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Sarkozy visit and French-Kazakh cooperation

France has traditionally promoted EU ties with the Mediterranean countries, while Germany has acted as the locomotive of the European Eastern policy covering Central Asia. In recent years, however, Paris has been paying increasing attention to the region. During its EU presidency, France successfully maintained momentum for the development of EU-Central Asia relations created by the German presidency and launched the EU-Central Asia Security Forum.

As a leading European country, France has been working with all countries of the region, its business interests focusing mainly on Kazakhstan. French oil company Total is a member of the consortium developing the giant Kashagan field, and one of the world's biggest uranium companies Areva has been in partnership with Kazakh national uranium producer Kazatomprom. This cooperation was taken to a new level by the October visit of French President Nicolas Sarkozy to the Kazakh capital city Astana.

The visit was very productive. The French and Kazakh sides signed important agreements concerning the transit of military supplies and personnel through Kazakh territory to facilitate the participation of French forces in the stabilization and reconstruction of Afghanistan, and cooperation in the area of research and peaceful use of space. Presidents Sarkozy and Nazarbayev also attended the French-Kazakh business forum during which a number of deals worth \$6 billion were signed. They agreed to create the Sarkozy-Nazarbayev commission that would convene once a year to examine the implementation of the agreements reached between the two countries.

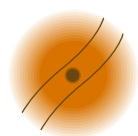
Most of the deals were made in the energy (oil, gas and nuclear) sectors. Total and GDF Suez signed an agreement with Kazakh national energy company Kazmunaigaz to develop the Khvalynskoe gas field in the Caspian Sea. The French companies are acquiring 25% from Kazmunaigaz, the latter retains 25% and the other 50% is owned by Russia's Lukoil. The French Spie Capag consortium intends to invest in building the Yeskene-Kuryk pipeline that will connect Kashagan with the Caspian Sea making bigger volumes of Kazakh oil available for transportation to European markets, bypassing Russia (the pipeline is an important part of the Caspian Transportation System being developed by Kazakhstan). Areva and Kazatomprom agreed to set up a joint venture to market nuclear fuel in Asia.

Another important deal was concluded by France's Astrium and KGS (Kazakhstan's space programme champion), which signed a contract for two Earth observation satellites that Astrium is to build for Kazakhstan, and the foundation documents to create a Joint Venture for the construction of a satellite Assembly, Integration and Test Facility in Astana. These deals make France one of the key investors in Kazakhstan.

Sarkozy's visit showed that the security and economic interests of France and Kazakhstan are complementary. French companies can bring investments and technologies coveted by Kazakhstan, and the latter can provide valuable natural resources. This creates a good foundation for the development of relations between the two countries.

However, as pointed out and criticized by human rights organizations, economic and security interests push the human rights agenda (including Kazakhstan's OSCE commitments) to the backburner. President Sarkozy during his press conference chose

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a very soft and “understanding” approach to problems of Kazakhstan’s political development stressing its relatively recent statehood. He praised Kazakhstan for its historic decision to get rid of nuclear weapons and inter-ethnic peace (the staple sources of pride of the country’s leadership), and expressed hope that it would play a stabilizing role in the region. France, as represented by Sarkozy, is accommodating the current political regime in Kazakhstan. Considering the relatively low level of political development in the country and lack of a realistic political alternative at the moment, this position makes sense. However, it is important for France and the EU not to lose credibility as the promoters of liberal democratic values in the process of developing ties with Central Asian states.

Proposals to adopt a law on the national leader

A topic most actively discussed in September-October was the proposed law on the leader of the nation that would make Nursultan Nazarbayev lifelong president. The idea was first articulated by the deputy chairman of the ruling Nur Otan party (chaired Nazarbayev) Darkhan Kaletayev. He pointed out that the existing Law on the First President of the Republic of Kazakhstan already contains the term “leader of the people of Kazakhstan” and can serve as the base for the new law that would reflect the status of Nazarbayev as the “leader of the nation”.²

The proposal triggered controversy among pro-presidential forces and predictably caused strong negative reaction among the opposition. Secretary of the Nur Otan party Yerlan Karin expressed his scepticism with regard to the feasibility of the idea and its impact on the long-term development of the country³. The opposition parties “Azat” and National Social-Democratic Party (OSDP) issued a statement that called the proposal “an attempt under the guise of a lifelong presidency to establish khan-style absolutism in the country.” The Alga movement stated

that the purpose of the initiative is “to conserve the current political system by rapid formation of the personality cult of Nursultan Nazarbayev”.⁴

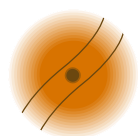
There were various speculations as to why this initiative was floated. According to the OSDP leader Zharmakhan Tuyakbai, it is an example of toadying of officials eager to please the President and the President should show his wisdom by rejecting it.⁵ Others (like Alga movement) see it as part of the strengthening autocracy and personality cult. These explanations are not contradictory. The weaknesses of Kazakhstan’s political system, highly centralized and built around the figure of President Nazarbayev, become more apparent.

Customs Union and the EU

In June 2009 Russia, Kazakhstan and Belorussia announced the intention to create the Customs Union by January 2010 and join the WTO together. The decision was met with surprise by the EU, which has actively been promoting both Russia and Kazakhstan’s accession to the organization. However, very soon Moscow started backtracking and President Dmitry Medvedev stated that Russia might join the WTO separately.

In October 2009 during the 11th session of the Kazakhstan-EU subcommittee for trade, investments, energy and transport, Kazakh deputy minister of industry and trade Zhanar Aitzhanova discussed the impact of the new Customs Union on trade between Kazakhstan and its European partners. She pointed out that all agreements in the framework of the Union were developed in compliance with the WTO norms and mentioned that existing taxation would not be changed.⁶

The same month the EurAsEC commission finalized the Customs Code to be signed by Customs Union members in November. Interestingly, the financial responsibility of participants in foreign economic activities is defined in euro and not in roubles.⁷



Moscow's efforts to make rouble a regional currency does not seem to be successful even in the core integration unit with Russia's key partners such as the Customs Union.

¹ More on the Kazakhstan Caspian Transportation System in Nargis Kassenova, "Kazakhstan and the South Caucasus Corridor in the Wake of the Georgia-Russia War", EUCAM Policy Brief No.3, January 2009 (http://www.eucentralasia.eu/fileadmin/user_upload/PDF/Policy_Briefs/Policy_Brief-3-NK.pdf).

² Panorama, 6.11.2009.

³ KazTAG, 22.10.2009.

⁴ Panorama, 18.09.2009.

⁵ Interestingly, in November Darkhan Kaleyev was suddenly released from his position of the deputy chairman of the Nur Otan party.

⁶ Panorama, 23.10.2009.

⁷ Kommersant, 26.10.2009.

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