

KAZAKHSTAN: THE CURRENT SITUATION IN THE QUESTION OF ENERGY SECURITY

Ismailova D., Candidate of Philological Sciences
Kokshe Academy, Kazakhstan

The dynamics and challenges of the XXI century are sweeping and unpredictable. The first decade of the XXI century sets new time and space parameters defining the content characteristics of international relations. Central Asia lies at the nexus of three great culture regions: Asia, the Middle East, and Europe. Energy security is squarely on the agenda again. Once more, the impact of energy on both foreign policy and the global economy is starkly clear. The problem is not one of running out. Though some worry as to whether world oil production will soon peak, the real risk to supplies over the next decade or two is not geology but geopolitics.

Keywords: security, energy, consumption, global, demand, economy, resources, petroleum.

Conference participant

The dynamics and challenges of the XXI century are sweeping and unpredictable. The first decade of the XXI century sets new time and space parameters defining the content characteristics of international relations.

Central Asia lies at the nexus of three great culture regions: Asia, the Middle East, and Europe. This geographical position has profoundly guided the region's historical development, as various peoples, ideas, goods, and technologies have flowed into Central Asia from the surrounding areas for at least the past 3,000 years. Located at the crossroads of the Eurasian landmass, the historical narrative of Central Asia is one of successive waves of invasion from various points of the compass, interspersed by periods of trade, cultural exchange, and intellectual and artistic advancement. There are two important trends in the economics of the energy market as it relates to Asia. One is that Asia is producing, trading and consuming a growing proportion of the world's energy.

Understanding the implications of long-term trends in global energy supply and demand is critical to any formulation of energy policy.

The world energy futures presented here foretell a world similar to today's terms of aggregate consumption patterns – but quite different in terms of regional patterns of demand and supply. Oil's dominant position as the world's largest source of commercial energy is likely to remain unchallenged. Consumption of natural gas is projected to more than double by 2030, driven by the use of gas to generate electricity. Coal use overall (and especially in Asia) is forecast to continue to grow, but its market share should plummet.

The amount of oil that nations belonging to the Organization of Petroleum

Exporting Countries (OPEC) will need to supply to meet global demand (the "call on OPEC" in market parlance) will double by 2030. The question of whether OPEC will dominate the world market of 2030 is a function of global demand, and the policy choices made by non-OPEC suppliers [1].

Nursultan Nazarbayev was elected to the new position of president of Kazakhstan on December 1, 1991, just over two weeks before the country officially became independent, and only three and a half weeks before the official resignation of the Supreme Soviet, marking the official collapse of the state apparatus of the USSR. But the collapse had transpired so swiftly and unexpectedly that Nazarbayev was skeptical that Kazakhstan was prepared to function as an independent state. Many of the institutions that were necessary to such status were either entirely unformed or only in the initial states of formation [2].

Natural resources have the potential to make Central Asia a wealthy and well-developed region. The oil and gas deposits scattered throughout the eastern margin of the Caspian Basin could make Kazakhstan and Turkmenistan into rich, influential states, and Nursultan Nazarbaev's goal of building Kazakhstan into one of the 50 wealthiest countries in the world is not an unattainable mark for his country [3].

Energy security is squarely on the agenda again. Once more, the impact of energy on both foreign policy and the global economy is starkly clear. The problem is not one of running out. Though some worry as to whether world oil production will soon peak, the real risk to supplies over the next decade or two is not geology but geopolitics [4].

The oil bonanza also allowed for an expansion of social services, pensions,

and support for higher education unmatched in the region, but still leaving some cities and regions underdeveloped. President Nazarbayev released an ambitious strategic plan, Kazakhstan 2030, aimed at converting the Kazakh economy into one of the 50 most-developed economies in the world and raising living and educational standards to match those found in the most advanced countries.

But the emergence of Kazakhstan as a "petro-state" also has had negative consequences. Unfortunately, the massive influx of investment has led to widespread corruption, even at the highest levels of government. Just in 1996 alone in the country may have lost a billion dollars to graft and illegal payoff in the petroleum industry [5].

The success and failures of the Kazakh petroleum industry have ramifications not only for security and growth domestically, but resonating across the entire Central Asian and Caucasus region. Between 2004 and 2007 global oil prices were skyrocketing, Kazakh investors pumped almost half a billion dollars into investments in Kyrgyzstan, amounting to about 40 percent of the total investment in the country during that period [6].

One of the largest differences between Kazakhstan and the remaining four Central Asian countries was that Kazakhstan emerged from the USSR as a nuclear-armed state – the republic had been one of only four where Soviet atomic weapons were stationed. This gave Kazakhstan an elevated status, but also created yet another security problem for Nazarbayev. In the United States, significant concern arose over the fact that the "Muslim" territory of Kazakhstan now had its own nuclear arsenal, and about the security of the weapons-grade material the country controlled. An even

greater concern quickly developed in regard to limiting the transfer of technical information for the making of weapons of mass destruction from former Soviet territory to rogue states and terrorist groups.

The Nazarbayev administration attempted to deal with the dual issues of nuclear armament and the border with Russia as swiftly as possible, and to some extent successfully linked the two issues in its early foreign policy. Both the United States and Russia had concerns about the security of the nuclear weapons that were positioned on Kazakh territory, and the Kazakh government's willingness to part with these weapons, employing both Russian and American assistance, improved the relationships with both countries. Between 1994 and 1996 Kazakhstan and Russia negotiated the removal of launchers, strategic bombers, and nuclear warheads from Kazakh territory, and by 1997 the country had forsaken virtually all the nuclear weapons capability it had inherited upon Soviet collapse. Kazakhstan also readily entered into mutual security pacts with Russia, including the CIS Collective Security Treaty signed in 1992, and this high level of cooperation with Russia on security issues served to reduce tensions over the border and the status of the Russian minority in Kazakhstan [7].

But at the same time, authorities in Kazakhstan openly courted a close security relationship with the West and with NATO. Indeed, American specialists were invited to Kazakhstan to participate in and verify the removal of nuclear weapons and assist in the dismantling of

missile silos. In 1994 Kazakhstan was one of four Central Asian states to join the NATO-sponsored Partnership for Peace initiative, and the country quickly cultivated closer linkages to NATO than any of the other states in the region. This laid the early groundwork for the multi-vector foreign policy that Kazakhstan has employed for the past 15 years [8].

Indeed, the status of Kazakhstan's Russian minority was a question that the Kazakh government was forced to confront throughout the 1990s. Nazarbayev devised a strategy aimed at solidifying the country's hold on its northern oblasts, rooted in modifications of Kazakhstan's political geography. First, in 1994 Nazarbayev announced that the country would relocate the capital, including all governmental bodies and agencies, from Almaty to the city of Akmola (formerly Tselinograd) by 1997.

During the first years of independence Kazakhstan's economic policy was tightly linked to Russia, due to the continuation of the use of Russian currency in Kazakhstan and other former Soviet states that remained with the so-called "ruble-zone". This meant that the Russian administration effectively dictated the macroeconomic policy of Kazakhstan, and also that any crisis in the Russian economy was, by default, a crisis in Kazakhstan as well. For example, the Russian economic crisis of 1992-1994, characterized by hyperinflation and an abrupt fall in the ruble's value in international currency markets, precipitated similar economic decline in Kazakhstan [9].

World energy futures may look much

like the past, at least in terms of global consumption, carbon emissions, and reliance on OPEC supply, but they can be different. Forecasts are based on educated guesses about the policy decisions of governments, the rate of technological change, and the behavior of consumers [10].

References:

1. Energy Security. Toward a New Foreign Policy Strategy. Edited by Jan H. Kalicki and David L. Coldwyn. Published by Woodrow Wilson Center Press. Washington, D.C. World Energy Futures – Adam E. Sieminski.p.22
2. Reuel R. Hanks. Global Security Watch – Central Asia. Emergent Central Asian States and Security Issues. Kazakhstan, p.21.
3. Reuel R. Hanks. Global Security Watch – Central Asia. Energy and Water in Central Asia: Resource Issues and Regional Stability. Central Asia's Looming Water Crisis. p.91.
4. Energy Security. Toward a New Foreign Policy Strategy. Edited by Jan H. Kalicki and David L. Coldwyn. Published by Woodrow Wilson Center Press. Washington, D.C. Energy Security and Markets – Daniel Yergin.p.51
5. Martha Brill Olcott, Kazakhstan: Unfulfilled Promise. Washington, D.C.: Carnegie Endowment for International Peace, 2002, p. 16.
6. Ustina Markus, Kazakhstan: Investor Status, ISN Security Watch, October 20, 2008, Zurich, Switzerland: International Relations and Security Network (ISN).
7. V. Zemskii, "Collective Security in the CIS," international Affairs (Moscow), Vol. 45, No. 1 (1999), p.97.
8. Elizabeth Wishnick, Growing U.S. Security Interests in Central Asia, Army War College, Strategic Studies Institute, 2002, p. 3.
9. Reuel R. Hanks. Global Security Watch – Central Asia. Emergent Central Asian States and Security Issues. Kazakhstan. p.24.
10. Energy Security. Toward a New Foreign Policy Strategy. Edited by Jan H. Kalicki and David L. Coldwyn. Published by Woodrow Wilson Center Press. Washington, D.C. World Energy Futures – Adam E. Sieminski.p.22

