

## Kazakhstan's attitude towards integration with Russia: less love, more fear

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Russia's annexation of Crimea and destabilization of Ukraine have created a new context for Kazakhstan's foreign and domestic policy. The ongoing crisis in the relations with Russia and the West has also changed the current order in the entire post-Soviet area. From Astana's perspective, the Kremlin's policy towards Ukraine can be considered dangerous since it shows Russia's determination to interfere with the domestic affairs of its neighbours in the pursuit of its own interests. Furthermore, this policy reveals and raises the price a country needs to pay for its potential attempts to break free from the Russian zone of influence. At present the biggest challenge for the authorities in Astana is the accelerated implementation of the idea of the Eurasian Union promoted by Moscow, which is to be another stage in the integration of post-Soviet states (presently Russia, Kazakhstan and Belarus). The signing of the Eurasian Union's founding documents planned for late May 2014 and the launch of this organisation (scheduled for January 2015) is sure to bring Kazakhstan closer to Russia and simultaneously limit its economic and political independence. Nevertheless, Astana's position in relations with Moscow will to a large extent depend on the new shape of the relations between Russia and China. China is pursuing its own strategic interests in Central Asia (including in the energy sector) and its main partner in the region is Kazakhstan. At the domestic level, Russia's actions in Ukraine made the authorities in Astana fear that measures similar to those used in Ukraine could be applied towards Kazakhstan. On the one hand this has led to increased efforts aimed at consolidating the state and strengthening its structures, and on the other hand it has brought about a revision of those aspects of domestic policy which Russia could interpret as a pretext for interfering.

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### Integration projects – an effective tool for bringing post-Soviet states closer to Russia

The Customs Union established on 1 January 2010 by Russia, Belarus and Kazakhstan, and the Common Economic Space (CES), in place since 1 January 2012, have proved to be the first effectively functioning economic organisations in the post-Soviet area. The establishment of the Eurasian Union on 1 January 2015 will be a further stage extending the economic integration between these states. Its founding documents are

to be signed in Astana in late May 2014. From Russia's perspective the above-mentioned projects are the most important tools in the economic integration of states of the former USSR and their growing political dependence on Russia, which is meant to counteract their attempted integration with the West and China. One confirmation of this is the fact that in autumn 2013 Armenia was forced to join the Customs Union and the CES and to abandon its rapprochement with the EU. Another example is provided by the Kremlin's determination to include Ukraine in

the integration process at that time. From the perspective of the Kremlin, the Eurasian Union is supposed to be an alternative for the Western model of modernisation and the shape of the political system and one of the major “poles” of the contemporary world able to influence global politics. Russia is the party initiating the integration processes and it has the greatest ability to influence the shape of the Eurasian Union.

### **The evolution of Kazakhstan’s position towards its integration with Russia: growing fear**

Kazakhstan decided to take part in the integration processes (2008–2009) because it viewed them as a chance for economic development and a way to alleviate the consequences of the economic crisis. It was hoped that integration with Russia would help Kazakh manufacturers

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to enter the Russian market and facilitate the modernisation of domestic production capabilities in the context of the increased competition in Kazakhstan itself (generated by the inflow of goods and services from Russia). Astana saw its membership of the Customs Union as a tool which would enable it to curb the dynamically progressing economic expansion of China. The positive approach towards this project undoubtedly also resulted from the fact that the author of the concept of the Eurasian Union was President Nursultan Nazarbayev (although the concept had been devised in completely different political circumstances): from Astana’s perspective Moscow merely put his ideas

into practice. In 1994, in part due to its difficult economic and political situation, Kazakhstan sought out the possibilities of closer economic cooperation with Russia.

In time, certain economic effects of the Customs Union and the CES came to light which were unfavourable for Kazakhstan. There was an increase in the country’s trade deficit with Russia<sup>1</sup> and in the prices of foodstuffs<sup>2</sup>, and an expansion of Russian companies onto the Kazakh market was observed (the number of Russian companies registered in Kazakhstan rose by 80% in 2012 against the previous year). Russia has also assumed a leading role in the main bodies of the newly established organisations (e.g. in early 2013 Russians held 84% of posts in the Eurasian Economic Commission created in 2012). All this has caused a change in Astana’s approach to this project. Kazakhstan voiced its protest publicly when Russia tried to make the Eurasian Union a political project and proposed the creation of a parliament of all member states; this plan was revealed in 2012<sup>3</sup>. From that moment on Kazakhstan started to openly criticise attempts to provide integration projects with a political dimension and suggested that they pose a threat to the country’s political sovereignty<sup>4</sup>. Criticism of the economic dimension of the cooperation also began to be voiced ever more frequently. It concerned mainly Russia’s initiatives aimed at creating non-tariff barriers for Kazakh companies on the

<sup>1</sup> Since the creation of the Customs Union, the trade deficit between Kazakhstan and Russia has gradually increased reaching US\$ 5.3 billion in 2009, US\$ 6.5 billion in 2010, US\$ 8.5 billion in 2011 and US\$ 10.4 billion in 2012 (Kazakhstan’s Statistical Office).

<sup>2</sup> The increase in the prices of foodstuffs was 10% in 2010 and 9% in 2011 compared with 3% in 2009 (after: Kazakhstan’s Statistical Office).

<sup>3</sup> In February 2012 at the summit of the CIS parliamentary assemblies, Sergey Naryshkin, Chairman of the State Duma, proposed the creation of a parliament of the Eurasian Union; the idea was rejected by Kazakhstan and Belarus who feared that the creation of supranational bodies would limit the competence of national institutions.

<sup>4</sup> E.g. the interview with Erlan Karin, secretary of the presidential party NurOtan in the newspaper *Vremya*, entitled “Do not dream” (19 September 2012), published ahead of Vladimir Putin’s visit to Astana.

Russian market. This illustrates Russia's selective implementation of the integration rules. On the other hand, criticism also concerned the lack of possibility to defend domestic entrepreneurs against competition from the Russian companies entering the Kazakh market.

The Customs Union and the CES have proved to be rather efficient re-integration organisations favourable mainly to Russia. Even the positive results of the Customs Union, e.g. the increase in the number of cars manufactured in Kazakhstan, are not necessarily the effect of the market opening up, but rather seem to result from the limiting of import possibilities and are more favourable to the expansion of Russian producers onto the Kazakh market than the spread of Kazakh companies onto the Russian market<sup>5</sup>.

Moreover, after the Kremlin's disclosure of the political aspect of the Eurasian project it began to be perceived in Astana as a threat to Kazakhstan's national sovereignty<sup>6</sup>. Kazakhstan was still aware that it would be impossible to abandon the integration process due to the country's dependence on Russia in the areas of economy and security, and due to there being no attractive alternative to Kazakhstan's relations with Moscow. China cannot be seen as such an alternative because of anti-Chinese

sentiments deeply rooted in Kazakh society and elites, considerably greater than anti-Russian sentiments. Kazakhstan has made attempts to slow down and diffuse the integration process on the one hand, and to increase the dynamic of how it is being shaped on the other.

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the scope of the founding documents to institutional aspects of the Eurasian Union then in progress. This expectation was voiced by Nazarbayev during the summit in Moscow on 5 March 2014. In practice this would mean the creation of a mock organisation which would have no real influence on the shaping of the economic policy of its member states.

The events in Ukraine (especially since Russia's annexation of Crimea) have demonstrated the dire consequences of choosing any option other than that of integration with the Russian Federation, and this has influenced the progress of negotiations on the creation of the Eurasian Union. The Russian offensive in Ukraine has clearly weakened the position of Kazakhstan (and Belarus), encouraging Russia to not only make preparations for the signing of the framework political agreement (as initially expected), but also to open negotiations on its individual regulatory provisions concerning cooperation in specific sectors of the economy.

<sup>5</sup> According to data compiled by Kazakhstan's leading car manufacturer Asia Avto (83% of the market share), since the creation of the Customs Union the production of cars has at least doubled year on year, cf. [http://www.aziaavto.kz/news/2014/30\\_01.htm](http://www.aziaavto.kz/news/2014/30_01.htm). In spite of this, due to the poorly developed Kazakh domestic production, it was mainly Russian manufacturers who benefited from the opening of markets – the Customs Union has led to an increase in import duties and at the same time opened up the Kazakh market to Russia with no limitations. In consequence, according to data for Q1 2014 the sale of cars manufactured in Kazakhstan rose by 25% year on year, and the sale of Russian cars by 41% year on year (data after the Association of Kazakh Automotive Business AKAB). It is also worth noting that the Russian Avtovaz has a 50% market share in the Kazakh car manufacturer Asia Avto.

<sup>6</sup> One demonstration of this was Nazarbayev's repeated declarations that the Eurasian Union is a political rather than an economic project and poses no threat to Kazakhstan's sovereignty, cf. <http://www.osw.waw.pl/en/publikacje/analyses/2013-01-23/kazakhstan-distances-itself-moscows-integration-projects>

The adoption of such provisions would limit the possibility of member states to conduct an independent economic policy. The revealed draft of the Eurasian Union's founding document indicates that to a large extent it also concerns such sensitive issues as security (including preferences for the Customs Union states in armaments tender procedures) and limits the capability of domestic industry to defend itself against competition from the Russian companies (e.g. it limits the possibility to subsidise the domestic business sector).

In spite of the limited room for manoeuvre, Kazakhstan is trying to defend itself against Russia's plans by playing a more active role in the project and by promoting solutions based on partner cooperation<sup>7</sup>. The unwillingness to strengthen Russia's position in the Eurasian Union is another cause of Astana's negative approach towards the possible expansion of the project to include Armenia – Kazakhstan fears that its voice would be somewhat drowned out and that Armenia would support Moscow's stance (this issue is not so clear in the case of Kyrgyzstan which may support Astana).

In this context it seems that the signing of the Eurasian Union's founding documents in May 2014 will certainly limit Kazakhstan's economic and political independence and might lead to Russia's cultural domination<sup>8</sup>. The current negotiations concerning the shape of the agreement will result only in the definition of the complexity of the new multiple ties between Kazakhstan and Russia. Both the shape of the final agreements and the method used to implement them will be tests for the Kazakh strategy.

<sup>7</sup> Lecture by Nursultan Nazarbayev at the Moscow State University on 28 April 2014.

<sup>8</sup> During this lecture (*op. cit.*) Nazarbayev said that "it is important for the cultural and humanitarian integration process not to blur the spiritual and cultural diversity of the Eurasian space by allowing one aspect to dominate others". In this lecture Nazarbayev proposed that the Eurasian Union institutions use the languages of all of the member states and that their seat be in Astana ("in the very heart of Eurasia").

## Kazakhstan's domestic policy and the Ukrainian Maidan

Taken together, the crisis in Ukraine and the crisis in the relations between Russia and the West have been the most important factor to influence Kazakhstan's domestic policy. For more than two decades of its independence Kazakhstan has built a state which is well-managed but still far from meeting democratic standards. The Ukrainian Maidan has reinforced the authorities in Astana in their positive view of the recent internal reforms aimed at effectively securing Kazakhstan against its own possible Ukrainian scenario.

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The bloody clashes in Zhanaozen<sup>9</sup> in December 2011 contributed to an acceleration of the internal reforms conducted in response to ideological changes taking place in Kazakhstan and the growing social tensions. The actions carried out by the authorities failed to democratise the country and focused on improving the system of government and control over the regions (the establishment of the Ministry of Regional Development), increasing the efficiency of the administration structures (the creation of a civil service, the informal recommendation to employ graduates of the international scholarship Bolashak programmes on deputy managerial posts<sup>10</sup>), creating mechanisms for the alleviation of social tensions (local elections at the

<sup>9</sup> The authorities bloodily suppressed a strike which petroleum sector workers had been organising for several months. According to official data 14 people were killed.

<sup>10</sup> Until 2013 nearly 10,000 Kazakhs benefited from the state-funded Bolashak programme, with two thirds of them completing their education in the USA or the United Kingdom.

lowest level of territorial administration, promoting the role of tri-party commissions in labour disputes, numerous social programmes). The state ideology shaped by the authorities has also been corrected to include more references to Kazakhstan's cohesion and independence. The authorities' aim is to consolidate the civil service system and to centre society around the state

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(this is best illustrated by the new concept of the "patriot act" announced in the annual presidential address to the nation in 2014). At the same time the space used for presenting the slogans of the Kazakh nationalism has been widened, and the authorities have adopted solutions in their decision making process in line with the expectations of these circles, e.g. president Nazarbayev's decision of 2013 to change the alphabet from Cyrillic to Latin within 15 years<sup>11</sup>.

### Crimea as a warning for the CIS

The escalation of the crisis in Ukraine, i.e. Russia's annexation of Crimea and the subsequent sabotage actions in eastern Ukraine, have clearly demonstrated Russia's determination to pursue its own interests in the area of influence it had delineated. The Kremlin has challenged the rules of the game observed so far, including the permanence of the borders (set and guar-

<sup>11</sup> The activity of nationalist groups was tolerated because they could be used as an argument in the process of shaping the Eurasian Union (in 2012, the senator and chairman of the Party of Patriots, Gani Kasymov, who headed the Kazakh delegation criticised the idea of creating a common Eurasian Union parliament in his talks with representatives of the parliaments of Russia and Belarus).

anteed by Moscow) of the second most important – after Russia – state of the former USSR. This came as a shock to the entire CIS and made Astana fear that Russia might make use of the arguments it had used to justify its actions toward Ukraine in relation to Kazakhstan. These arguments include: the necessity to defend the Russian-speaking population, the alleged dysfunctionality of the state, the emergence of "Fascist forces", and the questioning of the legitimacy of the borders and the toppling of legitimate authorities by external forces.

In Kazakhstan particular fears have been sparked by the voices of certain Russian politicians suggesting the possibility of the inclusion of northern Kazakhstan or the entire Central Asia into Russia (this was mentioned e.g. by Vladimir Zhirinovskiy, Vice Chairman of the State Duma) or the theoretical possibility of challenging the independence and legitimacy of Kazakhstan's borders in general<sup>12</sup>.

An important potential problem is the Russian minority (24% of the country's population, with other Slavic minorities account for ca. 3% of the population) living mainly in the northern part of Kazakhstan. These people feel increasing pressure resulting from the growing importance of the Kazakh language. Similar pressure has also been caused by the informal policy of Kazakhisation and the growing nationalist tendencies in Kazakhstan, demonstrated by the increased activity of nationalists and in their critical approach towards Russia and the Eurasian Union. Fears concerning the Kremlin's intentions have led to a correction of Kazakhstan's domestic policy. On the one hand, there has been an increase in the authorities' actions aimed at continuing the internal reforms to consolidate the

<sup>12</sup> There is a dangerous analogy to the situation in Crimea. This was granted to Ukraine by Russia in 1954 and until 1936 Kazakhstan had been an autonomous part of the Russian FSSR, and when it was raised to the status of a union republic it left its then capital Orenburg in the Russian FSSR. After the annexation of Crimea, Nazarbayev has frequently made reference to the fact that Kazakhstan and Russia have totally regulated their border issues.

state and increase the level of control over both state structures and society. These actions have included the reform of the power structures (the establishment of the National Guard and the State Protection Service) and certain legislative amendments increasing the scope of control over the Internet and harsher penalties for separatism. The aim the authorities have is to demonstrate that Kazakhstan – unlike Ukraine – is a well-functioning state with effective tools which can be used to control the internal situation (this is supposed to discredit Russia’s argument that the state is dysfunctional).

There has also been a change in the approach towards nationalist-oriented groups whose ideology might be used by Russia as a pretext for an open intervention in Kazakhstan’s domestic affairs<sup>13</sup>. Astana will be trying to limit the activity of nationalists in order to avoid accusations of tolerating the equivalent of the Ukrainian Right Sector on its territory (this is portrayed as a Fascist organisation in Russian propaganda). Finally, the rhetoric concerning ethnic minorities and the state itself has changed. This is confirmed by the numerous declarations made by President Nazarbayev stressing the multi-ethnic nature of the country and the rule of non-discrimination on grounds of ethnic or religious background<sup>14</sup>. The unexpected announcement of 2015 as the Year of People’s Assembly of Kazakhstan is another presidential initiative addressed to ethnic minorities and a demonstration of the lack of ethnic problems within the state.

<sup>13</sup> The presentation in the Russian media of the April edition of the *Anyz Adam* magazine as a publication which promotes Fascism and the protest expressed by the Russian embassy were a good example of this. As a matter of fact the magazine warned its readers against Russia’s expansionist policy and listed similarities between Adolf Hitler and Russia’s president Vladimir Putin. In response the Kazakh authorities launched an investigation into the content of that edition of the paper, but decided not to close down the magazine.

<sup>14</sup> On 2 April 2014 Nazarbayev alerted the “excessively zealous public servants” to the possible cases of discrimination on grounds of language and authorised the prosecutor’s office to investigate them. [http://en.tengrinews.kz/politics\\_sub/President-Nazarbayev-on-languages-in-Kazakhstan-252652/](http://en.tengrinews.kz/politics_sub/President-Nazarbayev-on-languages-in-Kazakhstan-252652/)

## The survival strategy

Kazakhstan’s room for political manoeuvre became greatly limited as the events in Ukraine developed. The main aim of all the activities carried out by Astana has been to guarantee that the country endures the current crisis in the relations between Russia and the West and the Russian pressure connected with the formation of the Eurasian Union with minimum losses. It was this intention to move out of reach of Russia that was behind the evolution of Kazakhstan’s approach to Moscow’s policy towards Ukraine – from the initially neutral approach, through support for the actions in Crimea, back to a policy of positive neutrality (Kazakhstan supported e.g. the result of the talks in Geneva). The in-

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attention to avoid exposing the country to Russia’s potential actions has been the cause of the change in the internal rhetoric as well. What is important, however, is that the fear of Russia has also alerted the authorities and encouraged them to carry out actions aimed at consolidating the state and its citizens and to continue implementing reforms.

Currently the most significant task faced by Kazakhstan is to minimise the losses connected with the creation of the Eurasian Union. The return to office of Prime Minister of Karim Masimov, considered the most efficient of all Kazakh prime ministers so far, has contributed to a strengthening of Kazakhstan’s position. This means that although Astana is aware of the inevitability of falling into Russia’s zone of influence, it is mo-

bilising its resources to reduce the negative consequences of the rapprochement with Russia. The events in Ukraine have shed a different light on the problem of the unavoidable succession of Nursultan Nazarbayev. Kazakhstan's political evolution has strengthened the position of president Nazarbayev making him the unquestioned author of the state's policy and

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the guarantor of the current state and political system and of the social order (at least in the opinion of general public). This means that his departure from office might spark internal problems which in current conditions could serve as a pretext for Russia to become involved in Kazakhstan's internal affairs. This is the motivation behind Nazarbayev's efforts in the last two years to improve the party and administration apparatus and to consolidate the elite centred around the president. The Ukrainian context has highlighted the weaknesses of the authoritarian system in Kazakhstan and made it necessary to correct it and it seems that this may serve as a catalyst to the preparations for succession (the recent change of government on 2 April 2014 has not impinged on the balance within the elite, though it has strengthened the position of the president's daughter Dariga Nazarbayeva).

In the external dimension the Ukrainian crisis has acted as an impulse for increased activity from Kazakhstan in the international arena and also in the CIS area (in particular in relations with Uzbekistan and Azerbaijan). The main aim the authorities in Astana have is to present Kazakhstan as a constructive partner which is open for cooperation with all parties in spite of

its strategic relations with Russia. Its attempts to involve itself in solving the Ukrainian crisis as a mediator (by holding talks with US President Barack Obama and Germany's Chancellor Angela Merkel) were a debacle, but they were nonetheless used by Astana to demonstrate that it has no wish to be seen as a passive ally of Russia (Kazakhstan abstained from voting on the UN resolution on Crimea, unlike Belarus which supported Russia's stance).

It seems that the ineffectiveness of the West's actions towards Russia in the Ukrainian crisis has inspired Kazakhstan to hope for support from China. This is suggested by the active preparations for Nazarbayev's visit to China in May 2014. It is probable that Astana sees the development of economic cooperation with China as potential counterweight to the growing influence of Russia or that it hopes that China will support it in its relations with Moscow, with China's motivation being the desire to defend its own interests in the region.

## Prospects

Kazakhstan has been at the centre of the Russian-led reintegration process which is of key importance for the CIS area. After the creation of the Eurasian Union the principles of cooperation between Russia and Kazakhstan (and also those between Russia and China), observed so far, will change. The key factor in arranging these relations will be the final version of the agreement on the Eurasian Union, followed by the process of its implementation. This will be influenced by the stance of the third member of the newly created organisation, i.e. Belarus. Irrespective of the content of the agreements, the fact of them being signed alone will be a success for Russia and will increase Russia's ability to influence the situation in Kazakhstan. At the same time, however, the Eurasian Union motivates the authorities to continue the internal consolidation and Kazakhstan will remain a stable country for at least as long as it is ruled by Nazarbayev.

The question of setting the Russian-Chinese relations in the context of Russia's deteriorating relations with the West will be another important factor influencing the situation in Kazakhstan. It seems that the significance and the role of China in the Kremlin's policy is growing and this may encourage Russia to take China's strategic interests in Central Asia into consideration, which may in turn prove favourable to Kazakhstan. From Kazakhstan's perspective, presently China – not the West – is the only actor able to counterbalance Russia in Central Asia and at the same time give Astana enough room for manoeuvre in its relations with the Kremlin. Relations between Russia and China will be reflected in the future and the nature

of the intersections (be they of synergy or competition) between the Chinese concept of the transport corridor named the New Silk Route and the Eurasian Union, with Kazakhstan as a key element of both projects.

Kazakh-Russian relations will also be influenced by the degree of the Kremlin's involvement in the Ukrainian crisis and the necessity to reassess the sequence of priorities in Russia's policy. It cannot be ruled out that Russia's increased activity on its western borders will lead to it being less involved in the processes underway in Central Asia. On the other hand, Russia's willingness to demonstrate its political power might encourage it to be more active in the region. This, however, seems the less probable scenario.

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