

# POST SOVIET SPACE BETWEEN EASTERN PARTNERHIP AND EURASIAN UNION: THE CASE OF AZERBAIJAN AND KAZAKHSTAN<sup>1</sup>

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**Abstract:** *In the last decade the European Union and Russia have been engaged in attempt to extend their strategic influence in the post-Soviet area, respectively by means of the Eastern Partnership Initiative (backed by the EU) and the Russian-led Eurasian Economic Union.*

*The decision of Georgia, Moldova and Ukraine to sign the EU Association Agreement and the enhanced strategic partnership with Kazakhstan - a post-Soviet country currently member of the Eurasian Union, which is one of the most relevant eastern partners for the EU in the trade and energy sector - must be interpreted as relevant successes of the enlarged EU Eastern Partnership strategy.*

*The aim of this paper is to analyze the EU-Russia rivalry in the post-Soviet region, focusing on Azerbaijan and Kazakhstan, underlining the Russian initiatives aimed to contain the EU strategy of enlargement and to restore its traditional sphere of influence.*

**Keywords:** Eastern Partnership; Euroasian Union; Azerbaijan, Kazakhstan

## Introduction

Since the launch of the Eastern Partnership Initiative, the EU has attempted to challenge the traditional Russian sphere of influence in the post-Soviet space, which has progressively represented an interesting area in energy, security and economic terms. Following the decisions made at the Vilnius summit in November 2013, it appears clear that the EU and Russia have been involved in a growing geopolitical competition, mainly because their initiatives to achieve their strategic goals clash in the same geographic region. However, with the creation of the Eurasian Union Russia has strengthened its geopolitical influence in the post-Soviet space, openly challenging and weakening EU partnership projects, mainly because two of the six countries involved in the EP - Armenia and Belarus - are members of the Eurasian Union.

At the same time, Ukraine has been affected by a condition of political instability, also losing the sovereignty on the Crimea peninsula: this scenario represents a serious “warning bell” for some of the post-Soviet countries, which - similarly to Ukraine - host large Russian minorities and are strategic for Moscow's geopolitical plans. Among eastern partners, Azerbaijan and Kazakhstan appear as strategic partners for the implementation of the EU diversification's strategy of energy imports, through the realization of the Southern Gas Corridor. However these countries must take into account Russian influence, which could hamper their cooperation with the EU: Azerbaijan has

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a long term dispute with Armenia (militarily supported by Russia) concerning Nagorno Karabakh, while Kazakhstan - which is founder member of the Eurasian Union - appears particularly worried to be affected by a kind of Ukrainian scenario, sharing a long border with Russia and hosting a concentrated Russian minority.

## **Two colliding strategies**

In the last ten years the European Union and Russia have progressively increased their competition to extend their strategic influence in the post soviet region, respectively supporting the Eastern Partnership Initiative and the Eurasian Union. The decisions reached during the Vilnius summit - Georgia, Moldova, and Ukraine have decided to sign the EU Association Agreement – and the following spread of instability in Ukraine as well as the enhanced strategic partnership with Kazakhstan (in the framework of the Strategy for Central Asia) have further deepened the geopolitical rivalry between the EU and Russia, in order to implement their political and economic projects in the post-Soviet space. Within this new emerging scenario, the EU and Russia should reshape their relations, even if this step is complicated by the colliding interests and aims which characterize their respective integration initiatives.

The Eastern Partnership (EaP) is the European Union initiative launched during the Prague summit in 2009 and directed at six partner countries of Eastern Europe and the South Caucasus: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The EaP works in the framework of the European Neighbourhood Policy (ENP), which covers the EU's neighbours in the East and South, representing an evolution of this policy - EaP aims to deepen bilateral cooperation, developing sectoral cooperation in a wide range of areas and facilitating visa regimes (and lifting them in the longer term) as well as to introduce new mechanisms for regional cooperation (European Commission, 2016).

The EU's main target is to tighten the relationship with the Eastern partners by deepening political cooperation and economic integration. As a matter of fact, through this initiative the EU aims to shape new Association Agreements (AA) including Deep and Comprehensive Free Trade Agreements (DCFTA) with those countries willing and able to enter into a deeper engagement with and gradual integration in the EU economy (Council of the European Union, 2009). Moreover, the other two key goals of the EaP are the strengthening of the EU energy security and the promotion of stability. The achievement of a shared energy security has become a strategic need following the Ukraine-Russia gas disputes in 2006 and 2009 and Belarus in 2007 for gas prices and transit fees, causing dangerous disruptions in Russian gas supplies to Europe. A deep cooperation in the energy sphere could help both the EU and partner countries to lessen their dependence on Russian gas

imports, allowing EU to diversify its energy strategy. Concerning stability, the 2008 conflict in Georgia has confirmed the vulnerability and instability of the South Caucasus, pushing the EU to enhance the relations and cooperation with the countries of the region within the new framework represented by the “Eastern Partnership” initiative.

The EaP neither promises nor precludes the prospect of the EU membership to the partner states. It offers deeper integration within the EU structures by encouraging and supporting them in their political, institutional and economic reforms based on the EU standards, as well as facilitating trade and increasing mobility between the EU and the partner states. The EU has adopted Action Plans with each Eastern Partnership country except Belarus within the framework of the ENP. These Action Plans, which set out an agenda of political and economic reforms with short and medium-term priorities of 3 to 5 years, include home affairs elements (European Commission, 2016).

Moreover, the inclusion of the three Caucasian republics into the European Neighbourhood Policy in 2004 implied the need to draw up a wide external policy that should also involve the Central Asian republics, launching a political dialogue with a region which has become progressively strategic for the achievements of the European goals. After this eastern enlargement of the ENP, Central Asian republics have become “Neighbours of EU Neighbourhood”, implying a deepening of bilateral economic and political cooperation, however without prospecting a potential integration in the EU framework (European Commission, 2007, p.7). Among Central Asian republics, Kazakhstan has always represented a reliable partner for the EU, mainly in the economic and energy sphere but also in the political field, developing enhanced bilateral relations which also allowed Kazakhstan to obtain the OSCE chairmanship in 2010.

In the Moscow's perspective, the attempts to restore Russian influence in the post-Soviet space has become a key issue in its foreign policy as a main vector to project and to show its superpower role in the international arena. This Russian return in the so-called “Near Abroad” - which coincides with the Putin’s advent to power in 2000 - could be explained not only as a reaction to the so-called “Coloured revolutions” in 2003-2005 but also to contain the increasing influence of the external geopolitical actors such as China, the United States, the EU, Turkey (Giusti, 2013, p.5) In order to achieve its ambition, Russia has undertaken some multilateral initiatives based on a deepen cooperation in the economic and security fields, aimed to strengthen the integration of the post-Soviet space. The development of a bilateral and multilateral cooperation with the Commonwealth of Independent States (CIS) Member States has been considered as a priority area in the Concept of the Foreign Policy of the Russian Federation.

In the security field, Russia aims through the Collective Security Treaty Organization (CSTO) to ensure a modern and mutual security system in the post-Soviet space including joint efforts to

combat common challenges and threats (such as international terrorism, extremism, drug trafficking) (The Ministry of Foreign Affairs of the Russian Federation, 2013). The CSTO is a Russian-led regional organization also defined as the “Eastern NATO” because it is conceived to counter-balance western influence (and the Chinese presence) in the former Soviet space. CSTO is composed by Russia, Belarus, Armenia, Kazakhstan, Tajikistan and Kyrgyzstan. Georgia and Azerbaijan withdrew from the organization in 1999, Uzbekistan suspended its membership for the second time in 2012 (the first one took place in 1999), while Turkmenistan never joined it. In the Russian strategy, CSTO is an effective tool to promote military and political integration between Moscow and the post-Soviet countries, in order to maintain its influence in the region by means of joint military exercises, deliveries of modern military equipment at Russian internal prices, and the presence of CSTO military bases as the airbase at Kant in Kyrgyzstan, the Russian 201st Motor Rifle Division at Kulyab in Tajikistan, and Gyumri in Armenia (Indeo, 2010, pp.157-158)

Concerning the promotion of deeper economic cooperation and regional trade integration, Russia - together with Kazakhstan and Belarus - created in 2011 the CIS Customs Union as the first step of a project aimed to strengthen commercial relations and ties among countries that formed a unified economic system during the Soviet period, by reducing custom tariffs, taxes, duties, and other factors impeding economic exchanges among them (Weitz, 2014, pp. 29-39). In January 2012, this troika has implemented the second step with the inauguration of the Common Economic Space (CES) through which Russia, Kazakhstan and Belarus have deepened the process of economic integration, pushing for an enlargement towards other regional countries. The implementation of the CIS Custom Union reflects the Russian's attempt to reinforce its role in the economic field inviting all SCO members in a kind of Eurasian Common Economic Space dominated by Moscow with the aim to weaken and face Chinese economic penetration in Central Asia and to restore its traditional influence in its own “near abroad” (Hoffmann, 2012, pp.2-4). On May 29, 2014 Belarus, Kazakhstan and Russia formally signed and established the Eurasian Economic Union (EEU), which came into force in January 2015 and which also included Armenia and Kyrgyzstan as new members.

However, the Eurasian Union appears to be more an integrationist project aiming to establish a political structure on top of the CIS Customs Union within which member states would coordinate their foreign, economic, and other policies – presumably under Moscow’s leadership – to become a key player in the global geopolitical scenario. Some presidents of the post-Soviet republics (Azerbaijan, Moldova, Uzbekistan, Turkmenistan and, in lesser extent, Georgia) have clearly rejected this project as a return of the Soviet Union imperialism. (Tsereteli, 2014, pp. 133-144; Cornell, 2014, pp. 145-155; Starr, 2014, pp. 156-165).

## 2. Interlinked relations and the energy dimension

This scenario of competition between the EU and Russia is also strongly complicated by the often interlinked memberships of the involved countries in the different multilateral initiatives and by the energy dimension which strongly influences the relations among Russia - as a supplier country -, energy consumers (EU markets and Eastern partner), and transit countries (Ukraine and Belarus).

Concerning the EaP partners we can observe that:

- Armenia is traditionally a reliable ally of Russia as a CSTO member and recently joining the EEU promoted by Moscow;
- Ukraine and Georgia are not members of the Russian-backed organizations. In different levels, both countries have expressed a "pro-Western orientation" (EU and NATO);
- Azerbaijan and Moldova are only CIS members but they have expressed a pro-Western orientation
- Belarus joined all Russian-led organizations (CSTO, CIS, Common Economic Space).

In the post-Soviet Central Asia, the EU has promoted the "Strategy for a new partnership between EU and Central Asia" in order to deepen a wide cooperation with the Central Asian republics (in the economy, energy, and security fields) and to pursue a long-term strategy committing the Central Asian presidents in a regular political dialogue (Council of Europe, 2007). In the region, Kazakhstan has always supported Eurasian projects promoted by Moscow. Kazakhstan joined all Russian-led organizations (CSTO, CIS, Common Economic Space and is now one of the founder members of the EEU) even if this country successfully play a multi vector foreign policy (Mankoff, 2013, p.5).

The energy dimension is an important aspect which involves Russia and the EU, considering the condition of interdependency which links them together. On the one hand, Russia plays a dominant position in the EU energy scenario covering 42 percent of EU gas imports. On the other hand for Moscow the "Western vector" (comprising the EU markets, Turkey, other Europe and the former Soviet Union countries) accounts for over 90 percent of total exports (EU27 and Turkey markets alone covers 73 percent of Russian exports), waiting for the development of the "Eastern vector" of exports aimed to supply Chinese and East Asian markets (British Petroleum, 2015, p.28).

Concerning the EaP partners, there are countries strongly dependent on Russian gas imports like Moldova - totally dependent on Russia -, Belarus and Ukraine which are respectively dependent by over 95 and 60-70 percent. In the Caucasus, Armenia is profoundly dependent on Russian gas imports, which accounts for 82 percent, while Azerbaijan and Kazakhstan are mainly oil and gas suppliers. Baku is the main gas supplier for Georgia, which reduced Russian gas imports

following the 2008 crisis. These Caspian countries represent potential competitors for Russia in the EU markets even if this situation does not prevent energy cooperation in terms of pipeline transit (Natural Gas Europe, 2015; Arka News, 2016).

A potential disruption of Russian gas supply represents a serious threat to these countries' energy security, highlighting a dangerous vulnerability linked to this condition of energy dependence. Ukraine and Belarus are located in a strategic geographic position as transit countries for the Russian gas export to the EU. Before the launch of the Nord Stream gas pipeline, 80 percent of Russia's natural gas exports to the European markets ran through Ukraine. This strategic position helps to explain the EU aims to include both countries within the EaP framework and Russian attempts to involve them in the "post-Soviet" integration projects. The frozen relations with the EU, due to the lack of progress in the political field, have pushed Belarus to the Russian geopolitical orbit becoming one of the key pillars (together with Kazakhstan) of the Eurasian Economic Union. Moreover, in 2011 Russia obtained an important strategic success obtaining the full control of the Belarus gas transport system (Belarus sold its remaining 50 percent stake in the national gas company Beltransgaz to Gazprom) granting a gas price reduction to Minsk government (Natural Gas Europe, 2011). Following the 2006 and 2009 Ukraine-Russia and the 2007 Belarus-Russia disputes over the gas price and transit fees - which caused the disruption in Russian gas supplies to European countries - the EU has promoted a strategy of diversification of energy routes, developing new alternative pipelines (such as the Southern Energy Gas Corridor, SGC) oriented to the European markets and bypassing Russian territories and Gazprom control.

Among the EaP members, Azerbaijan has become a key energy partner for the EU in order to promote the Southern Gas Corridor thanks to its gas reserves and its geographic position contributing to implement the EU strategy of diversification. In the next years, the EU should enhance the energy cooperation with Azerbaijan in the EaP framework benefiting from an alternative and reliable gas supplier which could allow the EU to reduce the dependence on Russian imports, also downplaying Russian dominant position in the EU energy sector. Currently Azerbaijan holds a key role in the development of the SGC, as the only gas supplier of this pipeline project and potential transit country for additional supply coming from Kazakhstan, Turkmenistan or Iran.

### **3. Eastern Partnership vs. the Eurasian Union project: perspectives after the Vilnius summit**

The results of the Eastern Partnership Summit in Vilnius in November 2013 have represented a sudden slackening of the EU attempts aimed to gradually integrate its partners. During the summit between the EU's high officials and the Eastern partners to discuss the current state and future objectives, the initial expectations have been reversed because only Georgia and Moldova

initialized the Association Agreement (AA) and a Deep and Comprehensive Free Trade Agreement (DCFTA). While Azerbaijan is still in the process of negotiation (Azerbaijan signed a Visa Facilitation Agreement in Vilnius but not the expected Strategic Modernisation Partnership) and Armenia confirmed the decision - taken two months before the Vilnius summit - to join the Russian dominated Custom's Union, even Ukraine temporarily froze its decision to sign the AA and DCFTA with the EU following successful pressures of Russia (Boonstra et al, 2013).

The results of Vilnius summit must be interpreted as a geopolitical defeat for the EU and its integration policy, while Russia appears to restore its influence in the post-Soviet space through its supranational projects. However, as I mentioned above, the adhesion of the post-Soviet countries to these Russian integration projects is not completely genuine but the result of a combination of economic and energy security pressures. As a matter of fact, Russia disposes of several tools to promote integration of the post-Soviet states within its Eurasian Union project.

Firstly, Russia could exploit energy and economic dependence of the post-Soviet states on Russian trade and energy supply. Moscow's potential threat of the rise of prices of natural gas imported to the post-Soviet countries is particularly feared because this decision would lead to an increase of domestic prices of fuel, electricity, and public transport generating social and popular protests. This situation happened in Armenia before September 2013, when the Armenian government appeared positive towards the initial the AA process during the Vilnius summit in November. After the decision to join the Russian-CU, Moscow has offered to Armenia discounted gas prices, showing the benefits of joining the Russian initiatives of regional cooperation for the post-Soviet countries (Grigoryan, 2013). Russia also threatens to suspend the energy delivery during the winter, situation that could generate popular protest as well as the blockage of the national industrial systems.

Another strategic tool available for Moscow is the imposition of an import ban for selected goods. Similar decision would negatively affect weak post-Soviet economies as Russia represents their largest export market reflecting the unsolved distortion based on the Soviet-style centre-periphery system of economic relations. Before Vilnius summit, Russia banned chocolate imports from Ukraine's confectionery company Roshen (July 2013) and imports of Moldovan wine in order to hamper the process of integration with the EU, trying to convince the Ukrainian and Moldovan government to consider joining the Customs Union (Coadă, 2014, p.19; Euractive, 2013).

Secondly, Russia could adopt restrictive policies to contain the migration phenomenon, such as the introduction of a visa regime for labour migrants coming from the CIS. Countries like Georgia, Armenia, Moldova, Tajikistan, or Kyrgyzstan are heavy dependent on labour remittances from Russia. The total volume of remittances from labour migrants represents an important part of the national GDP of these countries and an interruption of these could produce devastating financial

consequences. Moreover, social and political consequences are linked to the return of migrants to their homeland with a high level of unemployment fuelling a condition of political instability (Socor, 2013; Jarzyńska, 2014). Furthermore, Russia could play its traditional role of regional security provider, ensuring military cooperation and offering protection and political support at both bilateral and multilateral level, within the CSTO framework.

However, after the Vilnius summit the geopolitical situation in the post-Soviet region contended by Russia and the EU profoundly reshaped. Mainly in Ukraine as after Maidan events and the government change Ukraine signed the EU-Ukraine Association Agreement - which also includes provisions for a DCFTA - even if the AA will enter into force once all the EU Member States and Ukraine have ratified it (European Union External Action, 2016). This decision of the Ukrainian government confirms its political will to enhance the cooperation with the EU, escaping Russian influence.

During the last Eastern Partnership Summit in Riga (May 2015), the EU and the EaP members reconfirmed the strategic relevance of the Eastern Partnership as a specific dimension of the European Neighbourhood Policy. *“Summit participants recommit themselves to strengthen democracy, rule of law, human rights and fundamental freedoms, as well as the principles and norms of international law, which are and have been at the heart of this Partnership”* (European Union External Action, 2015a, p.1). Nevertheless, affirming that the EaP partners have *“the sovereign right freely to choose the level of ambition and the goals to which it aspires in its relations with the European Union”* (ibid.) shows on the one hand that the cooperation between the EU and the EaP partners does not preclude their participation in other multilateral framework of cooperation like the Eurasian Union, on the other hand, the concession of this kind highlights the weakness and the difficulties of the EU to openly challenge Russian influence by means of the creation of an exclusive and alternative multilateral organization. Furthermore, during the Riga summit the EU and the EaP reaffirmed their common interest in strengthening energy security, enhancing the diversification of supply and deepening bilateral and multilateral cooperation in the sphere of energy. The document openly stressed the role of Ukraine, Belarus and Georgia as transit countries - which need to be ensured as a condition of energy security - and the active role of Azerbaijan as an energy supplier for the SGC as well as the importance of their contribution to develop new infrastructures of energy transport.

At this point, we will analyse the position of two eastern partners - Azerbaijan and Kazakhstan – between the EU and Russia and their respective multilateral strategies adopted to influence the post-Soviet space.

#### 4. Azerbaijan

Azerbaijan has traditionally refused to be involved in Russian multilateral organizations and Baku prefers to undertake an equidistant foreign policy, even if the negotiations with the EU in the framework of the EaP and the cooperation with NATO show the Baku's Eastern orientation. Azerbaijan has not yet started talks on an Association Agreement with the EU, because these two sides have so far reached a deal only for Visa Facilitation and Readmission Agreements.

The adhesion to the Custom Union and to the EEU would appear to be the preferable choice for Azerbaijan, even if its largest trading partner is not Russia but the EU. As a matter of fact, the existing visa-free regime has allowed Baku to address the problem of high unemployment in Azerbaijan, by means of a massive labour migration to Russia (Valiyev, 2014, pp. 49-50). However, the strategic issue that concretely threat Russian interests in the Caucasus is the deep energy cooperation with the EU, aimed to promote a gas corridor bypassing Russian territory in order to reinforce the EU energy security. The presence of huge oil and gas reserves on its territory and its geographic-territorial location as a kind of 'energy bridge' between Caspian energy resources and European markets represent two main geopolitical factors which have enhanced the strategic relevance of Azerbaijan as key energy partner for the EU. In 2006, the realization of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum (BTE, also known as the South Caucasus Pipeline, SCP) gas pipelines have represented the first concrete steps in order to implement the 'East-West' corridor.

Throughout the last few years, Baku has undertaken some fundamental steps aimed to support the realization of the Southern Gas Corridor. In January 2011 Azeri President Aliyev signed with the President of the European Commission Barroso a Joint Declaration on the Southern Gas Corridor, which commits Azerbaijan to deliver 10 bcm of gas per year to the EU markets. In September 2011 Azerbaijan agreed to allow the EU to adopt a mandate to negotiate a legally binding treaty between the EU, Azerbaijan and Turkmenistan to build a Trans-Caspian Pipeline System (Indeo, 2015, pp. 273-275; European Commission, 2011). The development of the Trans Adriatic Pipeline (TAP) project certainly highlights the improvement of the energy cooperation between EU and Azerbaijan, starting the realization of the Southern Energy Corridor. By 2019, TAP will deliver about 10 bcm of Azerbaijani natural gas to the EU.

However the full implementation of the SGC, by means of the realization of the Trans Caspian Pipeline (TCP) and the involvement of Turkmenistan, could provoke a geopolitical reaction from Moscow. As a matter of fact, the full implementation of the SGC/TCP will economically undermine Russian export plans. If SGC delivers 30 bcm of gas to the EU markets (exploiting the SGC full capacity), these volumes would represent nearly one-third of the lucrative Gazprom

business based on the European strong dependence on Russian gas imports (Indeo, 2015, p. 275)

Russian traditional influence in the Caspian geopolitical scenario delays any attempt to realize the “missing link”. Lack of a legal definition of the Caspian Sea currently hinders the realization of the TCP project, even if Azerbaijan and Turkmenistan share a common position concerning the possibility to build an underwater Caspian pipeline considered to be their sovereign right since the pipeline will run through their territorial waters. However, Russia and Iran oppose this solution, privileging consensus among the five littoral states because TCP affects interests of all of them. At the last Caspian summit held in Astrakhan in September 2014, Russia succeeded in postponing the discussion about the definition of the Caspian legal status to the next summit in 2016. Before this event, Azerbaijan will remain cautious, avoiding taking significant decisions which could disappoint Moscow about the TCP contested realization (Daly, 2014). Consequently, Azerbaijan seeks to avoid hard approach toward Russia at the security issues as well. Baku fears Moscow's future position in the Armenian-Azeri frozen conflict over Nagorno-Karabakh as Armenia is a strong military ally of Russia and both are partners in the Collective Security Treaty Organization. Moreover, the potential adoption of restrictive policies towards Azerbaijani workers in Russia could represent a strategic card for Moscow to influence Baku's foreign policy considering that there might be over a million Azerbaijani citizens in Russia and their remittances are relevant in the domestic economy (Blank, 2013; Valiyev, 2014, pp. 49-50).

However, the EU criticism over human rights record is pushing Azerbaijan to reconsider its relations with Russia. On September 10, 2015, the EU parliament published a resolution admonishing Azerbaijan for “unprecedented repression against civil society” and for jailing domestic critics of the ruling elite. In spite of this unprecedented hard criticism over human rights’ abuses in Azerbaijan, the European Parliament resolution also stressed the relevant and mutually beneficial cooperation in the energy sphere (European Parliament, 2015). Baku's government harshly reacted to this EU position. The day after its proclamation, Azerbaijani Foreign Ministry postponed a visit of a delegation of the European Commission to Baku, scheduled for the next week, for initial discussions as part of the strategic partnership agreement between the country and the European Union. Furthermore, Azerbaijan also suspended the country’s participation in Euronest, a parliamentary forum of the European Union and its eastern neighbours (News Az, 2015; Lomsadze, 2015).

According to the experts, several factors could explain a potential rapprochement between Russia and Azerbaijan: fear of Ukraine-like Maidan popular uprising, an economic crisis partly prompted by low oil prices and sanctions, some elements of a political crisis, as well as Moscow’s desire to find as many allies as possible in a time of political isolation from the West. Moreover, Azerbaijan and Russia has started negotiations to renew the military cooperation and to sign a new

arms supply deal, which will allow Moscow to consolidate its role between Armenia and Azerbaijan in the Nagorno-Karabakh conflict (Mammadov,2015; Shiriyev, 2015).

## **5. Kazakhstan**

Given its political stability, its geographic centrality in the heart of Eurasia and the availability of huge hydrocarbon reserves, Kazakhstan has become the key partner for the EU in the Central Asia. Furthermore, this role is also recognized in the EU Strategy for Central Asia (2007) and its latest review, adopted by the Foreign Affairs Council on 22 June 2015, in order to promote the stable, secure and sustainable development of the region.

Since 1994, bilateral relations were based on the Partnership and Cooperation Agreement (PCA), which was focused on trade and investment, development cooperation, and other strategic areas of cooperation such as energy, political dialogue, transportation, and justice. The EU is Kazakhstan's primary trade partner, and its largest export market. In 2014, trade to the EU was worth EUR 31 billion (36%), ahead of China (22%), Russia (21%), the US, Uzbekistan and Turkey (2% each). At the same time, the EU is the third most important source of imports for Kazakhstan (19%), after China (29%) and Russia (32%) respectively. Kazakhstan's exports to the EU are almost entirely in the oil and gas sectors (93%), alongside other minerals, chemicals and food products. From the EU, Kazakhstan imports machinery and transport equipment (over 50%) and pharmaceuticals (10%), alongside chemical products, plastics, medical devices and furniture. The EU is also the largest foreign investor in Kazakhstan representing over 50% of FDI in Kazakhstan in 2014 (European Union External Action, 2015b)

The relations between Brussels and Astana have been further enhanced in January 2015 with the signature of an Enhanced Partnership and Cooperation Agreement which will replace the PCA. Kazakhstan is the first of the Central Asian republics to conclude a new generation agreement with the EU. The Agreement will strengthen political dialogue between the EU and Kazakhstan and will serve to promote mutual trade and investments, creating an opportunity to mutually strengthen economic links and ties. The agreement also envisages the cooperation in foreign and security policy in order to work together for the stabilisation of Afghanistan and to the promotion of democracy and the rule of law, human rights and fundamental freedoms, as well as civil society cooperation (European Union External Action, 2015c).

In spite of this strategic and enhanced cooperation with the EU, Kazakhstan is one of the founding members of the Eurasian Economic Union as well as of the early Custom Union with Russia and Belarus and of the CSTO in the security field. Consequently, Kazakhstan will easily become another disputed partner between Russia and the EU, negatively affecting the traditional

multi-vector policy backed by Kazakh government.

The President Nazarbayev has frequently warned that the creation of the Eurasian Union will be, in no way, a restoration or recreation of the former USSR, but that the EEU must be based on voluntary participation of member countries who must decide independently and must act respecting the principles of equality, mutual respect for sovereignty and non-interference into the domestic affairs of others (Satpayev, 2015, pp. 11-12). From the very beginning, Kazakhstan wanted the Eurasian Union to be purely economic, without any political dimension. As a matter of fact, President Nazarbayev perceives the Eurasian Economic Union as a way of achieving important economic goals, accessing a large market with a population of 170 million. In order to contain Russian ambitions, Kazakhstan has always made clear that Astana would withdraw from the Union the day it would threaten its national interests. Kazakhstan could be able to achieve this goal, considering that Russia does not hold military bases on its territory and Kazakh economy based on hydrocarbons is strong enough to survive without Russian support. Moreover, compared to the other post-Soviet countries, there are few Kazakh economic migrants in Russia, hampering Moscow to use this tool of pressure (Balci and Essimova, 2015).

However, Russia's invasion of Crimea and the explosive crisis with Ukraine have heavily damaged Russia's image in Kazakhstan, spreading serious concerns about Russian integration project in the security (CSTO) and political-economic field. Moscow's aim to protect Russian-speaking population in the post soviet space is perceived as a looming threat for the five Central Asian states, which are home to sizable communities of ethnic Russians. As Ukraine, Kazakhstan shares a long border with Russia, with large ethnic Russian minorities present (22 percent of the population). Moreover, Putin's claim that pro-Russian troops in Crimea were only protecting Russian military facilities is perceived as an incumbent threat for the Central Asian republics such as Kyrgyzstan and Tajikistan, which host Russian and CSTO military bases, or Kazakhstan, which hosts the Baikonur Cosmodrome (Indeo, 2014, pp. 7-8). Furthermore, the Eurasian integration has yet to spread any additional economic benefit for Kazakhstan. For example, due to the changes within the Customs Union agreement, some exporters and importers in Kazakhstan have suffered substantial losses and disadvantages. Meanwhile, the adoption of Russian tariffs has led to price increases for various goods such as textiles, electrical appliances and vehicles (Abzhaparova, 2014, p.16).

## **Conclusions**

Considering the difficult engagement of the EaP countries in a long-term democratization process and the conflicting relations with Russia, the EU will be pushed to revise its Eastern

Partnership strategy in order to better achieve the aims of this enlargement's policy. On the EU side, the EaP should be reinforced with tailored policies aimed to produce benefits and concrete results in the short term. In the medium term, Azerbaijan and Kazakhstan could exploit the EU-Russia rivalry in order to undertake a profitable multi-vector policy, balancing the colliding interests of these two multilateral initiatives.

Russia will never accept that the EU could extend its influence in its “Near Abroad” through the Eastern Partnership. However, the deep interdependence in the economic and energy sector will push both Brussels and Moscow to define a new “modus vivendi” in this changed geopolitical environment. After losing Ukraine, Moscow cannot accept that Kazakhstan - one of the EEU founder member - would be attracted in the EU sphere of influence. Nevertheless, we should also consider that the current Kazakh position to support Russian multilateral projects could change after the Nazarbayev's succession.

Concerning Azerbaijan, Russia's main aim is to delay and to hamper a full implementation of the Trans Caspian pipeline. In the past, Moscow proposed to buy all natural gas that Azerbaijan decided to export, in order to empty the SGC.

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