

## Analysis

### Russia and Kazakhstan: A Special Relationship

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#### Abstract

Kazakhstan and Russia have maintained close relations since Kazakhstan's independence in 1991. Both domestic and inter-state factors underpin this phenomenon. Still, despite the close and constructive relations, Kazakhstan has retained considerable room for maneuver and has deviated from the Russian agenda in the region on several important points, such as energy transportation, and – perhaps more surprisingly – by agreeing to military cooperation with NATO.

In January 2009, the new US Secretary of State Hillary Rodham Clinton chose her first meeting with a foreign representative to be with David Miliband of the UK – the USA's closest ally. Similarly, Dmitry Medvedev made his first trip abroad as president of the Russian Federation in May 2008 to Kazakhstan. President Nursultan Nazarbaev is said to have greeted his Russian counterpart by noting that the two countries' bilateral ties were tighter than those of any other two states on earth. Medvedev, for his part, stressed that it was no accident that he had chosen Kazakhstan as his first destination, adding that "Russia values the genuinely friendly and mutually advantageous relations with Kazakhstan, our strategic partner."

But how close are Kazakhstan and Russia really, and how is their relationship best understood? Kazakhstan has chosen to establish a close and cooperative relationship with Russia, but it has also, while working within this framework, proactively and assertively defended its own national interests vis-à-vis Russia. In some cases, including several energy projects, Kazakhstan has clearly been at odds with its northern neighbor. In others, such as Russia's effort to construct a multilateral architecture for the Eurasian region, Kazakhstan has offered tangible and constructive support. Considerable diplomatic and strategic skills have enabled Kazakhstan to maintain and assure Russia of a "special relationship" between the two countries, all the while as it has adhered to an overall concept of a "multi-vector" foreign policy, where cooperation has been sought with all key outside players in the region. Kazakhstan has "band-wagoned" with Russia, but while doing so, has also managed to maintain considerable room for maneuver in its foreign affairs.

#### Energy

Energy issues lie at the heart of the Russia–Kazakhstan relationship. Two aspects are particularly important: transit of Kazakhstan's oil and gas through Russia

and the two countries' joint development of three oil fields in the Caspian Sea. In 2007, Kazakhstan exported more than 60 million tons of oil through Russia – making it by far the most important transit country for Kazakhstani oil. This transit takes place under the auspices of a long-term agreement on energy transit between the two countries, signed in 2002.

Pending an overall settlement of the legal issues surrounding the Caspian Sea, Kazakhstan and Russia concluded their own bilateral agreement delineating their sectors. Especially important here was the decision to jointly develop three oil fields in the north-western part of the Caspian Sea: "Kurmangazy," "Tsentralnoe" and "Khalynskoe." This pragmatic and mutually beneficial solution to the challenges of border delineation and the division of the income from the oil fields in the disputed sectors is indicative of the trust and dialogue that underpin much of the relationship between Russia and Kazakhstan.

However, it is also in the sphere of energy that one finds the strongest divergence between the two countries. Central issues here are the routes for the remaining Kazakhstani oil exports, and the extent to which Kazakhstan's use of Azerbaijan as an additional transit country (through the Baku–Tbilisi–Ceyhan pipeline, BTC) is eroding Russia's position in the region. Kazakhstan's support for the BTC, even if moderate and with little firm commitment, was crucial in the early stages of the BTC project. Some doubted whether BTC would be economically viable if it catered only to Azerbaijani oil – but with the prospect of additional Kazakhstani oil entering the pipeline, support for the BTC project improved. Once the pipeline was completed, Kazakhstan's commitment has further increased. The BTC provides an alternative outlet for oil from Central Asia and the Caucasus that bypasses Russia. This reduces, albeit only moderately, the soft power bestowed on Russia vis-à-vis Europe due to Russia's role as major energy provider. The alternative western route

also reduces Russia's political leverage over the energy-rich Caspian states, since their dependence on Russian transit is reduced. In supporting the BTC, Kazakhstan asserted its independence from Russia and solidified its "multi-vector" foreign policy line. Russia has sought to receive as much of Kazakhstani transit oil as possible, but Kazakhstan's BTC decision clearly thwarted these wishes. Kazakhstan was similarly assertive when it entered into an energy partnership with China (construction of a Kazakhstan–China pipeline and Chinese foreign direct investment in the energy sector) and agreeing to oil swaps with Iran, although these involved lower volumes and were less important.

One hitch in the transit saga between Kazakhstan and Russia concerns the difficulties associated with the Caspian Pipeline Consortium (CPC) pipeline, which stretches from the Tengiz oil field in Kazakhstan to Novorossiysk on the Russian Black Sea coast. With its capacity to ship 700,000 barrels per day, this is a vital outlet for Kazakhstani oil. Kazakhstan's government, alongside foreign oil companies and shareholders in the pipeline, have since the completion of phase 1 in 2001 sought to arrange for a near doubling of the pipeline's capacity, to 1.3 million barrels per day. However, Russia stalled these efforts until 17 December 2008 when, finally, a CPC expansion was agreed upon by the CPC shareholders, the Ministry of Energy of the Russian Federation and the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan. According to the agreement the CPC expansion is expected to be completed by 2013. The CPC is the only transit pipeline in Russia not owned by the Russian state company Transneft, and the difficulties caused by Russia apparently stem from the Kremlin's attempt to consolidate control over the country's oil transport infrastructure. Regardless of Russia's possible motives for slowing down CPC expansion, the case has served to remind Kazakhstan of the benefits associated with multiple export options and routes.

### **A Multilateral Architecture for the Eurasian Region**

While Kazakhstan has on several occasions taken an independent stance from that of Russia in the energy sector, on issues related to regional integration and the development of multilateral cooperation, the two countries have defined their interests in very similar ways. Kazakhstan has been an eager supporter of Russian-led initiatives to build new mechanisms for cooperation in such spheres as trade, migration and security. Faced with a malfunctioning Commonwealth of Independent

States, Russia – spurred by suggestions from President Nazarbaev – proceeded with developing the Eurasian Economic Community (EEC) for the more integration-inclined and Russia-loyal states of the CIS. Kazakhstan has supported Russia's attempts in this EEC to harmonize external customs tariffs (especially concerning Belarus, Kazakhstan and Russia) and to maintain low tariffs among EEC members.

The Collective Security Treaty Organization (CSTO) complements the EEC in the security sphere (see below). Another key multilateral forum in the region is the Shanghai Cooperation Organization (SCO). It incorporates both security and economy-related issues, and has, in many ways, become an arena for coordinating Russian and Chinese engagement in the region.

Kazakhstan has been a vocal supporter of efforts to enhance the multilateral architecture for interstate cooperation in the region. Unsurprisingly, these efforts reflect its own national interests: as a comparatively small state, Kazakhstan has an incentive to engage with the greater powers in the region in regular and rule-bound settings. Its diplomatic support to Russia's multilateral efforts is also a relatively low-cost way of signaling loyalty and allegiance on an issue of great importance to Russia. Russia's multilateral drive in Eurasia is motivated not only by a desire to solve common challenges facing the countries in the region, but also by aspirations for great-power status in global affairs – and the Russians see pre-eminence and relevance in regional affairs, manifested by leadership in multilateral organizations, as a precondition for this.

### **Security, Space and Nuclear Energy Cooperation**

As a member of the CSTO, Kazakhstan gets preferential terms in its weapons purchases from Russia. This advantage forms part of a larger bilateral cooperation package between the two countries on military education, arms production and border control. The two countries also participate in the activities of the CSTO, including contributing to a CSTO Collective Rapid-Reaction Force. Despite the close military relations between Kazakhstan and Russia, Kazakhstan has not ruled out cooperation with other countries and organizations. It joined NATO's Partnership for Peace Program in 1994 and works with NATO structures and allies (the USA in particular) through an Individual Partnership Action Plan (IPAP).

Kazakhstan and Russia have been stepping up their collaboration on civilian nuclear energy. The two also cooperate extensively on the Baikonur space launch fa-

cility, which Russia leases from Kazakhstan on a long-term contract.

The Kazakhstan–Russia relationship is shaped to a large extent by geography and history. The common Soviet and (partly) Tsarist past has created important social, infrastructural and business links between the two countries, while the long and (largely open) border ensures that Kazakhstan and Russia are tightly interdependent in security terms. Domestic political aspects, however, also matter for the type of relations that the two countries enjoy. Two issues are particularly relevant in this respect: Kazakhstan’s large ethnic Russian minority, and similarities in regime type.

Approximately 25 per cent of Kazakhstan’s population are ethnic Russians. Most of the ethnic Russian population lives in northern Kazakhstan near the Russian border. In the early years after independence in 1991, a central concern among the Kazakhstani elite was the possibility that the northern regions might want to secede from Kazakhstan and join the Russian Federation. This fear provided an additional rationale in the 1990s for Kazakhstan’s choice of aligning closely with Russia – it was part of an effort to cater to the wishes of the ethnic Russian population and mitigate its potential concerns, simultaneously removing incentives for the Kremlin to try to woo the ethnic Russian population in northern Kazakhstan.

More recently, support from Russia to the incumbent regime in Kazakhstan has grown in importance. Faced with growing political activism in Kazakhstan in 2001–2002 and alarmed by the subsequent “color

revolutions” in Georgia and Ukraine, Kazakhstan’s political leadership sought to “manage” the political process in the run-up to elections in 2004 and 2005 as far as possible. The Russian political leadership shared the Kazakhstani leadership’s concern over the prospect of further regime change in the post-Soviet area, which was interpreted both as a US- and an EU-induced plot. Murat Laumulin and Mukhtar Shaken, two prominent Kazakhstani analysts, observed Russia to be acting in the following way:

In 2004 and 2005 Russia threw its political weight into stabilization of the situation around Kazakhstan at the far from simple time of the parliamentary and presidential elections. By demonstrating his support to the president of Kazakhstan on the eve of the elections, President Putin attracted the voters of the Russian-speaking population. Moscow used its own channels to inform the most active geopolitical actors in Central Asia that Russia would never permit a repetition of the Ukrainian alternative.

Russia is likely to have offered tangible support – or at least considerable reassurance – to the Kazakhstani leadership as it faced two difficult elections. This contrasted sharply with how the USA and European countries were perceived to be acting. Their democratization agendas were seen as unwelcome efforts to install pro-western forces, threatening to undermine the incumbent regimes. Russia’s ability to support the Kazakhstani leadership when it faced domestic challenges was seen as a vital asset, which in turn further solidified the close relations between the two countries.

#### *About the author*

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#### *Further reading*

Adrian Dellecker *Caspian Pipeline Consortium, Bellwether of Russia’s Investment Climate?* (Paris: IFRI, 2008).

Murat Laumulin and Mukhtar Shaken, “Kazakhstan and Russia: Relations as Part of Russia’s Foreign Policy Strategy,” *Central Asia and the Caucasus* 14, no. 1 (2008): 112–124.

Elana Wilson Rowe and Stina Torjesen, eds. *The Multilateral Dimension in Russian Foreign Policy* (Abingdon: Routledge, 2008).

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