crime).<sup>48</sup>

With the Taliban becoming increasingly active in northern Afghanistan, Tajikistan's border with Afghanistan has become Russia's main security fear in Central

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<sup>46</sup> McDermott, Roger N., “The Kazakhstan-Russia axis: Shaping CSTO transformation”, Accessed 25 Sept. 2013, Available at:

[http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO\\_Transformation-final.pdf](http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO_Transformation-final.pdf)

<sup>47</sup> ibid

<sup>48</sup> ibid

Asia. Moreover, Russia is also contemplating a joint Russia-Tajikistan military action if a failing security situation arises in Tajikistan. Aleksandr Sternik, a senior Russian diplomat and the head of the Russian foreign ministry's department in charge of ex-Soviet states, touched upon this possibility in an interview with the news agency Interfax, following a meeting of the CSTO in Moscow. He further added that the structures and deployment schemes of the 201st Russian military base in Tajikistan were being optimized with a view to increasing its capabilities. He referred to it as 'the most effective model of cooperation' keeping in view the situation prevailing in the border region.<sup>49</sup>

Kazakhstan's role in CSTO makeover was closely harmonized with Moscow as its closest defence and security ally and also predated the events of June 2010, ingrained in various shared concerns which proved essential in formulating modifications to the CSTO. Initiatives to make stronger the organization must be viewed in a wider strategic context.

Kazakhstan President Nursultan Nazarbayev similarly stressed out the CSTO's role in shielding its members against external threats, stating that any CSTO use of power during domestic conflict in a member state would require host country approval. Nazarbayev rejected the affirmation that the CSTO might assume any police-style functions. Astana's support for these changes was definitely critical, given the deep implications concerning the internal decision-making procedure, as well as the country's contribution to the KSOR.<sup>50</sup>

### **1.3 SCO and Russia-Kazakhstan**

The 1996 Shanghai five border agreement between China and its immediate neighbours: Kazakhstan, Kyrgyzstan, Russia and Tajikistan led to the emergence of the SCO. It

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<sup>49</sup> Collective Security Treaty Organisation(CSTO), March 22, 2016, Available at: <http://www.globalsecurity.org/military/world/int/csto.htm>

<sup>50</sup> McDermott, Roger N., "The Kazakhstan-Russia axis: Shaping CSTO transformation" Accessed Sept. 25, 2013, Available at: [http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO\\_Transformation-final.pdf](http://fmso.leavenworth.army.mil/Collaboration/international/McDermott/CSTO_Transformation-final.pdf)



played an instrumental role in settling border disputes inherited from the Soviet era and reflected the concerns of China and Russia over the growth of Islamic radical movements in Tajikistan and Uzbekistan, as well as the Taliban's capture of Kabul, Afghanistan, in 1996. After two years, the Shanghai five took the shape of a formal organization that was determined to fight, as the Chinese side termed it, the "Three Evils" of Separatism, Fundamentalism and Terrorism. Uzbekistan joined the new Regional security bloc in 2001. Shortly afterwards, the informal arrangement of "Shanghai five" transformed into Shanghai Cooperation Organization (SCO).

Since its inception, the SCO has taken several initiatives to build interstate economic, military and geostrategic relations among its member states. As China is the core component of SCO, its participation is vital for the organization to function. The SCO's initiation lent Russia and China a platform to expand military cooperation. It also gave China direct links to the Central Asian States. Subsequently, a Tashkent (Uzbekistan)-based Regional Anti-Terrorist Structure (RATS) was set up in 2004 to share intelligence on the cross-border activities of Islamic terrorist.

The member states have conducted several major anti-terror military drills. Fighting with drug trafficking from Afghanistan is another area where the SCO has acted. The Astana summit (2011) approved an anti-narcotics strategy for 2011-2016 (Radyuhin 2011).

For its member states, the SCO has provided a useful platform so as to promote unilateral interests and develop bilateral and trilateral relations within the organization. Leaders of member state may express concerns with their domestic situation, warn of security challenges emanating from their neighbours territories or discuss issues of regional or international concern relating to broader security. Uzbekistan President Karimov, for instance, complained about the alleged terrorist movements involved in anti-government protests in Andijan in May 2005 as well as SCO exercises that simulated the Andijan scenario and examined the government's ability to respond.

During the past few years, joint economic projects have received SCO's increasing attention. An example of the global approach to determining forms and mechanisms of cooperation can be had in the project to create a single energy market within the SCO. In the SCO space, the existing system of pipelines that unites Russia, the countries of Central Asia, and China largely accounts for a single SCO energy market (Movkebaeva 2013: 80). The SCO is expected to offer solutions to emerging security and politico-economic challenges in the region. Since, the SCO's inception, member countries have undertaken grave efforts to make the organization a successful mechanism. The current discourse on regionalism acknowledges the significance and utility of regional cooperation institutions for addressing transnational challenges and threats (Koldunova, Kundu 2014: 7).

Referring to the SCO itself, Vladimir Putin proposed in 2006 the establishment of an SCO Energy Club to enlarge conversation of the prospects and management of energy cooperation and to balance the interests of energy suppliers, transporters, and consumers. The proposal was promptly supported by a majority of SCO members.

President Dmitry Medvedev of Russia put forward "The Conceptual Approach to a New Legal Foundation for International Cooperation on Energy" in April 2009. The Convention for Ensuring International Energy Security was drafted on the basis of it. Earlier in 2007, while addressing the Sixty-Second Session of the United Nations (UN) General Assembly, President Nursultan Nazarbayev of Kazakhstan urged the adoption of a Eurasian Pact on the Stability of Energy Supplies and asked the UN to provide a framework for work on a Global Strategy for Energy and Ecology (Movkebaeva 2013: 81).

An Asian energy strategy was suggested by Kazakhstan. It was based on the idea of establishing a consistent energy supply system for the region. It brings out the advantages of providing energy to domestic and foreign markets. The idea takes into account the energy policies and the environmental and energy security of individual countries in the region.

Basically, the SCO differs on a certain count from the same interstate associations that have been set up in the post-Soviet space as it includes China as well as former Soviet republics, due to which it's possible to expand the organization's sphere of activity to a

considerable extent. As such, the SCO has the potential to develop into a useful means for harmonizing and coordinating the planned and strategic policies of China in areas like energy, with the subsequent policies of Russia and Central Asia.

Russia has several motives behind the SCO. First and foremost is to maintain its privileged position in Central Asia. Russia considers CARs as to be her “Zone of Influence”, and this may not be possible with the growing presence of USA and China. But Russia is more worried about its traditional rival USA. It was important to counter USA influence in CARs, to increase Russian collaboration with China. Both countries collaboration within the SCO makes it a reliable organization in the region (Kumar 2015: 133).

The foreign policy of Kazakhstan takes its own interests into account, focusing on areas of cooperation and advantageous priorities. Within the context of cooperation among China, Russia and Kazakhstan in the energy sector, the function of bilateral partnerships is crucial, even though it was the declaration of the Xian proposal on 23 September 2011 that led to the formation of the SCO Energy Club. Following the initiative, forecast for trilateral interface within the organization opened up, as a basis for the creation of a single SCO energy market was provided by the network of pipelines connecting China, Central Asia and Russia. The trilateral energy cooperation involves Russia and Kazakhstan as exporters of oil and gas, and China as the consumer of the resources (Movkebaeva 2013: 81).

From the Chinese perspective, The SCO provided a forum to resettle the border issues with CARs. The SCO has also helped China gain access to Central Asian oil and gas reserves in Kazakhstan and Turkmenistan and a huge market in Eurasia. SCO is one successful initiative that fulfils its goals of security, economic cooperation and stalemating USA (Kumar 2015: 132).

The work on laying the China–Russia oil pipeline was completed in 2011. Starting in the Skovorodina, a Russian village, the pipeline passes through Xinjiang province of China and Inner Mongolia sovereign region, and ends in the city of Daqing. In all, it enlarges over about 70 km. in Russian region and almost 900 km. in Chinese region. Russia aims

to supply China with 15 million tons of crude oil every year through this pipeline. The two countries have concluded a contract for the supply of 300 million tons of oil over twenty years. The north-western part of the Central Asian gas pipeline, comprising the China–Kazakhstan oil pipeline and the China–Kazakhstan gas pipeline was completed in December 2009. Starting at Atasu in the west, the 1,200 km. long China–Kazakhstan oil pipeline ends at Dushanze in China’s Xinjiang-Uighur autonomous region (XUAR). During a period of almost three years, this pipeline has transported up to 20.39 million tons of oil, corresponding to 12 percent of the oil that China imports each year (Movkebaeva 2013: 82)

The 1,833 km. long Central Asian gas pipeline starts in Turkmenistan, passes through Kazakhstan and Uzbekistan, and ends at Khorgos in China’s XUAR. Approximately 40 billion cubic meters of gas is expected to be transported by this pipeline every year. As per the customs data collected at Khorgos, as of zero hour Beijing time on 1 June 2010, the Central Asian gas pipeline had already transported 1,354 billion cubic meters of natural gas (Movkebaeva 2013: 83).

The Chinese leadership is keenly looking forward to expanding its energy cooperation with Russia and Central Asia, particularly Kazakhstan. This cooperation is seen as a major component of China’s new geopolitical strategy with regard to Eurasia, determined by its geopolitical position and by its bid to become a privileged partner for these countries. Operational since December 2009, the Turkmenistan–Xinjiang gas pipeline has great significance for China. It passes through Turkmenistan (188 km), Uzbekistan (530 km) and Kazakhstan (1,300 km) before linking up with the Chinese network. From the standpoint of ensuring the energy security of China, this project is a giant step forward. In fact, China needs to protect its energy supplies along with its investments in the region, amounting to more than \$10 billion. That’s why any instability in neighbouring countries poses a threat to the internal stability of China (Movkebaeva 2013: 83).

An essential deliberation to insert here is that for Central Asian States, the SCO constitutes a less important security arrangement. Even though around the Astana Summit in 2010, a number of thought Kazakhstan President Nazarbayev of being tempted to turn the SCO into a “NATO of the East,”. None of the Central Asian

countries, let alone Russia or China, would have accepted such a transformation. In fact, Central Asian governments favour to take advantage of the “security service market” that has taken shape in the region. Most of countries are likely to continue to privilege the CSTO over the SCO for the simple reasons that (1) the former organization offers a “security umbrella” that the latter cannot provide, and (2) China is not part of it. This pleases not only Russia but all the “Stans” that are part of the CSTO, and whose elites still share affinities with Russia, much more than outsiders (Cabestan 2013: 427).

From Russia’s point of view, the SCO serves as a platform for rebuilding more solid ties with the republics of Central Asia. It would at least convince them that partnership with Moscow could be beneficial for both sides. It helped them avoid being in an unbalanced ties with the former imperial power. In this regard, the presence of China within the SCO has played a vital part in reassuring the Central Asian countries that Russia cannot impose its authority upon them firmly, because a possibility to balance the two massive regional powers is offered by the SCO. Moreover, using the SCO enabled Russia to compensate for the fact that in the early 2000s, it suffered from a lack of political will and financial resource crisis to stage a comeback in Central Asia. To a considerable extent, Russia’s bid to realise its Central Asian ambitions seems to have been facilitated by the SCO through an indirect reliance on the economic strength and political dynamism of China. As regards Russia’s own regional initiatives, the SCO has thus played a consolidating and supplementary role, lending Moscow additional channels to enter the policy mechanisms of Central Asia. There is no gainsaying the fact that the existence of the SCO has given a great boost to Moscow’s attempts to improve its geopolitical profile in Central Asia (Facon 2013: 464).

The SCO has moreover allowed Russia to improve in bargaining power vis-a-vis the U.S and the West, acting as a channel for repeated messages against “Unilateralism” and helping to rein in their influence in the region. Though, the SCO has also been utilized by Russia to limit China’s influence in Central Asia by keeping this new multilateral cooperation weak when serious issues or crises need to be addressed. In other words, in

terms of time, political will, and resources, Russia intentionally has never invested as much as China in the SCO (Cabestan 2013: 429).

Many elements in Russia's policy toward the SCO show that the Kremlin is eager to make sure that this organization is not going to advance Chinese interests in Central Asia in an unbalanced way. Russia has been resisting China's effort to strengthen the economic dimension of the SCO, which would obviously be to China's advantage. Together with Kazakhstan and Uzbekistan, Russia has been rejecting the People's Republic of China's (PRC) proposal to create a free-trade area on the basis of the SCO. Russia has also proved unsure about setting up a development fund for financing the costly infrastructure projects, the SCO is supposed to promote. Moscow is well aware that such a project could de facto strengthen China's hand because only China has the financial muscle to provide such a fund with the bulk of the necessary resources (Facon 2013: 472).

The experts urged Russia to drop its "Shortsighted" opposition to the Chinese proposal for setting up a SCO bank that would create a much needed mechanism for financing multilateral projects and enable the SCO to make full use of the economic potential of new members (Radyuhin 2011).

In the energy sector, the cooperation between Russia and Kazakhstan is the most stable and effective one. A lot of efforts have been made by the governments of the two countries to create and develop a common market in energy resources. It is presumed that the setting up of a joint Russian-Kazakhstani oil cartel is quite likely to strengthen the positions as oil and gas exporters in terms of their influence on world prices. Here are the conditions for the integration of oil and gas complexes of Russia and Kazakhstan.

- Working jointly with regard to oil and gas extraction, processing and transportation of energy.
- Identical positions vis-à-vis importing countries.
- Integrated efforts to attract investment and the creation and introduction of mechanisms for financing joint investment projects in the energy sector.
- Working together with respect to innovation, scientific and technological research, and the training of personnel; and joint efforts to ensure direct access to

traditional and new sales markets for oil, oil products, and gas (Movkebaeva 2013: 83).

Though Kazakhstan has no natural access to world markets, it shares with Russia the longest land border in the world. This lends great significance to their partnership in the oil and gas sector. In the westward transportation of energy, their cooperation can and must be supplemented by new strategic routes in the direction of the East Asian region in general, and China in particular. The strategy of China is basically focused on expanding energy cooperation with both Kazakhstan and Russia due to their substantial hydrocarbon reserves, proximity to China's borders and ability to transport oil and gas conveniently. It is assumed by the Chinese leadership that more than half of China's oil imports in future must come from Kazakhstan and Russia.

Work on the construction of a gas pipeline along the route Beyneu–Bozoy–Shymkent started in December 2010, at an estimated cost of \$3.6 billion. The main pipeline's projected annual throughput capacity was 5 billion cubic meters, which would rise to 10 billion cubic meters subsequently. The objective of the project was to transport gas from the gas fields of western Kazakhstan, including those located on the Caspian shelf, to the country's southern provinces of Kyzylorda, Southern Kazakhstan, Zhambyl, and Almaty, and for export through the China–Kazakhstan gas pipeline (Movkebaeva 2013: 84).

In course of his visit to China in February 2011, Nursultan Nazarbayev categorically stated that over a thousand joint enterprises aided by China were operating in Kazakhstan; and 20 percent of Kazakhstan's oil was extracted by Chinese companies. As per a deal between China and Kazakhstan, the Chinese Export-Import Bank agreed to allocate \$1 billion to build an oil refinery in Atyrau. In sync with this agreement, the government was supposed to renovate three oil refineries in the country at a cost of \$4 billion. Since then, the Western Kazakhstan–Western China oil pipeline has been constructed. Earlier, in 2010, work on the Turkmenistan–Kazakhstan–Uzbekistan–China gas pipeline was completed. Furthermore, annual exports of Russian oil to China have exceeded 20 million tons. Oil deliveries mostly go through Manchuria or Kazakhstan by rail or through the Far Eastern ports (Movkebaeva 2013: 84).

What makes China's energy cooperation with Russia favourable is the fact that the latter's eastern deposits is closer to the north-eastern and central provinces of China than the energy resources of the West Asia or Africa. In precise terms, the Chinese market lies 2,000–3,000 km. from the deposits of eastern Siberia, while the markets of Western Europe are over 6,000 km. away. The main deliveries of oil to China go by rail through the border crossings at Naushki and Zabaikal'sk–Manchuria. Besides, some oil is reached through Kazakhstan along the Omsk–Pavlodar–Atasu pipeline and then on by rail to Alashankou and Dushanze (Movkebaeva 2013: 84-85).

The Xian Initiative to jump-start the development of the SCO Energy Club was adopted in September 2011 in Xian, following a meeting of the energy ministers of China, Russia, Tajikistan, and Kyrgyzstan. Members of the SCO established a special working group to handle matters related to the SCO Energy Club. Its inaugural session was held on 28 October 2011 in Moscow. The operational phase of the SCO Energy Club has already begun (Movkebaeva 2013: 85).

Session of the Council of Heads of State (Prime Ministers) of SCO members was held in St. Petersburg on 7 November 2011. At this session, Russian Prime Minister Vladimir Putin reiterated his support for the idea of creating the Energy Club. He stated that while addressing the energy issue, it was necessary to take into account the interests of both energy producers and energy consumers. In the light of this, he upheld the idea of forming an Energy Club including SCO members as well as the partners of Russia (Movkebaeva 2013: 86).

With the setting up of the SCO Energy Club, a structured cooperation among states in the region became possible, thus leading to the conditions required for regional energy integration and to some degree overcoming the problems associated with differences in energy potential of the SCO members. Within the SCO Energy Club, interaction among members enabled them to jointly devise ways to tackle some of the acute problems. These included:

- Giving a balanced look to energy policies and coordinating the long-standing energy strategies of SCO members and states with observer status.
- Evolving general mechanisms for implementing member's energy policies.
- Formulating and executing measures of collective energy security.



- Ascertaining consensus positions and actions in the world energy market (forming common energy diplomacy).
- Developing an infrastructure for transit, transportation, and communications.
- Taking initiatives for innovation and coordinating investment policies (Movkebaeva 2013: 86).

There is a sharing of interests among Russia, China, and Kazakhstan to create a coherent energy infrastructure within the SCO framework. With the aid of the SCO, China, for instance, wants to extend its influence throughout Central Asia. The prime interest of Beijing lies in trying to accelerate integration in the region, which will render China's access to the Central Asian energy resources easier. On its part, Russia is keen to obtain open entrée to Chinese markets. Besides, the combined work of Russia and Kazakhstan in the SCO Energy Club may facilitate them to manage their interests and disperse the pressure that already exists today, on account of the Atasu–Alashankou pipeline from Kazakhstan to China and the construction of an oil pipeline from Russia to China along the eastern Siberia–Pacific Ocean axis (Movkebaeva 2013: 86). Positive shifts in the long term could be strengthened by combined investment of all members in the energy sector within the SCO frame and by the establishment of combined enterprises. There is no denying that energy cooperation among Russia, China and Kazakhstan is developing at a swift pace, serving as cornerstone of partnership between them. Primarily, it mainly rests on bilateral cooperation between pairs of SCO members, however is not organized within the organization itself. In the energy sector, close interaction among these three countries should expand ties between energy producers and energy consumers within the SCO. Both at the global and regional levels, it implies that this regional organization may turn into a self-sufficient energy system. Keeping in view the instability of the world economy, implementation of the energy policy of SCO may not only play a crucial role in ensuring the stable growth of SCO members and observer states economies, but may also cast a positive impact on the entire global economy (Movkebaeva 2013: 87).

Usually, the SCO provides a favorable diplomatic context for cooperation in future energy among Russia, China and Kazakhstan. Nevertheless, the realization of SCO's

enormous potential depends a lot on the political will of all participants and their readiness to cooperate mutually and ensure the advantages coming from it.

From Moscow's standpoint, the SCO seems to be a significant strategic tool capable of checking both the increasing influence of Western players and the instabilities along Russia's southern periphery. For the more or less short term, both of these may appear to be threatening to Moscow's influence as also to security in this area. As seen by Moscow, the increasing regional involvement of the West and insecurity in Central Asia have been two faces of the same coin since the color revolutions in 2003–05 (Georgia, Ukraine, Kyrgyzstan).

The stand taken by Moscow vis-à-vis Western 'interference' in the region reflects its apprehension that if it tries to orchestrate regime changes, this will not merely reduce its own influence but may also intensify the trouble by seriously destabilizing the neighbouring states of Central Asia. This destabilization could in turn imply a major risk to Russia, and erode its control over major economic assets such as military-industrial facilities, energy export routes, power plants, trade links, and uranium sites. The hope of Moscow rests on the assumption that 'framing' Central Asian states in a close union with both Russia and China guided by the principle of non-interference in sovereign states affairs, a prevailing rule within the SCO, will be instrumental in limiting the risk of regime change, and the problem of instability that the Central Asian region has been so much exposed to (Facon 2013: 463).

Many Chinese commentators stress that Russia sees security cooperation as the primary focus of the SCO while the Chinese view economic cooperation as its main purpose. Everything depends on what one understands by "security" (Facon 2013: 474).

Since the disintegration of the Soviet Union, two priorities have been driving Russia's policy in Central Asia. First of these is to keep the region free from the influence of the so-called "extra-regional powers" to the utmost possible extent. The second priority is to try to contain regional instability in order to prevent or at least limit its projection to Russia's territory, particularly its Caucasian areas. The primary target of the first goal is

the Western presence. Apart from the Western players, there are other powers too that have strengthened their hand in Russia's near abroad. But Moscow believes that the Western players have not been as transparent in their undertakings as Iran, Turkey or China. This perception has to be analyzed in a broader context. It has been construed by Moscow as a deliberate Western strategy adopted to undermine its position and interests in its former empire. In the light of this assumption, Moscow has used the platform of SCO, along with many other stratagems and tactics, to neutralize the influence of US and Western countries. Though it is not plausible at present to see the SCO as an Eastern NATO in the making, some of the military drills conducted under the SCO aegis in early years (in particular the 2005 and 2007 Peace Mission exercises) were not focused on countering terrorism, as was declared officially. The types of equipment used and the number of personnel deployed in these drills aimed at showing the West who was in control of the region. As an SCO member, Russia has been most eager perhaps to send this message to the rest of the world. For Russia, exhibiting the strength of the SCO is crucial for rationalizing its rejection of a strong Western presence in Central Asia. It suggests that this presence is not necessary to tackle the regional security challenges. The crux of the message is that no extra-regional power is required, because SCO members are well equipped to do so collectively, at the regional level.

#### **1.4 Customs Union, Eurasian Economic Union and Russia-Kazakhstan**

The process of Eurasian integration was slow during the 1990s. This was perhaps because the economic crisis experienced after the dissolution of the Soviet Union. Since then, a number of treaties have been signed by member states to establish the regional trading bloc gradually. During the first half of the 1990s, numerous regional organizations were created in Central Asia: One of the most prominent among these was Central Asian Economic Cooperation, set up in 1994. This organisation was transformed in 2002 into the Central Asian Cooperation Organization (CACO), which merged with Eurasian Economic Cooperation (EurAsEC) in 2005 (Khitakhunov, Mukhamediyen & Pomfret 2017: 61).

The objective of creating EurAsEc was to blaze the trail for the setting up of a Customs Union and a Common Economic Space. This was evident when it offered its support and jurisdiction to the formation of the Customs Union, a move spearheaded by Kazakhstan, Belarus and Russia. Despite this, the EurAsEc has a much broader purview with priorities such as cultural exchange, sport and crisis-management mechanisms to help countries grapple with economic as well as other shocks, besides offering support for a free trade zone's creation. EurAsEc member states agreed in 2009, on the institution of a \$10 billion Anti-Crisis Fund, designed to extend credit lines to the member states of EurAsEc that experienced economic imbalances (Kalra,Varadzhakov 2011: 2).

Earlier, Russia, Kazakhstan and Belarus jointly signed in 2007, an agreement to create a Customs Union. On the base of EurAsEC, the Customs Union of Belarus, Kazakhstan, and Russia came into existence on 1 January 2010. Elimination of intra-bloc tariffs and non-tariff barriers, and formulation of a common external tariff policy were the priorities of the Customs Union. Because of the Customs Union, it has become possible to form the basis for expanding regional trade. A single or integrated trade procedure is foreseen by the Customs Union in relation to third countries and a harmonised economic policy for all member countries. The Customs Union was subsequently transformed in 2012 into a Single Economic Space with freedom of movement of services, goods, labour and capital.

Formation of Customs Union plays a crucial role in CARs. It can bring about a significant change in the situation as Chinese goods will face traffic and non-traffic hurdles. The Customs Union has come up with a solution of creating a common market comprising of 170 mn people, US\$ 2 trillion economy, US\$ 900 bn trade and 90 bn barrels of oil reserves. With this solution opportunities for all participating nations were created including gains of easy access to technology and markets, potential for diversification to manufacturing and infrastructure development. Kazakhstan has even more to gain in agricultural and automobile sectors and its nascent airline industry in Belarus and Kazakhstan. As far as Russia is concerned its farmers stand to lose in short term due to competition from Belarus and steel producers from Kazakhstan, but a single

economic space will eventually create better competitive sectors and diversification doing away from dependence on natural resources (Patnaik 2012: 27).

When the Customs Union and single customs territory became operational, conditions became favorable for the development of trade and industrial relations between border regions of Russia and Kazakhstan. As a result, firstly, the international trade regime both between the two countries (Russia and Kazakhstan) and with third countries has become considerably simplified. Now, Russian and Kazakh businesses can enjoy higher accessibility both to each other's and Belarusian markets, as also the markets outside the Custom Union. Secondly, transportations of cargo and passenger have become faster. Thirdly, novel opportunities have arisen for the development of diversified cooperation relations between Russian and Kazakh businesses (growth of supplies of raw materials, components and finished goods; and joint production). Fourthly, the environment for cooperative operation, modernization and building up capacity of power engineering and transport infrastructures connecting the two countries is quite favourable now. Furthermore, there are significant prerequisites for the improvement of the business climate and investment attractiveness of the border regions of Russia and Kazakhstan that are regarded as the key area for strengthening the processes of integration between the two countries.<sup>51</sup>

Kazakhstan is one of the top trading partners with Russia. As per the Kazakh national statistics, the share of Russia in Kazakhstan exports declined to 8 – 9 %, while in imports it increased from 31.3 % in 2009 to almost 43 % in 2011. Following some decline in 2009-2010, the volume of mutual trade went up to about 24 billion USD, exceeding the pre-crisis maximum of 2008 by 19 %. Despite this, the balance of mutual trade for Kazakhstan continued to be negative in 2011, going beyond 8.5 billion USD (Sinitsina 2012: 17).

A close look at the commodity structure of trade involving Russia and Kazakhstan suggests the predominance of fuels and raw materials. As per the Customs Union data,

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<sup>51</sup> Limonov, L.E., Analysis of trade and industrial relations between border regions of Russia and Kazakhstan: Impact of the Customs Union and Common Economic Space, Available at: [www.regionalstudies.org/uploads/limonov.pdf](http://www.regionalstudies.org/uploads/limonov.pdf)

metallic ores (30.9 % of total exports to Russia), mineral fuels (26.9 %), and iron and steel and their products (12 %) dominated the commodity structure of Kazakhstan exports to Russia in 2011. Mineral fuels (26.9 %), machinery and equipment (15 %), and iron and steel and their products (12.3 %) were the major items of Kazakhstan imports from Russia. In mutual trade, the role of energy products is significant and is related to the structural and technological interdependence of energy sectors of national economies inherited from the Soviet Union. Kazakhstan's refineries, for example, were not designed to process oil containing sulfur and cannot process most crude oil extracted in the country, except from Tengiz oilfield (Sinitsina 2012: 18).

As per the National Statistical Agency of Kazakhstan, Russia ranked 6th among foreign partners, accounting for only 3.7 % of the total inflow of foreign direct investment (FDI) to the country in 2010, 0.6 percentage points (p.p.) less than in 2007. With regard to accumulated FDI stock in Kazakhstan, Russia, with its share of 1.4 % (USD 3.5 bn), was not even one of the top ten foreign partners of Kazakhstan in 2010. Nevertheless, there are around 6,000 enterprises with Russian capital operating in Kazakhstan. This is more than at the rest of the post-Soviet space outside Russia. Rather than cooperation efforts, it is the specific role played by firms from border regions that is responsible for this. In Kazakhstan's context, they account for over two-fifths of total trade turnover with Russia (Sinitsina 2012: 28). As regards the flows of reverse investment, it can be stated that business from Central Asian countries has enhanced their impact on the Russian economy during the last few years before the crisis. Kazakh investments are of particular significance in this regard. In 2010, these investments accounted for over three-fourths of total Central Asian investments and ranked first among CIS country investments in Russia. Despite this, it's hard to deny that direct investments remain small. It's worthwhile to understand that the growth of Kazakhstan investments into Russia was fostered not merely by economic overheating due to high oil revenues, but also owing to their support at the top level. In Russia, the key sectors of Kazakhstan's investments include construction and real estate, banking and finance, and retail trade (Sinitsina 2012: 30).

As Nazarbayev puts it, the Eurasian Union has become the core framework for integration with a potential to include Kazakhstan's southern neighbours, Kyrgyzstan and

Tajikistan, besides attracting new members, like Turkey. The perception of Putin appears to be more cautious, as he holds that Eurasian integration is still in its early phase. Kazakhstan and Russia tries to consolidate their achievements of integration, blazing the trail for the Eurasian Union. In spite of his country's waning clout in the Customs Union, President Nazarbayev is not likely to change course and is apparently intent to continue to lend his support to this ambitious initiative. Nonetheless, Moscow will have to make concessions to both Astana and Minsk to ensure their continued loyalty and also, to make their trilateral partnership look like a mutually advantageous undertaking rather than a purely political alliance entirely dominated by the Kremlin (Voloshin 2013).

The establishment of the Customs Union in 2010 was the first step towards the creation of the EEU, which encompasses a common customs territory and legislation (the Customs Code, with effect from 1 July 2010), a single commodity categorization of foreign economic activity, common customs tariff and non-tariff regulation measures, as well as common procedures for customs clearance and control (Blockmans, Kostanyan & Vorobiov 2012: 1). The ratification of the Action Plan for the establishment of the Common Economic Space in December 2010 marked the second phase of the Eurasian integration process. The CES, which kicked off in January 2012, aims to ensure the effective execution of the common market for goods, services, capital and labour, and to establish consistent industrial, transport, energy and agricultural policies.

The leaders of Kazakhstan, Russia, and Belarus, signed the Agreement on EEU (Eurasian Economic Union) formation in May 2014 at a meeting of the Supreme Eurasian Council held in Astana, Kazakhstan. At this meeting, it was decided that the EEU would come into effect on 1 January 2015 in case the treaty was approved by the Parliaments of each country. When the Union came into effect, it would create a market of 170 million people with a combined annual GDP of 2.39 trillion dollar and a quarter of the world energy resources. According to the treaty, the three countries would form a common market for free movement of goods, services, capital and workforce. It was also decided that the three countries would further conduct a coordinated policy in the energy sector, agriculture, industry and transport. Basically, the treaty was based on a contractual and legal basis of the Customs Union and the Common Economic Space which had been

brought in compliance with the World Trade Organization (WTO) rules. The EEU was conceived as a full-fledged economic bloc that would work as a bridge between Asia and Europe and a counterweight to Western integration unions.<sup>52</sup>

With the establishment of the EEU (Eurasian Economic Union) a single market of 170 million consumers came out as a result. In 2013, the Gross Domestic Product (GDP) of EEU was accounted to be 2.39 trillion dollars, making it the seventh largest economy in the world. In the post-crisis period, EEU's economy recovered quickly beginning from the second half of the year 2012. GDP growth continued to remain strong in Kazakhstan (at 6% in 2013), while the same slowed down in Belarus and Russia (by 0.9% and 1.3% in 2013, respectively). Higher growth was observed in Armenia during the pre-crisis period ending at 4.3% after crisis. Real GDP growth rates of the EEU amounted to 1.7% (5.3% per year) in 2013 (Zhanokova 2016: 309).

Apart from GDP, FDI outflows also grew steadily in the post-crisis period. During 2010-2013, FDI outflows increased by almost four times. The year 2012 was an exception when a significant decrease in the outflow of FDI stared in the face of Kazakhstan. It fell from USD 8034 million to USD 3044 million and also faced a slight decline in Russian FDI outflow from USD 19,040 million to USD 17,426 million. The leader in FDI outflows is the Russian Federation, with USD 76,265 million in 2013. The EEU is considered to be a major player in the global energy sector, commodity sector, military, industrial and agricultural production. EEU member states produce about 20.7% of the world's natural gas. Being the largest manufacturer, in 2013 it produced 18.6% of the global share of sugar beet and 22.7% of sunflower (Zhanokova 2016: 309).

The primary aim of EEU member states economic policy is to enable sustainable economic growth by ensuring stability in prices, low inflation rate, and efficient operations of financial system. The inflation rate of EEU (except Armenia) was calculated as 8.1% and 7.3% in the year 2012 and 2013 respectively (Zhanokova 2016: 309).

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<sup>52</sup> Treaty of the Eurasian Economic Union, Courtesy Translation, Available at: [http://www.un.org/en/ga/sixth/70/docs/treaty\\_on\\_eeu.pdf](http://www.un.org/en/ga/sixth/70/docs/treaty_on_eeu.pdf)



For Kazakhstan's foreign economic interaction with EU member states, Foreign trade comprises of an important topic. Kazakhstan's trade turnover with EEU nations rose by 7% and reached a figure of USD 20.7 billion during 2010-2014. Kazakhstan's exports were reduced by 9%, hitting a low figure of USD 5.9 billion, and imports grew by 14% totalling to USD 14.8 billion (Zhanakova 2016: 310).

In 2015, the membership of Armenia and the Kyrgyz Republic became effective. All members want to create a single electricity and energy market by 2025. In this process of economic integration led by Russia, Kazakhstan occupies a special position. Kazakhstan president Nursultan Nazarbayev, who suggested this idea two decades ago and has been promoting it for many years as a mechanism for the economic integration of the post-Soviet space, has actively supported Russia's initiatives. Not surprisingly, the two countries have developed close, multifaceted ties over the past two decades. This is further reinforced by the facts that their political and economic elites have enjoyed close relations since the Soviet era; and almost a quarter of the Kazakh population comprises ethnic Russians (Kusznir 2015).

The establishment of EEU can be regarded as a bid to reintegrate the post-Soviet states. However, it seems that Ukraine may not be a part of the new bloc as it has opted in favour of integration with Europe. Earlier, President Victor Yanukovich's refusal to agree to an association with the European Union led to his ouster, and snowballed into a major political crisis and civil war in Ukraine.

### ***Trade Effects of the Customs Union***

Bilateral Russia-Kazakhstan trade has been developing rather dynamically since the late 1990s when efforts were made to overcome the downturn caused by the financial crisis of 1998. Through 2009, the value of mutual trade grew at a rapid pace. For some time, a considerable decline came about because of a drop in dollar prices. However, the progressive trend of mutual trade kept going up in 2010 to reach a record level in 2011.<sup>53</sup>

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<sup>53</sup> Limonov, L.E, " Analysis of trade and industrial relations between border regions of Russia and Kazakhstan: Impact of the Customs Union and Common Economic Space, Available at: [www.regionalstudies.org/uploads/limonov.pdf](http://www.regionalstudies.org/uploads/limonov.pdf)

The overall foreign trade turnover of the Russian regions that border Kazakhstan (Russian border area) can be compared with that of Kazakhstan in absolute terms. However, the overall foreign trade turnover of the Kazakh regions that border Russia (Kazakh border area) is quite low compared to that of the border regions of Russia. Though indicators for the border regions from both sides of the border certainly differ by considerable margin, it is still less than the difference between the foreign trade turnovers of Russia and Kazakhstan.

Such a difference can be attributed to the fact that in the specific context of Kazakhstan's foreign trade, the role of the regions of Kazakhstan bordering Russia is notably more significant than that of the Russian border regions in Russia's foreign trade. Besides, while the share of the Russian regions bordering Kazakhstan in Russian foreign trade turnover has been relatively stable in the recent years, fluctuating within the range of 14–15% (12% in 2011), the corresponding indicator for Kazakhstan has gone up from about 40% in 2007 to about 47% in 2010. In 2011, on account of fluctuations in trends in the global oil and mineral resources markets, it however recorded a decline and dipped to 41%.<sup>54</sup>

A broad analysis of the prevailing state of affairs suggests that Kazakhstan views its regions bordering Russia as a kind of "window to Russia, the Common Economic Space (CES) and the West". The role of trade (including transit trade) between the Russian border regions and Kazakhstan in Russian foreign trade is therefore less significant. Despite that, it is worthwhile to notice that the key foreign trade partners of Russia are in the West and not in the South or East.

In the respective ratio of foreign trade turnover to GDP/GRP also, the Kazakh border area calls for more focus on foreign trade than the Russian border regions (as well as that of Kazakhstan against Russia). Besides, it is difficult to overlook that while the significance of foreign trade is higher for the Kazakh border area than for the country as a whole, it is lower for the border area of Russia.

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<sup>54</sup> *ibid*

Regarding the regional structure of exports in the border regions of Kazakhstan and Russia, both the countries seem to have at least one major export region (or two at a stretch in Kazakhstan's case). The Tyumen region in the Russian border area accounts for over half of total exports of the border regions. Similarly, the Atyrau and Aktyubinsk regions in the Kazakh border area account for more than two thirds of the total exports of the border regions. In case of all these regions, this weight in exports is primarily because of the availability of transport and logistics infrastructure in these areas; and the production and refinement of oil, gas and other mineral resources.<sup>55</sup>

In terms of the respective ratios of foreign trade turnover to GDP/GRP, it can be observed that foreign trade is more important to the economy of the border regions of Kazakhstan than to that of Russia. Both export patterns (dominated by fuel and energy products/mineral resources and commodities) and import patterns in the Russian and Kazakh border regions show a similarity in their fundamental features.

In the border areas, several functional relationships between businesses in the fuel and energy sector and metallurgy have survived since the Soviet days. This is in line with the export and import patterns of the border regions. Apart from products of fuel and energy and metallurgy, chemicals, machinery and equipment dominate the exports of the Russian border area. On the other hand, exports of the Kazakh border area are dominated by food products (grain) and chemicals.<sup>56</sup>

While appraising the potential for the development of trade relations in the border areas of Russia and Kazakhstan, we must take cognizance of some facts that are outlined below.

- It's not only the border area of Kazakhstan, but certain other regions like Alma-Aty and Astana as well that for Russian business may find attractive for themselves. There is a demand for highly processed goods, electronics, household appliances, medicines and cosmetics in these markets.

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<sup>55</sup> *ibid*

<sup>56</sup> *ibid*

- Retail and wholesale businesses of small and medium sizes need an infrastructure that comprises roads, passages and related services. Simultaneously, large businesses focused on selling raw materials primarily use pipelines and railways networks. Keeping this in view, it's imperative for the authorities to adopt a diversified policy capable of supporting business on both sides of the long frontier between Russia and Kazakhstan.<sup>57</sup>

Russian exports to Kazakhstan and Kazakh exports to Russia reached \$17.7bn (£11.7bn) and \$5.8bn, respectively, in 2013. Kazakhstan has evolved over the years into Central Asia's leading market. Given that it is less expensive and more transparent for Russian investors than their home country, it is plausibly seen as offering a more attractive business climate. Russia's direct investment into the country in 2013 was approximately \$1.3bn (Kusznir 2015). Bilateral financial institutions like the Eurasian Development Bank have been developed with the support of both countries, and its mission is to create markets and promote its member states' economic growth. Kazakhstan and Russia have also developed enduring relations in energy sector. Russian pipeline infrastructure, controlled by the Russian pipeline operator Transneft, is responsible for the transportation of a large portion of Kazakh oil exports. Moreover, Kazakhstan also acts as a transit state for Russia's gas imports from Turkmenistan via Central Asia – Center gas pipeline, controlled by the Russian gas monopolist, Gazprom. Energy companies from Russia are involved in the exploration of many oil and gas fields in Kazakhstan, and refining cooperation.

To enhance the positive effect of the Custom Union and CES on the development of integration in the Border regions, some measures have been recommended:

During the early stage of its existence, the Customs Union indicated positive changes in the purview of foreign economic activities undertaken by Russia and Kazakhstan. However, in the border area of Russia and Kazakhstan, considerable trade and structural effects are yet to become completely manifest with their myriad potentials. One reason for this is a brief period of observation of these effects. This may also be attributed to

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<sup>57</sup> ibid

rather conventional approach to trade and production relations and trade flows in the border area. Furthermore, the identical character of border region economies, huge distances between them, poor connectivity and lack of efficient transport network in the border regions may also be cited as other important factors.<sup>58</sup>

In the border regions of Russia and Kazakhstan, companies primarily engage in foreign trade transactions with third countries rather than with each other (especially in exports), save such activities as the supply of Russian oil to Kazakh refineries and vice-versa. From economic point of view, Russia dominates the platform offered by the CES. However, as it is widely acknowledged now, the single market and the common customs space cannot bring about any overnight change in the competitive situation involving businesses in the emerging common economic space.

Besides, it is important to keep in mind that formal liberalization of commercial and economic cooperation had been quite high even before the Customs Union came into existence. It's too much therefore to expect any radical change in the mutual access of the CES member countries to each other's markets in the short run.

What is actually important therefore is to establish strong links of bilateral cooperation between Russia and Kazakhstan more through active cross-border cooperation and a positive, goal-oriented policy aimed at integrating the border regions at all levels of governance, e.g. the Eurasian Economic Commission, governments of the two countries, regional and municipal authorities and business communities representing their interests.

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<sup>58</sup> *ibid*

## **Chapter 5**

### **Challenges to Cooperation**

The system of international relations did not simplify, but became more complicated instead following the End of the Cold War. This resulted in the emergence of new challenges and contentions. Over the last decade, a major shift has become noticeable in the approach to security issue. This shift has been preceded by criticism of the traditional, narrow definition of security (military affairs) and increasing focus on issues like population growth, ethnic conflict, migration, drugs, crime and environmental degradation. There is no gainsaying the fact that in an increasing globalized world, such threats undoubtedly call for comprehensive efforts and initiatives not restricted to the frontiers of traditional security issues such as those that have been addressed by states.

Usually, Kazakhstan is referred to as a potential territory for post-Ukrainian confrontation involving Russia, primarily because of the huge Russian diaspora in Kazakhstan and tensions prevailing over the republic's northern territory. Moreover, this current relation also suggests the attachment of numerous national interests because the oil resources in Kazakhstan directly involve US and Chinese capital.

Bilateral relations between Kazakhstan and Russia are quite important due to the international political and economic controversies involving these countries. Touching upon this in 2009, Kazakhstan's President Nursultan Nazabayev stated that despite all the difficulties and controversies surrounding their relations, Kazakhstan had never harboured any grudge or negativity in its attitude to Russia. He further added that Kazakhstan had always supported Russia as a true ally both in the CIS and in world politics. The countries, as he said, had the most integrated economies in the world, and had a shared past of living together. He expressed the hope that Russia on its part would

reciprocate by formulating a strategy that would cement and strengthen their relations as closest neighbours and allies forever.

During field trip to Russia, Researcher interacted and interviewed one of M.A student Baruzan Mustafin from Kazakhstan studying in Moscow State University about challenges before Russia- Kazakhstan relations. He said there are some differences or challenges in both countries relations regarding Economic sphere, Custom duties, Taxes, Transaction and Tariffs, but in political relations don't have serious questions.

EEU is grappling with multiple challenges in the context of Kazakh international economic activity. These challenges are negative trend in the world economy and internal constraints to progress. EEU's economic share distribution are as follows: 3.2% in world GDP, 3.6% in added value of global industrial production, 2.7% in added value of world manufacturing industry 2.6% in global imports of manufactured goods, 0.9% in global exports of manufactured goods. In order to recover from this downhill trend, the organisation will need to take up several correctionist steps, eg: developing a collaborative effort to invest efforts in development of foreign market and trade, and exports. Such steps will prove crucial for industrial cooperation among the EEU member states (Zhanakova 2016: 309).

Relations of Central Asian countries with the rest of the world in the broader geopolitical and geo-economic context is usually seen through the triangle of international confrontation between the USA, China and Russia, due to which the circumstances assume more complexity. In Central Asia, the US military presence has certainly affected the region's strategic structure. Europe too has strategic interests in Central Asia with respect to energy and security. Moreover, a broader Asian interest particularly in the region's energy sector cannot be ignored. Whether East Asia can dare to tie its energy security to Russia and Kazakhstan is also questionable. This is also because China is keen to enhance its presence in this region. People as well as political groups of Kazakhstan are also anxious that china has a particular interest in its resources and its territories, suggesting the sense of ambiguity that prevails here. Strikingly, border concerns, primarily linked to Russia and China, have been influential in the changes that Republic's military policy has undergone. Following an agreement with Russia on the delimitation

of borders in 2005, potential territorial disputes with China became one of the most important threats to national security.

The activities carried out by **extremist groups, drugs and illegal trafficking** poses major threats not just Kazakhstan's security but also to other countries in Central Asia. The consumption of heroin has also increased in the region which casts serious concerns. Combined together, these issues have contributed to the spread of HIV/AIDS in CAR where Kazakhstan is the worst hit. The problems do not end here. Illegal arms smuggling, primarily from Afghanistan and illegal immigration, from Afghanistan, Uzbekistan and China also create concerns for this country (Zabortseva 2016: 36).

The Central Asian and Trans-Caucasian states are deeply implicit in the illicit trade of production and transportation of drugs. Government bodies are incapable of bringing this situation under control. Drug dealing is often carried out to achieve particular political objectives: the profits finance illegal political and military activities, helps purchase arms, fund armed and/or extremist groups used to destabilise society. As per Russian analysts, "Drug dealing in the CIS countries has very close links with the criminal world and organized criminal groups on the one hand, and with separatist and extremist movements and their leaders on the other".<sup>59</sup>

Similar to other Central Asian nations, Kazakhstan is also dealing with a large-scale drug production, processing and transport unit. The opium poppy grows wild over extensive areas in the southern regions of the country. The pharmaceutical factory in Shimkent is the largest facility in a CIS country to produce narcotic substances. According to experts, this facility indulges in illicit drug production. Just like the Russian Far East, Kazakh territory is also used for drug trafficking by the Chinese. According to the Russian Ministry of the Interior, 93 % of marijuana, 85 % of hashish and 73 % of opium arrives on the Russian soil through Kazakhstan. The Kazakh- Russian border remains almost

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<sup>59</sup> Naumkin, Vitaly V., "The emerging geopolitical balance in Central Asia: A Russian view, Accessed on August 8, 2016, Available at: <http://books.sipri.org/files/files/books/SIPRI99Chu/SIPRI99Chu05.pdf>



transparent, which aids drug traffickers to operate without any serious difficulty.<sup>60</sup> In sum, drug trade in Central Asia poses a major threat to its own stability.

Nazarbayev emphasizes that the threat of Terrorism, Transnational terrorism in Particular, is steadily growing. Earlier in 2000, he pointed out the existence of such threats and its trans-border character. Later in 2005, he said that “Terrorism has become the most dangerous challenge to the international security system. The scale of this threat has today over passed all predictions. The number of other challenges related to terrorism has also increased” (Karatayeva 2010: 305).

Nazarbayev constantly said that religious differences can't be considered as the source of terrorism. There is no any 'clash of civilizations' leading to terrorism. The roots of terrorism are social: they are in poverty and human rights abuse. Nazarbayev said “Terrorism is flourishing in poor and unstable countries. There is such a country in our region. It is Afghanistan...most of the predictions of inevitable 'conflict of civilisation' have not been factually realised yet. However, we should be aware of the fact that religious tensions provide the social basis for transnational terrorism and religious extremism. Human rights abuse, poverty and environmental degradation are the likely soil for expansion of the ideas of terrorism” (Karatayeva 2010: 305).

Nazarbayev said that, “Terrorism is not a threat which is apart from anything else. There are certain co-factors. The number of challenges related to terrorism has increased. These are, mostly, the conflicts that have resulted from nationalism, ethnic and religious tensions; these are also drug trafficking and organised crime as well as illegal arms trafficking and money laundering. Drug trafficking provides financial base for terrorism. One third of current terrorist economy is drug production and trafficking” (Karatayeva 2010: 305). He stated that Counter-terrorism is one of the priority tasks for Kazakhstan in maintaining its security.

Recently, statements made on behalf of both states as a product of the **Russia-Ukraine conflict**, has aggravated geo-political tensions in this area. The Ukraine factor has been quite instrumental in affecting Kazakhstan-Russia bilateral relations in terms of social,

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<sup>60</sup> ibid

political and economic interests. Due to Ukraine crisis, Kazakhstan's foreign policy has faced numerous challenges, unleashing a slew of unwelcome comparisons between the two countries' domestic situations. Tension between Russia and the west has become more pronounced, and Kazakhstan-backed Eurasian integration schemes have been disrupted in the aftermath of this crisis. This was evident when the Russian parliament authorized President Putin to use the army to protect ethnic Russians in Ukraine, and Kazakhstan tried to avert this move. This was followed by the Kazakh foreign ministry's warning that "further escalation of tension may lead to unpredictable consequences" and a bid seeking the consensus of all parties on avoiding options that would imply the use of power. Kazakhstan's prime focus was on reaching a peaceful political settlement through negotiations in keeping with international law (Weitz 2014).

Crimea's decision to join Russia after a controversial referendum found categorical mentioning in a Kazakhstani foreign ministry statement reaffirming a commitment to international law and the United Nations Charter, which supported the principle of territorial integrity and the non-use of force in border disputes. It also advocated a peaceful solution to the crisis through negotiations under the aegis of the United Nations and other leading international organizations. However, while the Crimean referendum was regarded by the as a "free expression of the will of the Autonomous Republic's population", the Russian Federation's decision under the circumstances prevailing there was seen as a decision that deserved "understanding" (Weitz 2014).

Due to this statement, a few commentators thought that Kazakhstan favoured the referendum and recognized the annexation of Crimea by Russia. At the same time, it also provoked the new Ukrainian government to express "deep concern" and request Astana to clarify its position. Responding to this, Kazakhstani diplomats emphasised that they did not legally recognize the referendum or the annexation. They further clarified that they only meant to communicate that a number of Crimean people, for certain reasons, might be willing to join the Russian federation; and the government of Russia, quite like their counterparts from other countries, had legitimate security, humanitarian and other interests in Crimea (Weitz 2014).

The government of Kazakhstan tried to convince Moscow that intervening military in Ukraine during the Crimean crisis would be counterproductive for the entire region. One major reason for Astana being so much concerned about it is the fact that Kazakhstan has vital economic relations with both Russia and Ukraine, due to which their conflict would deal a blow to its interests. While Russia is Kazakhstan's premier economic and security partner, Ukraine offers the latter a crucial link to access the European markets and institutions (Weitz 2014).

Containing tension among the great powers is another priority for Kazakhstani. In this regard, the prime concern of Astana is the consequences of differences between Russia and Western powers that are likely to negatively affect the security and economic interests of Kazakhstan.

It is important to note here that while the bilateral relations between Russia and Kazakhstan are primarily based on institutional cooperation in the spheres of security and military relations, other aspects associated with the task of addressing mutual regional interests remain controversial. In this regard, it is also worth mentioning that during the second decade after the collapse of the USSR, both Russia and Kazakhstan became increasingly interested in post-soviet integration trends. Reflecting its intent to occupy a leadership position in the region, Kazakhstan began to invest in Georgia and Belorussia on large scale. Strongly agitated by Kazakhstan's president, the Eurasian Union has started facilitating cooperation over customs with Kazakhstan. In Recent Times, **Western sanctions against Russia** have further complicated this union's effectiveness. Several aspects of Russian and Kazakh foreign policies also pose questions in terms of their impact on trends in bilateral relations.

Russia is reeling under various sanctions being imposed by the US and the EU in response to its annexation of Crimea and unstable relations with Ukraine. Kazakhstan is undoubtedly apprehensive of possible implications on its people. As deteriorating conditions in Ukraine made news everywhere, panic and tension spread affecting the currencies of both, Russia and Kazakhstan. While Ruble slid down by 10% in comparison to Euro and Dollar, Tenge had to be devalued by 18.9% by the National

Bank of Kazakhstan. Being a member of the Customs Union, along with Belarus and Russia, is a tricky job for Kazakhstan. Its participation here and subsequent economic ties makes it more likely to suffer sanctions than other post-Soviet nations. And due to the above mentioned crisis it was forced to postdate a planned \$1 billion Eurobond issue to late autumn 2014 (Daly 2014).

Two major perspectives can be offered in order to understand the direction and pattern of Kazakhstan-Russia relations. While the first perspective is primarily focused on bilateral relations, the second one takes into account the foreign relations of these two countries, along with key trends in global diplomacy. From this standpoint, certain issues such as border division and expansion of Russian Diaspora can be considered to be fundamentally associated with aspects of bilateral relations. Unlike these, issues like oil based relations over the Caspian basin, security or Kazakhstan's nuclear disarmament can be explored only after taking cognizance of the participation of various international actors associated. As a matter of fact, even with regard to the Kazakhstan-Russia border division, there were some preliminary agreements involving the USA and Europe during the negotiations about the nuclear disarmament of Kazakhstan.

On the bilateral turf, Kazakhstan and Russia have multifaceted relations involving a gamut of issues, such as political/national identity, economic and natural resources (oil reserves). There are several instances to suggest that the task of developing relationships in one specific sphere has been linked to developments in other spheres. Ethnicity for example has been linked to political relations between the countries, to the issues of border division and, to economic relations between the countries. Moreover, the different priorities of the nations during the particular periods considered have also had an influence on the long term relations between these countries.

**Illegal** migration also presents a grave crisis for Russia and Kazakhstan. After the disintegration of the Soviet Union, migration processes take up speed in Central Asia, like elsewhere in the former Soviet Space. Sharp declining in the socio-economic situation in all the newly independent states created an environment of fear. People were moving around other countries in search of job and social security. This situation created

a sharp rise in interethnic and inter-religious tension, as well as porous borders (Nurdavletova 2011: 35).

The **Russian Diaspora** living in Kazakhstan is one of the most significant issues in Kazakhstan- Russia relations. This issue is influenced to a great extent by issues relating to ethnicity. As we know, the 7000 km long Kazakhstan- Russia border is the longest continuous border in the world. At the time when the disintegration of USSR took place, Russian nationals exceeded 65 percent of the total population in the northern territories, close to Russia. At the outset, processes of Kazakhstan's nation building were strongly linked to the northern territories. Presently, the largest Diaspora in Central Asia is in Kazakhstan.

Massive presence of people of Russian ethnicity, particularly in the northern and eastern parts of the country, creates both benefits and additional drawbacks to Kazakhstan in its relations with Russia. Russian Diaspora in the border areas facilitates border trade, technical exchange and cultural discourse with Russian regions.

On the other side, Kazakhstan's major security concerns crop up due to the presence of the Russian minority in their territory. In this context, Kazakh authorities are facing a hard time trying to change the Russified names of the northern parts of their country where the concentration of this Russian minority is much higher. They openly protest to register their dissent against the attempts to change the name of their cities. Although there is tension in the country against the Russian diaspora, yet there is no official objection to their infiltration and a multi-ethnic policy is encouraged. But in reality, Kazakh leadership looks forward to truncate the diaspora's rights, reduce exposure to Russian language in schools, introduce mandatory minimum media broadcasts in Kazakh language (50% of the total air time), and reduce the number of public offices held by Russian representatives. Hence, it can be said that Kazakh leaders are addressing Russian language as a key problem area, solving which will resolve many of their ethnic issues in the short term and national security in the long term. Although, conditions for Russian minorities in Kazakhstan have significantly deteriorated, Russia has not wished to use

hard-power with such a significant strategic partner as Kazakhstan by openly defending their rights, unlike in case of Abkhazia and South Ossetia (Jasina 2014).

In spite of the fact that the Eurasian Economic Union is profitable for both the countries, one major area of disagreement is **future development of Eurasian Economic Union (EEU)**. Russia views it primarily as a geopolitical project, through which it can strengthen its economic and political role in former Soviet territories; and counterbalance the possible incursions of US and China. On the other hand, Kazakhstan wants a pragmatic economic integration but not at the expense of further political alliances. Following Kazakh officials initiatives, some important points were included in the functioning principles of the EEU. It has been decided that the union will function without interfering with the political systems of the EEU member states. EEU's future progress depends on a number of economic factors, including the West's 2014 economic sanctions against Russia, global oil prices and the manner in which Russia responds to the current economic crises. Despite this, it will also be determined by two other factors. One of these relates to the domestic political developments in Kazakhstan and the other one is about Russia's approach to its political goals and attitude to its partners in the union. Annexation of Crimea by Russia and its support for armed separatists in eastern Ukraine have already unleashed fears in the Kazakh government regarding the growth of a Russian separatist movement for the secession of the country's northern regions. Doubts have also been raised over the other political initiatives within the alliance. It's worth mentioning that the Eurasian Economic Commission, EEU's main institution, is located in Moscow and staffed mostly by Russians. Due to this, there is an apprehension in Kazakhstan and even Belarus that Russia might use the union to enlarge its supremacy over the other EEU members. Sino-Russian relations may also influence the future of the union. Thus it can be stated that though Kazakhstan continues to be one of Russia's closest allies, the uncertainty prevailing today makes it impossible to guarantee that the future will look the same as the past and present (Kusznir 2015).

Within the geopolitical context, the **fast-spreading Islamic religious-political extremism** seems to have assumed global dimensions. Attempts are being made by trans-national Islamic organizations to establish their view of world order and socio-political

relations based on the Quran and the Prophet's teachings, calling on Muslims to support them. As a majority of Kazakhstan's population consists of Muslims, it cannot be an exception in this regard. In traditional Islamic societies, the processes of modernization have actually paved the way for the spread of Islamic religious–political extremism in the modern world. There are numerous cases that suggest serious economic crises and political conflicts in the Islamic world on account of socio-economic disharmony and unsuccessful attempts to modernize. In most Muslim countries, severe social, economic, environmental and other problems have exposed systemic crises (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013:1613).

In traditional Muslim societies, the process of modernization faces radical Islamic opposition, with destructive consequences. The scale of social and political changes taking place in Islamic societies determines the ability to influence the development of a radical Islamic opposition.

In post-Soviet countries, Muslim communities have been undergoing modernization and have encountered the same problems as other Islamic societies in economic, socio-political and intellectual spheres. Such conditions suggest why radical Islamic ideas find support mostly in economically vulnerable groups. A slogan like “Islam is the solution,” popularized in Arab societies particularly by the Muslim Brotherhood has offered a romantic alternative for the disillusioned base of the increasingly decrepit nationalist and leftist ideological movements that have offered nothing more than oppressive regimes and totalitarian dictatorship. In fact, in a bid to fill the vacuum left by decades long Communist ideology, the Muslim population in post-Soviet countries welcomed Islam. As they knew little about Islam, they opened doors to the missionaries and Islamic organizations from the Arab world, in order to discover the legacy of Islam. As a result, large-scale conflicts took place involving national, more traditional and Islamic ideas. To the Muslims of the former Soviet Union, Islam was a part of their traditional culture, but it never dominated their everyday life. Unlike their brethren from in the Arab-Muslim world, they did not practiced all the mandatory tenets of Islam. Obviously, nationalism held sway over Islamism. But the disintegration of the Soviet Union completely changed the situation and triggered the spread of Arabic Islam. While nationalism has been a

dominant framework of discourse for the Muslim population even in the post-Soviet space, one cannot overlook the fact that many groups and movements have been trying to establish an Islamic government. The emergence of radical movements has been reinforced by certain identical factors and features shared by both the Arab World and former Soviet countries with predominantly Muslim populations (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013: 1613).

The fall down of the Marxism-Leninism as the state ideology in the CARs and the opening of the Central Asian states borders to the world provided the native population new opportunities to practice Islam, Islamic beliefs, customs and traditions, and permitted them to import and develop radical forms of Islam in Central Asia. Due to the opening of borders and active involvement of Kazakhstan in the world community, various religious-political organizations and Islamic ideologies have penetrated into Kazakhstan. Among the first visitors to the area were Islamic missionaries from Saudi Arabia, Afghanistan, Pakistan, Turkey, etc. They played important role in influencing the resurgence and radicalization of Islam in the Region. These countries provided financial assistance and religious training to build new mosques and reinvigorate old mosques and madrasahs. They also circulated free copies of the Koran translated into Russian and other Central Asian languages (Phoolbadan 2014: 123).

Central Asian Countries borders are connected with Afghanistan. The militant groups operated in Afghanistan established the heroin laboratories by using opium poppy crops of the golden crescent in the Afghan-Pakistani border region. Opium and heroin are the major sources of financing the armed conflicts in region and Afghanistan, especially for Taliban, IMU, and Hizbut-ut-Tahrir (HT). The Taliban used income from the opium trade to fund militants in neighbouring countries such as the Islamic movement of Turkestan and the Chechen resistance (Makhmudov 2011: 161).

Because of the opening of borders and active involvement of Kazakhstan in the world community, a number of religious-political organizations and Islamic ideologies have penetrated into Kazakhstan. Over the years, Kazakhstan has witnessed the spread of radical Islamic ideas, as well as practices such as wearing of Islamic religious clothes not



inherent in traditional culture. A majority of Kazakh citizens now share a negative attitude towards different pseudo-religious organizations, neo-paganism, occultism, satanism and radical Islamic organizations that stay under the radar. Cases of imposing religious exclusiveness and intolerance, acts of vandalism and inflicting harm on psychological and mental health are quite frequent (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013:1613).

Keeping the disturbing trends in view, Kazakhstan, like other former Soviet countries, has strengthened its policy towards new non-traditional religious groups and religious-political organizations. The constitution prohibits the creation of political parties based on religious ideas and values. Moreover, the countries of the CIS are rendering aid to the religions traditionally practiced by the majority of the population: Islam and Orthodox Christianity. Nevertheless, religious-extremist movements and radical Islamic groups are growing in number and strength unprecedentedly. As a result, the political stability in the CIS countries is facing a serious threat. Though the signs of religious extremism have not been so much visible in Kazakhstan as in other neighbouring countries, the threat cannot be overlooked (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013: 1614).

As for national legislations, it is necessary to point out that the greatest problem is the differences over perception and understanding of terrorism. Kazakhstan and Kyrgyzstan define terrorism first of all as “an illegal, penal act”, for Uzbekistan and Tajikistan it is “violence or a threat of its application” (Karatayeva 2011: 108).

Central Asian countries have not created their own regional system of counter terrorism. It is Russia which sustains all the regional anti terrorist projects. Within the framework of SCO, CSTO, and ATC (anti-terrorist centre) of CIS, all anti-terrorist activities of the region take place.

### **Islamic Movements**

Following the disintegration of the Soviet Union, countries of Central Asia have experienced the threat of Islamic revival leading to the emergence of radical Islamic ideologies that have been observed in Muslim countries throughout the world. Besides

the ethnic Kazakh people, Kazakhstanis of Turkish, Azerbaijani, Chechen, Uzbek and other Asian ethnicities also follow Islam as their main religion. New socio-political cultural realities in the post-Soviet space have largely accounted for the growth of national self-consciousness and introduced shifts in the spiritual-intellectual direction. The most striking instance has been provided by the way populations of the former Soviet states look upon religious customs and values. The Islamic world was quick to notice the religious revival in the Central Asian countries. Saudi Arabia, Turkey, Jordan, Pakistan and Iran were among the first countries to offer assistance to Kazakhstan in the wake of the dissolution of the Soviet Union. These countries sponsored education for Kazakhstan's Muslim youth in the 1990s. A number of religious preachers from these countries have advocated alternative ideologies, and have taken prompt initiatives to set up educational centres as well as other charitable organizations where Arabic and the fundamentals of the religion could be taught. To enlighten people with religious education, Sharia was strictly adhered to in these institutions. The connection between this emergence of Islamic ideology and the spread of extremist ideas is too well-known now, as it has threatened the prospects of national security in Central Asian countries. In Kazakhstan alone, there are approximately 1700 Islamist associations operating today. A majority of these follow the Hanafi school of thought of Sunni Islam. This school of Islamic thought is regarded as the most tolerant and liberal one that respects traditional culture and acknowledges the traditional norms prevalent at local level. At present, Wahhabist, Hisbut Tahrir, Tabligi Jamaat, Takphir, Salafist and Sufi branches are extremely active Islamic organizations across the length and breadth of Kazakhstan (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013: 1614).

With the revival of Islam in the CIS Countries, Islamic fundamentalism spread in the 1990s. In the religious space of Kazakhstan, the spread of Wahhabi and Salafi ideology is dangerous, because the younger generation under its influence tends to search for and practice the pure form of Islam. The goal of this ideology is the destruction of the established traditional system of norms and the worldview of local people. By targeting the youth, the Wahhabist and Salafi Islamic organizations basically spread intolerance

towards other Islamic and non-Islamic faiths in general (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013: 1614).

The major Problems of the Struggle against Terrorism for Kazakhstan are the porous borders with Uzbekistan and Kyrgyzstan and the drug trafficking as a source for financing terrorism. As a matter of fact, the most possible threatening terrorist groups are IMU and Hizb-ut-Tahrir (Frigerio 2011: 132).

The activity of the religious Islamic organization Hisbut-Tahrir, now outlawed in Russia and the Central Asian countries, is also responsible for the spread of the ideas based on Islamic fundamentalism. A few other countries such as Egypt, Syria and Libya also prohibit its functioning on their territories. First noticed in a small Kazakhstan town (Turkistan), Hisbut-Tahrir has now gradually spread to Almaty (the biggest city), emerging as one of the religious political parties that want to re-create the Islamic Caliphate by changing the established political system. A number of Islamic scholars strongly criticized the views of this organization on many Sharia issues. Being a religious-extremist organization, Hisbut- Tahrir is on the list of religious organizations prohibited in Kazakhstan. The radical ideas it advocates pose a threat to national security, rights of the citizens, stability and public consensus. Hizbut-Tahrir members interpret both the Quran and the sayings of Prophet in their own way. Occasionally, their interpretations present distorted version of the original text. They also spread aggressive leaflets calling for a political change (Kulsaryieva, Kurmanalveya & Sikhimbaeva 2013: 1614).

The radical Islamic ideology of Takphir started spreading in Kazakhstan during the mid-1990s. Here are the main views of the Takphir community.

1-Only those who practice the mandatory tenets correctly are regarded as Muslims.

2- Considering itself to be true Muslims, the Islamic community of Takphir calls for fighting with other Islamic communities which regards as 'impure'.

3- People who belong to this community claim that religious education and secular education (referred to as 'pagan education') are incompatible. On account of this, they

ask all their Muslim brethren to boycott secular education and advocate quitting schools, institutions, universities, public organizations and jobs. It is the western part of Kazakhstan where the Takphir movement is mostly found (Kulsaryieva, Kurmanalveya and Sikhimbaeva 2013: 1615).

In general, Islamic radical, extremist activity and ideology have the following features.

- Spreading aggressiveness and intolerance towards the existing political system and institutions.
- Criticism of the established political system and traditional cultural values, calling them pagan.
- Not recognizing the traditional culture of local people and four Islamic legal schools of thought.
- Use and interpretation of Jihadism as a political tool and a tool for spreading violence.
- Substantiation of the Caliphate concept.
- Complete subordination to their leaders .

So far, terrorism has been regarded only as a potential rather than a real threat to Kazakhstan. For this reason, the country's security system has been more focused on prevention and avoidance of other threats, such as drug-trafficking, inter-ethnic conflicts, corruption and economic threats. The experts also do not see the problem of terrorism in Kazakhstan as a stand-alone. Instead, it has been considered only within the broader context of the situation prevailing in Central Asia (Kulsaryieva, Kurmanalveya and Sikhimbaeva 2013: 1615).

In 1995, the ideas of radical Islam already started infiltrating Kazakhstan; they came from (Russia) Dagestan and Chechnya. It's the stage of the formation of the extremist terrorist

underground in Kazakhstan. Later Idea of Wahabism spread spteadely in South Kazakhstan (Atyrau Region- Kazakstan and Russia border).

The major problems of the struggle against terrorism for Kazakhstan are the porous borders with Uzbekistan and Kyrgyzstan and the drug trafficking as a source for financing terrorism. The most threatening terrorist group is IMU (Islamic Movement of Uzbekistan), active since 1992 in Afghanistan, Uzbekistan, Tajikistan and Kyrgyzstan. Its militants have been involved in the war in Afghanistan on the side of the Taliban and connections to Al Qaeda. Other possible threat for Kazakhstan is Hizb-ut-Tahrir, a movement whose goal is the formation of a Caliphate in Central Asia (Frigerio 2011: 132).

Russia is confronting with Chechen Extremists. In 2000-2013, Russia was constantly under attack by separatists from the North Caucasus. Russia saw a number of major terrorist acts, including the Moscow theatre hostage crisis of 2002 (174 dead), the 2004 Beslan school attack (385 dead, mostly children), the 2009 Nevsky Express bombing (27), Moscow metro bombings of 2004 (10) and 2010 (40), Moscow Domodedovo Airport bombing of 2011, which killed 37 and the bombings in Volgograd.

Russia is grappling with several concerns connected to its national security. While Central Asia is rife with unstable conditions that can fire up its border, there are also concerns regarding the negative ramifications of recent developments in Afghanistan and the strength Taliban's assistance to the Chechen rebels. There have been reports that 200 taliban cadres will fight for Chechnya, while Chechen commanders, have also been reported to arrive in Kabul and Kandahar. A Joint training camp has also been reportedly set up in Mazar-i-Sharif with the purpose to train Islamic dissidents from all over Central Asia. These reports certainly hold enough reason for Russia to worry over its security. (Roy 2001).

Radical Islam is also turning into a concern for Russia. Several Russians have converted to Islam and many more are following suit. Of these converts, a sizeable number of people joined radical organisations to eventually conduct bombings and suicide attacks in Russia, of which the most recent ones were carried out in October and December 2013, in

Volgograd. While this situation is no doubt a serious concern but a worse situation is the recruitment of local muslims to fight on behalf of extremist groups in Afghanistan, Pakistan, and now Syria. Al-Monitor reports that terrorist organization Islamic State of Iraq and al-Sham (ISIS) and other jihadist groups comprise of several hundred Russians, of which about 250 have been reported to have come from Chechnya. The authorities are worried that in the aftermath of the Syrian civil war, Russian fighters, particularly Chechen Islamist militants, will return to Russia and influence local Muslim populations; in the same fashion as the Arab missionaries in Russia of the 1990s. Such concerns have led Russia to draft a policy on the Syrian crisis and the latter's efforts to prevent the various rebel groups from procuring arms and ammunition as they aim to overthrow Assad.<sup>61</sup> Therefore, it is very crucial for Russia to undertake effective measures to ensure that radical elements find themselves unable to infiltrate Russian society.

Russian military facilities and testing ranges on Kazakh territory have been under controversy several times affecting the bilateral relations of both the nations. The disputes have largely been about their legal status, cost of lease and the ecological damage inflicted on them. These disputes have now existed for a long time and received some political undertones. Russian nationalists describe their military presence in Kazakhstan as the primary means of establishing their influence on Kazakhstan from the perspective of defense. Interest in the military value of the sites holding their presence cannot be ruled out, especially of the Baikonur Space Center and testing grounds, the Balkhash Missile Attack Warning Centre and test ranges, the Sary Shagan strategic anti-aircraft and anti-missile defense system, and the Emba tactical anti-craft defense systems (Allison 1999: 51).

At the end of 2012, **discord over Baikonur cosmodrome** between Russia and Kazakhstan occurred for the first time. It began with Talgat Musabayev, the head of the Kazakhstani Space Agency KazCosmos, making the announcement that Kazakhstan might be willing to renegotiate the lease terms. He further added that if there were no negotiation, Kazakhstan could abrogate the existing pact and reassert its sovereign

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<sup>61</sup> Militant Islamism in Russia is the product of outside influences, Homeland Security News Wire, March 4, 2004, Accessed on August 8, 2016, Available: <http://www.homelandsecuritynewswire.com/dr20140304-militant-islamism-in-russia-is-the-product-of-outside-influences>

control over the facility. Since 1994, Russia had been holding an exclusive lease on Baikonur, paying an annual rent of \$115 million. Moreover, a contribution of approximately 1.16 billion rubles, or about \$38.5 million per year had also been made by Russia to the surrounding city of Baikonur. It is important to note that the Baikonur concession is considered a federal entity within the Russian Federation, possessing the same status as Moscow and St. Petersburg (Kumkova 2013).

In a simmering dispute about the fall zone of debris from the launches, Kazakhstan has restricted the number of permitted commercial satellite launches by Russia. On its part, Russia has warned Kazakhstan it will withdraw from joint projects if Astana insists on restricting satellite launches from Russia's rented Baikonur cosmodrome. In 2013, Kazakhstan permitted only 12 launches of Proton-M rockets, down from 14 in the previous year. Subsequently, Kazakhstan has asserted greater control over Baikonur and over activities at the space base, which Russia rents for around \$115 million per year in an agreement drawn up in the 1990s that is valid up to 2050. Concerns over rocket launches are visibly about environmental impact and safety. However, Kazakhstan has simultaneously Russia of its reliance on Baikonur in a dispute over financial and geopolitical issues.<sup>62</sup>

The problem of the **Legal status of the Caspian Sea** has acquired a contentious scene. The uniqueness of the Caspian Sea is due to various key factors. The Caspian Sea is the largest closed water body of the world. The resources of the Caspian Sea are exclusive. The main assets of the Caspian Sea are oil and gas. Predicted hydrocarbon resources are estimated at 18 billion tonnes of fuel equivalent, and proven reserves at up to 4 billion tonnes. This is the second largest oil and gas field after the Persian Gulf. This is very busy 'water transport node' along the way of the "North-South" and "East-West" transport corridors. Subsequently the military and political significance of the Caspian Sea is of great importance as its waters wash Europe, the Caucasus and Central Asia (Usmanov 2017: 82).

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<sup>62</sup> Russia warns Kazakhstan in Baikonur cosmodrome dispute, January 24, 2013, Available at: [http://www.spacedaily.com/reports/Russia\\_warns\\_Kazakhstan\\_in\\_Baikonur\\_cosmodrome\\_dispute\\_999.html](http://www.spacedaily.com/reports/Russia_warns_Kazakhstan_in_Baikonur_cosmodrome_dispute_999.html)

It is necessary to solve the question of the legal status of the Caspian Sea, which became important after the disintegration of the Soviet Union, when the emergence of new subjects of the international law (Azerbaijan, Kazakhstan and Turkmenistan) raised the question of the demarcation of the Caspian Sea not between two, but among five countries. Before that moment, the status of the Caspian Sea was regulated by treaties of 1921 and 1940 between Russia and Iran. Immediately after the collapse of the Union, its sovereign Caspian states, with the exception of Russia, claimed that they did not recognise the validity of the agreements signed by the former USSR and Iran (Usmanov 2017: 83).

Attempts to review the status of the Sea since 1991 were made repeatedly by Azerbaijan and Kazakhstan. Russia offered to return to the legal regime established by the Soviet-Iranian treaties and to put off the issue of the sea's status till some indefinite time in the future. Russia and Kazakhstan signed an agreement on the demarcation of the northern part of the Caspian Sea (July 1998) and signed a protocol thereto (May 2002). In the Fourth Caspian Summit (2014, Astrakhan), a serious step was made in determining the international legal status of the Caspian Sea. All parties have agreed to meet in 2016 in Kazakhstan for the final signing of the Convention on the legal status of the Caspian Sea (Usmanov 2017: 84).

**Environmental degradation** in the region is another threat to that needs resolution. Central Asian nations have witnessed of the greatest environmental disasters, especially in the Aral and Caspian Seas. Levels of air pollution are also rising significantly to cause concerns. Such problems lead to increasing tension and become worrisome for Russia. Therefore, Russia should initiate discussion with other Central Asian countries and ensure the region's ecological security (Roy 2001).

During the Soviet period natural resources were exploited and processed for industrialization. This process led to a significant level of environmental pollution and degraded land in CARs. Uranium mining has also left the region with weakly maintained radioactive waste storage sites. Kazakhstan has marked an increased level of nuclear radiation due to the remnants of nuclear test sites. The decrease of Aral Sea is also a



serious problem in the region. Two main rivers of the region Amu Darya and Syr Darya feed the Aral Sea. Due to the high use of water for irrigation and industrial purposes, flow of these rivers has been reduced drastically. Due to the increased evaporation, soil salinity problems have worsened (Phoolbadan 2015: 101-102).

Life expectancy in the littoral region of Aral Sea has reduced to 60 years. This region accounts for 10 % of the Kazakh population. Unfortunately for Aral Sea, this disaster is one of the most serious ecological catastrophes in the world and despite having drawn international attention, no amount of correctionist measures seem to have worked here. This region's primary stakeholders such as Russia and Kazakhstan should take the responsibility and collaborate with other actors to resolve this problem immediately, so that a healthy future can be promised to its inhabitants (Naumkin 1999: 94-95).

Today, the Sea is harshly polluted from absorption of more than 100 rivers which enter in it, and the unrestrained oil and gas drawing out from the sea. The governments of the Caspian region have recognized that the level of the sea is rising, flooding residential and industrial areas which are a grave threat to the atmosphere of the Caspian region. Power plant at Shore of the Caspian Sea (Aktau-Kazakhstan) and oil pollution is other reason for the pollution of the Caspian Sea. Daily drawing out of crude oil and gas and shipping of them are the main sources of pollution of the sea (Phoolbadan 2015: 107-108).

Environmentalists fear that offshore oil production in the Caspian Sea holds enough potential to damage its biological resources, the stock of sturgeon fish in particular. Already there is a sharp decline visible in the number of sturgeon fish. The Caspian ecosystem is unique and faces destruction due to high discharge of sewage and other pollutants. The rise in its water level is a crucial concern for all the littoral states and warrants their immediate attention and a joint effort. At present, more than 650000 hectares of land adjoining the Caspian in Kazakhstan stand flooded (Naumkin 1999: 94-95).

On close analysis, we find that Caspian Sea holds stakes for Russia in context of its relations with Kazakhstan. In principle, both the countries share their concerns on this issue. Initially Russia played politics by stopping Kazakhstan develop any naval

capabilities on Caspian, by creating a dispute on its status as a water body, a sea or a lake. This was done to serve its own interest to lay claims on the Caspian water body. However, Astana may also be advancing its efforts to build a naval base there, so that it can be legally regarded as sea and it has rights to it in the future. (McDermott 2012-15: 24).

An agreement has been signed between the two governments to delimit use of the seabed in the northern part of the Caspian sea. As officials from the two sides said, this amounts to “moving the problem out of the previous deadlock”. Despite that, the two sides remain divided on many remaining issues, including the issue of transporting Kazakh oil to the world market.

At present, the major flow of hydrocarbons from Kazakhstan passes through Russian territory by means of the Caspian pipeline consortium and the Uzen- Atyrau- Samara pipelines. There are plans to launch alternative projects for exporting Kazakh oil. Nevertheless, Kazakhstan is actively seeking alternative routes outside of Russia. Keeping this in view, pipeline projects currently under development through Iran, China, and Azerbaijan may prove promising, not the least by markedly decreasing Moscow’s influence over Astana.

On account of potential as a significant source of energy, and increasing geostrategic importance, Central Asia has captured attention of the great powers. While its significance has increased, the power of Russia to shape its strategy in Central Asia has also grown considerably. However, the West’s encroachment and ‘color’ revolutions in Ukraine, Georgia, and Kyrgyzstan have only intensified Russia’s fears regarding western influence in Central Asia, Caucasus and Eastern Europe. Besides, terrorism, narcotics trafficking, and organized crime in Central Asia have posed threat to Russia. Russia’s regional presence has also faced challenge posed by nationalism and multi- vector foreign policies of the Central Asian states (Muzalevsky 2009: 27).

The **increasing economic and military influence of the EU, US and China** has resisted Russia’s regional objectives. It is perceived that the US motivation to encircle Russia with military bases and democratic regimes, along with the EU’s bid to break the region’s

dependence on Russia for energy exports has posed a major challenge for Russia's goal of restoring its influence in the buffer zone of Central Asia. Moreover, Russia's military strategy in the near future may also be threatened by China, its SCO partner and the country immediately bordering Central Asia. However, Russia has been reasonably successful so far in maintaining a political and military buffer zone in Central Asia, due to which it has got an opportunity to pursue its grand multi-polar strategy in international affairs. The success of this strategy will invariably depend on Russia's ability to sustain its economic growth and compete politically and militarily with outside powers trying to establish themselves in Central Asia and contain the influence of Russia. There is no gainsaying that a lot depends on the policies adopted by Central Asian states individually (Muzalevsky 2009: 41).

In spite of the largely positive nature of Russian – Kazakhstani cooperation, their bilateral relations are marred by certain controversies erupting now and then. One such controversy surfaced in late September 2012, when Nazarbayev's political advisor Ermukhamet Ertysbayev publicly admitted that the establishment of a Eurasian parliament could not be seriously considered in the short and even medium term. Averting that such a process should be preceded by the full harmonization of legislation in the customs union, he stated that the functioning of this integration structure was still far from attaining its primary objectives. The Russian side has, on the other hand, shown more optimism about the prospect of strengthening the ties of post-soviet integration under Moscow's leadership (Voloshin 2012).

In May 2012, the speaker of Russia's Duma Sergei Naryshkin discussed with President Putin, the creation of a trilateral expert commission to work out a "roadmap" leading up to a Eurasian parliamentary assembly, which would be the necessary precursor of a comprehensive Eurasian parliament. Subsequently, in an interview to the Russian information agency, Naryshkin categorically stated that such an assembly would become operational very soon. He further emphasised that the initiative would be guided by the core principles of free will, equality, sovereignty, and accountability for their commitments (Voloshin 2012).

No doubt, the official media of both countries have not been quite articulate on these differences in vision with regard to integration processes in future within the post-soviet. It's evident; however, that Kazakhstan cannot bind itself to Moscow's instructions uncritically, as the number of people in Kazakhstan who are unhappy with price hike and new complicated administrative procedures imposed by the Customs Union seems to be growing day by day (Voloshin 2012). The militarization of the Caspian Sea, aggravated by claims to oil and gas fields and the need to protect new sectoral maritime borders, could lead to Russian clashes of interest with other CIS States.

## **Conclusion**

The erstwhile Soviet Union disintegrated in December 1991. Soon after the collapse of the Soviet system, Russia became the successor of the Soviet Union and Kazakhstan emerged as an independent sovereign nation state on the political map of the world. Kazakhstan shares largest boundary with Russia and one of the closes ally of it in the international arena. If we look at the history of these two nations, officially diplomatic relation between them established in 1992, but traditionally and culturally their relations are centuries old. Collapse of the Soviet system resulted in the form of economic recession, political instability, social system failure, security threats, increasing unemployment and poverty etc. For a better and stable situation and for future perspective, Russian and Kazakh Governments signed various treaties and agreements to boost up and give a rapid speed to their growing relations.

Yeltsin and Nazarbayev tried to start a new era of relations between both countries. In 1992, Collective Security Treaty was signed, which came into force after its ratification in 1994. It was a milestone in the development of joint initiatives. At the same time Nazarbayev came with the idea of Economic Union based on free circulation of goods, services, labour and capital within a common rubble zone. When Nazarbayev realized that the idea of Economic Union would not properly work in reality, he came up with a new initiative known as Eurasion Union, integration within the CIS Countries. At that time it did not work as it was expected. But in the ongoing years it was practically implemented. In 1995, Russia, Kazakhstan and Belarus signed agreement on Customs Union and agreed a phased wise course of action for implementing cooperation agreements. It was a great step towards economic integration.

But, after 1995, Kazakh ideology of the Eurasion Bridge shifted towards multi-directional policy. Both nations also cooperated with each other through various regional organizations besides bilateral relations. Time to time both countries priorities shifted according their national interests, but their cooperation remained close. Both countries

faced a lot of challenges throughout these years. These challenges were economic problem, social problem, security threats, terrorism etc. but worked together to resolve the problems and set the agenda to achieve the goals. Both countries relations saw up's and down's during the period of the last 25 years due to their national interest and interference from the external powers. But both countries maintained their cooperative behavior toward each other in such a changing global scenario.

The Baikonur launching site was an important part of their relation. This has given a new direction to their space mission programs. There were some minor differences on this site due to rental price and environmental problems but both countries solved the issue in a cordial manner. Both countries refer their relation with each other as a strategic relationship. During 2000-2005, the Kazakh President Nazarbayev initiated various integration initiatives such as revived proposals for Eurasian Union and a common currency. In 2009, under the umbrella of CSTO both countries established Collective forces of first response to tackle any security threats. Due to their close collaboration and cooperation Kazakhstan win the support of Russia to become the OSCE Chairman in 2010. In 2012, both countries signed a landmark document to replace the 1992 Treaty of Friendship, Cooperation and Mutual Assistance. This new document adopted in 2013 named "the good neighbor and alliance treaty for the 21<sup>st</sup> century". This document reflects various achievements of Kazakh- Russian political dialogue as well as military, economic, cultural, scientific and other forms of cooperation during the last 25 years.

Since 1991, the cooperation between both countries have been passed through various stages of evolution. Kazakhstan's policy priority area in economic term is strengthening of economic cooperation with Russia and constantly integration of the economies of CIS Countries. In the initial years after the collapse of the Soviet Union, when the both countries economy damaged, they recommitted themselves to restoring closer ties. They developed mutual positions on key challenges in trade and business relations. Russia did investment in Kazakhstan's reconstruction. Economic relationship between both countries was one-way with Russia's heavy investment in Kazakhstan. But in the present scenario picture has changed and Kazakhstan has shown its interest in investing into Russia's economy. During 2008-2011, Kazakhstan's investments in the Russian economy

have been bigger than Russian investment in Kazakhstan's economy. Eurasian Development Bank is a big step to foster their economic relationship. Due to global financial crisis, in 2009 both countries trade saw a drastic slow down but gradually now they recover from that situation. In 2011, Economic Cooperation Program for 2012-2020 was signed between two countries. It will create a much more friendly and cooperative economic relationship between both countries.

In military and defence area various treaties and declaration play an important role. Among them 1994 Military Cooperation Treaty and 1998 "Declaration of Eternal Friendship and Alliance" play a crucial role in both countries relation. This declaration provided mutual military support in the event of aggression by a third party. Both countries signed more than 60 documents on various aspects of military cooperation. Both countries also signed Joint Operation Plan for the years 2010-2015. These steps give a more clearly defined direction to their relationship. In Energy area, both countries cooperated in a beneficial manner for each other. In this field Caspian Pipeline Consortium and Uzen-Atirau-Samara pipelines are very important. Development of Kurmangazy and Khvalynskoye oil and gas fields are also play a crucial role in both countries relationship. Russian Companies LUKOIL and Rosneft are very active in Kazakhstan. Both countries with their joint efforts and to boost up their economy, give special attention to this area of cooperation.

Drug trafficking, terrorism and Extremism are another very vital area of their cooperation. Opium puppy is harvested in Afghanistan and transported through the ancient silk route to Europe and China. Annually a big amount of heroin captured at Russia's borders. A big amount of black money generated from these illegal activities helps to fund terrorist activities. In 2005, Kazakh President Nazarbayev signed the law 'On countering extremism' and in 2011, Supreme court of Kazakhstan recognized several international organizations as terrorist and outlawed them. Russia's serious concern over the spread of religious radicalism in Central Asia is also due to the fact that Kazakhstan is a nuclear power. Various organizations call themselves Islamic and operate all over Russia, including the North Caucasus, the Volga region and the Urals.

Border cooperation is a much more important area because these steps give a strong step to counter illegal activities. Kazakhstan has developed relations with five regions of Russia, which are Omsk, Kurgan, Chelyabinsk, Orenburg and Astrakhan. Treaty on Russia- Kazakhstan Border in 2005 was important in their relation in the aspects of border cooperation. In 2010, an agreement in interregional and cross-border cooperation was also signed. Besides, Nuclear, Space, Environment and River cooperation play an important and comprehensive role in their relation. Baikonur Cosmodrome plays a very important role in their relation from the Space program perspective.

Kazakhstan has adopted a multi-vector foreign policy to balance relations with China, Russia, U.S and Central Asian States etc. In the priority view, Kazakhstan's relations with Russia are most important, then China, U.S and E.U and other Central Asian countries and lastly by other Asian countries. Kazakhstan's multi vector foreign policy is much flexible to keep away the conflict of great power politics. Russia is interested in oil and gas, transportation and energy distribution systems, uranium reserves used for nuclear weapons production and regional security. But presence of the U.S, China and European Union has challenged Russia's efforts to control CARs market. U.S is interested in the development of the energy rich region and democratizing the region as an effort to counter Russia. U.S targeted its goal in the name of democracy, freedom, human rights and fighting corruption etc. U.S engaged in Kazakhstan for nuclear security, transfer of nuclear weapons from Kazakhstan and for pipeline strategy as well as to build a close relation with the countries of the former Soviet Union to counter the Russia's influence. U.S pressurized Kazakhstan to turn the Baku-Ceyhan pipeline into the Aktau-Baku-Ceyhan pipeline to fulfill their interests.

China has a vast interest in CARs for energy requirements and maintains stability along its borders. For their energy needs China did various agreements with Kazakhstan for the pipeline project from Kazakhstan to the Ala Pass in the Chinese province of Xinjiang. Kazakhstan acknowledges that in energy field, China provides balance between the U.S and Russia. China also wants to control the separatist and terrorist activity in Xinjiang province through Kazakhstan's support. Terrorists, extremists and separatists in Xinxiang are serious threat to stability in this area. They are using Kazakhstan as a base and



regularly attempt to penetrate into Xinjiang. China wants Kazakhstan support on China's position on Taiwan and issue of separatism.

European Union established its strong base in Kazakhstan. It wants to multilateral political, economic, cultural and humanitarian cooperation between both. EU gave assistance to Kazakhstan through health care, social welfare programs, economic reform and scientific research. Kazakhstan benefits from the interstate oil and gas transport to Europe program. For European Union, while earlier policies focused almost on oil and gas and the development of transcontinental transport networks but after 9/11 incident, the priority shifted to providing stability in the region. On the democratization issue or human rights and economic liberalization, EU succeeded to inter in Former Soviet Union territory and penetrate Western type of culture and economic system. These trends are alarm for Russia's area of Influence.

For Russia, presence of external powers in Kazakhstan and Central Asia create a fearful environment for its interests and influence in the region. U.S secret bases revealed near Former Soviet Union countries borders antagonized Russia. Its security is threatened by NATO's expansion and strategy. China's growing economic activities in Kazakhstan harms Russia's economic interests. China's possible deployment of its bases presents major challenge for Russia in security perspective. In the name of countering 'regional terrorism' China grows its activities in the region.

Russia viewed the former Soviet Union territory through the prism of regional institutions/organizations. Besides bilateral relations, Russia and Kazakhstan both worked and cooperated with each other within the framework of regional organizations such as CIS, CSTO, SCO, Custom Union and EEU. These organizations provide both countries an umbrella for regional and economic security. But at various times some of these organizations were failed to fulfill their interests, yet play an important role in International arena. CSTO and SCO have adopted cooperative mechanisms and programs to counter terrorism. Counter-terrorism cooperation is a crucial element in the CSTO and SCO. A single SCO energy market is considered as an important tool of cooperation.

To facilitate the creation of a Customs Union and A Common Economic Space, EurAsEC was created. After that on the basis of EurAsEC , Customs Union came into existence. After that, to expand the trade in the region, Russia, Kazakhstan and Belarus transformed the Customs Union into a Single Economic Space. In May 2014, three countries signed the agreement on EEU formation which came into existence in January 2015. Three countries formed common market with free movements of goods, services, capital and workforce. EEU is a full-fledged economic bloc and worked as a bridge between Asia and Europe. But there are still problems for the future of the EEU. Member countries have their numerous interests which pose serious threat for the success of the Eurasian Economic Union.

During 1991-2014, Russia and Kazakhstan faced several challenges in their relations due to bilateral problems as well as due to external powers interference. After the collapse of Soviet system, both countries faced economic and political instability situation. Social security issues were prominent in them. There have been several problems which affected their relations and faced by both of them jointly. In such events, these issues were mainly acknowledged such as Russian-Ukraine conflict, Western Sanctions on Russian economy, Illegal migration, Drugs and illegal trafficking, Ethnic problem, Radical religious-political extremism, Environmental degradation, Discord over Baikonur Cosmodrome, Militarization of the Caspian Sea, and growing economic and military involvement of the Global Powers. Such issues created tensions in their relations but their cooperative approach solved these problems time to time, but few issues are unresolved yet. To resolve these issues both countries work together and understand each other situation.

From the beginning of the research the researcher had taken two hypotheses as the basis of research. The first hypothesis is “The increasing threat of international terrorism, transnational crimes and economic recession has forced Russia and Kazakhstan to consolidate their strategic cooperation”.

In the aftermath of the disintegration of the erstwhile Soviet Union several problems emerged in the former Soviet Union republics. Various forms of Islamism emerged who

was under control during the Soviet period. Radical extremism also emerged very speedily and spread throughout the region. Wahhabist groups gave a push to spread of Arabic Islam. Due to globalization and opening of the borders, various religious – political organizations and radical ideologies have entered in Post-Soviet region. Russia also faced such problems. Chechnya issue is very problematic for Russia. Dagestan and Tatarstan region is also influenced by such radical ideologies. Various radical groups were trained by Taliban in Afghanistan. After getting training they entered in Russian and CARs territory and try to destabilize the region. They posed a serious threat to their security and stability. In Kazakhstan, most radical organizations are Wahhabist, Salafi, Hizb-ut-Tahrir, Tabligi, and Takphir etc. Iraq and Syrian crisis also posed serious threat to the national security because from there radical groups have entered in Central Asia as migrants are involved in various illegal activities. To counter these activities and keep the region safe and stable Russia and Kazakhstan's cooperation are essential. Russia and Kazakhstan worked together under the framework of CSTO and SCO to counter the terrorist activities. Kazakh president Nazarbayev also proposed the creation of an international network to combat terrorism under the auspices of the U.N.

Russia and Kazakhstan faces major security threats from Trans-national crimes. Kazakhstan become consumer of heroin, illegal immigration and also affected from higher rate of spreading of HIV/AIDS. Russia also faces Drug trafficking problem and illegal arms smuggling. Central Asian states are increasingly involved in the illicit production and transport of drugs. The money received from these activities used to finance illegal political and militant activities. Drug dealing in the region has close links with organized criminal groups and separatist and extremist's movements. Due to transparent border between Russia and Kazakhstan, drug traffickers operate their activities in a easy way. These problems forced Russia and Kazakhstan to cooperate with each other to counter it together.

Soon after the disintegration, both countries faced extremely hard economic problems. At that time, both the countries opened their market for the foreign actors and then investments came into their countries, which provided stability to their economy. Russia and Kazakhstan are well tested economic partners. They are committed to revive

economic ties and evolve mutual consensus on tackling major hurdles in economic area. Russia has the largest share in Kazakhstan's imports. EEU and EDB are the major economic cooperation frameworks between them. During the global economic crisis, once again their economies were fractured. Russia and Kazakhstan economically well connected with each other. Fall down of ruble and Oil and gas prices also affected Kazakhstan in a manner. It's widely accepted that the global financial crisis was triggered by a shortfall in the liquidity of the US banking system. As in a Globalized world, every country connected with each other economically and other manner, so other countries were also affected from this economic crisis. It was well known that Russia's economy boom was fuelled by high oil and natural gas prices, which sparked short-term speculative investment in the Russian stock markets. Analytically two main factors play important role for economic crisis consequences in Russia. Firstly, Withdrawal of foreign investments from Russia and Secondly, Decline in the international prices of oil and natural gas. Oil and gas exports account for nearly two-thirds of all the money Russia earns from abroad. The fall of oil prices soon led to a similar fall in the Russian stock market. To counter the effects of the crisis, the Russian and Kazakh Governments created their own stimulus package, injecting massive liquidity into the economy. Economic crisis might necessitate the leaders to push ahead the much needed economic reforms. Since the oil fuelled boom had made them indifferent to the reform process, the governments became less vigilant and believed that the economy was shock-resistant.

Due to the fall down of oil and gas prices, the economies of both the countries have badly affected. Now there was need to close economic cooperation so that they can come out to rise from this pathetic condition. There was an urgent need for the diversification of the economy, with due focus on engineering industry, production of a wide range of consumer goods, agro-processing and so on. With the time, leaders of both the countries again enhanced cooperation with each other and restored their economic market. Economic crisis play a crucial role to cooperate both countries. For surviving in such conditions, their cooperation was essential and it was a lesson for future too.

The Second hypothesis deals with “Regional Organizations like SCO and CSTO provide an instrument to mitigate the negative impact of fragile security situation and keep the region stable”.

Disintegration of the Soviet Union created a fragile security situation in Central Asia. Various security challenges emerged before Russia and Central Asian Republics. Today, old security challenges have been revived, and new ones have also emerged because global security system no longer works. Existing and potential threats created both inside and outside the region a fear environment. International terrorism, religious extremism and instability in the border area like Afghanistan and Iraq affected the security of Central Asia. Illicit trafficking of drugs and weapons and trans-border organized crime also play a major role to destabilize the region. Various radical ideologies and groups also pose a serious security threat in the region. These ideologies and groups are- Wahhabism, Salafism, AL-Queda, Hizb-ut-Tahrir, IMU, etc.

NATO is not able to tackle these threats. Regional cooperation in the security sphere is not smooth despite common external threats and challenges. Deeper integration is required in this area. SCO and CSTO served as reliable pillars of regional security and stability. These structures tried to ensure regional security through multilateral cooperation. Russia, China and Kazakhstan are major player and closest neighbours of Central Asian countries involved in these structures (Russia and Kazakhstan in SCO and CSTO, China in SCO). CSTO is an open military-political defence organization. In 2001, the organization acquired Collective Rapid Deployment forces. In 2009, CSTO Summit approved to set up the Collective Rapid Response Forces. SCO, a regional security organization has major goal to combat the three evils of terrorism, separatism and extremism. Under SCO Regional Anti-Terrorism Structure (RATS) was created with the headquarters at Tashkent. Under the both organizations Russia and Kazakhstan conduct joint exercises of the army and Special Forces for anti-terrorism reaction.

Afghanistan Security situation is remaining a big concern for all SCO member states. After the withdrawal of the NATO led ISAF forces, rearrangement of the remaining contingent in Afghanistan trigger a hazardous increase in terrorist threats in Afghanistan

and neighbouring countries. So, it is really essential for all SCO members and observer states to clearly define the post-2014 implications for the SCO. As well as, the opportunities for SCO to stabilize Afghanistan or at least reduce the threat of terrorism and drug trafficking.

The SCO must prepare to take on security challenges emanating from neighbouring Afghanistan. Many SCO member countries share border with Afghanistan. In the Past, conflict in Afghanistan have had effect for these countries too. In order to maintain peace and stability in the region, Russia sought to push the SCO to start engaging in Afghanistan. This Russian initiative has provided the SCO a new opportunity to play an important geopolitical role in the region.

In the light of the above analysis all the two hypothesis stand verified. Though other factors might have also contributed to the strategic cooperation between Russia and Kazakhstan, but the stand of the hypotheses seem to be vindicated.

In spite of the above said factors, there are also several other factors for Strategic cooperation between Russia and Kazakhstan. The main reason of strategic cooperation is economic and military. Other factors which contribute in the strategic cooperation are energy , space, Trans-border organized crime, terrorism, religious extremism, illegal migration, illicit trafficking of drugs, environmental threats, and ethnicity, etc.

Thus, we can say that, Strategic cooperation between Russia and Kazakhstan is getting stronger day by day. In the Post- Soviet Scenario, Paradigm security shift increase the security threat perception of the region and this threat perception has forced Russia and Kazakhstan to consolidate their cooperation to counter these emerging threats. Today, Russia and Kazakhstan are strategic partner and work together under various frameworks such as SCO and CSTO to mitigate the negative impact of fragile situation of the region. For the stable regional peace and bringing prosperity their cooperation is the need of the time.

However, the researcher found that economic and security concerns are primary reason for Russia and Kazakhstan to integrate their economy and defence field. Constantly

changing environment of the region fluctuate their relation time to time. There relations are generally positive but it can't say that they will remain same in the near future, because their national interests are different and sovereignty is supreme and they will act accordingly. This was also seen in the previous incidents when their opinion and actions are different on various issues in the international arena. Both countries cooperation on some other areas like grain production, infrastructure, and way to common currency are still very slow.

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