CHAPTER 1

Russian Policy Toward Kazakhstan

VITALY V. NAUMKIN

The events of September 11 fundamentally changed the international setting and directly affected Russian-Kazakh relations. That which had recently seemed indisputable now appears anachronistic; that which recently received no attention is now the object of heightened interest. International terrorism has assumed a position of primacy among the threats to global security, and the importance of Central Asia in global politics has risen substantially. I will return to the way all this has, from a Russian perspective, changed the picture in Central Asia in the concluding part of this chapter.

However, it is important to recognize that major features of Russia's relationship with Kazakhstan remain unchanged. Well before September 11, 2001, Kazakhstan constituted a major priority of Russian policy toward the post-Soviet space for several good reasons. First, Kazakhstan is an immediate neighbor of Russia, sharing a 7000-kilometer border. Second, the object of increasing regional and global attention, it is Russia's gateway to the rest of Central Asia. Third, as one of the states bordering the oil-rich Caspian Sea, Kazakhstan has enormous resource potential and is one of Russia's most important economic partners. Fourth, the largest Russian community in the Commonwealth of Independent States (CIS) after that of Ukraine is found in Kazakhstan, where ethnic Russians have sunk deep roots. Finally, Kazakhstan is one of the strongest governments of the CIS, and its president, Nursultan Nazarbaev, is a leading advocate of integration whose many initiatives and activities have a direct bearing on the fate of both Russia and the entire CIS.

It did not take long for those who came to power in Russia after the fall of the Soviet Union to realize the significance of Kazakhstan. Still, Russian objectives toward the new state crystallized only slowly. Russian

policy throughout much of the 1990s was marked by inconsistency, and its actions were often reactive. This was due not only to a lack of clarity regarding Russian interests in Kazakhstan, but also to the influence on the foreign-policy process of numerous competing domestic interest groups. Moreover, the "Kazakhstan factor" became a tool in battles between various political forces in Russia, something clearly evident, for example, in the evolution of the "Russian question," discussed below.

Initially the adjustment to the new reality did not come easy for either side, despite the large stakes each had in the relationship. As the shock over the collapse of the Soviet Union and Kazakhstan's unexpected independence passed, both new and old sources of tension surfaced. A part of the Russian bureaucracy could not bring itself to accept the need to treat this former Soviet Republic as an equal and fully sovereign partner. At the same time, a part of the Kazakh bureaucracy sought to reinforce national independence by gradually pushing Russia out and reducing its influence to the greatest possible extent.

In addition, the Russian leadership's euphoric expectation that Russia would be quickly integrated into the Western community led it to neglect its former sister republics. Nevertheless, Russian-Kazakh relations underwent a slow process of renewal and development. The creation of a new legal foundation for the relationship began to take place. Integrationist impulses gradually gained strength, reflecting trends in public opinion that political leaders in both Russia and Kazakhstan could not help but take into account.

Moscow grew increasingly sensitive to the significance of Kazakhstan in Russia's security calculations and to the benefits of cooperation in this sphere. At the same time, economic ties between the two governments continued to weaken, and talk of integration was not matched by action. Russian political groups that otherwise had little in common, leveled sharp criticism at Kazakhstan, only to be matched by equally angry attacks from the Kazakh side. Even the vocabulary used by Russian politicians provoked the Kazakhstan elite. For example, the term "near abroad" was interpreted as evidence of Russia's neo-imperialist ambitions. Western scholars, for whom Russia's "imperial objectives" in the CIS became a convenient and frequent object of criticism, added fuel to the fire. Moreover, the rapid growth of Western interests and economic presence in Kazakhstan threatened to produce a decisive loss of Russian economic influence. All this helped to prod key parts of the Russian political estab-

lishment to come to terms with Kazakhstan's independence and to begin focusing on Russia's primary stakes in the country.

In the second half of the 1990s, Russian-Kazakh ties accelerated, and Kazakhstan strengthened its position among states to which Russia assigns high priority. Increasingly, policy rested on a recognition of the indissoluble character of ties between the two countries. Neither nationalism on the part of the Kazakh elite nor irredentist attitudes on the part of the Russian elite any longer determined the development of the relationship. Instead relations were increasingly marked by pragmatism and a recognition of the interests of the other party. The rapprochement over the Caspian oil issue best illustrates this evolution in mutual relations. In the especially important realm of security, the emergence of new common threats—terrorism, religious extremism, narcotics trafficking—has stimulated closer cooperation. Lastly, the two sides have overcome smaller crises—such as the unsuccessful launches of the "Proton" missile, the arrest of alleged "Russian terrorists" in Ust-Kamenogorsk, the introduction of new customs on Russian goods—which, in the recent past, might have caused major rift in relations. The events of September 11 have not fundamentally altered these trends.

RUSSIAN-KAZAKH SECURITY COOPERATION

In the beginning of the 1990s, security relations between the two countries were largely defined by negotiations over the removal of nuclear weapons from Kazakhstan, a process in which the United States played an important role. Kazakhstan signed the Treaty on the Nonproliferation of Nuclear Weapons on December 13, 1993, and in July 1994 signed an agreement with the International Atomic Energy Agency guaranteeing that all nuclear activity on its territory would be undertaken for peaceful purposes only.

Earlier, in 1992, Russia and Kazakhstan had reached several agreements focused on securing and safeguarding nuclear facilities and protecting industrial activity in Kazakhstan, including the Treaty on Cooperation in the Peaceful Use of Atomic Energy and the Agreement on the Transportation of Nuclear Materials. By the latter Kazakhstan received uranium hexofloride from Ural factories and sent tablets to all atomic stations in Russia. All exports of Kazakh uranium to American, Australian, and European markets were to pass through the Russian Federation, and the

two countries readily agreed on measures to secure these materials.

Because the 108th unit of the Soviet strategic rocket forces located in Kazkahstan remained intact, its demobilization too required mutual agreement, which was completed in the mid-1990s. Later, the two countries signed an Agreement on the Elimination of the Consequences of Nuclear Explosions on the Territory of Kazakhstan. The agreement addressed a painful problem for the Kazakh public, since it was on Kazakh territory that, in the Soviet era, more than 550 nuclear explosions were conducted, not only at the Semipalatinsk test site, but also in western, southern, and central Kazakhstan. As a result the Kazakh leadership managed to limit the tension stirred by opposition forces eager to exploit the issue for their own political advantage.

In 1995, both countries also signed an agreement on cooperation and mutual payment for the utilization of nuclear materials in the SS-18 strategic nuclear missiles, which were removed from Kazakhstan in conformity with the START I agreement. Thus, effective cooperation with Kazakhstan in security matters helped Russia, as the legal successor to the USSR, to fulfill in precise and timely fashion all of its obligations under international treaties.

Similarly in the mid-1990s the Russian and Kazakh governments worked out an agreement for the export to Russia of uranium, tantalum, and beryllium products, without which the uranium industry in Russia could not function. In turn, Kazakhstan arranged with the State Atomic Surveillance Agency of Russia to provide security for its nuclear facilities. For both governments, it was important to optimize cooperation, because with the collapse of the USSR all scientific, engineering, and production organizations of nuclear enterprises and installations in Kazakhstan now belonged to Russia. An agreement on maintaining the status of the most important of these helped overcome difficulties caused by this situation. It is essential to note that at the time, Russia and Kazakhstan were fruitfully cooperating with the United States on the safe removal of nuclear weapons from Kazakhstan.

For Russia, issues of nuclear security were a high priority in its ties with Kazakhstan. Like the United States, Russia had, and continues to have, an interest in assuring that Kazakh nuclear specialists would not share their experience and knowledge with governments attempting to create weapons of mass destruction and ballistic missiles. In 1994, the Russian media occasionally commented critically on “Operation

Sapphire"—the Kazakh transfer to the United States of 600 kilograms of highly enriched uranium—although this highly classified operation had been agreed to at the highest level of the Russian government. The operation facilitated Russian, Kazakh, and U.S. cooperation in developing a nonproliferation regime in the Central Asian region.

The Russian leadership viewed maintenance of the nonproliferation regime in Kazakhstan as an important objective, especially given that Kazakhstan "is de facto a nuclear power and is considered among the nuclear powers of the world."[1] Complicating matters in both Russia and Kazakhstan, a number of influential politicians and experts felt that Kazakhstan signed the nuclear non-proliferation treaty too hastily, considering that the nuclear powers had not yet themselves fulfilled the treaty's terms and continued their own testing programs.

The problem of the Baikonur Spaceport occupied an especially important place in the system of Russian-Kazakh security relations. In the course of lengthy negotiations, both Russia and Kazakhstan attempted to obtain for themselves the most beneficial rental conditions. The Kazakh side accused Russia of systematically removing equipment from the spaceport and test sites, violating the 1992 Bishkek Agreement. The negotiations finally ended in Kazakhstan's agreement to rent Russia the Baikonur space center and four military test sites for twenty years. The agreement significantly improved the climate of relations between the two countries. Friction, however, arose during Prime Minister Viktor Chernomyrdin's subsequent visit, when Nazarbaev rather abruptly reminded him of the Russian debt for renting Baikonur: "We offered millions of hectares of test sites to the Russian military and we expect reciprocal treatment on the part of Russia."[2] The Russian leadership planned to write off the debt for Baikonur with the Kazakh debt to Russia. According to the Kazakh leadership, the Russian debt for Baikonur at that time was $450 million.

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[1] V. S. Shkolnik, then Kazakh vice prime minister for science and new technologies, currently minister of energy and mineral resources, speech at the science conference "Russia and Kazakhstan," shorthand record of the conference, Moscow: Russian Center for Strategic Research and International Studies, 1995, p. 71.

[2] Sergei Kozlov, "Nazarbaev bolshe ne nameren ustupat" [Nazabaev no longer intends to give in], *Nezavisimaya Gazeta,* Moscow, October 7, 1997.

Concerning Russian military cooperation with Kazakhstan, until March 1994 both governments merely sought to adapt to the new reality, and only in March 1994 was the first set of agreements and treaties signed, first and foremost the Treaty on Military Cooperation. As a result, mutual cooperation began to take a legal course. The treaty was tied to the general Treaty on Friendship, Cooperation and Mutual Assistance, signed May 25, 1992. While Russian official circles expressed satisfaction with the development of military cooperation with Kazakhstan, in another context Russian military-industry circles accused Kazakhstan of undercutting Russian military exports and sales of Russian-made weapons through its dumping practices. According to statistics from A.V. Grozin, Kazakhstan re-sells both aerial equipment, supplied for the rental of the space center and test sites, and surface-to-air missile systems at prices substantially lower than Russian prices.

For its part, Kazakhstan disapproves of Russia's trade in modern weaponry with the People's Republic of China. Despite rapid advances in Kazakh-Chinese cooperation, the Kazakh political elite still cannot escape its fear of the "Chinese threat." "Moscow's policy looks surreal," writes one Kazakh author.[3] "With its own hands it is arming its great, unstable, and predatory neighbor."

In recent years, Russia has gradually begun to reduce the number of military programs at the Baikonur space center. According to press statistics, in 2000 the Plesetsk cosmodrome in the Arkhangelsk Region was host to 60 percent of Russian and 38 percent of all military satellite launches worldwide. Heavy rockets, such as the RS-10, previously launched from Baikonur, and medium rockets, like the RS-22, were now to be launched from Plesetsk. Simulanteously, as military activity at the Baikonur decreased, it increased at Kazakhstan's Sary-Shagan test site near Balkhash Lake, where on November 2, 1999, after six years of inactivity, the first trial of the short-range interceptor missile in the A-135 antiballistic missile system was conducted. In the opinion of Kazakh journalists, the renewal of activity at the Sary-Shagan testing site meant that Russia "clearly is not planning to leave Central Asia, for reasons including, among others, missile competition with the United States."[4] In this

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[3] M. Khasanov, "Rokirovki na velikoi shakhmatnoi doske" [Castlings on a great chess board], *Kontinent*, Almaty, No. 25, December 27, 2000–January 16, 2001, p. 251.

fashion, Moscow was said to "conduct a policy of returning to Central Asia while at the same time geographically isolating its own territory from the region."

Russian analysts would not agree. An element of "isolation" is truly present, but it is not the determining factor of Russian policy toward Kazakhstan. Rather, the more recent tests are tied to Moscow's reaction to new threats along the southern belt of the CIS. This, incidentally, is also understood by many in Kazakhstan. Noting that a number of important strategic Russian military facilities (the Engels air base, the Kapustin Yar testing sight in the Astrakhan region, and the Novosibirsk division of strategic missile forces) are located near the border with Kazakhstan, at least one prominent commentator has urged Almaty to change its status in relation to Moscow from that of a "border state" to that of an ally.

Russia and Kazakhstan have also been active participants in the May 1992 Treaty on Collective Security (TCS), uniting several CIS governments. Until January 1995, however, the TCS failed to achieve anything substantial**.** In January 1995, Russia and Kazakhstan signed a Declaration on the Expansion and Deepening of Russian-Kazakh Cooperation, intended to invigorate participation in the TCS. The two sides adopted a common position on the creation of a united air-defense system among participating CIS states. Kazakh and Russian strategic analysts agreed that the two countries could in the future be confronted by similar security threats—which, considering the absence of serious contradictions between the two and their historical, cultural, and geographical proximity, dictates a need for close strategic military cooperation. In a phrase, security interests, first and foremost, determine the priorities of Russian policy toward Kazakhstan.

RUSSIAN INTERESTS AND THE "RUSSIAN QUESTION"

Little that the Russian leadership did over the years of its independence gave grounds for accusing it of harboring imperialist goals in relations with Kazakhstan. The nationalist escapades of different individuals, such as Aleksandr Solzhenitsyn, cannot be counted against it; whatever its

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[4] S. Akimbekov, "Gonka vooruzhenii: Epizod II" [The arms race: Episode II], *Kontinent*, Almaty, No. 3(41), February 14-27, 2001, p. 25.

motives, the Yeltsin leadership reacted coolly, for example, to Nazarbaev's initiative to establish a Eurasian union.

Moscow clearly understood that a general weakening of its capabilities would inevitably lead to a decrease in its influence in Kazakhstan, and would lead Astana to seek support from other partners, particularly in the economic sphere. Russia, however, strongly resisted attempts to push it out of the Kazakh arena and to infringe on its stake in stable, friendly, and close relations with its Kazakh ally. For Kazakhstan to become an object of domination by a third power, no matter which one, has been for Russia an unacceptable scenario.

Nevertheless, on the whole, during the first half of the 1990s Russia paid inadequate attention to Kazakhstan. Foreign Minister Andrei Kozyrev's proclamation that Central Asia was a zone of Russia's vital interest remained only rhetoric, but it was sufficient to stir a pained reaction from Kazakh politicians. They also responded warily to some of Russia's declared foreign-policy goals, such as the defense of Russian populations beyond Russian borders. Vigorous attempts were made to persuade Nazarbaev to adopt a law on dual citizenship, although realistic Russian politicians well understood that offering the right of dual citizenship to over half the population of Kazakhstan could create serious risks for the country's internal political stability, a stability in which Russia had a vested interest.

Aleksandr Shokhin, then Russian vice prime minister and later minister of economics, in an interview for the newspaper *Moskovksie Novosti* in 1994 stated, "We agreed in the government that … we would conduct negotiations on offering credit only with those governments who, first, signed an agreement with Russia including strict obligations on immigration, among them material compensation for immigrants and, second, an agreement on dual citizenship."[5] Kazakh politicians and experts viewed such statements as political pressure and an attempt to play the "Cossack card." They reacted sharply to a call issued in Omsk in late February 1993 to unite the Russian and Kazakh Cossack unions into a Siberian Cossack military formation.[6] Kazakh political analysts even began to speak of a "Kozyrev Doctrine" as the echo of the "Monroe Doctrine"

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[5] *Moskovskiye Novosti*, November 21, 1994.

[6] *Izvestiya*, January 26, 1994.

and a reflection of Russia's neo-imperialist ambitions.[7] Meanwhile the Russian parliament's Committee on CIS Affairs sharply criticized Kazakh policies toward its Russian-speaking population, labeling them discriminatory.

Eventually the issue of dual citizenship was, in effect, removed from the agenda, and sharp criticism of Kazakhstan's internal policies declined. In January 1995, Russia and Kazakhstan signed agreements making the acquisition of citizenship easier and the legal status of citizens clearer. By these agreements, significant rights, including property rights, were offered to Russian Kazakh citizens who decided to remain in Kazakhstan. The issue of property rights for immigrants from both countries, however, remained unresolved and a subject of high-level negotiations until the most recent period.[8]

Today the close interweaving of Russia's economic and security interests forces the Russian leadership to look at political objectives in a larger framework. Objectives such as maintaining and intensifying ties with Kazakhstan arise simultaneously from a desire to defend national security, to provide economic advantages, and to support ethnic Russians.

Within the Russian political elite, the debate continues over immigration policies in general and around policies toward ethnic Russians living in other CIS republics in particular. There are supporters of immediate repatriation of all ethnic Russians, declaring it a necessary step to improve Russia's demographic prospects. Others, however, prefer to offer more active support to ethnic Russians elsewhere in the CIS, with the aim of ensuring them a more comfortable existence where they now live. Although Russian officials concerned about protecting the interests of ethnic kin abroad have eschewed rhetoric that might trouble Kazakh allies, anxiety over the situation of ethnic Russians in Kazakhstan remains.

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[7] U. Kasenov, "Po tu storonu paternalizma: izmeneniye otnosheniya Rossii k cvoim byvshim satellitam" [Beyond paternalism: A change in relations between Russia and its former satellites], in the book *Rossiya i Kazakhstan* (a shorthand record of the academic/practitioner conference), Russian Center for Strategic Research and International Studies, Moscow, 1995, p. 227.

[8] See, for example, information on the visit of Viktor Chernomyrdin to Almaty: Sergei Kozlov, "Nazarbaev bolshe ne nameren ustupat" [Nazarbaev no longer intends to give in], *Nezavisimaya Gazeta*, Moscow, October 7, 1997. Chernomyrdin visited Kazakhstan as the Russian prime minister only six times.

Russian scholars see as particularly worrisome the insufficient participation of ethnic Russians in Kazakh power structures, stressing the contrast with Russia where in the past Amangeldy Tuleev, the governor of Kemerovo oblast and an ethnic Kazakh, has been a presidential candidate.

The change in the ethnic make-up of Kazakhstan's power structures in favor of ethnic Kazakhs, as many Russian experts suggest, is particularly evident in the legislative branch.[9] In the 1995 elections to the lower chamber of parliament—the Majilis—43 Kazakh deputies, 20 Russian deputies (around 30 percent) and four deputies representing other nationalities were elected. In the 1995 senate elections, 28 Kazakhs and 12 Russians were elected, and four additional Kazakhs and three other Russians were appointed by presidential decree. And as a result of a 1997 partial senate election, nine Kazakhs, five Russians, and one Uighur entered the senate. After the more recent 1999 Majilis elections, there were 58 Kazakh deputies and only 19 Russian deputies (17 percent), with no ethnic Russians among elected senators (of the 16 senators, 14 were Kazakh and two were representatives of other nationalities). Many members of the Russian political elite believe that, unless Russians in Kazakhstan are offered full cultural autonomy and Russian is designated as a second official language, genuine comfort for the Russian population cannot be guaranteed.

Russians' dissatisfaction with their situation is evident in the mass exodus from the Republic. Between 1992 and 1998, the annual number of Russian emigrants from Kazakhstan never dropped below 100,000 (the record occurred in 1994—304,500). Kazakhstan was the most common country of origin for ethnic Russian immigrants to Russia in 1998, accounting for 42.4 percent (in comparison, Ukraine accounted for 22.6 percent).[10] Among emigrants from Kazakhstan, 71.2 percent were Russian and 13.6 percent were Ukrainian and Belarusian. In all, Kazakhstan accounted for 35 percent of the total Russian expatriates,

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[9] See, inter alia, Azhdar Kurtov, "Kuda derzhit put snezhnyi bars?" [What path is the snow leopard taking?], *Sodyzhestvo NG*, No. 11, December 27, 2000, Moscow, p. 4.

[10] Zh. A. Zayonchkovskaya, *Rossiya: Migratsiya v raznom masshtabe vremeni* [Russia: Migration at various rates of time], Tsentr Izucheniya Problem Vynuzhdennykh Migratsi v SNG [Center for the Study of the Problem of Forced Migration in the CIS], 1999, pp. 35–36.

while in 1989 24.5 percent of the intra-USSR Russian diaspora was concentrated in that country.[11]

According to data from Russian scholars, Russian migration from Kazakhstan is not motivated in the first instance by economic incentives, but by fear about personal safety, worry for the future of one's children, and an effort to maintain ethno-cultural identity.[12] A Kazakh author suggests that migration from Kazakhstan is not so much leading to an increase in ethnic homogeneity as to making room for the immigration from neighboring areas, in particular, from the northwest regions of China and Uzbekistan.[13]

Sergei Kirienko raised the issue of the Russian and Russian-speaking population in Kazakhstan during Nazarbaev's July 1998 visit to Moscow. He cited statistics on the "purging" of Russians from administrative structures, on their proportional decrease in the population—since 1992, 1,340,000 Russians have emigrated from Kazakhstan—and on the decrease in Kazakh airtime for Russian TV channels and Russian-language radio shows. He pointed out that the law on languages names a list of official positions that can only be filled by those who have mastered the Kazakh language. These issues were later touched upon in documents signed by the two, including the Declaration on Eternal Friendship. The two sides promised to provide their citizens with "various rights and freedoms without any discrimination, restriction, or favoritism." Furthermore, they declared their right to defend the interests of their citizens living on the other's territory.[14] The president of Kazakhstan commented

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[11] Ibid., pp. 37–38.

[12] See, inter alia, A. R. Vyatkin, N. P. Kosmarskaya, and S. A. Panarin, eds., *V dvizhenii dobrovolnom I vynuzhdennom: Postsovetskie migratsii v Evrazii* [In free and forced movement: Post-Soviet migration in Eurasia], Moscow: Natalis, 1999.

[13] N. Masanov. "Vzaimodeistvie migratsionnykh system Kazakhstana, Rossii, Kitae i Srednei Asii" [The interaction of the migration patterns of Kazakhstan, Russia, China and Middle Asia], in *Sovremennye etnopoliticheskie protsessy i migratsionnaya situatsiya v Tsentralnoi Asii* [Modern ethno-political processes and the migration situation in Central Asia], Moscow: Moscow Carnegie Center, 1998, p. 63.

[14] Svetlana Babaeva and Vladimir Mikheev, "Moskva zastupilas za russkikh v Kazakhstane" [Moscow intercedes for Russians in Kazakhstan], *Izvestiya*, Moscow, July 8, 1998.

on the mass emigration of Russians from Kazakhstan when speaking at the Academy of Public Service in Moscow on the eve of the yearly CIS summit in 2000. According to him, those returning to Russia are those who originally came to Kazakhstan in the Khrushchev period as part of the "virgin lands" agricultural campaign.[15]

While seeking to protect the interests of Russian citizens living in Kazakhstan, at the same time Russian leaders have avoided actions or comments that might be interpreted as interfering in the internal affairs of Kazakhstan. Notably it was the Russian Federal Security Service that, according to the Russian mass media, informed the Kazakh authors of the actions planned by the Ust-Kamenogorsky "Russian conspirators," who were then dealt with in unexpectedly harsh fashion. Even the overwhelming majority of independent Russian experts, who are unconstrained by official responsibilities, have been cautious and delicate when dealing with Kazakh internal affairs. It is telling that the sharpest criticism of the Kazakh domestic scene emanates not from Russian analysts, but from the Kazakh academic elite. A Kazakh author, remarking that in larger Kazakh cities, the fabric industry is in the hands of the Russian-speaking population, has stated, "Thus, by obtaining sovereignty, the top echelon of the Kazakh ethos became an authoritarian government that transferred all property into the hands of the predominantly Kazakh elite. And there is nothing coincidental in the victory of this medieval principle."[16]

Vladimir Putin was the first Russian leader who desired to become personally familiar with the situation of ethnic Russians in Kazakhstan, and the very fact that he met with their representative during an official visit to Astana on October 9–10, 2000 was judged by observers as a sign of continuing concern with this problem. At a visit to the Eurasian Institute, he stressed that "the issue is not the economy, but the emotional situation—many want to leave because they do not see a future for themselves in Kazakhstan."[17]

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[15] *Tsentralno-aziatskie Novosti*, Archives, June 20, 2000, available online at http://www.smi.ru.

[16] Speech by N.A. Amrekulova at the roundtable "Klany v Tsentralnoi Azii: traditsii i sovremennost" [Clans in Central Asia: Traditions and modernity], *Tsentralnaya Aziya: Politika i Ekonomika*, No. 2, November 2000, p. 7.

[17] V. Siriyenko, "Somneniya snyaty" [Doubts are removed], *Kontinent*, No. 20(33), October 2000, Almaty, p. 25.

RUSSIAN ECONOMIC POLICY TOWARD KAZAKHSTAN

Energy Issues

An important determinant of Russian economic policy toward Kazakhstan has been the problem of the Caspian Sea and Caspian oil. In the 1990s, Russian diplomats at first defended the need for governments surrounding the Caspian Sea to refrain from unilateral actions on the Caspian until an agreement on its legal status, founded on the principle of the shared use of the sea and the seabed, was reached. Kazakhstan disagreed, and occasionally disagreement became quite acute, influencing all aspects of the two countries' relationship. Through its oil companies, however, Russia was already taking part in the development of the Caspian as well as actively seeking to provide for transit for Kazakh and Azeri oil across Russian territory. The most significant transport project was the pipeline from Tengiz to Novorossisk, which began construction in September 2001.

Influenced by events on the ground, the official Russian position underwent a noticeable evolution, and toward 1998 Russia and Kazakhstan agreed to a common approach to the Caspian problem. On June 9, 1998, the presidents of Russia and Kazakhstan signed an agreement on the demarcation of the seabed of the northern part of the Caspian Sea that respected each state's sovereign right of exploitation. According to the agreement, the sea was to be divided along a line running at an equal distance from the shores of both countries. Soon afterward, during Nursultan Nazarbaev's July visit to Moscow, another important document was signed—the Declaration "on Eternal Friendship and Alliance, Oriented Toward the Twenty-first Century." In the last days of 1999, the Russian government offered Kazakhstan an additional quota allocation on the export of oil through Russian territory to 2.5 million tons in 2000. In total Kazakhstan's transit export quota through the Atyrau-Samara pipeline is now 11.5 million tons of crude oil (including 8.5 million tons to states outside the region), 5 million tons higher than figures from the previous year, promising a gain of up to $750 million.[18] The decision to increase Kazakhstan's quota was not a simple one

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[18] T. Abramenko, "Skolko stoit finansovaya stabilnost?" [How much does financial stability cost?], *Kontinent*, Almaty, No. 1 (14), January 12–25, 2000, p. 11.

for the Russian leadership, since Russian oil companies feared the decision would harm their interests. Russia's interest in a strategic partnership, however, turned out to be greater than its interest in short-term economic benefits.

Russian-Kazakh cooperation in transporting Kazakh oil and in developing a fuel-energy complex were issues discussed during several visits, including those of Vladimir Shkolnik, the Kazakh minister of energy and mineral resources to Moscow, in May and December 2001; the visit of the president's special representative on Caspian issues, Viktor Kalyuzhnoi, to Astana in July; Mikhail Kasyanov's visit in September 2000, followed two months later by the Russian minister of transportation, Sergei Franka; and a series of other visits.

On January 19, 2000, Kazakh prime minister Kasymzhomart Tokaev arrived in Moscow to explore near-term prospects for mutual cooperation and integration, and signed an agreement to create a joint Kazakh-Russian enterprise on the basis of Ekibastuz GRES-2. To settle its debt for Russian-provided electricity, Kazakhstan agreed to give Russia a 50-percent share of this enterprise. Tokaev also formalized the previously mentioned agreement to increase the quota of Kazakh oil passing through the Russian pipeline system, including oil intended for export beyond Russia. Plans were made to encourage innovative projects and the creation of new technologies. In March 2000 LUKoil announced the discovery of large oil deposits in the Khvalynskaya formation, giving new impetus to a territorial solution as well as an increased Russian effort to develop its own deposits in the Caspian. Not coincidentally, on July 25, 2000, the Russian companies LUKoil, YuKOS, and RAO Gazprom signed an inaugural document creating the Caspian Oil Company. Kazakh experts viewed this as a factor capable of raising Russia's status in the Caspian and even of "substantially changing the balance of power in the case of a definitive collapse of the 'Baku-Ceyhan' project and decreasing American influence."[19]

A widely reported plan to construct an oil pipeline system extending more than 3,000 kilometers through western Kazakhstan and China will apparently be postponed indefinitely, because of high costs, the low quality of Kazakh crude oil, and inadequate production volumes. Furthermore, other more economical routes are currently more attractive to oil

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[19] D. Satpaev, "Novaya 'kaspiiskaya igra' Rossii" [Russia's new 'Caspian game'], *Tsentralnaya Aziya: Politika i Ekonomika,* No. 1, October 2000, p. 40.

companies, and the Russian company YuKOS has agreed to supply oil to China first by railroad, and then through the Angarsk-China pipeline, which may ultimately kill the Kazakh project.[20]

Both Russia and Kazakhstan want to export oil and gas to the Chinese market. In China, a national gas system is just beginning to be established, the creation of which should more than triple demand for gas over the next decade. Among the projects being considered in China are pipelines from Russia as well as from Turkmenistan and Kazakhstan (from the latter, the length of the pipeline would be 3,370 kilometers capable of transporting 25 billion cubic meters per year).[21]

ECONOMIC INTEGRATION AND POLICY COORDINATION

By the mid-1990s, Russian leaders were paying close attention to Nazarbaev's proposal to create a Eurasian union, but they were not ready to implement the idea. In the Russian mass media, commentators argued that it was unacceptable to follow any formula for Russia's relations with the states of the CIS that did not originate with Russia. Eventually, however, the Kazakh president's ideas did serve as the basis for greater integration. Thus, on January 6, 1995, Russia and Belarus signed an accord creating a customs union, and on January 20, Kazakhstan joined (later, Kyrgyzstan and then Tajikistan also entered the Union). On March 29, 1996, a treaty deepening economic and humanitarian integration was also signed. In practice, however, the customs union encountered substantial difficulties stemming from each government's unwillingness to renounce any part of its sovereignty. Russia, which not without reason saw itself as the leading government in the union, was no exception. For example, instead of developing a common set of tariffs, the customs union simply adopted Russian tariff levels. Nor was there any mutual understanding on the issue of border defense. Rather than take steps to open their territories to each other, member states created new barriers to protect their sovereign interests. Before long, it became increasingly clear that integration had its limits and that running ahead of the process

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[20] G. Abramenko, "Skolko stoit finansovaya stabilnost?" p. 11.

[21] S. Smirnov, "Neftogazovaya zhazhda Kitaya" [China's thirst for oil and gas], *Kontinent*, Almaty, No. 19, October 4–17, 2000, p. 25.

would seriously complicate relations among participating states. The 1998 financial crisis severely damaged the integration efforts of the "group of five." In defending their own interests, each government took unilateral steps that not only lacked approval from other governments, but even harmed their interests. In Russian regions along the border with Kazakhstan, people reacted negatively to measures restricting the entry of their agricultural and livestock goods into Kazakh markets.

The fate of the so-called "Financial-Industrial Groups" (FIGs) gave further reason to doubt the prospects of integration. Early in the 1990s, Russian financial-industrial circles were developing ambitious plans to expand their presence in Kazakhstan, and later the Russian and Kazakh governments signed agreements to this end. These FIGs, as seen by Russian politicians, were in effect to become the primary form of industrial and financial ties between the two governments. It was assumed that the two governments might offer the FIGs guarantees and give them licenses covering payments and credits in national currencies.[22] The FIG "Altai," for example, was registered and was to include the Ust-Kamenogorsk lead and zinc factory, the Leninogorsk poly-metal factory, the Magnitogorsk, Cherepovetsk, and Lipetsk factories, and certain Russian financial structures. The Ulybin metallurgical factory intended to enter the FIG created by Russian enterprises in the TVEL joint stock company. Other variants were also studied.[23] In the end, however, bureaucratic barriers impeded plans to create FIGs, and by the beginning of 2000 only one joint venture, in coal energy, had been created.

Russian investors also wanted to participate in Kazakhstan's privatization process. The Russian government established a roster of interested parties and expressed a desire for Kazakhstan to pay off its debt to Russia by granting it stocks from privatized Kazakh enterprises. Kazakhstan refused, preferring to receive "real money" for stocks; moreover, as noted by a number of experts, it did not want to see the position of Russian capital significantly strengthened in Kazakhstan. In 2000, Russian com-

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[22] See, inter alia, *Inzhenernaya Gazeta*, Almaty, 1995, No. 3, p. 1.

[23] E. M. Ivanov, "Kazakhstan, Rossiya i perspektivy ekonomicheskgo soyuza SNG" [Kazakhstan, Russia and the prospects of the economic union of the CIS], in E.M.Kozhokina, ed., *Kazakhstan: realii i perspektivy nezavisimogo razvitiya* [Kazakhstan: Realities and prospects of independent development], Moscow: RISI, 1995, p. 53.

panies accounted for six percent of all direct foreign investment in Kazakhstan. This growth could be largely explained by the increase in active Russian and joint Kazakh-Russian ventures in Kazakhstan (from January to June of 2000), which grew by 71 enterprises to reach 396.[24]

At the same time, in January 1997, Kazakhstan applied a value-added tax (VAT) to imported goods from countries of the customs union, leading to a decrease of one-third in trade among these states. By mid-1998, Kazakh exports to Russia decreased another 10 percent, and imports from Russia, another 29 percent.[25]

During Vladimir Putin's September 1999 visit to Kazakhstan, the two sides negotiated a program for mutual cooperation extending to 2007 and creating eight FIGs (five in metallurgy and three in machine construction), eight transnational oil and coal companies, and more than 100 joint ventures in various branches of the economy.[26] In the beginning of 2000, a working group was established to propose ways of integrating defense production and military technology.

Russia has also sought to cooperate with Kazakhstan on different questions involving third countries. In particular, Russian and Kazakh interests coincide in the context of Chinese-Russian-Kazakh relations. One example is the issue of trans-border rivers, in particular the Irtysh and Ili Rivers, from which China has planned to draw water to meet the needs of the Xinjiang-Uighur Autonomous Region. China's intentions arouse particular concern in Kazakhstan, which already has serious water shortages; they also impinge on Russia's interests. For Kazakhstan, resolving the problem on a bilateral basis is extremely complicated, and in Astana the view is that "currently the most promising alternative for settling the problem is to conduct negotiations in a multilateral format and to attract all interested sides."[27] Astana has appealed to the interna-

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[24] According to the statistics of the Russian Trade Delegation in Kazakhstan in 2000.

[25] Yuri Tyssovsky. "Nazarbaev uchitsya katatsya na velosipede" [Nazarbaev learns to ride a bike], *Vek*, Moscow, 1998, No. 6, p. 7.

[26] Russia and Kazakhstan will also jointly conduct arms production and development (from an interview with L. V. Drachevsky). *Kontinent*, No. 3, Almaty, February 19–22, 2000, p. 5.

[27] L. Yu. Guseva, "Ekologicheskaya ugroza regionalnoi bezopastnosti" [The ecological threat of regional security], *Analiticheskoe obozrenie*, Almaty, No. 1, January 2001, p. 13.

tional community to pay more attention to the issue. Chinese immigration into Russia remains a uniquely urgent matter for both Moscow and Beijing. And the three sides resolved the left-over questions of their respective borders with China in a multilateral format. Russian and Kazakh interests also intersect on issues touching other third countries, among which the development of relations with Iran is important, not least because of Caspian Sea issues.

However, progress toward meaningful economic integration remained elusive. When Kyrgyzstan entered the WTO and opened its markets to goods and services from countries outside of the customs union, Russia, Kazakhstan, and Belarus declared they would be forced to take steps to protect their markets. On October 6, 2001, in Astana, an agreement was signed establishing measures to regulate the entry of goods and services from third states into the markets of member states of the customs union. It became even more evident to Russia that expectations concerning integration within the framework of the customs union (a union in neither a legal nor economic sense)[28] were exaggerated. The Russian leadership concluded that the organizational capacity of the "group of five" was exhausted. And on May 23, 2000, at a meeting of the Intergovernmental Council in Minsk, Vladimir Putin, in one of his earliest initiatives as president, proposed replacing the old union with a new intergovernmental economic organization possessing a clear structure and effective mechanisms for administration and coordination. However, participants continued to resist delegating sovereign rights in any part to a transnational organization, and once more the hopes of Russian and Kazakh advocates of full integration did not survive the collision with reality. A more moderate line prevailed. The presidents of Russia, Kazakhstan, Belarus, Kyrgyzstan, and Tajiistan signed a treaty to establish the Eurasian Economic Community (EvrAzES). EvrAzES became one the most important multilateral structures in the region, and it is within this framework that issues in Russian-Kazakh relations are now resolved. At the meeting of EvrAzES leaders held in Minsk at the May 31, 2001 CIS summit, Nazarbaev was chosen the organization's first president.

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[28] Such a viewpoint was expressed by representatives of the Russian Ministry of Foreign Affairs (see Vladimir Mikhailov and Konstantin Drachevskii, "Po puti vzaimodeistviya i sotrudnichestva" [On the path to interaction and cooperation], *Nezavisimaya Gazeta*, Moscow, November 4, 2000).

TRADE

The revival of bilateral and multilateral ties at the political level and the resolution of several old problems complicating relations between Russia and Kazakhstan, along with the emergence of stronger economies in both countries, have led to increasingly dynamic trade and economic relations between them. As a result, according to the Kazakh Agency for Statistics, in 2000 the volume of foreign trade, not including unofficial trade, between Russia and Kazakhstan reached $4.2 million, 1.7 times the 1999 level. Exports increased 1.6 times, to $1.8 million; imports increased 1.8 times, to $2.4 million. Russia's portion of Kazakhstan's overall foreign trade grew from 27 percent in 1999 to 30 percent in 2000. As before, Russia remains the major consumer of Kazakh goods, accounting for around 20 percent of the overall volume of Kazakh exports. It also supplies nearly 50 percent of all imports to Kazakhstan.

Russian-Kazakh economic ties at the local level have also begun to develop rapidly. Over the year 2000, seven regional governors from Kazakhstan visited the bordering regions of Russia, including: the hakim of the Northern Kazakh region, Kazhmurat Nagmanov; the hakim of the Eastern Kazakh region, Vitaly Mette; the hakim of the Kostanai region, Umirzak Shukeev; and the hakim of Astana, Adilbek Jaksybekov. In turn, a number of Russian regional officials paid visits to various Kazakh regions and to Astana: the governor of the Omsk Region, Leonid Polezhaev; the governor of the Chelyabinsk Region, Pyotr Sumin; the deputy governor of the Kurgan Region, V. Okhonin, and the mayor of Moscow, Yuri Luzhkov. The Russian regional governments of Bashkortostan, Daghestan, Ingushetia, Kalmykia, Yakutia (Sakha), Tatarstan, and the Altai Krai were registered in Kazakhstan and have launched activities. As before, the basis of cross-border cooperation remains the scheme developed for industrial cooperatives—in particular, the fuel-energy complex—and for specialization as well as cooperation in the humanitarian and cultural fields.

In 2000, as industrial production in Russia grew, so did the consumption of Kazakh primary commodities, including mineral fuel by a factor of 2.2, iron by 1.5 times, and a doubling of goods made from ferrous metals and lead. In fact, imports increased in all categories. That same year, the Kazakh government, seeking to balance trade, adopted a program of import substitution. It introduced, among other measures, a zero-rate of value-added tax on textile, fabric, leather, and footwear, deferred debt obligations in these industries, and cancelled customs

duties on the raw materials they imported. Furthermore, under the guise of defending domestic markets from dumping, the administration imposed restrictions, such as licenses and protective tariffs, on other imported goods, with the exception of Russian gasoline and diesel fuel, deficit items in 1999–2000. These protectionist measures, experts believe, are likely to have an unfavorable effect on Russian exports to Kazakhstan.

BILATERAL AND MULTILATERAL TIES

To sum up, in the first five years of Kazakhstan's independence, a lack of clarity and even a certain degree of genuine uncertainty marked Russian policy. Nor were these deficiencies entirely eliminated at any point during the Yeltsin era. It would not be unfair to characterize this period in Russian-Kazakh relations as one document-signing after another, most of which were soon forgotten or greatly encumbered if implemented.

"Moscow's efforts to solve concrete, immediate problems in Russian-Kazakh relations," to quote one well-known Russian observer, "were unconnected to any overarching framework."[29] Confusion in Russian political circles ended in President Yeltsin's not going to Kazakhstan for the dedication of the new capital in Astana as well as his absence from the Almaty meeting of what was then known as the Shanghai Five. Different departments and branches of the government at times openly expressed conflicting views on policy issues concerning Kazakhstan. The executive branch generally supported Nazarbaev's policies, both because of Russia's interest in the stability and the predictability of the regime and because it assumed that the interdependence between the two states was too great to permit Kazakhstan to stray far from its alliance with Russia. In contrast, various groups in the parliament, such as the leadership of the Committee on CIS Affairs in the Supreme Council, criticized the Kazakh leadership for its policies toward its Russian population and warned ethnic Russians not to trust the integrationist plans of the Kazakh leader. Or, to take another conspicuous example, the case of Russian policy toward the Caspian Basin: while Russian diplomats insisted on treating as illegal any unilateral attempt to develop oil resources by the littoral states in the absence of a formal regime, Russian oil companies, particularly LUKoil, took a direct part in them.

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[29] Aleksandr Bovin, "Kazakhstanskii azimut" [Kazakh azimuth], *Izvestiya*, Moscow, July 8, 1998.

By the second half of the 1990s, however, the formulation and practical implementation of Russia's foreign policy gradually acquired an institutional framework; activities of various agencies were more coordinated; and the influence of interest groups took on a form more typical of democratic states.

With Putin's arrival in power in 2000, Russian-Kazakh relations received a new impulse, reflected in both the intensity and the productivity of top-level contacts. On July 18–20, Nazarbaev made an official visit to Russia, during which the two heads of state signed a Joint Declaration and a Memorandum on Further Cooperation to Ensure the Operation of the Baikonur Complex, as well as an agreement on cooperation in information and communications and several other accords. They also discussed the possibilities of cooperation in the oil, gas, electricity, and coal industries.

Three months later, Putin returned the visit. One of his highest priorities was the Caspian issue, and on that occasion the two presidents signed a Declaration of Cooperation based on a modified middle line demarcating the seabed, while leaving the sea itself free for navigation by all of the littoral states. Both leaders stressed that neither of their governments intended "to exert pressure" on their Caspian neighbors. The Russians agreed to increase the quota for the transport of Kazakh oil through the Russian pipeline system, underscoring their interest in cooperating with Kazakhstan. The two leaders reviewed the progress of EvrAzES, in which Kazakhstan now played an important role. They also discussed other bilateral issues, such as delimiting the Russian-Kazakh border, joint efforts in the struggle against terrorism and organized crime, military-technical cooperation, and the creation of a legal foundation for the operation of the Baikonur space center. And they signed agreements for opening a Russian consul in Uralsk and a Kazakh consul in Astrakhan, for setting an indirect tax schedule on mutual trade, establishing cooperation in the fuel and energy sector, and for coordinating activity in the humanitarian area. On November 18 Nazarbaev returned to Moscow—his second visit in the same year. He and Putin discussed issues of economic cooperation, particularly in the oil and gas industry, transport infrastructure, and the development of the EvrAzES.

Thus in its policy toward Kazakhstan Russia has had two central priorities: security and economic interests, both of which it pursues in bilateral as well as multilateral contexts. The multilateral dimension is

important because Kazakhstan figures as a key constituent of both the Central Asian and Caspian regions, in the CIS, and as a member of international organizations such as the OSCE, the Collective Security Treaty of the CIS, the Shanghai Cooperation Organization, and the EvrAzES, in which Russia participates, as well as others, such as the OES and OIK, of which Russia is not a member.

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 an fully integrated union; another would have focused on developing bilateral relations, and sought new forms and alliances within the framework of the CIS. Over time it became evident that the enormous differences in levels of economic development, living standards, and political orientations among these states made unrealistic and even undesirable, efforts to provide for the free movement of capital, goods, services, and labor within the CIS. Instead states in the CIS have come to accept a variable-speed, multi-level concept of integration, in which the states would determine for themselves the form, tempo, framework, and partners of integration, without abandoning the general framework of the CIS or forcing the natural course of the processes underway simply to satisfy general political propositions. After Putin's rise to power, Russian officials, such as Sergei Ivanov, at the time head of the Security Council, began to stress the primacy of bilateral over multilateral relations.

Yet the multilateral context remains extremely important in Russia's relations with Kazakhstan. Beyond the EvrAzES, the Shanghai Cooperation Organization has been of increasing importance, particularly since it assumed its present form in June 2001 and after Uzbekistan joined the five previous members. The interests of Russia, Kazakhstan, and the other SCO members converge in several key areas—problems of regional security and the general threat posed by religious extremism, narcotics trafficking, aggressive nationalism, and international terrorism. The escalation of these threats led to a reanimation of the CIS Collective Security Treaty (CST). As a result of long and difficult negotiations, Russia, Kazakhstan, and four other CST signatories agreed in 2001 to the creation of a Collective Rapid Reaction Force. In accordance with the documents signed at the May 2000 CST summit in Yerevan, the Collec-

tive Rapid Reaction Force was to include one battalion from each country and its headquarters were to be in Bishkek. [30]

In August 2001 the Collective Rapid Reaction Force was formed, comprising combat-ready units from the ground and air forces of Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. These forces possess highly mobile military technology with well-integrated arms and communication. As reported by Major-General A.S. Tretyakov, the chief of operations for the CIS military coordinating staff, this grouping, depending on the character of the threat, can adjust its structure, personnel, and means of reinforcement.[31] The first joint live-fire military exercise was held in October 2001 in Kyrgyzstan's Batkenskoi region.

In 1999–2000, despite Russian assurances, Kazakh analysts began to worry that some in Russia, to judge from comments in the mass media and Moscow's unexpected *rapprochement* with Tashkent, had come to see Uzbekistan as the more important state in Central Asia, and to believe that it should be made the cornerstone of Russian policy in the region. Subsequent events, however, left no doubt that Kazakhstan's role in Russia's foreign policy constellation has not diminished. Moreover, Russia has paid close attention to many aspects of Kazakhstan's domestic transition, from municipal housing reform, where it is ahead of other CIS states, to an amnesty on capital flight, to liberalization of capital movements, an area that has produced unending debate in Russia, particularly over the compulsory sale of foreign-exchange earnings.

SEPTEMBER 11 AND AFTER

Before September 11, Russia not only viewed any kind of U.S. or other Western military presence in Central Asia as fundamentally contrary to its interests, and failed even to admit that such a development was hypothet-

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[30] Arkadii Dubnov, "Lukashenko vydal voennuyu tainu" [Lukashenko gave away a military secret], *Vremya Novostei*, Moscow, May 28, 2001, p. 2.

[31] A.S. Tretyakov, "Protivodeistvie mezhdunarodnomu terrorizmu: kollektivnye usiliya gosudarstv-uchastnikov SNG v voennoi sfere" [Countering International Terrorism: The Collective Efforts of CIS Member States in the Military Sphere], in *Sbornik dokladov na conferentsii, provedennoi Tsentrom strategichekukh and politicheskikh issledovanii (Russia) I Korolevskim institutom mezhdunarodnykh problem,* Moscow: Chatham House, 2002, p. 63.

ically possible. The escalation of global terrorism and the suddenly conspicuous threat that it poses to the entire international community changed all this. At this writing at least, Russia recognizes that it has an interest in seeing the United States and other Western governments contribute to security in the Central Asian region, and in this context their military presence has become acceptable.

Does this, however, explain Putin's quick decision to support the United States after the September 11 attacks and to assist with the subsequent anti-terrorist operations? Was he acting strictly on the underlying justice of Washington's position? Or on the urgency of combating terrorism? Or on the desire to achieve a *rapprochement* with the United States? Some Russian politicians would rather that Russia had provided only political and intelligence support to the United States, while using its considerable influence, particularly with Tajikistan, to block the deployment of U.S. military forces there. They fear that a U.S. presence would inevitably lead to a weakening of Russian influence in the region, especially if long-term. It is evident, however, that Putin and his supporters preferred to "admit" the United States into the security sphere on the CIS's southern flank, both to demonstrate their intention to pursue an unprecedented rapprochement with the West and out of fear of burdening Russia with the onerous, expensive, and overwhelming burden of protecting its CIS partners from terrorism while providing them with the massive economic assistance they now expected to receive from the United States in exchange for granting it access to their territory.

The public debate in Russia after September 11 reflected an increasing level of concern on the part of the Russian political and business elite over the growing threat of terrorism, but in no small measure also over the prospective loss of Russia's position in the collective security system along its southern border. This accompanied a further concern over the negative effect that a reorientation of Central Asian regimes toward the West would have on Russia's economic, trade, and military interests in the region. The concern grew when in December 2001 the United States announced its intention to abrogate the 1972 ABM Treaty, taken as a prime indication of American unilateralism and as proof of the "victory of the 'hawks' in the Bush administration over supporters of entente with Russia."[32]

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[32] Aleksei Pushkov, "Rossiya i SShA: Predely sblizheniya [Russia and the USA: The limits of rapprochement]." *Nezavisimaya Gazeta*, 27 December, 2001.

The new context of Russian-Kazakh relations has caused each country to re-examine its place in the changing Central Asian security configuration, including the role of key institutions such as the CIS Treaty on Collective Security and the Shanghai Cooperation Organization (SCO). Both governments remain committed not only to maintaining these structures, but also to enhancing their role in combating the new threats, in particular global terrorism and religious extremism. Special attention has been paid to the Antiterrorist Center in Bishkek, created by Russia and its Central Asian partners along with China. Meanwhile, under these new conditions it remains unclear what role, if any, these institutions will play in cooperation with the West. Moreover, after Russian and Kazakh leaders moved decisively in the direction of the West in the wake of the September terrorist attacks and the subsequent arrival of the U.S. military, Moscow and Astana faced the uncertainty of how these developments might affect their relations with China and whether they might add a new knot of contradictions. At the January 7, 2002 SCO foreign ministers' meeting in China, Igor Ivanov pointedly went out of his way to underscore that ensuring Central Asian security was above all the responsibility of the regional governments themselves.[33]

The Caspian Sea became a new focus of Kazakh-Russian military cooperation, with a large-scale naval exercise early in August 2002 joined by military forces from Russia, Kazakhstan, and Azerbaijan as well as observers from Iran. In the concluding phase of the exercise a squad of four Kazakh SU-27 fighters provided air support for ship maneuvers. Russian Minister of Defense Sergei Ivanov said that "if other states and regions were prepared to create a joint military force for the Caspian, we would welcome it."[34]

Russia supported the Kazakh call to convene the Conference on Mutual Interaction and Confidence-Building Measures in Asia, described by Deputy Foreign Minister Aleksei Meshkov as a forum "convened to demonstrate that a solution to complex regional problems by military means does not exist."[35]

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[33] *Novosti RTR*, January 7, 2002.

[34] V. Volkov, "Bolshoi kaspiiskii redut," [The Great Caspian Redoubt], *Izvestiya*, August 12, 2002.

[35] Aleksei Meshkov, "Filosofiya strategicheskoi stabilnosti" [A Philosophy of Strategic Stability], *Nezavisimya gazeta*, August 8, 2002.

In the aftermath of September 11 Kazakhstan's president, as other Central Asian leaders, eagerly sought to make the most of the situation in order to foster closer relations with the West, but it has not escaped Russian attention that he has also not retreated at all from his pro-integration line with Russia. From Russia's perspective, pursuing closer ties with Moscow is not incompatible with the Kazakh leadership's desire to diversify its foreign ties or to improve relations with the other Central Asian states. At the December 2001 meeting between the presidents of Kazakhstan, Tajikistan, and Uzkbekistan, markedly substantial steps were taken toward improving cooperation among these states. To that end, the Central Asian Economic Community (CAES) was reorganized as the Organization of Central-Asian Cooperation (OTsAS). To a certain extent, it will become a competitor of the EvrAzEs, and Tashkent will have a significant role to play in the organization.

Initially it appeared that, as a result of the September 11 events and the antiterrorist operation in Afghanistan, Uzbekistan had finally outflanked Kazakhstan in the shadow struggle for leadership of Central Asia. Indeed, Uzbekistan did play an important part in the success of the antiterrorist operation in Afghanistan and, true, it was itself the target of Islamic extremists. In the end, however, this has not overshadowed Kazakhstan's importance to both global and regional players, but, on the contrary, highlighted it. This is for several reasons. First, Kazakhstan appears less vulnerable to the "infection" of extremism than other Central Asian states; second, its vast oil reserves promise to make Kazakhstan one of a small number of major oil exporters on the world market. Experts regard the Kashagan reserves alone to be the most significant oil discovery in this part of the world in the last thirty years. Third, Kazakhstan, as a country successfully embarked on the path of economic reform and integration into the world community, is particularly well-suited as a partner of Russia. To cite Nazarbaev, among the states of the CIS only Russia and Kazakhstan can realistically integrate themselves at the moment, because "reforms conducted in Russia and Kazakhstan are on the same level and operating within similar parameters."[36]

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[36] Nursultan Nazarbaev, "Demokratiya—ne nabor dannykh Bogom zapovedey [Democracy is not a collection of commandments given by God]," *Nezavisimaya Gazeta*, December 28, 2001.

Yet, while continuing to advocate Russian-Kazakh integration, Nazarbaev has also underscored not only Russia's economic weakness but also its diminished military potential: "Economically, Russia today can do little. The scientific-technical gap between Russia and the developed countries is growing, and its military authority has been undermined."[37] For their part, Russian leaders probably also recognize the limitations preventing them from pursuing a more active policy in Kazakhstan and, more broadly, in the region in general, a reality put in sharp relief by the "American breakthrough" in this region.

Nonetheless, in the new context, Russia obviously means to tie its policy still closer to Kazakhstan, particularly on the issue of Caspian Sea oil. The Russian-Kazakh agreement on the division of the Caspian seabed served as the basis for a collective approach to the issue, and that has been definitively strengthened by the parallel agreement between Astana and Baku signed in November 2001. Nazarbayev's interest in the construction of Baku-Ceyhan pipeline can no longer be interpreted as "anti-Russian," not when Russian leaders themselves now accept the need to diversify transport routes for Caspian Sea oil.

Both on a global and a regional level, post-September 11 developments, having narrowed Russian opportunities, will continue to influence Russian policy toward Kazakhstan. Ultimately, however, the basic outlines of this policy are not likely to change significantly. Russian policy will continue to be based on pragmatism and an assessment of economic advantage no less than on a calculation of Russia's security interests. Policy is also likely to be steadier and more predictable than in the past. And, while bilateral relations are likely to gain in importance, the multilateral context of Russian-Kazakh relations will scarcely lose its importance any time soon.

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[37] Ibid.