

Main Directions of Cooperation Development Between the European Union and Kazakhstan in the 2010s

¹Ardak Yesdauletova, ¹Askhat Oralov, ²Aigerim Ospanova,
²Panu Kilybayeva and ³Ilyas Yesdauletov

¹Department of International Relations, L.N. Gumilyov Eurasian National University,
2 Satpayev Str., 010000 Astana, Kazakhstan

²Department of Regional Studies, L.N. Gumilyov Eurasian National University,
2 Satpayev Str., 010000 Astana, Kazakhstan

³Nazarbayev University, Qabanbay Batyr Ave 53, 010000 Astana, Kazakhstan

Abstract: The European Union and Kazakhstan signed the Enhanced Partnership and Cooperation Agreement in 2015. This event symbolized the new stage of the relations between the EU and Kazakhstan. This document held the long process of negotiations since 2009. The researcher tried to estimate the significance of the Enhanced Partnership and Cooperation Agreement for Kazakhstan in two dimensions. The first, this strategy document is important for the economic development of relations, especially in balancing the trade of energy resources. The second, this agreement arises the issues of such normative as human rights and the rule of law in Kazakhstan which were very important for the European Union foreign policy.

Key words: The European Union, Kazakhstan, the Enhanced Partnership and Cooperation Agreement, energy, human rights

INTRODUCTION

Kazakhstan, Russia and Belorussia achieved the highest stage of post-Soviet integration, the Eurasian Economic Union (EEU), in January, 2015. This organization should provide more opportunities for economic development. However, Ukrainian conflict and the Russian involvement in it have a negative impact on the perspectives for the EEU. In addition, Kazakhstan suffers from the openness of borders with Russia because common markets and devaluation of currencies weakened economy. Russia opposes the EU and the US. But, Kazakhstan stays between the West and Russia, trying to keep balance. Under such circumstances the question about future strengthening ties with the EU is unclear. Some scholars and politicians think that the EU will not develop cooperation because Kazakhstan and Russia are in the economic union. Also the European Union programs were not effective. Others argue that the EU will prepare to review and adjust economic cooperation strategies. The researcher support this opinion. In spite of the slow growth of GDP, Kazakhstan is still the subject for the European interests. The EU perceives it as the bridge between Central Asian countries and the EU (The European Union and Central Asia, 2007). Kazakhstan

possesses the main hydrocarbon resources in the continent. On the part of Kazakhstan, it pursues more investments and modern technology. Diversification of policy in international stage is important too.

MATERIALS AND METHODS

Kazakhstan and the European Union established diplomatic relations after the dissolution of the Soviet Union in January 1992. The main document based the EU partnership with Kazakhstan is the Partnership and Cooperation Agreement (PCA) which was signed in 1995 and came into force in 1999. However, “the implementation of the European strategy faces some serious obstacles. Other states, first of all, Russia and China have stronger positions in Central Asia. However, Kazakhstan’s political leaders make attempts to keep a balance between Russia and China. Still, the European Union has some advantages in its relationship with Kazakhstan” (Yesdauletova, 2009).

In 2007 the EU adopted a core document which meant the new approach to the region of Central Asia. It was (The European Union and Central Asia, 2007). Strategy for a new Partnership” (2007). The new strategy shows the strengthening interest of the EU towards the Central

Asian countries in that period which was caused by the first serious conflict between the EU and Russia in winter 2006 when Russia disrupted natural gas to the EU through the territory of Ukraine. The strategy elaborated not only regional but also bilateral cooperation with individual countries. However, these documents embraced several certain years for example, the Partnership and Cooperation Agreement was signed for 10 year (automatically renewable after ten years) and the new strategy lasted from 2007 till 2013. Kazakhstan's government initiated the second updated PCA in 2009. The EU-Kazakhstan Joint statement (2009) pointed out that "the EU and Kazakhstan recognized that in the past decade, new challenges have emerged that can only be successfully tackled through concerted joint efforts. The fight against terrorism, international crime and trafficking, addressing religious radicalism, the mitigation of climate change as well as the establishment of trans-national transport corridors represent issues of common concern, on which the EU and Kazakhstan are determined to step up their bilateral cooperation." The EU and Kazakhstan recognized that a stable convergence of Kazakhstan toward the EU standards and regulatory system would be valuable for increasing trade flows and investments.

The bilateral cooperation is regulated through Partnership and Cooperation Agreements (PCA) that have entered into force with four of the states. Kazakhstan and the EU initialed an enhanced PCA in January, 2015, meaning that Astana now has the closest ties with the EU of the five while the PCA with Turkmenistan is yet to enter into force. Preparing to the Enhanced Partnership and Cooperation Agreement allowed to make some assessments referring to the achievements and difficulties between the European Union and Kazakhstan.

Economic cooperation and democratization process in Kazakhstan in different assessments: "The EU has been Kazakhstan's leading trade and investment partner since 2007 with over 40% of Kazakhstan's exports going to the EU market. This mostly concerns oil, a widely available global commodity and uranium. Meanwhile, EU exports to Kazakhstan account for roughly 0.4% of the union's foreign trade turnover. In other words, Kazakhstan is n't really a significant inarket for brussels (Tsertsuadze and Boonstra, 2013).

The economic relations are asymmetrical Cooperation in the economy should be more effective for Kazakhstan in the future. For the EU, 'enhancing' the partnership would lie largely in building stronger political ties and fostering democratic governance in Kazakhstan which would in turn result in long term stability and development. Meanwhile, Kazakhstan seeks international

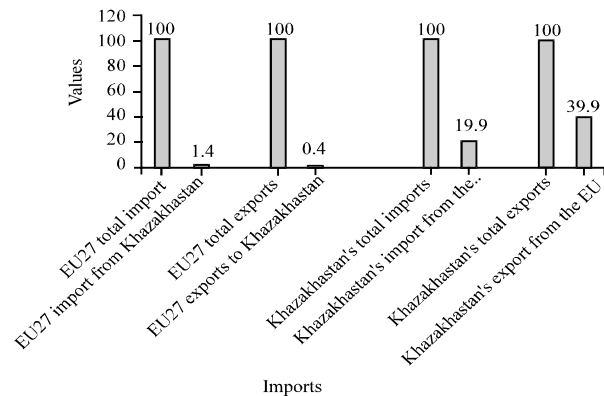


Fig. 1: Kazakhstan's share (in percentages) in the EU's exports-imports and the EU's share in Kazakhstan's exports-imports in 2012 (Eu crude oil imports (EUCOI, 2013) http://ec.europa.eu/energy/observatory/oil/import_export_en.htm

recognition but above all better access to the European market. The big neighbors are China and Russia's which are active partners as well. At the same time Kazakhstan keeps relations with the EU because it offers a market of over 500 million people. European states have sent almost half of Kazakhstan's Foreign Direct Investment (FDI).

Besides of providing a financial assistance, Europe is also an important partner when it comes to sharing know-how, expertise and technology. According to data from the European Commission, in 2012 EU exports to Kazakhstan were worth 7.1 billion while the country's exports to the EU amounted to 20.1 billion (Fig. 1). "Central Asia observers have heard numerous times about the importance that Kazakhstan and the EU have for each other. But most public comments overlook the fact that the relationship is not evenly balanced. The scale, at least in terms of trade, tips heavily in the EU's favor. The EU has been Kazakhstan's leading trade and investment partner since 2007 with over 40% of Kazakhstan's exports going to the EU market. This mostly concerns oil, a widely available global commodity and uranium. Meanwhile, EU exports to Kazakhstan account for roughly 0.4% of the Union's foreign trade turnover" (Tsertsuadze and Axyonova, 2013).

The current relations between the EU and Russia are becoming complicated due to sanctions from the European Union. People feared that sanctions towards Russia would touch Kazakhstan directly or indirectly because Kazakhstan has very close ties with Russia. The Eurasian Economic Union (EEU), launched in January 2015, almost reduced boundaries in trade and customs duties among three post soviet countries Russia,

Kazakhstan and Belorussia. Kremlin intended to impose limitations on transit of food imports from the EU. "As Head of Russian Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) Sergei Dankvert said, that the goal was to prevent re-export of those goods to Russia. Russia may impose limitations on transit of food imports from the European Union in Kazakhstan in order to prevent re-export of those goods to Russia. But neither Russia nor any other country can impose restrictions on imports to Kazakhstan. In accordance with Kazakhstan's Deputy National Economy Minister Madina Abylkasymova, introduction of any kind of restrictions on the transit of food imports to Kazakhstan from the EU is out of the question. She reminded that sanctions between the EU and Russia had no relation to Kazakhstan" (Tashkinbayev, 2014). In early August, 2015, Russia banned imports of meat, poultry, fish, dairy, fruit and vegetables from the EU, the USA, Australia, Norway, Canada in response to the Western sanctions imposed on Russia over the crisis in Ukraine.

In Kazakhstan some experts express opinion that in the case of withdrawal of foreign investors from Russia, Kazakhstan receives a chance to win them in common with the Russian market space which means that Kazakhstan will have a position of a mediator between the West and Russia. Therefore, Kazakhstan will have to take care of improving the business climate for increasing the attractiveness of the country for business. The other aspect that emerged serious talks referred to human rights, rule of law and democratization. "These concerns became pronounced following Kazakhstan's tenure as the OSCE chair in 2010. Democratic reform pledges made prior to the chairmanship not only haven't been fulfilled, Astana has actually backtracked. The Kazakhstani government's handling of the Zhanaozen protests in late 2011 highlights this point. Reported torture of witnesses and defendants and falsified verdicts were commonplace" (Tsertsvadze and Boonstra, 2013). The European Union plans to step up efforts to address "serious challenges to human rights" in Central Asia, according to a strategy document seen by Radio Free Europe/Radio Liberty (RFE/RL). "According to the strategy document, another priority is cooperation on the rule of law: the EU is considering linking budget-support programs to specific anticorruption measures in the Central Asian states" (Jozwiak, 2015).

RESULTS AND DISCUSSION

Why do the EU and Kazakhstan have different approaches in elaborating the second generation of PCA? First of all the European Union intends to conduct policy in a stable country that may prevent and solve issues in

regional security and development. However, the two parties have different perceptions about stability. "For the EU, a Kazakhstan based on democratic values, good governance and rule of law would make the best partner in the region. Kazakhstan leaders, meanwhile, place the greatest emphasis on stable economic growth and they seem to believe that expanding civil liberties would pose a threat to their steady development paradigm. In addition, Astana appears to think that merely initiating lots of international meetings and paying lip service to pressing problems will somehow magically strengthen security and produce a more stable neighborhood" (Tsertsvadze and Axyonova, 2013). "As European Commission President José Manuel Barroso mentioned during his visit to Astana in June 2013, Europe is looking for a politically stable partner in Central Asia. While Kazakhstan has advanced economically and is considered more stable than some of its neighbours, its stability is based on a 'strong man' rather than on democratic governance, rule of law and respect for human rights" (Tsertsvadze and Axyonova, 2013).

When Kazakhstan began talks in 2009 their diplomats were eager to sign an enhanced agreement easily that would strengthen ties with the Brussels. But the Ministry of Foreign Affairs has become anxious as a consequence of many reform requirements. On the other hand, the EU was not keen at the outset to discuss enhanced PCA talks but now wants to move ahead and see progress after making a substantial investment of time and effort. The process of engagement including a discussion about matters Kazakhstan seeks to avoid might be more important than the end result. The EU has been a careful actor in Central Asia, trying to balance the economic interest of its member states with the values the EU stands for as a whole. As a normative actor, the EU should not shy away from making democratization and human rights a central aspect of these negotiations. The EU has leverage; its market is going to remain attractive, even crucial, for Kazakhstan's exports, including their potential need for European know-how and technology. Ultimately, an enhanced partnership based on truly democratic commitments will be beneficial for the EU its member states and Kazakhstan and would provide for a reliable partner. But for that to happen, Kazakhstan needs to get serious about democratization.

CONCLUSION

The renewed negotiations on an enhanced PCA present a good opportunity for the EU to engage in both public and quiet diplomacy. "Kazakhstan has a clear need to have substantial trade outlets beyond its large, immediate neighbors China and Russia. Besides,

Kazakhstan's foreign policy is predicated on a so-called multi-vector approach which needs strong relations with the EU and to a certain extent the United States, to offset the constant pressure exerted on Kazakhstan's sovereignty by Beijing and Moscow." (Tsertsvadze and Boonstra, 2013). The existing partnership and cooperation agreement between the EU and Kazakhstan which has been in force since 1999 is automatically renewable. Thus, there is no urgent need for a new agreement. For the PCA to become genuinely 'enhanced' it should offer clearer prescriptions on democratic development and stronger obligations on Kazakhstan's part. The Chief Negotiators are Mr Gunnar Wiegand, Director for Eastern Europe and Central Asia at the European External Action Service (EEAS) and Mr. Alexey Volkov, Deputy Minister of Foreign Affairs of the Republic of Kazakhstan and National Coordinator for relations with the EU. In the course of the negotiations, Mr. Wiegand made the following remarks: "we had intensive negotiations and result-oriented sessions; we aim to conclude the Agreement by the next fall as Presidents Barroso and Nazarbayev discussed most recently during the World Economic Forum in Davos in January 2014" (Negotiations on a new enhanced Partnership and Cooperation Agreement between the EU and Kazakhstan: Astana hosts the sixth round in 2014).

The negotiations covered all aspects of the new Agreement, including economic and sustainable development, trade and investment, justice and legal cooperation, people-to-people relations which embraces cooperation in education, culture, research and innovation and civil society cooperation. Kazakhstan is the only country in Central Asia with whom negotiations are ongoing toward a second generation agreement. The new enhanced PCA will provide a broad framework for reinforced political dialogue, cooperation in home and justice affairs, other sectoral areas and will promote mutual trade and investments as well as expand further the good relations between the EU and Kazakhstan. On security, the paper says the region faces a number of challenges such as foreign fighters, radicalization, drug trafficking and water and border disputes. It says the EU aims to further develop both bilateral and regional security dialogues with the Central Asian countries, ensuring stronger involvement of Afghanistan which borders Tajikistan, Uzbekistan and Turkmenistan. Also, Kazakhstan is eager to further develop a dialogue with EU companies in order to attract investments to the country

and to discuss the EU can promote responsible business conduct and corporate governance. "The EU's economic and trade interests are already largely accommodated in the current PCA. Thus, a new agreement has to go further, notably paving the way for progress towards democratic reform which would help increase Kazakhstan's stability and thus protect European investment in the long-term" (Tsertsvadze and Axyonova, 2013).

Regardless of China and Russia's vicinity, the EU is Kazakhstan's leading trade partner and offers a market of over 500 million people. In recent years, Europe has accounted for almost half of Kazakhstan's Foreign Direct Investment (FDI). Next to providing a continuous cash-flow, Europe is also an important partner when it comes to sharing know-how, expertise and technology.

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