

At a time when the European Union is planning to equip itself with a reform treaty designed to grease the wheels of the institutional machine, the world is whispering outside its door, compelling Europe (or at least, it should be) to swiftly abandon the inward-looking mood it has been in for the past two years. Whether we are talking about relations with Russia, the escalating tension in Kosovo, soldiers marching to the border between Turkey and Iraq or the deteriorating relations between Europe and Africa, its close neighbours are making themselves heard with growing insistence. Does the EU have the tools to analyse each of these burning issues, and the political and diplomatic arsenal that will allow it to deal with them? It remains to be seen... The same question arises for that most distant but no less strategic region, Central Asia. Aptly called the "great chessboard" by Zbigniew Brzezinski, Eurasia has been 'open' since independence in 1991. However, the game started to intensify a few years ago, with the weighty issues of energy, Russia's re-emergence as a dominant global power and China's powerful new ambitions. Is Europe ready? In any case, it cannot fail to take into account the region, its resources and its strategic significance for Europe. Having made that assumption, we need to figure out what to do... This Tribune calls for a strengthened partnership with Kazakhstan, the main country in the region and its principal economic power, on a quest for international recognition, courted by Moscow and Beijing. A tricky partner, whose moves towards democracy are still inadequate, yet it nevertheless offers interesting opportunities for a European Union that should no longer be afraid to defend its interests. An analysis.

## Is Kazakhstan a « gateway » for the European strategy in Central Asia?

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# **α** Introduction

For several years, Kazakhstan has been trying to stand out from its Central Asian neighbours and emerge on the world scene as a reliable partner. In seeking recognition from major international players, it has skilfully exploited its geographical location at the heart of the triangle between China, Russia and Western Europe. As part of its offensive against international institutions, Kazakhstan has been a candidate for the WTO since 1996<sup>1</sup> and hopes to chair the OSCE in 2009<sup>2</sup>. Kazakhstan's election would bring rewards for the economic and political progress made since independence. For its part, the European Union (EU) is seeking new visibility in Central Asia in order to secure future energy partnerships and emphasise its image as a regional mediator by opening up to countries of the Middle East and Asia. Can their interests be reconciled?

Geographically speaking, Kazakhstan is separated from the EU by several countries and does not benefit from the EU's neighbourhood policy, which ends in the Ukraine and Caucasus. Politically speaking, it is seen as having a hard-line regime, under the influence of Russia and China. While the Shanghai Cooperation Organisation (SCO) described the legislative elections of 18 August 2007 as "legitimate, free and democratic"<sup>3</sup>, OSCE observers detected "a certain degree of confusion and inconsistency" during the ballot<sup>4</sup>. In any event, the elections resulted in victory for the presidential party, with more than 80% of the votes and the formation of a single-party parliament, confirming the dominant role of the President, Nursultan Nazarbaev, who can now be re-elected with an unlimited mandate. Therefore, there is no lack of legitimate doubt concerning the regime's lack of transparency and the new law on media censorship.

Despite these undeniable political problems, Kazakhstan has major assets in Central Asia, which cannot be ignored on the world economic scene. Logically, these assets are arousing the interest of the EU, not only with regard to energy, economics and regional strategy, but also because of the country's ability to form new elites, oriented towards the West. Until now, its policy towards Kazakhstan has been rather hesitant; limited only to the signing of a memorandum of understanding in December 2006 to form the basis for strengthened cooperation in the energy sector and the peaceful use of nuclear energy<sup>5</sup>.

There is no doubt that during his visit to Astana on 10 October, Javier Solana, EU High Representative for Common Foreign and Security Policy, was motivated by a desire to see an intensification of these relations when he declared the EU's implicit support to Kazakhstan's bid for presidency of the OSCE: "The European Union is pleased with this bid, which is proof of Kazakhstan's commitment towards establishing peace, stability and democracy. The EU will be delighted to see concrete decisions that illustrate [its] determination and [will prepare the] country for this great responsibility"<sup>6</sup>.

Clearly, there are powerful strategic reasons that could drive the EU to invest in this country, which is so keen to find partners. Is it the right 'gateway' to the region? This study intends to provide a few answers to this question.

<sup>1</sup> See: [http://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_kazakhstan\\_e.htm](http://www.wto.org/english/thewto_e/acc_e/a1_kazakhstan_e.htm).

<sup>2</sup> Madrid Summit, 29-30 November 2007. See: [http://www.osce.org/cio/item\\_6\\_25587.html](http://www.osce.org/cio/item_6_25587.html).

<sup>3</sup> See: <http://www.fr.rian.ru/world/20070818/72292352.html>.

<sup>4</sup> See: <http://assembly.coe.int/ASP/Press/StopPressVair.asp?ID=1563>.

<sup>5</sup> See: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1679&format=HTML&aged=1&language=EN&guiLanguage=fr>.

<sup>6</sup> See: [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/EN/discours/96433.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/discours/96433.pdf).



# 1 Is Kazakhstan a privileged economic partner ?

Although observers are mainly focusing their attention on the energy issue, and so on the procurement of hydrocarbons, it would be wrong to ignore the developments taking place in other sectors of the economy.

## A. Energy resources: an overvalued asset?

### 1) A real wealth of oil and gas

Kazakhstan's oil and gas resources could in theory weaken Europe's dependence on Russia and provide scope for the Member States' desire for a policy of energy diversification. After Russia, Kazakhstan is the second-largest producer and exporter of oil in the former Soviet Union. With the oilfields of Tengiz and Kashagan, it boasts one of the world's largest still unexplored oil-producing regions, with proven reserves of at least 20 billion oil barrels and 65,000 billion m<sup>3</sup> of natural gas. Between now and 2015, Kazakhstan is expected to join the very exclusive club of the 10 largest crude oil exporters on the planet, with 120 million tonnes a year. Eventually, it is expected that Kashagan will produce between 1.2-1.5 million barrels a day, in other words, the equivalent of Kazakhstan's current export total.

### 2) Strong limitations on exports

However, these reserves are unlikely to serve the EU's diversification targets in the short term. Until now, the vast majority of Kazakh oil and gas is transported through Russia, with the exception of the China-Kazakh oil pipeline to Xinjiang, operational since 2006, and a fleet of barges which cross the Caspian Sea to Azerbaijan before joining the Baku-Tbilisi-Ceyhan (BTC) pipeline, which serves Europe through Turkey. Currently, it seems that there are few realistic solutions able to reach Europe:

- The project put forward by Total, of an oil pipeline through Turkmenistan and Iran depends on a peaceful settlement of the crisis in Iran, which means that it is unlikely to become a reality in the near future.
- The plans for a Trans-Caspian gas pipeline capable of transporting 30 billion m<sup>3</sup> each year from Kazakhstan and Turkmenistan (for which Washington has just commissioned a feasibility study), will not become a reality before 2011, in the best case scenario.
- The idea of a submarine oil pipeline linking Turkmenistan, Kazakhstan and Azerbaijan has been brought up again in recent months, but is still far from becoming a reality, although in theory the break-even point of at least 20 million tonnes a year could be rapidly reached.
- At present, the only type of transport is by barge to Azerbaijan and Turkey. To increase the amount transported, Astana has set up the Kazakhstan Caspian Transport System (KCTS), which involves transforming the little Caspian port of Kuryk into a hub for oil exports. This should allow Kazakhstan to transport 20 million tonnes of oil each year to the BTC pipeline.

### 3) Kazakh reserves: limited added value for the EU

Kazakhstan will have trouble disengaging itself from Russia: most of its oil and gas will still cross the Russian Federation through the Atyrau-Samara pipeline, the Caspian Pipeline Consortium and the



former Soviet pipeline towards Western Siberia, currently being overhauled and extended. The Kazakh authorities are also committed to a share in the Burgas-Alexandroupolis pipeline, seen by Russia as an alternative to its main competitor, the BTC pipeline. This pipeline, half-owned by Moscow, will be the first Russian-controlled pipeline on EU territory.

However, Astana is still looking for a route into Europe. For example, the Kazakh national gas company KazMunaiGaz has just bought three-quarters of the shares in the Romanian oil company Rompetrol, which owns almost 700 service stations in seven European countries and a refinery on the shores of the Black Sea. Astana is also looking to sidestep Russia, which is attempting to control its export flows as well as its refining capabilities. The Kazakh strategy is to create, little by little, an economic system that would justify a more visible commitment to the West, within the framework of the BTC and Odessa-Brody pipelines.

In the short term, it is safe to say that the strategy to diversify the opportunities found in Kazakhstan will face serious constraints, given the dominant presence of Russia in the country's energy market. However, it would seem to be in the interests of the EU to give public support to Astana in its intention to multiply its export routes.

## B. Kazakhstan: a uranium power of the future

### 1) World's second largest uranium reserves

After Australia, Kazakhstan has the world's second-largest reserves of uranium (estimated at approximately one million tonnes), and is the third-largest country after Canada in terms of extraction. According to the official statistics of the country's national nuclear energy agency Kazatomprom, it could produce 18,000 tonnes of uranium in 2010, 27,000 tonnes in 2015, and maintain this annual level of production until 2050. The country has made no secret of its ambitions and hopes to become the world's top producer of uranium by 2015. Moscow believed it had secured control of Kazakh uranium thanks to the agreement signed in 2006, which envisaged the creation of several joint ventures at a total cost of USD 10 billion. This cooperation between Russia and Kazakhstan relates to uranium enrichment, the construction of atomic reactors and the exploitation of reserves located in the south of the country.

### 2) The search for new partners

However, if the partnership with Russia is unavoidable at the moment, the Kazakh authorities are still trying to diversify their international partnerships. In this regard, Astana has signed a uranium enrichment agreement with the China Guangdong Nuclear Power Group at the expense of Moscow, and has bought out Toshiba's 10% share of the American nuclear reactor manufacturer, Westinghouse Electric Co. By acquiring an indirect minority share in the American company, Kazatomprom plans to gain independence from Russia, which currently receives Kazakhstan's uranium destined for enrichment, according to standards that do not match those of the West.

The Kazakh authorities hope to be able to sell their enriched uranium on international markets without Russian intervention and to penetrate the Japanese market, obtaining a third of the country's market within a few years. If China and Japan make rapid advances on the local uranium market, collaboration from the EU in uranium enrichment and the building of nuclear plants would probably be well received by the Kazakh authorities. The authorities have apparently decided not to refuse any new offers of collaboration and must be encouraged down this path to prevent them from turning to countries whose use of nuclear energy does not correspond to the Non-Proliferation Treaty.



## C. Internal economic stability to be encouraged

The EU's approach towards Kazakhstan cannot be motivated solely by its resources of hydrocarbons and uranium, as these are unlikely to be accessible on the short term. On the other hand, the economic success of Kazakhstan bodes well for fairly healthy regional economic growth, which Brussels would be interested in supporting.

### **1) Kazakhstan, second-highest GDP in the former Soviet Union after Russia**

Kazakhstan is the second richest country in the post-Soviet area. With a per capita GDP estimated at USD 9,400 in 2006, it is ranked just after Russia (about USD 12,000) and far ahead of other Central Asian countries (between USD 8,500 and USD 1,300), and even the Ukraine (about USD 7,000). Its GDP represents 70% of that of the five Central Asian states, making it the dynamic centre of the region. The number of people living under the poverty line is also relatively low for the post-Soviet area. In 15 years, the number has been halved from 50% in 1992-1993 to less than 25% today, whereas more than half the population in the four other states in the region is still considered 'poor'. Less affected by the severe social inequality found in Russia, Kazakhstan has managed to produce a middle class, an indicator of its long-term stability.

### **2) A country with a labour shortage and a relaxed immigration policy**

Since the year 2000, Kazakhstan has become the second most popular destination for migrant workers in Central Asia after Russia. Its pace of economic growth allows it to absorb some of the workers from neighbouring countries. According to official estimates, there are 500,000 migrant workers in the country, half of which come from Uzbekistan. They work in the construction industry, oil companies and agricultural concerns, in particular cotton plantations.

The Kazakh government has adopted a bootstrap policy of legalising tens of thousands of people in order to limit the decline in its population and its shrinking workforce. At the last CIS summit in October 2007, it was acknowledged for the package of legal and social measures put in place, at its own initiative, to protect migrants. This well considered immigration policy is helping to ensure the country's economic stability and pace of development.

### **3) Economic growth not based entirely on hydrocarbons**

Although Kazakhstan's growth (between 5 and 8% a year since the year 2000) is mainly based on hydrocarbons (at least 20% of its budgetary revenues), it has also brought about a revival in the country's economy. Sectors related to natural resources, such as heavy metallurgy, have helped to overcome the crisis which followed the collapse of the Soviet Union: Several large holdings, such as the Eurasian National Resources Corporation, which controls a third of Kazakhstan's economy in the field of metallurgy, coal and mining or Kazakhmys, the country's main producer of copper, are among the world's top 10 companies in their respective sectors. Apart from heavy industry, the most dynamic areas of the economy are the construction industry (thanks in part to the magnetic effect generated by construction of the new capital, Astana) and transport. The national telecommunications company, Kazakhtelecom, is also considered to be competitive, as are the small agro-industrial companies, whose dynamic performance helps feed the markets in neighbouring Central Asian countries.

Kazakhstan therefore appears to offer good opportunities in terms of becoming a reliable partner for the EU in Central Asia. Its economic growth, ability to produce a middle class and skilful management of migratory flows ensures its long-term social development – a decisive factor for an EU that is still searching for stable regimes on its southern and eastern borders.



## 2 Is this the birth of a new regional power?

Kazakhstan's dynamic economy makes it a model for all the other states in the region, although the rulers of neighbouring countries, with the exception of Kyrgyzstan, do not officially recognise this supremacy. From this point of view, Kazakhstan could certainly represent a suitable 'gateway' for the EU in Central Asia: Brussels' support for Astana will benefit the region as a whole.

### A. Emergence of a regional leader between Russia and China

Since the collapse of the Soviet Union, Kazakhstan has battled incessantly to achieve closer relations between countries in the region and has acted as a stabilising force by promoting regional cooperation and making open references to the EU model.

#### 1) A driving force in the context of regional diplomacy

The greatest victory of Kazakh President Nursultan Nazarbaev has been the Eurasian Economic Community (EAEC), founded by him in 2000. The Community groups together Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and, since 2006, Uzbekistan. Kazakhstan is at the forefront of all regionalisation processes, both within the EAEC (which recently set up a customs union at the Dushanbe Summit of October 2007), the CIS Collective Security Treaty Organisation or the Shanghai Cooperation Organisation (SCO)<sup>7</sup>. Although Kazakhstan is particularly well integrated in these three regional institutions, it is also favourable to the development of closer relations with Western Europe, which would prevent it from being swallowed up by Russia and China.

Astana in fact supported the TRACECA project, launched by the EU in the 1990s with the aim of developing an East-West route: President Nazarbaev has said on several occasions that Kazakhstan intends to become one of the road and rail hubs for the European continent by developing a transcontinental axis linking the port of Lianyungang on the East coast of China and Western Europe. This strategy also forms part of the CATIC project (Development of Uniform Transport and Logistical System of Central Asian Transport and Industrial Corridor). The Kazakh authorities are supporting this project with a goal of developing three major logistics centres: Khorgos on the Chinese border, Taskal on the Russian border and the port of Aktau on the Caspian Sea. To prevent the North-South corridor between Russia and Iran from becoming the region's only rail and road axis, the European Union is very interested in supporting Kazakhstan's policy of promoting an East-West corridor.

<sup>7</sup> It has also played a stabilising role in the conflict concerning the status of the Caspian Sea by reaching a joint solution with Russia and Azerbaijan, and by signing border delineation agreements with all its neighbours. Kazakhstan and Russia signed the first agreement in 1998, followed by tripartite agreements between Russia, Kazakhstan and Azerbaijan in 2002 and 2003, which divided the northern part of the sea along a median line, helping to apportion the resources of the Caspian Sea.



## **2) The cornerstone of plans for regional unity in Central Asia**

Kazakhstan is also the driving force behind the various attempts at creating a customs and economic union between the countries of Central Asia, such as the Central Asian Economic Community, founded in 1998 and renamed the Central Asian Cooperation Organisation (CACO) in 2001. In April 2007, during his visit to Bishkek, the Kazakh president again stated his desire for a Union of Central Asian States, based on the model of the EU, and repeated his request at the CIS Summit in October 2007.

In practice, these regional entities are barely operational, but Kazakhstan is mainly interested in their diplomatic and political effects, wanting to present itself as the initiator of regional cooperation. However, in the water and electricity sectors, Astana has demonstrated a real desire to obtain concrete results.

## **3) Water and electricity: stumbling blocks for regional cooperation**

Tensions between the two 'reservoirs' (Tajikistan and Kyrgyzstan) and the three agricultural countries located downstream (Kazakhstan, Uzbekistan and Turkmenistan) have not improved since independence. Since the 1990s, Astana has attempted to promote a negotiated settlement to the conflict. The Kazakh authorities were the first to agree to the demands of the Kyrgs and Tajiks who called for the other three recipients to make financial contributions to the upkeep of the hydroelectric plants and build new ones. The national electricity company, Kazakh Energy Grid Operating Company (KEGOC) also works with other Central Asian companies in order to regulate the region's electricity flows and dampen the conflict between states in relation to such issues. However, despite the efforts of Kazakhstan, the issue of water apportionment is still one of the stumbling blocks to regional cooperation.

## **B. Kazakh investments in neighbouring economies**

The economic success of Kazakhstan offers the country new possibilities to influence Central Asia. Astana is increasingly looking to invest beyond its borders, in order to strengthen its leadership position as well as stabilise other countries in the region.

### **1) A positive impact on its neighbours economic growth**

Kazakhstan appears to have decided to invest in developing the banking sector, almost non-existent in Central Asia, particularly in the key area of investment support funds. In this regard, the state fund Kazyna and the Eurasian Bank have been called to spearhead Kazakhstan's presence in Central Asia. The EBRD has just confirmed reinforcements to its cooperation with Kazyna, particularly in the field of economic diversification and the promotion of competition – a sign of the EU's interest in Kazakhstan's solid banking sector<sup>8</sup>.

In addition, Astana has announced the creation of two investment funds (Kazakh/Kyrg and Kazakh/Tajik), both 80% financed by Kazakhstan. These funds are intended to support major projects in the metallurgy industry, rail and electrical infrastructure, exploitation of the subsoil and the construction of new hydroelectric plants. Kazakhstan's dynamic private sector also enables the country to play an increasingly important role in Central Asia, particularly in Kyrgyzstan and Uzbekistan. Finally, after Russia, Kazakhstan is the main supplier of wheat to the other four Central Asian states, which would not be self-sufficient in cereal crops without this aid.

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<sup>8</sup> See: <http://www.ebrd.com/new/pressrel/2007/071004.htm>.



## **2) A strategy to compete against Moscow and Beijing**

The reasons for Kazakhstan's deepening involvement in the economies of its Central Asian neighbours are geopolitical as well as economic. The Kazakh authorities are aware that the intrinsic weakness of Kyrgyzstan and Tajikistan could be detrimental to their success, and that the isolationist spiral of Uzbekistan hints at major destabilisation in the region. The Kazakh authorities want to present the country as the third leader of the Shanghai Cooperation Organisation (SCO), after Russia and China, and the CSTO and the Eurasian Economic Community after Russia. Their goal is to strengthen the integration between central Asian states so that they are less dependent on their neighbours in order to prevent Moscow and Beijing from acting as intermediaries between Central Asia and the rest of the world.

This 'number three' strategy makes the Kazakh authorities particularly sensitive to the interests of Western countries. By supporting this disengagement from Russian-Chinese influence, the EU is not only guaranteeing support for Kazakhstan, but also direct access to the rest of Central Asia.

## C. A solid partner for its Central Asian neighbours

After several years, Kazakhstan is now a reliable partner for the other Central Asian states, and acts as an intermediary between neighbouring governments and the international community.

### **1) Kazakhstan's role in Kyrgyzstan**

Kazakhstan has acted as a big brother to Kyrgyzstan since the 1990s. The Kazakh presence is first and foremost economic and cultural, but also political. As well, President Nazarbaev recently took a stance on the incessant struggles between the Kyrg presidency and the opposition, and invited the country to focus on its economic growth in order to end the chronic political instability scaring off foreign investors. The Kazakh authorities have made no secret of the fact that they are keeping a close eye on the tensions between North and South Kyrgyzstan, and have showed that they will do anything to avoid destabilisation in the Kyrg part of the Ferghana valley.

### **2) Kazakhstan's role in Uzbekistan**

Although relations between Uzbekistan and Kazakhstan have been hindered by underlying conflicts following independence since 2005, some bridges have been built between these two competitors for regional leadership. The political solidarity between the existing regimes has deepened since the 'colour revolutions' of 2003-2005 and the Uzbek presidency, severely weakened by its headlong rush into authoritarianism, is now seeking support from neighbouring countries. It appears that Tashkent is finally beginning to recognise the inevitability of its partnership with Kazakhstan and its dominant role in the region.

### **3) Kazakhstan's role in Turkmenistan**

After the change in power in Turkmenistan, Astana seems to be gaining ascendancy over Ashgabat. The presidents of the two countries met seven times during 2007. Astana has offered to help Turkmenistan find the foreign investors needed to construct the Turkmen segment of the new Caspian gas pipeline.

The two countries have reached an agreement to send crude uranium extracted from the Turkmen deposits to Kazakhstan for enrichment and also with regard to Kazakhstan's use of Turkmenistan's military polygons. They have also signed an agreement relating to the construction of a rail link





between the two countries, which should later join Iran as part of the planned North-South corridor stretching from Russia to Iran. The Kazakh authorities are now clearly presenting themselves as mentors for the young Turkmen government and an intermediary between Turkmenistan and the international community.



# 3 News elites on the horizon?

Kazakhstan is the only country in Central Asia that seems to have grasped the importance of reforming state functions to run more effectively and having new elites trained according to the international model.

Although this attitude is still hampered by major dysfunctions, the EU must encourage the Kazakh authorities in this process of modernisation and alignment with international standards, whether in terms of the role of the State, the education of younger generations or the formation of a pro-European lobby within the elite.

## A. Functioning of the State

### 1) The challenges posed by corruption and clientelism

Corruption and clientelism are still very much present in the workings of the State and the awarding of administrative posts; the political opposition is given limited access to the media, the balance of power and independence of the judicial system are not respected and the electoral system favours the dominance of the presidential party. However, President Nazarbaev seems to have benefited from real popular support thanks to sustained economic growth and his ability to avoid the destabilising events that had threatened the country since the 1990s.

Faced with this success, the political opposition has only a few economic and social alternatives to suggest and has very little public credibility. The fight against corruption in the administration and the promotion of decentralisation are supposed to represent cornerstones of the new presidential mandate, although as of yet they have not yielded any tangible results.

### 2) Gaining control of resources

Kazakhstan seems to have woken up to the risk of Dutch disease, linked to its wealth of hydrocarbons. Although its management policy during the 1990s helped to generate immediate enrichment by means of rampant privatisation, the central government later managed to put in place mechanisms to control the financial boom, such as the National Fund of the Republic of Kazakhstan and the Kazyna fund, designed to speed up the country's economic and industrial diversification and ensure sustainable development. At the same time, Astana created the Samruk holding (which incorporates KazMunaiGaz, the post office, the telecom industry, railways and electricity company of Kazakhstan). It is intended to streamline the day-to-day management of large nationalised companies so that they are based on market mechanisms, reducing corruption among those responsible for administration. Parliament's control over the management of oil revenues (immediate expenses to raise the population's standard of living or to safeguard it for future generations) has also been increased.



### **3) More efficient distribution of wealth throughout the region**

Since its independence, Kazakhstan has committed itself to the market economy and has deployed 'shock treatment' based on the Russian model. Nevertheless, it is now seeking to take into account the major social consequences this has generated. A certain amount of redistribution of wealth throughout the regions now seems to be obvious, which would disperse the recurrent tensions between the capital, the poorer regions and the oil-producing areas.

Atyrau, the country's main oil-producing region, has seen a population increase since financial aid was mostly directed towards the new capital, Astana, during the 1990s. Plans to develop the poorest regions in the centre of the country and aid to rural areas have also been launched. The role of regional governors in this decentralisation process seems to be a crucial one and its scope is set to increase.

## B. Western-style elite training programmes

### **1) The *Bolashak* Programme ("The Future")**

Kazakhstan is also the only country in Central Asia to have successfully anticipated the need for a new executive class, taking its cue from the international training systems already in place in South-East Asia.

In 1993, the Kazakh state created *Bolachak* scholarships, in which the best students are sent abroad. Tuition fees are fully funded and students are also given a small monthly grant. Most students leave the country to study for a Master's degree or Ph.D. Up to 3,000 scholarships are available each year, although there are problems in finding candidates with sufficient knowledge of a foreign language to fill the places. The scholarships are supposed to be awarded on a merit basis, although it seems that corruption results in people 'buying' this privilege, and the financial claim made by the State prevents the less well-off from accessing this type of education. Despite its limitations, the *Bolachak* programme has already obtained clear results.

### **2) Young people promoted to positions of responsibility**

While young Uzbeks who have studied abroad are still treated with great suspicion, Kazakh elites returning from study stays abroad manage to put their degrees and education to good use. Students of the *Bolashak* programme are obliged to work for at least five years in the administration. After a few years, they are also authorised to work in private companies, confirming that the authorities have now realised the need for a properly running private sector.

The main areas of the *Bolachak* programme are applied sciences, administrative management and business (marketing, commercial law, etc.). Many of the high-ranking officials and directors of departments in strategic ministries (Economy, Budget, Foreign Affairs) are particularly young (in their thirties) and have often been trained abroad. The young age of the Kazakh administration confirms that social promotion is currently favourable to generations who have studied abroad.

### **3) Students oriented towards the West**

Generally speaking, student environments are very outward looking. The majority of young people want to study abroad. Although Russia is still a very popular yet 'classic' destination, new ones are emerging. For example, the Chinese government hosts several thousand Kazakh students at its own expense. With the exception of Turkey, destinations in the Muslim world are reserved for theology students or individuals particularly influenced by Islam (a minority). Obviously, the United States and Western Europe are among the most high profile destinations.



As study programmes for foreigners have become very expensive in Russia, many students are ready to visit EU countries, where the admission procedures are more straightforward although the cost is more or less the same.

## C. Pro-European elites?

### 1) Strategies within government circles

Although alliances linked to territorial networks ('clans') are still present, they have nevertheless lost their potency in the face of new alliances based on common economic or political strategies, which can sometimes counter the clan-based ties.

Power is shared between many circles of influence: the most important is that of the presidential family (dominated by the President himself, his three daughters and sons-in-law, but has been swayed by the recent ousting of his eldest daughter's husband, Rakhat Aliev). The second circle is that of the President's 'comrades', mainly responsible for controlling the presidential administration (they include Nurtai Abykayev, Bulat Utemuratov, Marat Tazhin and Imangali Tasmagambetov). The third circle incorporates the oligarchs whose fortunes are separate from power, such as the group led by Alexander Machkevitch, which includes a number of entrepreneurs from national minorities, and that of Nurlan Subkhanberdin, once an opposition supporter but now seems to be faithful to the ruling regime.

### 2) A new generation on an international mission

The Kazakh government is currently made up of several ex-ambassadors, a sign that international experience is highly regarded. This is true of the Minister for Education, Zhanseit Tuimebaev, former Kazakh ambassador to Russia, the Minister for Agriculture Akhmetjan Yesimov, former ambassador to Great Britain and Benelux, and President of the Kazakh mission to the EU and NATO, and the Secretary of State Kanat Saudabayev, former ambassador to Great Britain, Turkey and the United States.

Moreover, a new generation of politicians is currently taking over positions of responsibility, counterbalancing the 'old guard' of the Soviet stamp. Half the ministers in the current Kazakh government were born during the 1960s. The figurehead for this new generation is the Prime Minister Karim Masimov, born in 1965. A graduate of the University of Beijing, he is a former representative of the Minister for Foreign Affairs in China (Urumqi) and led Kazakhstan's trade mission in Hong Kong. He speaks Chinese, English and Arabic, and has also spent time in Russia and the United States.

### 3) Is there a pro-European lobby?

Although the opposition parties claim to be strongly pro-West, the political elites are just as much so. Unlike other post-Soviet countries, a reversal of power in Kazakhstan does not necessarily mean the advent of a more pro-Western policy. While there seems to be a 'pro-China lobby', it is not right to speak of a 'pro-European lobby' among Kazakh elites, since the desire to make overtures to the West is commonly admitted by everyone. Despite its internal dissent, the whole of Kazakhstan's political class supports a 'multi-vectorial' strategy, seeking to diversify its partnerships as much as possible in order to avoid domination by Russia and China. In this context, any initiative coming from the EU is looked on rather favourably, knowing that the choice of Europe is not motivated by an abstract principle of Europeanism, but by the concrete defence of the country's economic and geopolitical interests.



## Conclusion and recommendations

This is not the place to discuss Europe's interest in this Central Asian region. Those in positions of power in Brussels and the Member States are perfectly aware of the area's strategic importance. For example, prior to taking up the presidency of the Council in the first half of 2007, Germany placed Central Asia, the Black Sea region and Russia (in that order) at the heart of its European mandate<sup>9</sup>.

The support given to Kazakhstan's bid for presidency of the OSCE by most countries, led by France and Germany, but with the notable exception of the United Kingdom, still exists. There are three main reasons for this renewed strategic interest: the risks of instability for this region close to Afghanistan, Iran, India and Pakistan; the efforts of Central Asian states to contain Islamic fundamentalism; and of course, the enormous energy resources. Nevertheless, European policy in Central Asia has barely progressed and has left this part of the world in a 'neighbourhood' that is still too far away.

The EU's lack of commitment surely points towards a redefinition of Europe's priorities, both internally and externally. The institutional shake-up of Europe (the reform treaty), Kosovo, and relations with Russia have imposed themselves on the agenda of the Commission and the Council. However, certain regional situations must not be underestimated.

Proposing a global approach would seem to be a very delicate matter: approaching the five states in the region without distinction would not pave the way for instigating and deepening relations. It is also essential to prioritise concrete partnerships that meet the power issues of recipient states, which do not merely take the form of generalised cooperation, such as institutional reforms in the name of greater transparency, sustainable development or efficient administrations. With regard to the largely ineffective European experiences in Central Asia, it is now appropriate to lay the foundations for a new strategic initiative.

The EU would be quite interested in relying on a single state that could open the doors to the region. It would be preferable to have local backing, an ally who could guarantee caution in external commitments, European if necessary, in the area. Kazakhstan is clearly the best candidate for this purpose. Its assets, geopolitical configuration and the tentative yet tangible overtures made by its elite towards the West make it almost unavoidable. The result of such a voluntary approach could, according to the secondary virtues of European soft power, drive the country further down the path towards reform and political openness, as a number of international observers and players are encouraging it to do.

The EU's strategy towards Central Asia must therefore target Kazakhstan as a priority and favour the three areas explored in this study (energy, role within the region, training of elites). The following recommendations can be made in this regard:

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<sup>9</sup> Speech made by Frank-Walter Steinmeier, Minister of Foreign Affairs, Brussels, 19 December 2006. See: <http://www.rferl.org/featuresarticle/2006/12/27FD5568-A750-45DB-8C75-7308342A9222.html>.



## Energy

- 1) **Express political support from the EU for all of Kazakhstan's plans to diversify routes for the export of oil and gas**, in particular the Trans-Caspian oil pipelines linking Kazakhstan and Azerbaijan, and the gas pipeline between Turkmenistan and Azerbaijan. This initiative will have the effect of encouraging Kazakhstan, which on the strength of such diplomatic support, can afford to offer stronger resistance to Russian pressure designed to monopolise the transport of Kazakh hydrocarbons.
- 2) **Development of European partnerships regarding the exploitation and enrichment of Kazakh uranium.** For example, with the aid of financial mechanisms, the EU could help Kazakhstan enrich its uranium elsewhere than in Russia or China. Likewise, Member States concerned about nuclear energy, taking their cue from France and Areva, could encourage their national enterprises to join forces with Kazatomprom, in control of mining. Kazakhstan could therefore shake off its industrial and commercial dependence on Russia and prevent China from taking the overly dominant position that could emerge in the future with regard to the exploitation, enrichment and sale of Kazakh uranium.

## Regional dominance

- 3) **Reinforcement of aid and financing from the EBRD to the Kazakh investment funds linked to Kyrgyzstan and Tajikistan.** All that is needed is an extension of the recent agreement concluded with the Kazyna funds and the provision of a supporting loan as a sign of the EBRD's clear commitment. The EU would therefore indirectly yet effectively encourage economic growth in Central Asia.
- 4) **Revival of the TRACECA project**, which places Kazakhstan at the heart of the East-West corridor linking China and Europe. In view of the diplomatic efforts of the Caspian states<sup>10</sup>, which want to create a privileged communication route between the North and South, TRACECA, and Kazakhstan in particular, urgently requires a fresh Chinese-European perspective.
- 5) **Kazakhstan's diplomatic association with a strategic European initiative related to Turkmen gas.** It is highly unlikely that Turkmenistan could put up lone resistance to Russia, which is seeking to secure long-term commercial control of local gas exports. However, the EU will need these gas reserves in order to feed a gas pipeline planned to stretch from Caucasus to Turkey through to Hungary (Nabucco). Kazakhstan's involvement with Europe could weaken Turkmenistan's caution and reluctance.

## Kazakh elites

- 6) **The launching of training programmes or university courses funded by EU member states.** Young Kazakh students currently benefit from these opportunities in China, but could be willing to visit France, Germany or the United Kingdom in order to finish or complete their

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<sup>10</sup> The second summit of Caspian States was held in Tehran on 16 October 2007. Those present included the presidents of Iran, Mahmud Ahmadinejad, Russia (Vladimir Putin), Azerbaijan (Ilham Aliiev), Kazakhstan (Nursultan Nazarbaev) and Turkmenistan Gurbanguly Berdimukhamedov.



studies. The majority of these students, when taking up positions of responsibility within Kazakhstan's ministries or industries, will be the best advocates for deeper relations with Europe. In any case, there is hardly any other way to develop a pro-European lobby in Kazakhstan.

**7) Creation of a specific EU-Kazakhstan friendship group at the European Parliament.**

Kazakhstan is currently part of a friendship group that regroups the five republics in Central Asia. In order to promote the EU in Kazakhstan, it would be a good idea to distinguish this country from its neighbours. The European Parliament seems to be the perfect vehicle through which to launch a programme to attract Kazakh elites. Above all, a friendship group is useful for promoting visits between the parties involved. Another excellent way to give value to Kazakhstan's young high-ranking officials is to invite them to Brussels for plenary sessions or meet them at international conferences or during parliamentary visits.



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Collective article (« Le Figaro », 29 November 2004). Signatories : Galina ACKERMAN, Mihnea BERINDEI, Alain BESANÇON, Béla BORSI KALMAN, Pascal BRUCKNER, Stéphane COURTOIS, Brice COUTURIER, Chantal DELSOL, Alain FINKIELKRAUT, André GLUCKSMANN, Romain GOUPIL, Anat KALMAN, Stephen LAUNAY, Janos MARTONYI, Jean-François MATTEI, Corentin de SALLE, Françoise THOM, Sabine RENAULT-SABLONIERE, Pierre RIGOULOT, Pedro SCHWARTZ, Ilios YANNAKAKIS.

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