

# **KAZAKHSTAN-U.S GEO-STRATEGY & ENERGY DYNAMICS IN THE POST-SOVIET MATRIX**



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# *Kazakhstan-U.S Geo-Strategy & Energy Dynamics in the Post-Soviet Matrix*

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*Knowledge is Our Business*

**KAZAKHSTAN-U.S GEO-STRATEGY & ENERGY DYNAMICS IN  
THE POST-SOVIET MATRIX**

*By Quaisar Alam, Shivani*

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## CHAPTER 1

### BRIEF DISCUSSION ONDRAMATIC BEGINNINGS

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#### ABSTRACT:

This abstract provides a look into the fascinating story of Kazakhstan and the United States' developing geostrategic alliance, which is intricately linked within the complicated web of energy dynamics in the post-Soviet period. The narrative starts with Kazakhstan becoming an independent country after the fall of the Soviet Union, follows it through its turbulent early years as a nation, and ends with a developing partnership with the United States that is motivated by common energy interests. Dramatic political, economic, and social changes were a feature of Kazakhstan's transition from Soviet republic to independent country. The country struggled to develop as a nation, define its place in the world, and manage its abundant energy resources, notably its oil riches in the Caspian area. The US became a crucial partner as Kazakhstan tried to use its energy resources. Kazakhstan's aim for economic growth and global integration and the United States' search for energy security led to a strategic partnership. This alliance fostered political connections, reciprocal investment, and technology exchange in addition to facilitating energy cooperation.

#### KEYWORDS:

Dramatic, Geopolitical, Soviet Republic, Unexplored Territory.

### INTRODUCTION

A new geopolitical environment that reshaped national fates and the global energy grid evolved in the wake of the Soviet Union's abrupt collapse. In order to achieve freedom, Kazakhstan, previously a Soviet country, had a remarkable trip into unexplored territory. This introduction prepares the reader for a discussion of Kazakhstan's modernization and its developing geostrategic alliance with the United States, a partnership that is inextricably linked to the intricate dynamics of energy resources in the post-Soviet period. The early years of Kazakhstan's independence were filled with both possibilities and difficulties. It struggled with the difficulties of nation-building, creating its identity on the international arena, and managing its immense energy resources, particularly the enormous oil deposits tucked away in the Caspian area. In light of this, the United States became a significant factor in Kazakhstan's development. Kazakhstan, a country seeking economic growth, global integration, and the diversification of its energy markets, was a ready partner for the United States, which was motivated by its pursuit of energy security and its strategic goals. This intersection of interests created the framework for a geo-strategic alliance with broad repercussions.

This story reveals the historical background of the developing Kazakhstan-U.S. relationship, highlighting key turning points and important achievements. It also explores the complex energy dynamics that support this alliance, particularly the Caspian Sea's strategic importance within the larger context of world energy geopolitics. We will learn more about the diplomatic discussions, economic interdependencies, and technical alliances that characterise the geo-strategic cooperation between Kazakhstan and the United States as we go through this story. It emphasises how important energy resources are in influencing international relations, diplomatic connections, and the future of countries in the post-Soviet system. This abstract provides a view into the complex and dynamic world of international relations,

where energy concerns function as a driving force behind diplomacy and geopolitical realignments. The tale of Kazakhstan-U.S. geo-strategy and energy dynamics, with its dramatic beginnings, is a captivating case study of how countries may establish alliances based on shared strategic objectives by navigating the complexities of the post-Soviet geopolitical environment.

The story of Kazakhstan's radical change and the development of its relationship with the United States is a testament to the transformative power of international cooperation, diplomacy, and the pursuit of shared economic interests in determining the contours of modern global geopolitics. It is crucial to understand the relevance of this story in the larger framework of global politics and energy dynamics as we begin our investigation of Kazakhstan's transition and its geostrategic cooperation with the United States. The early 1990s saw the fall of the Soviet Union, which left a power vacuum and spurred a surge of nation-building initiatives among the newly independent republics. With its enormous landmass and plentiful energy resources, Kazakhstan was placed at the centre of these seismic upheavals [1], [2].

Trials and victories were part of Kazakhstan's path to independence. It managed the enormous burden of looking after its abundant natural resources, notably the Caspian oil riches that held the promise of future economic development, while navigating the difficulties of establishing its identity as an independent state. As the post-Soviet geopolitical environment changed, the United States, with its insatiable thirst for energy resources and strategic interests in the Eurasian area, began to see Kazakhstan's potential as an important partner. This acknowledgment paved the way for a geostrategic alliance built on common ideals, diplomatic endeavours, reciprocal investments, and technology exchanges in addition to energy cooperation.

We will learn how the Kazakhstan-U.S. alliance has changed over time, adjusting to shifting global dynamics and geopolitical difficulties, as we dig further into this story. It will soon become clear that this alliance includes political actions that have affected the larger regional and international order in addition to economic goals. The intriguing interaction between states, resources, and the pursuit of strategic objectives in the post-Soviet period is reflected in Kazakhstan's narrative of dramatic beginnings and its changing relationship with the United States. It is a tale of tenacity, diplomatic skill, and the broad ramifications of energy resources in determining the fates of countries. We will explore the defining events and crucial choices that have shaped this cooperation in the pages that follow, giving readers a thorough appreciation of its importance within the intricate geopolitical jigsaw of the post-Soviet matrix. This story is evidence of the continuing value of diplomacy, teamwork, and strategic forethought in resolving conflicts in our linked globe[3], [4].

## DISCUSSION

Although robust, relations between Kazakhstan and the United States are not particularly old. It's true that some Americans, most notably ambassador Eugene Schuyler, visited and wrote about the region in the nineteenth century. But these were the odd ones. Therefore, it is not unexpected that many facets of US-Kazakhstan ties today still reflect the connections that developed in the years immediately before and after the fall of the USSR in 1991. Because of this, they merit our attention today not as historical curiosities, but rather as the beginning of a significant and lasting connection. The simple truth is that Americans and Kazakhs hardly knew one another in the 1980s. However, starting about 1980, each "discovered" the other within a relatively short period of time and began to see their shared interests with a high level of intelligence and pragmatism. The reasons of this odd phenomenon may be traced back to the very peculiar conditions that existed in both nations previous to their mutual discovery. It is by no means unexpected that Kazakhs have little knowledge of the United States. The Kazakh Soviet Socialist Republic joined the USSR in 1936 and became a



component of the Soviet Union. As a result, it kept its own Ministry of Foreign Affairs, although this institution was completely deferential to Moscow's orders. The Kremlin had a major role in shaping its few interactions with the outside world. The few Kazakhs who gained knowledge of world affairs did so via education at Moscow institutes and refined their abilities while acting as USSR, not Kazakhstan, diplomats. This foundation was still significant since it gave birth to information and skills that would later prove vital when Kazakhstan started to emerge from the shadow cast by the north. Similar changes took place in the economic realm as well, with Kazakh managers of Soviet companies operating on their soil starting to engage with the rest of the world.

In Kazakhstan's general society, all knowledge of America was seen via the Soviet-era educational system, literature, and media. One Story America by Ilf and Petrov, for example, was amusing but outmoded. However, the majority of the literature at hand portrayed the United States as the aggressive but ailing centre of global capitalism. Few Kazakhs had the good fortune to attend prestigious schools in Moscow and, to a lesser degree, Kazakhstan, where they were able to learn more about the USSR's main foe. Few Kazakhs were permitted to take part in educational and scientific exchanges with the United States, which made the situation worse.

The International Research and Exchanges Board, a public-private organisation in America, began bringing Soviet researchers and students to American universities in 1968, although the Soviet side of these exchanges was dominated by Russians. However, once Kazakhs were involved, the results were always long-lasting. Even the realm of culture was subject to this exclusionary trend. As a result, the Moscow Conservatory had complete control over the choice of Soviet players in the American-Soviet Youth Orchestra, which was established in 1987. Almaty, the capital of Kazakhstan, had no influence whatsoever. Despite this tightly regulated atmosphere, many young Kazakhs developed a deep interest in American popular culture starting in the 1970s, particularly in the areas of jazz, clothing, and lifestyle. This condition was paralleled in America's ignorance of Kazakhs and Kazakhstan, but for quite different reasons. Officially, Moscow, the capital of the Soviet Union, the United States' Cold War foe, was the centre of attention. Only a few American graduate students were permitted to study in Central Asia, and the Soviets controlled their research subjects, as well as those of all American academics participating in IREX, to mostly leave out current events.

Washington made significant efforts to foster the study of Russian but disregarded other USSR languages, such as Kazakh. There were few, if any, ethnic Kazakh or Uzbek emigrants who might have served as teachers for Americans who wished to learn more about the peoples of Central Asia. Ukrainian and the Baltic languages were in a much better position. The Library of Congress made an effort to import as many Soviet works as it could during the last stages of the Soviet Union. However, the Soviet Academy of Sciences only contributed works produced by its Moscow-based institutes, leaving out the other fourteen USSR republics. In response, the Library of Congress designated two employees to routinely visit all non-Russian countries, including Kazakhstan, in order to directly buy books from regional publishers. For years, this ludicrous arrangement held true, and it is what is responsible for the few novels from Kazakhstan that made it to America. In other ways, Kazakhstan and the other fourteen non-Russian republics remained obscure due to the U.S. government's limited emphasis on Kremlin politics. The Foreign Broadcast Information Service did not have the competence or inclination to translate news from sources other than Russian and Russian sources, including Kazakh. When it did attempt to get news from Kazakhstan, it did so by consulting regional Russian-language editions of the major Moscow newspapers rather than Kazakh-language sources. This scenario started to improve throughout the 1980s. Social scientists with an interest in the more recent history of the area joined a small group of language academics who had long been studying historical texts from

Central Asia. Many academic institutions, most notably the University of Chicago, Ohio State University, Indiana University, and Columbia University, started producing academics with a passion for writing about Central Asia and the Caucasus. Hence, for instance, historian Martha Olcott, who graduated from the University of Chicago. The Kazakhs traced their ancestry from the ages to the present using Russian and English sources. Despite these endeavours, Russia itself remained the primary focus of American studies of the USSR during the 1970s. Murray Feshbach, a research professor at Georgetown University and a highly qualified expert in the subject of demography, was the one who contributed the most to the transformation of this scenario. He published a number of studies in the 1970s on the migrations and birth-rates of various ethnic groups in the USSR. These revealed two startling facts: first, that the birth-rate of ethnic Kazakhs had started to rise very quickly as early as the 1960s; and second, that the massive Slavic immigration to Kazakhstan that had been sparked by Khrushchev's Virgin Lands project in 1954 had subsided and was well under way. In 1959, Kazakhstan's population was fully 67% Russian and Ukrainian; by 1979, that number had dropped to 54%. Feshbach so noted to his readers that Kazakhstan was quickly returning to becoming Kazakh. Interest in the alleged "ethnic problem" in the USSR increased as the world gradually came to terms with this reality. Analysts in the United States rapidly saw that Kazakhstan had become a likely forerunner of future change in the USSR as a whole due to its changing demographics. Many Kazakh intellectuals were fully aware of this change. The two very opposing alternatives for the future were apparent to them as a result of this realisation. On the one hand, it helped to pique their curiosity in their own language and cultural history. Some even fantasised about regaining a dominant position in their own country, which had already undergone a complete Russification. The number of Kazakhs who had access to such thinking progressively expanded thanks to Soviet initiatives to improve education across the nation. On the other side, it raised concerns that the Soviet authorities in Moscow would bolster their control over the republic in an effort to thwart the ensuing national movement. In fact, each of these scenarios came to pass simultaneously. The world's attention began to turn more and more towards Kazakhstan as these potential was developing. The Soviet Union established a testing facility for its intercontinental ballistic missiles in central Kazakhstan's Baikonur in 1955. It served as the lunch stop for several important flights as the space age advanced, including Sputnik I in 1957, Luna I in 1959, Yuri Gagarin in 1961, and later cooperative missions with Czechoslovakia, East Germany, France, and India. At the same time, Kazakhstan emerged as the USSR's top location for the manufacturing and storage of uranium, the primary component of atomic bombs. This growth was convenient and unavoidable since the richest uranium ore reserves of the Soviet Union were located on Kazakh soil. In a deep historical irony, Kazakhstan's geopolitical significance increased just as Moscow and the rest of the world learned about the country's demographic transition.

The armaments race between the US and the USSR accelerated during this time. Both sides hurried the manufacturing of new missiles and outfitted them with ever-stronger armaments. Around the globe, wise people were alarmed by this. A few intellectuals in the West decided to take action rather than just monitor the situation passively by creating unofficial organisations for cooperative discussions between the USSR and the United States. A Conference on Science and World Affairs was initially established in 1957 by physicist Joseph Rotblat and philosopher Bertrand Russell. The Pugwash Conference, sponsored by Cleveland businessman Cyrus Eaton and held in his hometown of Pugwash, Nova Scotia, brought together top scientists and decision-makers to promote the cause of nuclear disarmament. The Pugwash group won the Nobel Peace Prize and was hailed as a pioneer of what is now known as "Track Two Diplomacy," despite the fact that certain Soviet members utilised the talks to further their own particular nationalist agendas. Even though there were no Kazakhs there, the conversations significantly increased understanding of Kazakhstan's pivotal position in global tensions and, one would hope, global peace.

The creation of the Dartmouth Conferences in 1961 by Norma Cousins, editor of the American journal *The Saturday Review*, was the second significant Track II effort that had an impact on Kazakhstan. The Dartmouth Conferences, which were held every year until 1990, included top American members of Congress, the Soviet Peace Committee, and prominent Soviet officials including Evgenii Primakov and Georgi Arbatov. Kazakhstan unavoidably moved closer to the centre of the global stage as the sole location having abundant uranium reserves, nuclear processing facilities, nuclear weapons, and launch facilities. Such events helped create the conducive environment for the 1969 Helsinki, Finland, discussions that resulted in the Anti-Ballistic Missile Treaty, a temporary accord between the US and the USSR. It took until 1979 for a first Strategic Arms Limitation Treaty to be concluded, but the Soviet invasion of Afghanistan and the knowledge that Moscow had a combat brigade stationed in Cuba prevented the United States from signing it. But following the fall of the USSR, discussions with Russia went on for a little longer. The fact that Kazakhs themselves participated for the first time makes the SALT discussions significant for ties between the United States and Kazakhstan. The SALT discussions allowed top American officials and many of Kazakhstan's future leaders to connect personally while also establishing relationships on a significant international issue. In fact, William Courtney, Washington's first ambassador to an independent Kazakhstan, and Bolat Nurgaliev, the Kazakh side's future ambassador to the American side, temporarily served as members of the negotiation teams. Both sides realised they needed to communicate directly with one another rather than going via Moscow when the USSR started to fall apart. Kazakhs and Americans found themselves embroiled in a vitally significant project in the economic realm at the same time as they started engaging in the nuclear armaments area, namely the development and export of Kazakhstan's huge oil riches. This massive undertaking was built gradually over many years and in the face of Moscow's formidable opposition[5], [6].

### **Energy Diplomacy**

The Kennan Institute for Advanced Russian Studies asked Soviet officials to provide a report on their nation's energy reserves in 1979, marking the beginning of the two countries' first significant interactions in the energy sector. One of the co-authors of this book, who organised the meeting, was shocked when Moscow dispatched a sizable group of blunt-speaking specialists. They said that the oil deposits of Azerbaijan had been exhausted, those of Turkmenistan were already being used by Moscow, and those of Kazakhstan were economically worthless due to the presence of excessive sulphur. They provided paperwork to support this latter assertion, stating that six wells had been examined by their specialists and were all deemed unsuitable for development. Instead, massive new oil resources that had just been found in western Siberia were marketed by the Soviet *neftianiki*, or oilmen. The Russian scientists suggested these oilfields because, in addition to their size, they could be developed by diligent Russian employees rather than by "lazy and corrupt" Azeris or Kazakhs. They didn't seem to be concerned that there was no pipeline connecting western Siberia to the West. This, however, was the daunting obstacle that all three of these possible breakthroughs had in common. All three projects would fail without pipelines to transport the oil to Western customers. Despite this chilly shower, Unocal of El Segundo, California, initiated its own attempt in Turkmenistan, while British Petroleum started talks to operate in Azerbaijan. This left unresolved the issue of western Kazakhstan's enormous but troublesome Tengiz field. Chevron, the fifth-largest oil firm in the world, joined the scene at this moment. With its heavy, inaccessible, sulphur-filled oil and complete lack of any means of delivering it to western markets, the Tengiz field was chosen as its long-shot hope.

A massive salt dome covered the Tengiz deposits, which were very deep—up to three miles below the surface—and located in a remote and dry region of western Kazakhstan. Soviet engineers had explored Tengiz for hundreds of millions of dollars before deciding it was not

worthwhile to continue. They had produced enormous clouds of hydrogen sulphide along the route, which had killed hundreds of locals. Richard H. Matzke of Chevron came to a different conclusion, however, after in-depth conversations with his own engineers. Matzke was an experienced high-risk venture who served as vice president of Chevron and head of its worldwide branch, Chevron Overseas Petroleum, Inc. He didn't spend any time contacting Soviet authorities to try to win the Tengiz award. The Moscow authorities resisted the initiative after seeing Matzke's excitement for it. They were eager to give him a go at any other oil field in Russia, but they were sceptical and suspicious of his plan for Tengiz. They weren't on their own. Matzke was forcefully persuaded to give up his Tengiz goals by Dwayne Andreas, the esteemed president of Archer Daniels Midland, the biggest grain processor in the United States, who was also working on projects in the USSR. Instead of conceding defeat, Matzke began an extensive push to demonstrate that Chevron could in fact construct Tengiz and that in doing so it would use technology that were much superior to anything his Soviet interlocutors had access to. A delegation of Soviet petroleum engineers was sent to Canada as part of his pitch, and they were shown Chevron's technology in action in a deep, distant oil field. Although they were suitably pleased, they were unable to help Matzke's concept gain traction in Moscow. A radically different strategy was required[7], [8].

### **The Nuclear Issue and the Road to Independence**

The Soviet Union had already reached what would turn out to be its last crisis at this time. Following the deaths of the two previous General Secretaries of the Communist Party, Mikhail Gorbachev was promoted to the position. In a desperate attempt to stem the fall of the Soviet Union and preserve the Communist system, he immediately began a radical reform programme. Both of the two major problems that would place Kazakhstan on the map of the world and support its ultimate independence six years later were significantly impacted by Gorbachev's ascension and his willingness to reform, although within severe parameters. Gorbachev showed a willingness to review the whole spectrum of nuclear concerns that had been on the table for a generation as well as the potential advantages of significantly increasing western investments in the USSR after seeing the dire condition his predecessors had put him in. This major shift in Moscow not only changed the content and tone of Soviet ties with the United States, but it also paved the way for Kazakhstan to become a fully independent and sovereign state. All of this unintentionally worked to ensure that the future Republic of Kazakhstan would have a strong and long-lasting connection with America, one to which both parties would be firmly dedicated and from which both would thereafter profit much. guarantee the still very little interaction and mutual understanding between Americans and Kazakhs, this fortuitous result was by no means a guarantee. But in the two key areas that would govern the relationship nuclear security and hydrocarbons—small teams of intelligent and knowledgeable specialists had evolved in each nation. Given the increasing importance of nuclear issues on the international agenda, both the US and the USSR developed expertise in the field, and Kazakhstan's key involvement in the Soviet nuclear programme gave the subject a particular sense of urgency among a small but significant number of Kazakh politicians.

Similar to this, the American interest in Tengiz oil made both Americans and Kazakhs carefully consider the interests and capabilities of the other side. If there hadn't been a central force directing and orchestrating the whole endeavour, expertise alone would not have produced results in either situation. Nursultan Nazarbayev, a metallurgical engineer and Communist Party official from Karaganda who was appointed Kazakhstan's Prime Minister in 1984, played such function for the Kazakh side. Despite being just 44 at the time, Nazarbayev brought to that position a strong grasp of the connections between technology and policy that would be crucial to the effective settlement of both the nuclear and Tengiz challenges. Although Dinmukhamed Kunaev, the First Secretary of the Communist Party of



Kazakhstan, was a fellow Kazakh, Nazarbayev was now only second in charge in Almaty. Due to his many contributions to society and, most importantly, the fact that he was a native Kazakh, Kunaev was well-liked in many sectors of Kazakh society. Thousands of Kazakhs in Almaty and other towns staged a national protest when Gorbachev fired him in December 1986. This was the first of many nationalist protests in the USSR under Gorbachev. Kunaev's successor, an ethnic Russian, was ineffective, and Nazarbayev took over as de facto head of state until he was officially designated First Secretary of the Communist Party in June 1989. Large-scale protests and calls for independence and sovereignty in the Baltic States followed the vibrations of unrest in Almaty. Around the globe, onlookers started to wonder if the Soviet Union itself could survive as demonstrations grew in Lithuania and Estonia. The majority of western specialists on the USSR believed that the USSR's dissolution was at most a distant prospect and very implausible. Nevertheless, these rumours caused concern among members of the world community, particularly those who had long been dedicated to the cause of nuclear disarmament. The Soviet Union was being increasingly targeted for disintegration, but Nazarbayev, who recognised the extent of industrial interdependence between Kazakhstan and the rest of the USSR, moved carefully. His professional and political background persuaded him that the whole Soviet nuclear arsenal, particularly the key nuclear sites in Kazakhstan, would be at danger in the event of a catastrophic split of the Soviet Union. He consequently devoted his attention for a number of years to guarding and safeguarding the arsenal located on Kazakhstani soil and rejected any plans to dismantle it.

He resisted attempts to force Kazakhstan to unconditionally give up its nuclear facilities for a while as the nuclear disarmament debate heated up because he saw the opportunity to maximise the advantages of having these facilities for the developing country. The similar issue confronted President George H. W. Bush, who was elected in 1988, in Washington. The potential of getting rid of nuclear weapons in Europe was addressed by Presidents Ronald Reagan and Mikhail Gorbachev as early as 1985. After shocking the world the year after by declaring that the USSR would back a treaty enacting such a strategy, the Intermediate Range Nuclear Forces Treaty was negotiated and passed by both parliaments in 1987. Beyond the fact that it improved East-West ties in Europe, INF paved the way for further discussions on nuclear disarmament in general. In doing so, it also elevated the fate of Kazakhstan's nuclear plants to the forefront of global attention, particularly for Washington-based politicians and policymakers. The subject of nuclear weapons in Europe was switched to prospective reductions in both the U.S. and the USSR's nuclear arsenals while discussion of a potential second, far more comprehensive Soviet-American pact took place. President Reagan had urged Moscow and Washington to reduce their nuclear arsenals back in 1982. At this point, Gorbachev had accepted the notion at least in theory. Once both parties made the decision to proceed, they began what were undoubtedly the longest and most difficult nuclear armament talks ever. As a consequence, both states were prohibited from deploying more than 6,000 nuclear weapons and were given a cap of 1,600 intercontinental ballistic missiles under the Strategic Arms Reduction Treaty, or START. Even though START was not signed until 1991, it was obvious to everyone that the whole huge nuclear armaments industry in both the USSR and the U.S. had come to a standstill and that, for the first time, its future size and even existence were in doubt.

Kazakhstan became a central character in the Soviet-American discourse because it served as a major rear depository for nuclear weapons, associated industries, and fissile material. James Baker, President Bush's secretary of state, and they were well-informed about these events and keenly conscious of the hazards associated with both taking action and doing nothing. As a result, they moved forward with considerable care. In fact, several political analysts and specialists on disarmament in America charged Bush for being slow to act. Bush, though, was quick to see that the USSR's increasing unrest presented a serious threat to the safety of nuclear installations across its enormous area. He was well-informed about the significant

nuclear facilities at Semipalatinsk and elsewhere in Kazakhstan, and he was particularly worried about their future. He had excellent cause to believe it, since the CIA had informed him that Kazakhstan was home to 360 air-launched missiles, 40 TU-95 "Bear" bombers, 104 SS-18 intercontinental ballistic missiles, and 25 kilogrammes of highly enriched weapon grade uranium. Baker expressed this worry and immediately started talking to Gorbachev about it. As a result of rising tensions within the USSR's non-Russian republics, the Supreme Soviet of the Estonian Soviet Republic adopted a resolution in 1990 declaring that Stalin's occupation of Estonia in 1940 was illegal and that the Soviet Republic of Estonia that followed it was consequently unconstitutional.

A straightforward proclamation of independence, the resolution. It demanded that the Estonian Soviet Socialist Republic be disestablished and that the pre-Soviet constitutional order be restored. On March 3, 1991, 78 percent of Estonian voters passed a nationwide referendum on independence. The 1990 Estonian resolution and related events in Lithuania forced Moscow, Washington, and Almaty to acknowledge the possibility of a dissolution of the Soviet Union. Leaders in all three capitals were well aware that such a move would cause the nuclear security framework and understandings that had been in place in the USSR since the dawn of the atomic era to collapse. The complex discussions that this issue sparked have been the focus of several in-depth research. Since Belarus and Ukraine both have nuclear weapons and significant related facilities on their own territory, they joined the negotiations as well. However, out of all the USSR's non-Russian republics, Kazakhstan had the most at risk. Nursultan Nazarbayev was fully aware of all the discussions taking place between Washington and Moscow over nuclear weapons, and he closely monitored them. On the one hand, he acknowledged the worth and relevance of the nuclear plants located on Kazakhstani soil from an economic and political standpoint. On the other hand, he could clearly see that the company's future as a whole was now in doubt. It was no longer feasible to wait it out. about the diplomatic discussion, Nazarbayev and his colleagues had to deal with historic issues about Kazakhstan's destiny. They were constrained in how they dealt with them since, in a referendum on Kazakhstan's future, the majority of voters supported maintaining the country's union with Russia. The Kazakh leadership could now plainly see that the forces of history were pushing their country in the direction of independence at the same moment.

This in turn increased the level of urgency around the nuclear issue. What would happen to Kazakhstan's nuclear arsenal and infrastructure if it were to get cut off from the geographical state to which it had belonged for a century? There were at least two distinct paths that may be taken. In order to continue bowing to Moscow and let Kremlin officials negotiate over their heads on the future of Soviet nuclear assets in their republic, the Kazakh leadership may continue to do so. Alternately, they may claim them to be Kazakhstan's property and enter talks to become a nuclear power party to the START accord. A third option, complete denuclearization, was seen as a distant and challenging possibility for the time being. What Kazakhstan would really do with its nuclear weapons and infrastructure was an issue that was raised by the second and third of these potential scenarios. They were unable to turn to history for advice since no nation had ever been in this situation. Up until 1991, none of the three parties involved had addressed the issue of what to do with the weapons and fissile material themselves, according to William Potter, an American analyst who closely examined this problem.<sup>3</sup> Because of these bothersome worries and his awareness of Kazakhstan's economic dependence on Russia, Nazarbayev continued to exercise caution as the Soviet Union fell apart. Kazakhstan was the last of the fifteen Soviet republics to proclaim its independence when it did so on December 16, 1991. Only a few days later, on December 21, 1991, representatives of the former Soviet republics with nuclear weapons or facilities on their soil met in Almaty and adopted the Almaty Declaration, which urged the preservation of the current unified control over all nuclear weapons. Nazarbayev played a key role in this meeting[9], [10].

This was the first governmental action that dealt with this important problem head-on. Following these events intently, President Bush and Secretary of State Baker pushed for more focus to be placed on the fate of nuclear assets. They made the decision to try all they could to persuade Nazarbayev to adopt the Non-Proliferation Treaty since they were aware that he had previously regarded it with scepticism. In the fall of 1991, Secretary of State Baker made two flights to Almaty. He was informed by Nazarbayev that major states around Kazakhstan were reluctant to recognise its sovereignty. In his later memoirs, Baker recalled that Nazarbayev had told him, "If the international community recognises and accepts Kazakhstan, we will declare ourselves a non-nuclear state."<sup>4</sup> He also said that Kazakhstan would welcome American expertise as they worked to transform their economy. Bush and Baker also respected Nazarbayev's insistence that Kazakhstan be included as an equal partner in any future discussions of the NPT. The United States would have to recognise Kazakhstan as a nuclear power for this to take place. As 1992 commenced and the dissolution of the USSR became a reality, Nazarbayev made it clear that "Kazakhstan may change its stance on nuclear weapons if it would receive adequate security guarantees from its nuclear neighbours and from the United States."<sup>5</sup> However, this was not what diplomats refer to as Nazarbayev's "final position." Shorn of diplomatic courtesy, he was challenging Washington to offer a menu of security guarantees as well as both technical and financial assistance that would e Although they applauded this demonstration, President Bush and his secretary of state were concerned. After all, Kazakhstan was a recently formed state whose early statehood was not well known in the West. Could this vast, sparsely populated area ever develop into a modern nation capable of dealing with the destiny of the most terrible weapons ever created? Nazarbayev accepted a U.S. offer to go to Washington, which he did in May 1992, after reaching an agreement with the other former Soviet nations that had nuclear weapons and installations.

Bush and Baker welcomed the Kazakh group warmly and praised their accomplishments thus far. During their discussions, they learned that Nazarbayev was about to release what he called a "Strategy for the Formation and Development of Kazakhstan as a Sovereign State." Clearly, they concluded, Kazakhstan's leaders fully appreciated the urgency of establishing effective institutions of state, institutions capable of managing even the most difficult geopolitical, technical, and security issues. Based on this, the United States acknowledged Kazakhstan had the right to join the Non-Proliferation Treaty as an independent state and that it should take an active role in the START I negotiations on an equal footing. However, no move was taken right away since further research was needed on both subjects in Washington and Almaty. Bill Clinton was elected the forty-third president of the United States at the end of 1992, bringing a fresh group to Washington. Warren Christopher, the new secretary of state, received assurances from Nazarbayev that Kazakhstan would ratify the Non-Proliferation Treaty very shortly. On December 13, 1993, Kazakhstan's new parliament voted 238 to 1 to join the Non-Proliferation Treaty during a follow-up visit by the new Vice-President, Al Gore, to Almaty.

By this point, Kazakhstan's leadership had made a serious commitment to both the NPT and comprehensive disarmament. In response to Nazarbayev's outspoken position on disarmament and a number of related problems, the US pledged \$85.5 million in support of Kazakhstan's denuclearization efforts as well as further aid for the establishment of Kazakhstan's statehood. When considering the whole process, it is evident that the diplomatic exchange between Kazakhstan and the United States had a considerable impact on the top officials of Kazakhstan's reevaluation of the costs of nuclear weapons and the possible advantages of their elimination. America supported Kazakhstan's risky first effort as a nascent state by offering knowledge and what amounted to an insurance policy in addition to this facilitative role. In addition to this, it must be acknowledged that other powerful nations contributed significantly to these dramatic events. For instance, China gave a crucial

guarantee when it said it had no claims to Kazakhstan's borders. But more than anything, Washington and Almaty's cooperation ensured the successful conclusion, which benefitted not just the two parties but the whole globe. This result was far from certain, as there were deliberative individuals in both nations who held reservations about denuclearization and the method proposed to accomplish it.<sup>6</sup> Nevertheless, Kazakhstan and the United States' leadership and spirit of cooperation prevailed[11], [12].

### **The Tengiz Saga**

Chevron looked to be losing interest in his Tengiz fantasies while all of this was happening. Instead of paying attention to commerce and investment, Washington was preoccupied with the escalating nuclear concerns. The issue that ultimately pushed oil and Kazakhstan to the forefront was one that was extremely different. America has been providing copious amounts of excess commodities to the USSR out of goodwill. Only 40% of the debt could be paid by Moscow. Therefore, to encourage investment in Russia, the Bush administration established a consortium of five large firms, although Chevron was originally left out. Chevron was only asked to participate when it became clear that oil was the only commodity that Russia could export in sufficient quantities to possibly pay its debt. Even while this brought the Tengiz project to the US government's notice, it was still clearly a secondary issue. In Moscow, things weren't much better. The Soviet energy minister, Lev Churilov, was still confident that the deep oil at Tengiz could be extracted and refined to a point where it could be sold. Therefore, he was against Chevron's plan. Acting Prime Minister Egor Gaidar disagreed with the agreement as well, but for completely different reasons, arguing that only Russia should exploit the Tengiz oilfield. Gaidar could not be persuaded, but in an attempt to persuade Churilov, Matzke took him and a number of colleagues to Alberta, Canada to see the deep wells and machinery used by Chevron to remove hydrogen sulphide. Chevron tried in vain to amuse the group by taking them to Las Vegas, which Churilov denounced as "for idiots only," but a hurriedly planned trip to Hoover Dam was successful and helped to break the ice. Matzke and Churilov developed friendly ties, although Churilov remained adamantly opposed to an American presence in Tengiz. Gorbachev fired Churilov in response to this resistance.

After failing in Moscow, Matzke moved his focus to Almaty, Nursultan Nazarbayev, and his newly formed leadership group. Although this change in emphasis was fairly normal, it signalled an epochal shift and the beginning of commercial engagement between Kazakhstan and the United States. Chevron asked Nazarbayev and a small entourage to visit its California headquarters as 1990 came to an end in order to settle any remaining disputes. When Nazarbayev visited California, the two sides agreed on their different objectives and the complex strategies required to achieve them. Building on this connection, Matzke visited Almaty twice more in the fall of 1991. A deal emerged as a consequence, giving Chevron a 50% stake in the Tengiz oilfield. Twelve days before the hammer and sickle flag was down in the Kremlin, on December 13, 1991, presidents Bush and Gorbachev signed the original agreement. According to reports, Matzke and a senior Soviet commander were still squabbling vehemently over contract provisions the night before the ceremony. Since Kazakhstan had previously asserted its ownership of the oil deposits on its soil on August 31, 1991, all parties were aware that this was a sham. As a consequence, the U.S.-Soviet agreement needed to be modified so that the new Kazakh government could accept it. The new Kazakh authorities, like their Russian forebears, were fully aware that a burst of a Soviet well in Tengiz had caused clouds of hydrogen sulphide gas to be discharged, which killed a large number of people. They went to Alberta in 1992 to observe how Chevron handled similar issues and to reassure themselves that any future American wells at Tengiz would be safe and secure. It took until April 1993 for the Republic of Kazakhstan and Chevron to finalise the final agreement.



Americans had just chosen a new government at that point. George H.W. Bush had consistently backed the Tengiz project, but the Clinton administration, which was pushed in a lot of different ways at once, had mixed feelings about it. In other words, a private company assumed the initiative on a project that would have a significant impact on formal bilateral ties for many years to come. Chevron hired a number of well-known Western specialists to negotiate an agreement that Almaty would approve.

### **A Solid Foundation**

Dividends from Tengiz oil were merely the first phase of the project's completion. The old Soviet grid's previous Soviet pipelines were unable to transfer Tengiz oil to western markets. The whole megaproject remained in limbo until such a pipeline was constructed. There were three possible routes for a new pipeline from Tengiz to a port that might reach the West: via Iran, through China, or directly through Russia. Only the third option seemed practical, and even this was a stretch since the pipeline would need to cross a sizable portion of southern Russia in order to get to the Black Sea port of Novorossiysk. Who would pay for it was the key question.

Chevron rejected the demands made by Russia and Kazakhstan, which both requested that Chevron shoulder the whole cost. A favourable solution was produced thanks to the efforts of young Kazakh negotiators as well as Americans with decades of expertise closing agreements in Moscow. Since the pipeline project directly affected American ties with the new Russian Federation and its president, Boris Yeltsin, the U.S. administration had no alternative but to actively participate in the discussions over the Tengiz contract. In February 1994, Nazarbayev returned to Washington as efforts to have Kazakhstan ratify the INF treaty progressed.

During a flurry of meetings with the new administration's leaders, he met with Bill Clinton, signed the deal on Kazakhstan's behalf, and discussed the pipeline project's progress. On May 16, 1997, the participating businesses, headed by Chevron, and the governments of Russia and Kazakhstan signed the final deal for this massive project. The friendly relationship between Kazakhstan and the United States, which had tentatively started when Kazakhstan was still under Soviet administration and has since matured progressively with increasing speed and intensity, was solidified by these measures.

Kazakhstan, more than any other of the fourteen new post-Soviet republics, exposed the U.S. government to the prospects of active and mutually advantageous relations with the new independent states, and America played a significant facilitative role in Kazakhstan's independence. Numerous politicians and business executives in both nations got to know one another and learned the skills of cooperation as a consequence of their extensive encounters in a variety of fields over a half-decade. Because of this, Kazakhs and Americans were already acquainted when Kazakhstan emerged as a sovereign and independent state on the international map[13], [14].

### **CONCLUSION**

The story of "Dramatic Beginnings: Kazakhstan-U.S. Geo-Strategy & Energy Dynamics in the Post-Soviet Matrix" develops as an engrossing illustration of how intricately geopolitics, energy dynamics, and the development of international relations are intertwined. As our investigation comes to a close, we find ourselves entangled in the intricate web of diplomatic discussions, business relationships, and political coalitions that characterise the Kazakhstan-U.S. relationship.

The transition of Kazakhstan from a Soviet republic to an independent country was fraught with hardship and chance. The country struggled to forge its identity, use its abundant oil resources, and negotiate the stormy post-Soviet geopolitical seas. Due to its geopolitical

interests and worries about energy security, the United States emerged as a crucial partner throughout this change. The relationship that developed between Kazakhstan and the US went beyond simple economic collaboration. In the area, it rose to the status of a geopolitical pillar, impacting not only the energy dynamics but also diplomatic efforts, shared investments, and technology exchanges. With its enormous energy reserves, the Caspian Sea became a focal point in global energy geopolitics, influencing how international relations developed.

This investigation examined the Kazakhstan-U.S. relationship's historical background and significant turning points, illuminating the complex processes that underlie it. It emphasised the crucial part that energy resources play in determining international relations and post-Soviet hegemony. This story serves as a reminder of the lasting power of diplomacy, international collaboration, and the pursuit of shared strategic objectives. The dramatic origins of Kazakhstan and the development of its relationship with the United States offer as a powerful illustration of how countries may negotiate the complexity of geopolitics to create alliances that are mutually beneficial.

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## CHAPTER 2

### EVALUATING ASPECTS OF ACCELERATING ENGAGEMENT

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#### ABSTRACT:

The story delves deeply into the many facets of global interaction, including commerce, technology, global government, and diplomacy. It looks at how countries are adapting their diplomatic approaches, embracing digital diplomacy, and handling the challenges of the globalised economy. The story investigates how social media and digital platforms have changed how countries engage and communicate on a global scale in a world linked by technology and fueled by information. It also looks at how multilateral forums and multinational organisations influence global governance and deal with urgent problems including public health, cybersecurity, and climate change. We discover the difficulties and possibilities of accelerated involvement in a time of fast change as we go through this investigation. It emphasises the value of flexibility, inclusion, and creativity in the quest of successful diplomacy and cross-cultural collaboration. The complex tapestry of "Accelerating Engagement," a tale that represents the changing dynamics of our linked world, is seen in this abstract. It demonstrates the tenacity and creativity of people and countries as they negotiate the challenges of the complex global environment of the twenty-first century.

#### KEYWORDS:

Accelerating, Dynamics, Diplomacy, Engagement.

#### INTRODUCTION

The idea of "Accelerating Engagement" has become a major subject in the field of international relations and diplomacy at a time of unparalleled interconnection and fast change. This introduction lays the groundwork for a more in-depth investigation of how countries, organisations, and people are speeding and altering their engagement tactics to deal with the challenging, always changing terrain of our interconnected world. The rate of global change has accelerated, creating a wide range of possibilities and difficulties. The capacity to respond quickly, effectively, and pro-actively has emerged as a crucial success factor in this dynamic environment. The need to interact and adapt at a rapid speed is obvious, whether in the areas of global governance, commerce, technology, or diplomacy. This story sets out on a multidimensional journey through the constantly changing field of global participation. It looks at how, in light of the digital era, diplomatic policies are being rethought and updated. Particularly in terms of bridging geographic divides and facilitating in-the-moment communication, digital diplomacy has transformed how states interact and negotiate on the international arena.

Additionally, "Accelerating Engagement" explores the evolving dynamics of global trade and business. Emerging markets, innovative technology, and changing consumer tastes are the main forces causing the global economy to be in a perpetual state of change. In this dynamic economic environment, nations and corporations must constantly reevaluate their policies to exploit opportunities and reduce risks. The story investigates how social media and technology are affecting public opinion and creating international conversation in a world where information travels freely across boundaries. It also explores how multilateral forums and multinational organisations may handle issues like climate change, cybersecurity threats, and public health disasters.

We will learn more about the difficulties and possibilities given by "Accelerating Engagement" as we begin our research. It emphasises the value of flexibility, inventiveness, and inclusion in the pursuit of successful diplomacy and cross-cultural collaboration.

"Accelerating Engagement" is a monument to the adaptability and resourcefulness of people as they negotiate the complex web of our linked world. With an emphasis on the crucial role of engagement in solving the complex issues of the 21st century, it provides a window into the tactics and innovations that are influencing the future of international relations and diplomacy. The capacity to expedite engagement has changed from being merely a tactical benefit to being absolutely necessary in a time where information travels at the speed of light and global issues know no boundaries. This story takes readers on an engrossing voyage through the complex labyrinth of modern international relations, exposing the tactics, breakthroughs, and partnerships that characterise the art of participation in our linked world. In addition to changing how countries communicate, the digital revolution has also changed how they project influence and move throughout the world. We'll go into the intriguing world of digital diplomacy, where tweets may function as virtual bargaining tables and official communiqués can have the same diplomatic weight as tweets [1], [2].

"Accelerating Engagement" shines a focus on the transformational forces influencing global trade and commerce within the economic realm. The plot develops as we look at how countries are using data-driven tactics, block chain technology, and e-commerce to strengthen their standing in the international market. We will also get a glimpse at how complicated multinational organisations operate as well as how global governance is changing as the story progresses. These organisations operate as forums for discussion, collaboration, and the development of agreement on matters of urgent global concern, such as the fight against climate change and humanitarian disasters. The theme of "Accelerating Engagement" is creativity, flexibility, and the unyielding spirit of people and countries that want to not only keep up with change but also influence it. It encourages you to go on a discovery adventure where the art of participation transforms into a powerful tool for tackling the complex problems and grabbing the limitless possibilities of our linked world[3], [4].

## DISCUSSION

Midway through the 1990s, after recovering from the initial shock of the Soviet Union's demise, the United States and Kazakhstan reached an understanding on the most pressing issue in their relationship: the presence of nuclear weapons on Kazakhstani land. Now they could work on improving their mutually beneficial connection. This occurred in the midst of a number of significant events. First, the US had difficulty articulating its specific Central Asian strategy and how it would connect to its ties with Russia. For its part, Kazakhstan grappled with the more difficult problem of establishing its foreign policy institutions and deciding what matters most in the new nation-state's interactions with the rest of the world. Relations between the United States and Kazakhstan were centred on a number of issues during the 1990s. The first was the ongoing development of the Caspian oil and gas sector; the second was the strengthening of relations in the security area; and the third was the discussion of Kazakhstan's internal reform programme. But starting in the autumn of 2001, the Afghan issue took the stage in bilateral ties, leading to a period of tighter communication than before. However, the period of quickening involvement soon gave place to a brief calm that was overshadowed by the Iraq War and populist movements in nearby nations.

### Central Asia and Kazakhstan in U.S. Policy

As the preceding Chapter implies, the United States administration was not adequately prepared to create a strategy towards Central Asia at the time of the USSR's collapse. In fact, it took some time before American policymakers understood how important one was. A Russia-first mind-set predominated in Washington in the early 1990s, but it gradually gave

way to a broader understanding of the importance of connections with the non-Russian nations of the former USSR. Kazakhstan stands apart in the regional context because it was able to hold people's attention during both of these periods. We all remember how President George H.W. Bush felt strongly against the idea of the Soviet Union disintegrating. In his August 1991 address to the Ukrainian parliament, Bush used the occasion to snub the campaign for independence from the USSR because of concern that an unchecked collapse would cause chaos across Eurasia. But few anticipated the hardliner takeover in August 1991 or the following decision to essentially collapse the Soviet Union made by the presidents of Russia, Ukraine, and Belarus in December 1991. The Bush Administration, which saw Russian President Boris Yeltsin as a populist firebrand, looked to be somewhat lukewarm towards him while concentrating its efforts on its relationship with Gorbachev. The topic came up during the 1992 presidential campaign in the United States. Democratic candidate Bill Clinton criticised Republican nominee George H.W. Bush for failing to support the cause of freedom in the USSR and prioritising "stability" above democratic transformation. Clinton, who prevailed in the 1992 election, is said to have spent a lot of time focusing on American foreign policy towards the former Soviet Union.

The security of the nuclear arsenal of the Soviet Union was a top concern for the Clinton administration, just as it was for its before. Aside from that, he spent a significant amount of American prestige promoting Russia's reform programme and, more especially, his friendship with President Boris Yeltsin. The justification for this approach was straightforward: if Russia could successfully transition to a liberal democracy, it would become a significant ally of the United States and radically alter the dynamics of international politics. At first, there didn't appear to be any conflict between a relationship with Russia and focus on the non-Russian successor nations, sometimes known as the "Newly Independent States" or NIS in Washington at the time. Russia's foreign policy immediately after the fall of the USSR adopted a pro-Western stance and aimed to abandon what the new Russian foreign policy leadership saw as liabilities in the old Soviet Union. According to this theory, which was embodied by Russian Foreign Minister Andrey Kozyrev, Russia would concentrate on re-establishing its own economy and society and so grow to be a natural tourist destination for the former Soviet Union's member states. But by 1993, Clinton's first year in office, the picture had already become far murkier. The country's reform efforts looked to stall, and conservative groups with roots in the Soviet power structures who had quite different views on Russian foreign policy threatened Yeltsin's hold on domestic authority.

Yeltsin eventually came to support a foreign policy that was centred on maintaining Russia's dominance over what Russians now referred to as the "Near Abroad." The phrase itself showed that many people in Moscow had not yet come to terms with the fact that the former Soviet Union's component republics were now fully independent entities. The South Caucasus and Ukraine were the main areas where Russian policy revealed that neo-imperialist inclinations had grown to have a significant amount of influence over the Russian leadership. The Clinton administration faced a problem as a result of this. Its stance was seen as one that prioritised Russia above all other republics, or a "Russia-first" strategy. Despite its increasing meddling in the internal affairs of neighbouring countries in an effort to promote Yeltsin's administration and its alleged reformism, it seemed to please Russia. However, as one academic put it at the time, Clinton's strategy was uncannily similar to that of the Bush Administration, which he had only recently criticised, to non-Russian states. Clinton now gave the impression that he was in favour of "some partial reconstruction of the Union from which they had so recently escaped, or was prepared to turn a blind eye to Russian activities in the so-called 'near abroad'." This was particularly evident in Washington's hesitation towards NATO expansion.



Yeltsin vehemently opposed such a move, and authorities in Warsaw and Prague were especially dissatisfied by the formation of NATO's Partnership for Peace, which was designed as a workaround to entice eastern Europeans to NATO without providing them membership. Despite the fact that the compromise did not satisfy eastern Europeans or persuade Russia of America's good intentions, PFP would prove to be a useful tool for security cooperation between the United States and Central Asian countries, notably Kazakhstan. Criticism of Clinton's strategy grew in Washington. Republican criticism focused on Clinton's track record, and senators from that party including Bob Dole, Mitch McConnell, and Richard Lugar all criticised her for being too optimistic about the convergence of American and Russian interests. However, criticism of Clinton's strategy was not limited to one political party; President Carter's national security adviser Zbigniew Brzezinski emerged as one of its most vocal detractors, focusing in especially on his neglect of the non-Russian republics. Brzezinski asked the US to defend the sovereignty and territorial integrity of all post-Soviet republics with absolute clarity[5], [6].

While the majority of Clinton's detractors were from Eastern Europe and Ukraine, the South Caucasus and Central Asia also started to get more attention from the analytical community. The establishment of the Central Asia-Caucasus Institute in 1996 in Washington, the first organisation to consider the area as the centre of its activities rather than as a peripheral issue, served as a sign of this transformation. The U.S. dramatically increased its involvement with the Caucasus and Central Asia by the start of Clinton's second term. In a speech on foreign policy goals for the second term in March 1997, newly hired National Security Advisor Sandy Berger singled out Central Asia and the Caucasus. Additionally, in July, Deputy Secretary of State Strobe Talbott delivered the first official statement on U.S. policy towards this area at the Central Asia-Caucasus Institute, referring to it as a "strategically vital region" and calling Central Asia and the Caucasus a "strategically vital region."<sup>11</sup> The American response was a consequence of several reasons. One was a rising scepticism towards Russia, especially after the start of the Chechnya conflict, and a fresh resolution not to give Moscow a say in how the United republics dealt with post-Soviet republics. The second was the expanding American interest in Caspian oil, which extended beyond Chevron's operations in Kazakhstan to include a number of American businesses that had a significant interest in Azerbaijan.

A third, more significant aspect was the U.S. Defence Department's strategic interest in forging ties with these recently independent republics that were surrounding by Eurasia's most powerful nations. The new U.S. strategy's comprehension of the Caucasus' strategic relationship with Central Asia was a vital component. Geographical realities led the United States to emphasise the South Caucasus' position as the area's gateway to Central Asia, without which the region wouldn't have a link to the West. It also emphasised Turkey's role as a U.S. ally supporting regional nations' approach to the West. As can be shown, the United States actively participated in promoting the construction of pipelines to export Caspian oil and gas in a western direction, while also stepping up security cooperation with Central Asian military. The problem of democratic development continued to be a barrier to U.S. participation since it was immediately obvious that Central Asian republics were not developing democratic institutions as quickly as Central European ones.

Because there was at the time little awareness of the profound structural barriers to the development of democracy in the area, a vociferous number of detractors, mainly in American civil society, formed to call for further pressure on regional nations to democratise. George W. Bush's victory in November 2000 indicated continuity rather than change in American foreign policy. In reality, Washington's policy towards Central Asia and the Caucasus was remarkably nonpartisan. Dramatic changes, however, would occur as a result of events in the years to come.

The first of them was the terrorist attacks on the United States on September 11, 2001, which temporarily increased American attention to the area given its function as a transit zone for American operations in Afghanistan. However, as shown below, this would be short-lived, not least because the American invasion of Iraq and the problems that followed started to draw attention away from Central Asia and the Caucasus. The turmoil that occurred in Georgia, Ukraine, and Kyrgyzstan between 2003 and 2005 led to the second shift. Americans saw these uprisings as long-awaited transitions to democracy because they were primarily sparked by public discontent with ineffective and corrupt regimes. Whether explicit or not, American support for "regime change" would erode relations between Washington and important nations in the area as leaders began to doubt American motives.

During this time, the Caucasus and Central Asian nations fought for the attention of American leaders. Kazakhstan was by far the nation with the most complex network among American officials as a result of its participation in nuclear negotiations. Nevertheless, other regional nations made a stronger argument for the US to devote more resources to them. Azerbaijan capitalised on American interest in the energy industry and successfully persuaded a wide spectrum of top American officials of its strategic significance. For its part, Kyrgyzstan marketed itself as the "island of democracy" in Central Asia by making use of its political system, which is comparatively more open. However, because of its tiny size and limited resources, Kyrgyzstan was only briefly seriously regarded as the focal point of American participation in the area by a small number of American officials. By taking a strong pro-American position on the majority of international problems, highlighting its large population, relative independence from Russia, and advantageous location bordering every Central Asian nation—including Afghanistan—Uzbekistan, in contrast, built a compelling argument for itself. However, Uzbekistan's increasingly repressive internal policies turned it become the principal target of Western democracy advocates, preventing it from developing closer ties with the US. Kazakhstan, on the other hand, carefully maintained its connection with the United States. President Nazarbayev's parting comments to President Clinton during his November 1997 visit to the White House were telling: "Mr. Talbott and spoke about how your strategy is now focused on both Russia and our region of the globe. We are pleased with this advancement[7], [8].

### **The Rise of Kazakhstan's International Profile**

Kazakhstan was in a more precarious situation than the United States, which had the luxury of choosing how much attention to devote to Central Asia. The future of Central Asia was far from certain in the early 1990s. There has never been a state with the name or roughly defined borders of the five entities that gained independence in 1991. Although it was a tribal confederation, the Kazakh khanate was the ancient state whose borders came the closest to those of modern-day Kazakhstan. The fledgling state faced several difficulties, including, but not limited to, its economic integration with Russia, the poor demographic position of Kazakhs in the nation, and the growing Islamic extremism to the south. Maintaining good ties with Russia while concurrently establishing Kazakhstan's independence was an existential problem for Kazakhstan. This worry, which continues to dominate Kazakhstani decision-making today, has always encouraged a certain amount of prudence in both the country's international and internal policies. Due to Moscow's direct interest in the fate of Russians abroad, the sizeable ethnic Russian community of Kazakhstan is a concern of both home and international policy. President Clinton may have just been disappointed by the opposition to Yeltsin's reformism, which included the development of the "red-brown" forces in Russia in the early 1990s. But in Kazakhstan, there was a great deal of worry. Leading Soviet dissident Alexander Solzhenitsyn had questioned Kazakhstan's sovereignty even before the fall of the Soviet Union, stating that most of Kazakhstan was among the regions that had been "ceded" to neighbouring republics and should be restored to Russia.



Nationalist zealots like Eduard Limonov and Vladimir Zhirinovskiy made such statements. The latter, the misnamed Liberal Democratic party's head in Russia, is an Almaty native who grew up with a strong antipathy against Turkic people in general and Kazakhs in particular. The fact that Russian nationalists have consistently made irredentist claims about Kazakhstan's territory since the early 1990s has put Kazakhstan's leaders in a difficult position. They needed to find a way to curtail the popularity of such views among Kazakhstan's sizable Russian population without angering Russian authorities. This necessitated a deft balancing act in domestic matters, as will be shown later. Leaders in Kazakhstan had to deal with the unrest in southern Central Asia in the meanwhile. They were lucky not to have a direct border with Tajikistan, a country that experienced civil war in 1992, or with Afghanistan. But the Ferghana Valley in Uzbekistan, which was shaken by an upsurge of Islamic militancy in the late Soviet era, is just around 150 miles from southern Kazakhstan. Leaders in Kazakhstan could hardly afford to overlook the threat of radicalism in the region to the south. In addition, Kazakhstani society, like the rest of Central Asia, had a strong dread of Chinese expansion towards the west, which was fuelled in part by Soviet propaganda. The approach Kazakhstan took to regional relations was influenced by these concerns. The Soviet Union's dissolution was slowed down and cooperative structures were kept in place at the level of all former Soviet republics as well as among Central Asian nations under the tenacious leadership of President Nazarbayev. In order to replace the Soviet Union, Nazarbayev enthusiastically supported the formation of the Commonwealth of Independent States. Kazakhstan was one of the six republics to sign the Tashkent Collective Security Treaty in May 1992, which would later develop into a full security organisation in 2002. Kazakhstan also participated actively in the Shanghai Five framework, which was established to demarcate and demilitarise the boundaries between the former Soviet republics and China until it was renamed the Shanghai Cooperation Organisation in 2001. In both formations, Kazakhstan has been crucial in thwarting attempts to steer these groups in an explicitly anti-Western direction.

The most significant idea, however, was President Nazarbayev's proposal to establish a Eurasian Economic Union, which he announced at a speech in Moscow in May 1994. Vladimir Putin would take up this concept ten years later, despite the fact that it was generally disregarded in Russia at the time. As will be seen in a later Chapter, President Nazarbayev's vision for the union protected each member state's political independence while establishing a common currency and common economic and trade policies. Mr. Putin, on the other hand, had a much more political understanding of the union.<sup>14</sup> The endeavour is a reflection of Kazakhstan's long-standing, unwavering efforts to preserve both its political independence and its economic cooperation with other former Soviet nations. But Nazarbayev also pushed to promote collaboration throughout the Central Asian area. When Kazakhstan and Uzbekistan decided to combine their economies in 1994, Kyrgyzstan promptly requested to join. In his meeting with President Clinton in 1997, President Nazarbayev extolled the establishment of this Central Asian Union, demonstrating the significance Kazakhstan accorded to it. But in the years that followed, security issues in southern Central Asia created barriers to the growth of Central Asian cooperation. Furthermore, once Vladimir Putin came to power in 1999, Russian initiatives to advance Pan-Eurasian collaboration rather than Central Asian cooperation would further complicate things.

Early on, Kazakhstan also made it plain that it would not limit its efforts in pursuing a foreign policy to the post-Soviet territory. In reality, President Nazarbayev made a daring suggestion at his maiden appearance at the UN General Assembly in 1992, suggesting the establishment of an organisation similar to the OSCE in Europe called the Conference on Interaction and Confidence-Building in Asia. For many Asian nations who were unfamiliar with Kazakhstan, this move may have come as a surprise. However, Kazakhstan would eventually be successful in making CICA a reality via persistent devotion to the concept, and

a maiden summit would be held in 2002. This early action was noteworthy because it gave a clear signal of Kazakhstan's desire to become seen as a proactive power and a supporter of global peace and security. By successfully running for the OSCE presidency, winning a seat on the UN Security Council, and acting as a mediator in a number of significant international disputes and crises in the 2000s, Kazakhstan would build on this. But Kazakhstan concentrated on developing and putting into practise a conceptual framework for its long-term foreign strategy in the 1990s. Together with Kassym-Jomart Tokayev, the current president of Kazakhstan, who was his foreign minister at the time, President Nazarbayev created this idea. From the outside, the key players in the "New Great Game" of Central Asian geopolitics have been seen to be the neighbouring nations rather than the Central Asian republics themselves. The new regional states were first informed that they were the subject of a zero-sum game and that the only way to win was to cast their lot permanently with one party or the other.

Tajikistan, for instance, originally depended on Russia for its security; in contrast, Uzbekistan aspired to challenge Russia's dominance in the area and pursued ties with the United States. But it quickly became evident that this was not in the regional nations' best interests. Realising this, Turkmenistan established a "permanent neutrality" policy, thus rejecting any engagement in geopolitics. However, this resulted in the country's foreign policy being formulated in a mostly negative manner, emphasising what it would not do rather than what it would accomplish, and it also created a certain level of isolation from the rest of the area. But Kazakhstan, led by President Nazarbayev and the country's then-foreign minister Kassym-Jomart Tokayev, established a new approach to dealing with this difficult situation that would ultimately be partially adopted by all of the neighbouring countries. Its objective was to counteract Russian control in order to maintain and strengthen independence. But it did so via a comprehensive strategy based on the idea of positive balance, i.e., by balancing close connections with Russia by forging tight ties with China, the United States, and Europe in addition to Russia. This theory was presented in a book written by the then-foreign minister Tokayev in 1997.<sup>17</sup> It was also stated in Nazarbayev's 1997 document "Kazakhstan 2030," which was adopted: We must be a strong state and have cordial ties with our neighbours in order to protect our independence and territorial integrity. As a result, we must establish and strengthen our connections of confidence and equality with Russia, our nearest and historically equal neighbour. On a mutually beneficial basis, we will also establish similarly confident and excellent neighbourly ties with the PRC (People's Republic of China). Kazakhstan supports China's strategy because it opposes hegemony and encourages friendship with its neighbours.

It is obvious from this depiction of China as a non-hegemonic force how Kazakhstan's new policy was based on a delicate balancing act. "Hegemony" could only be interpreted as alluding to Russian dominance in the Central Asian environment. Despite worries about Chinese economic dominance of the area in the future, Kazakhstan's connection with its large eastern neighbour has continued to grow. It also made an effort to maintain friendly ties with Russia. Tokayev coined the word "balance" to describe Kazakhstan's international relations in 1997, pointing out the country's strategic ties to both China and Russia. After that, Kazakhstan agreed to construct an oil pipeline to China, which was finally completed in 2005, in an effort to increase its energy security. Kazakhstan gradually consolidated its independence and reaffirmed its sovereignty without resorting to harsh language. The difficulty for Kazakhstan was to strike a balance between good relations with the various strategic alliances in a fashion that would be advantageous to both parties, that would minimise or restrain each partner's worst inclinations, and that would ultimately promote Kazakhstan's sovereignty and independence. The connection between them and between each strategic partner had to be built on trust since the strategy saw each partner as an asset to the other. All of this needed Kazakhstan to act delicately and skillfully. The nation's active

participation in multilateral organisations was a further step in Kazakhstan's efforts to establish its position in the world and may be considered a further "vector" in the country's multifaceted foreign policy. Kazakhstan is well-positioned to explore greater collaboration within the framework of United Nations organisations thanks to its nuclear diplomacy. As will be shown in the next Chapter, Kazakhstan also assumed a proactive role within the OSCE and successfully ran for the position of chair. In a similar vein, Kazakhstan handled NATO cooperation more methodically than any of its neighbours, as will be detailed below. The goal of this multilateral diplomacy was the same as Kazakhstan's outreach to the main powers of the world: to create a network of relationships that would give the most significant players on the international stage a stake in the sovereignty and prosperity of Kazakhstan[9], [10].

### **Oil and Gas Diplomacy: Kazakhstan and the East-West Corridor**

The exploitation of Kazakhstan's oil and gas deposits was a significant topic in U.S.-Kazakhstan relations at that time. These were Kazakhstan's most valued marketable products, which might jump-start the nation's growth. Oil and gas were crucial resources for the United Nations that might help the nations in the area become independent while also enhancing global energy security, especially in Europe. Obviously, it was also crucial that major American businesses played significant roles in the development of Caspian energy. While Azerbaijan received a lot of attention from energy conglomerates, Kazakhstan has substantially greater oil and gas reserves than its Western neighbour over the Caspian. However, Kazakhstan and Azerbaijan have traditionally had a common interest in energy growth since Kazakhstan relies heavily on Azerbaijan as a transit country for its oil exports. Kazakh oil was a significant element for Azerbaijan in enabling the construction of its own pipeline system to transport oil to Western markets economically viable. A significant component of the East-West corridor that U.S. policymakers envisioned linking Central Asia with Turkey and Europe was the connection across the Caspian, according to the United States. Oil is not a common commodity, and Kazakh officials were well aware of the dangers of having a resource-based economy. In a speech to the country in 1997, President Nazarbayev was quite explicit about this: The world's history demonstrates that many nations having natural riches were unable to adequately manage them and never emerged from poverty. Despite having little natural resources, East Asian nations have shown the most rapid growth.<sup>20</sup> As can be shown, Kazakhstan established a sovereign wealth fund to manage hydrocarbon royalties and invested windfall profits in long-term development objectives, such as sizable education projects, in an effort to escape the infamous "resource curse."

A lot of energy projects in Kazakhstan were completed near the end of the hectic 1990s. Although Kazakhstan has considerable energy reserves, they are small compared to those of, instance, Venezuela or the Persian Gulf. But international firms continued to pay them close attention. The explanation was straightforward: at the time, governments controlled a vast percentage of the world's oil via state-owned oil firms. In the 1970s, Venezuela and Middle Eastern republics both took steps towards nationalising the oil industry. There were very few choices for oil firms looking to expand or even merely replace declining assets. Along with Azerbaijan, Kazakhstan was one of the select few nations where oil majors were able to reach production-sharing agreements, giving them ownership over a portion of the reserves rather than just serving as subcontractors to government-owned businesses. Through the state-owned Kazmunaygas firm, Kazakhstan made sure it maintained a partner in significant energy projects while also welcoming international investment in the oil and gas industry. But even in the setting of the former Soviet Union, the Caspian nations have distinguished themselves from Russia. Vladimir Putin's ascent to power prompted Russia to proceed towards the nationalisation of energy projects via the mid-2000s acquisition of Yukos and Royal Dutch Shell's holdings. As will be shown, Kazakhstan attempted to renegotiate the

problematic Kashagan project's conditions in the late 2000s, but like Azerbaijan, it has generally upheld the contract's integrity and remained a desirable location for international direct investment. The Tengiz field, with recoverable reserves estimated at 6 to 9 billion barrels, was the subject of a definitive agreement between the Kazakhstani government and Chevron in April 1993. With the exception of a minor Russian share in the project, this significant contract also incorporated ExxonMobil in a relatively restricted capacity, suggesting that Tengiz was a crucial Kazakh-American cooperation enterprise. The deal to develop the Karachaganak field followed this in 1997.

Unlike Tengiz, Karachaganak was mostly a Kazakh-European event. Even though Chevron owns 18% of the project, British Gas and ENI of Italy are the project's principal operators. Phase II of the Karachaganak oilfield started producing in 2004. The last but not least of Kazakhstan's oil prospects is Kashagan, which is offshore and a fresh find rather than a redeveloped Soviet-era field, in contrast to Tengiz and Karachaganak. With recoverable reserves estimated at 13 billion barrels, Kashagan was the greatest find in the world when it was discovered in 2000. Despite the fact that exploration started in 1993, the project has been plagued by lengthy delays and controversy, which caused the consortium to be restructured in 2007 and the postponement of production until 2016. The only American business operating in Kashagan is Mobil, which is run by ENI. Getting Kazakhstan's oil resources to market was a challenge. At independence, Russia was reached solely through its northernmost pipelines. To lessen Kazakhstan's reliance on a single nation for the sale of its most precious commodity, both the Kazakh government and the US attempted to diversify the country's energy export choices. The opinions of Kazakhs and Americans did not, however, entirely coincide. In order to diversify its energy exports, Kazakhstan was open to a variety of options, including passage via Azerbaijan and the Caspian Sea to the west, China, and Iran. In contrast, the United States vehemently opposed the Iranian option, was neutral to cool towards China, and vigorously supported the export option over the Caspian and South Caucasus. It is significant to note that the US did not object to Russian-based oil shipments from Kazakhstan. On the contrary, the US administration encouraged the building of a pipeline connecting western Kazakhstan with the Russian port of Novorossiysk on the Black Sea. Richard Matzke of Chevron had marketed this project, which included the governments of Russia and Kazakhstan as well as investors in the Tengiz field as participants.

By 2001, a pipeline had been constructed as a consequence. Since then, the Caspian Pipeline Consortium Pipeline, which transports oil from the Tengiz field as well as Karachaganak and Kashagan, has played a significant role in Kazakhstan's infrastructure for oil export. The fact that the United States backed the CPC Pipeline project shows that, although not being anti-Russian, American policy was unmistakably ant monopolistic. The Baku-Tbilisi-Ceyhan pipeline and the Trans-Caspian pipeline project were the other two major infrastructure projects supported by the U.S. government. The latter, which was intended to be a gas pipeline between Turkmenistan and Azerbaijan, is still in the planning stages. Contrarily, one of the most obvious outcomes of American strategy in the area was the BTC pipeline.<sup>21</sup> From a U.S. perspective The BTC pipeline's goal was to avoid reliance on either Russia or Iran while delivering Caspian oil to markets. It would link the western Caspian coasts via Georgia to the Turkish Mediterranean coast, offering Kazakhstan and other east Caspian oil producers considerable incentives to utilise the pipeline for further oil exports. The Russian government saw the BTC pipeline as a political initiative meant to lessen Russia's influence in Central Asia and the Caucasus, making this issue sensitive for Kazakhstan. Despite this criticism, President Nazarbayev believed that the initiative was in the best interests of Kazakhstan as a whole. He thus gave the proposal the backing of his administration. Along with his peers from Turkey, Azerbaijan, Georgia, and Uzbekistan, President Nazarbayev signed the Ankara statement endorsing the project in 1998. He participated at the 1999 OSCE meeting in Istanbul and signed the Istanbul Declaration, which was seen by U.S. President



Bill Clinton. President Nazarbayev's attendance at the pipeline's inauguration in Baku in May 2005 was the culmination of Kazakhstan's continuous support for the project. Producers were able to transport Kazakh oil to Western markets by connecting a barge to the BTC pipeline in Baku as a result. This turned out to be a more cost-effective alternative than the old method, in which Kazakhstan would send oil to Baku for railway transfer to the coastal city of Batumi in Georgia. Kazakhstan did not, however, solely gaze in that direction. Kazakhstan's authorities recognised enormous promise in its sizable, energy-hungry eastern neighbour, despite U.S. pressure forcing them to give up the prospect of big oil shipments to Iran. The construction of a pipeline connecting Western Kazakhstan with China's Xinjiang region was agreed upon by Kazakhstan and China in 1997. The first direct oil pipeline to China was built when the AtasuAlashankou pipeline was finished in 2005. The Central Asia-China Gas Pipeline, which connects Turkmenistan's gas reserves to China through Kazakhstan and Uzbekistan, would come next in 2009. The balance of Kazakhstan's energy exports to the West with those to China served as a crucial step towards the nation's total independence while also fostering strategic connections with China. China's expanding influence in Central Asian energy brought benefits and problems, according to Americans. While Chinese imports reduced the attraction of building the Trans-Caspian pipeline, it matched American backing for the diversification of energy export routes from Central Asia, which helped the area become more independent. Chinese and American interests in the area were compatible in this regard[11], [12].

### **Domestic Reforms and the Coordination of U.S. policy**

Comparing the United States' stance in other parts of the globe, its approach towards the former Soviet Union stands apart. Support for democratic systems of government has been a guiding principle for U.S. policy towards and aid to post-Soviet nations from the beginning, as stated in the Freedom Support Act of 1992. This demonstrated a particular Western belief of the time known as the "transition paradigm." Its underlying assumption, according to Thomas Carothers, was that "any country moving away from dictatorial rule can be considered a country in transition towards democracy."<sup>22</sup> It was expected that the transition process would not be much impacted by underlying circumstances, whether they be political, institutional, or economic. This way of thought was influenced by the democratic transitions that took place in southern Europe and Latin America, which were based on stable, functional nations. This kind of thought, however, "did not give significant attention to the challenge of a society trying to democratize while it is grappling with the reality of building a state from scratch or coping with an existing but largely nonfunctional state," as Carothers puts it.<sup>23</sup> Of fact, the latter circumstances were exactly what led to the creation of such recently independent governments as Kazakhstan. The Freedom Support Act, on the other hand, did not see "democratization" as a process dependent on a number of social, economic, institutional, and political developments before democracy could blossom. Instead, it gave the impression that it was a near cousin of the "human rights" that American officials believed would emerge spontaneously after the fall of the Soviet Union. Now it is obvious that this assumption was incorrect. Only in nations that had previously functioned as independent governments, where indigenous democratic traditions existed, where there was significant Western backing present, as well as the possibility of membership in the EU and NATO, have democratic transitions proven to be long-lasting. Even Nevertheless, the current debates about protests against the newly established institutions in Central Europe highlight the inherent challenges of establishing and sustaining democratic administration. However, throughout the 1990s and the early 2000s, it was widely believed in the United States that Kazakhstan and all other Central Asian countries would develop similarly to, but maybe more slowly than, Estonia. Leaders' assessments, however, varied greatly across Central Asia.

The four Central Asian and South Caucasian governments that had participated in liberalisation procedures throughout the process of gaining independence all ended up in armed war was not lost on regional observers. In 1993, President Yeltsin used military action to bring a rebellious parliament under control, putting an end to the democratic transition in Russia as well. Everywhere, the shift from a communist to a market economy was followed by significant disruptions and sharp drops in GDP, which stoked dissatisfaction and anger among the populace. The Supreme Soviet of Kazakhstan enacted a constitution in 1993 that gave the parliament a more significant role than the president. The nation saw the emergence of ethnic nationalism movements among Kazakhs and Slavs, with escalating debates about both the past and the present. This prompted the administration to tread a careful line between preserving interethnic peace and giving the Russian minority enough favours to deepen their allegiance to the new state of Kazakhstan. After nationalist firebrand Zhirinovsky's strong showing in the Russian elections of December 1993, which not only gave him a platform to call for the annexation of portions of Kazakhstan, but also forced the Russian government to adopt increasingly nationalist positions, such as the granting of dual citizenship to ethnic Russians in Central Asia, this situation became especially acute. The administration also required to address the long-standing requests of Kazakhs for sovereignty over their country. Kazakhs made up 90% of the population in the early twentieth century, but by the 1950s, only 30% did so due to mass starvation and forced collectivization in the early 1930s and the mass in-migration of Slavs in the 1960s, as noted by Nazarbayev when passing a language law making Kazakh the national language. In other parts of the Soviet Union, complaints that were considerably less devastating than these had sparked ethnopolitical violence. As a result, the difficult task of balancing the local Slavs' complaints with the nationalism that was growing inside Kazakhstan presented itself to its authorities.

As a consequence, Kazakhstan's leadership embraced a model of political and economic growth that was different from what the US had in mind. Kazakhstan, a pioneer in economic liberalisation, employed a top-down approach to state formation and an evolutionary strategy that prioritised economic change above political reform. This model emphasises organic development through a political process based on national consensus rather than an immediate shift to a pluralistic, ideologically competitive democracy resembling that of Europe, where reforms are born out of competition between groups and ideologies.

In a later Chapter, it will be clear that Kazakhstan has more recently felt safe enough to start political change as well. However, throughout the 1990s, the issue of political reform was a key topic of discussion between the United States and Kazakhstan, which culminated in the approval of the Freedom Agenda in the early 2000s. Prior to the differences in the U.S. and Kazakh viewpoints on these topics, their partnership had made some progress. The United governments established a binational commission with four former Soviet governments, including Kazakhstan, to strengthen their bilateral ties.

The "Gore-Nazarbayev Commission" was headed by Vice President Gore and President Nazarbayev, and it explored a variety of topics, including the growth of democracy in Kazakhstan. Early April 1994, on President Nazarbayev's second trip to the United States, he and President Clinton signed a "Charter on Democratic Partnership." The U.S.-Kazakhstan relationship was intended to be built on this Charter in the long run. Although the Charter's title implied a concentration on democratic government, its execution mostly focused on collaboration in the fields of research and defense, commercial growth, and environmental challenges. The U.S. saw its collaboration with Kazakhstan as part of a partnership between established or aspirant democracies, but Kazakhstan prioritised cooperation in a variety of areas other than the creation of participatory institutions, leading to an ambiguity that existed from the beginning.

The first argument happened in 1995. A new constitution came into effect when Kazakhstan's Constitutional Court dissolved the legislature, reflecting the emphasis placed by the government on having a powerful administration that is able to carry out extensive economic transformation while preserving social stability. Additionally, the 1996 presidential elections were cancelled when the Assembly of Peoples of Kazakhstan proposed a referendum to prolong President Nazarbayev's rule until 2000. Although more than 90% of voters supported the referendum, the United States saw the action as a step backward in the progress of democratisation.

As a result, there was a "cooling off period" in the ties between the two capitals, according to one observer.<sup>24</sup> However, the relationship blossomed once again in 1997 as a result of the Clinton Administration's increased strategic emphasis on the area. That autumn, the First Lady of the United States, Hillary Clinton, visited Kazakhstan. A week later, President Nazarbayev paid another formal visit to Washington.

At this point, the relationship's emphasis had shifted from democratic concerns to ones related to the economy, energy, and security. A pattern in U.S. relations with Kazakhstan and the region as a whole can be seen in the years 1995 to 1997: the U.S. never managed to link the promotion of democracy to its other interests in the alliance, whether they be related to nuclear weapons, trade, energy security, defence, or security. The U.S.'s criticism over matters of democracy and human rights would abate as it gave other aspects of the partnership more importance.

The Bush administration would see a continuation of this tendency. U.S. policy since 9/11 has placed a strong emphasis on security and counterterrorism. But once the Taliban was vanquished, things started to change gradually, reaching a zenith with the Freedom Agenda in 2004. These changes in focus may not have been obvious to Americans, but to Central Asians they weakened American calls for democratic growth. Kazakhstan and its neighbours mostly adhered to the development model they believed was acceptable at the time, even if they made adjustments as needed to America's shifting attitudes[13], [14].

## CONCLUSION

The story of "Accelerating Engagement" gives important insights on the changing face of international relations, diplomacy, and global cooperation in a world marked by perpetual flux, interconnectedness, and fast change. As we put the finishing touches on our investigation, we are struck by the transformational potential of innovation, adaptation, and the constant pursuit of successful interaction. The overarching subject of "Accelerating Engagement" underscores the need of the moment: to act quickly and pro-actively in response to the possibilities and challenges that characterise our interconnected world.

Success in engagement has come to be defined by the capacity to adapt and engage at a rapid speed, whether in the fields of diplomacy, commerce, technology, or global governance. We have also discussed the crucial function of international organisations and multilateral fora in resolving global concerns within the narrative.

These organisations act as vital forums for discussion, collaboration, and the development of agreement on a variety of topics, from the prevention of climate change to the security of the world's health. As we take stock of our experiences, we understand the persistent importance of flexibility and diversity in the quest of successful engagement. "Accelerating Engagement" is a monument to the adaptability, resourcefulness, and spirit of cooperation shown by the people, organisations, and countries that successfully negotiate the complex web of our linked globe.

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## CHAPTER 3

### THE DEVELOPMENT OF STRATEGIC PARTNERSHIP

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#### ABSTRACT:

The story "The Development of Strategic Partnership," which explores the complex and ever-changing realm of international relations and diplomacy, is summarised in this abstract. The story examines how governments and organisations form strategic alliances to fulfil common goals, improve security, generate economic development, and promote global stability in an age when complex problems call for coordinated answers. The plot opens with an analysis of the fundamental ideas that support strategic alliances in the modern geopolitical environment. It emphasises the relevance of mutual respect, common interests, and trust as the foundations of effective international cooperation. We examine a variety of strategic relationships throughout the story, including military alliances, economic coalitions, and diplomatic endeavours. Each collaboration is examined within its own context, offering insight on the goals, difficulties, and successes that define these collaborative projects. The need of flexibility and creativity in international relations is highlighted by "The Development of Strategic Partnership" in a world with swiftly advancing technology and changing security concerns. It explores how strategic alliances react to new global issues, embrace emerging technology, and adapt to changing conditions. In negotiating the complexity of our linked world, "The Development of Strategic Partnership" is a tribute to the lasting strength of cooperation, diplomacy, and strategic vision. It encourages readers to investigate the complex world of international relations, where strategic alliances are tools for resolving world issues and promoting common goals.

#### KEYWORDS:

Cornerstone, Development, Strategic, Partnership

#### INTRODUCTION

"The Development of Strategic Partnership" emerges as a crucial narrative that explains the complexities of international relations and diplomacy at a time distinguished by global interconnectedness, fast emerging difficulties, and the necessity for collective answers. This investigation demonstrates the lasting importance of teamwork, mutual respect, and common goals in determining the course of our linked world. The cornerstone of modern geopolitics is now a strategic partnership, which is characterised by its capacity to cross boundaries and bring together states and organisations around shared objectives. This introduction sets the stage for our exploration of the complex world of these strategic relationships. Strategic relationships are built on a basis of mutual respect, common goals, and similar interests. They are dynamic, developing connections that adjust to the constantly shifting global circumstances, not just agreements on paper. These alliances, whether they were created for mutual security, economic growth, or diplomatic influence, are symbolic of the united will of countries and organisations to handle the challenges of our interconnected world.

We start off by looking at the guiding concepts that support these strategic alliances. Particularly, trust emerges as a pillar a crucial commodity that supports countries' capacity for productive cooperation. We will learn how trust is developed, put to the test, and strengthened in the diplomatic setting. As we follow the story, we will come across a variety of strategic alliances, each with its own set of goals, struggles, and triumphs. These

partnerships provide a variety of insights into the practise of international diplomacy, from military alliances meant to increase security to economic coalitions meant to advance prosperity. Strategic alliances are dynamic, adaptable entities at a time of accelerating technology development and increasing global dangers. We will examine how these collaborations adapt to changing conditions, make use of cutting-edge technology, and take on the urgent problems that characterise our day. Additionally, this investigation will clarify the function of diplomatic efforts, multilateral forums, and international organisations in establishing and mediating strategic alliances. International collaboration, diplomacy, and negotiation all stand out as crucial factors in determining how successful these joint efforts are.

The book "The Development of Strategic Partnership" enables readers to take a trip through the intricacies and subtleties of global diplomacy and strategic choice-making. It is evidence of the continuing value of teamwork, diplomacy, and the pursuit of common goals in slicing through the complex web of our linked globe. We will learn about the intricate web of strategic alliances that has come to characterise modern international politics as we go through this tale. Each collaboration demonstrates how governments and organisations can negotiate the challenges of our linked world with tenacity, flexibility, and diplomatic skill. Without a doubt, the following lines will enhance the introduction to "The Development of Strategic Partnership. The creation of strategic alliances serves as a light of hope and pragmatism in a world where global concerns cross boundaries and the effects of inactivity are severe. These alliances, developed in the fiery furnace of international affairs, go beyond the bounds of territory and ideology to address common issues and exploit opportunities on a global scale. As we begin our investigation, it quickly becomes clear that strategic alliances are dynamic connections rather than static entities that develop in reaction to shifting global dynamics. The capacity to adapt and develop within these partnerships has emerged as a distinguishing characteristic of their success in an age marked by technological upheaval and unheard-of global difficulties [1], [2].

Additionally, "The Development of Strategic Partnership" emphasises how crucial diplomacy is to these alliances, serving as their foundation. These alliances are based on negotiation, communication, and diplomatic skill, all of which are still vital for negotiating the complexity of international affairs. This story allows readers to take a trip through the intricate web of strategic alliances that have influenced the development of modern geopolitics. Each alliance, whether it be a military one that ensures mutual security or an economic one that promotes prosperity, marks a different Chapter in the continuous tale of world diplomacy. The Development of Strategic Partnership" serves as a reminder that no country or organisation can successfully address the issues facing the globe today since they are both varied and urgent. Nations and organisations may get over the barriers to global growth by cooperating, having a common goal, and committing to building closer ties. This story serves as a tribute to the enduring power of cooperation, trust, and shared goals in shaping a future where countries and organisations continue to seek common ground, even in the face of difficult global challenges, as we delve deeper into the complex web of international relations[3], [4].

## DISCUSSION

The United Nations did not immediately prioritise the growth of bilateral security cooperation with the newly independent nations. It wouldn't become a crucial aspect of the relationship until the latter part of the 1990s. Regarding this matter, Kazakhstan was exceptional since, in a way, its security partnership with the United States predates the dissolution of the Soviet Union. The United States began early negotiations with Kazakhstan's officials about the potential surrender of the nuclear weapons on their soil because of its worry for the security of Kazakhstan's nuclear arsenal (together with that of Belarus and Ukraine). As was mentioned in the previous Chapter, this matter sparked direct talks in the fall of 1991 that laid the groundwork for ties between the United States and Kazakhstan. It also prompted

Washington to recognise President Nazarbayev as a world leader. President Nazarbayev set out to advance Kazakhstan's interests to the fullest. We have seen his persuasive case for making the Strategic Arms Reduction Treaty (START) a multilateral agreement rather than a bilateral one. Although Moscow and Washington had first sought to keep things bilateral, the accord evolved to provide Kazakhstan, Belarus, and Ukraine equal standing.<sup>25</sup> Kazakhstan demanded significant security guarantees from both Washington and Moscow in exchange for its commitment to complete nuclear disarmament. When President Nazarbayev and Vice President Gore agreed to remove the SS-18 missiles and their silos from Kazakhstan's soil, security cooperation took a step forward. By 1994, Kazakhstan had decided it had accomplished all it could in terms of security guarantees, and it had made a commitment to become a nuclear state and sign the Non-Proliferation Treaty. This came after a period of discussions in which Kazakhstan argued that it was a *de facto* nuclear state seeking to move towards a non-nuclear status.

The Budapest Memorandums, signed by the three nuclear-armed nations of Russia, the United Kingdom, and the United States, served as guarantees that Kazakhstan would maintain its independence, sovereignty, and territorial integrity. Separate, more ambiguous declarations were released by France and China. Given that Ukraine and Kazakhstan have obtained similar assurances, recent transgressions of Ukraine's territorial integrity have called into doubt the usefulness of these guarantees. Nevertheless, they created a multilateral framework at the time in which Kazakhstan's sovereignty and territorial integrity were publicly recognised by both Russia and the United States. This was no minor accomplishment for Kazakhstan, especially in light of the internal discussions over the so-called "near abroad" in Russia at the time. By 1995, nuclear weapons had been transferred from Kazakhstan to Russia, while more than 1,300 pounds of highly enriched uranium had been withdrawn from Kazakhstan by the US in a covert operation known as Project Sapphire. By 2000, Kazakhstan had also secured the Semipalatinsk nuclear test site. The Nunn-Lugar Act, also known as the Cooperative Threat Reduction Programme, was a crucial tool for US strategy in this area. Nunn-Lugar was especially significant for Kazakhstan because, unlike Belarus and Ukraine, Kazakhstan had been a nuclear testing site and, as a result, possessed vast quantities of unused nuclear weapons material on its territory in addition to transportable warheads. At the Semipalatinsk test site, it took experts from Kazakhstan, the United States, and Russia seventeen years to encase a "plutonium mountain" and render its radioactive material inaccessible to scavengers. Kazakhstan has kept a careful eye on nuclear concerns via a variety of measures, such as mediation attempts in the Iranian nuclear crisis. Nevertheless, from the mid-1990s, the bilateral security relationship shifted to new concerns, in part due to the success of the nuclear field's collaboration.

However, when top U.S. officials learned about Kazakhstan's commitment to global security, Kazakhstan and President Nazarbayev continued to gain from the goodwill created during the previous period. The growth of military-to-military relationships, which included bilateral connections and Kazakhstan's involvement in NATO's Partnership for Peace, made up the subsequent phase of the security relationship. The United States had previously been unable to develop a presence in the Eurasian heartland, but with the fall of the Soviet Union, strategic planners at the Department of Defence took notice of the possibilities that presented themselves. It was only natural for the Department to forge beneficial ties with the emerging Central Asian governments and to look for ways to assist in the development of their armed forces. The Partnership for Peace (PFP) of NATO was crucial, while sometimes being underappreciated. While Russia criticised PFP as a meaningless show of force, East European nations mocked it as a poor replacement for full NATO membership. A venue for exercises that strengthened ties between the western and regional forces, it also helped Central Asian republics build closer relations with Western militaries and played a significant role in the education and training of several regional officers. Kazakhstan joined PFP as soon as it was

established in 1994. A bilateral Defence Cooperation Agreement was signed by the United States and Kazakhstan in the same year, and the following year it was extended to include collaboration in nuclear security and defence modernization. Additionally, the united governments and NATO actively fostered military cooperation amongst the Central Asian governments. At the time when Kazakhstan, Uzbekistan, and Kyrgyzstan were forging a Central Asian Union, this was perfectly in line with the goals. They established a combined peacekeeping force under this structure in 1995, and the US Central Command enthusiastically supported it. Additionally, from 1997 on, the Central Asia Battalion's CENTRASBAT drills were built around this effort. In that year, American and Central Asian soldiers carried out the longest airborne operation in history, deploying 7,700 miles from a base in Louisiana to a location in Central Asia. Every year, similar drills would be undertaken, and officials from Turkey, Russia, and South Caucasus nations would always be invited. These exercises took on the meaning of the United States' security interest in Central Asia and the region's contribution to PFP.

Concerns about the whole region's internal politics were raised in 1999 and 2000 when militants from the Islamic Movement of Uzbekistan entered the Ferghana Valley. Some academics and NGO officials in Washington criticised the region's inadequate democratic institutions for the rise of religious extremism. This assertion was made with little proof, and subsequent study on the causes of extremism has not been able to back up such claims.<sup>28</sup> However, the notion that "repression" and "radicalization" are related will eventually make its way into American foreign policy. After the terrorist events of September 11, 2001, NATO increased its interaction with Central Asia. Relations with Central Asia and the South Caucasus were adopted as a priority of the alliance during the NATO summit in Istanbul in 2004. The Individual Partnership Action Plan (IPAP) programme of NATO was used for the first time by Kazakhstan. This agreement, which was completed in 2006, called for more NATO support for security sector reform and better armed forces interoperability[5], [6].

### **From 9/11 to the Freedom Agenda: The End of an Era**

The first American reaction to the 9/11 attacks increased the country's already increased interest in Central Asia. Kazakhstan provided land and air access to and from Afghanistan, which was a crucial component of the NATO war effort. However, neither Washington nor Astana requested any military installations in Kazakhstan. This would subsequently come in handy when U.S. bases in Kyrgyzstan and Uzbekistan turned out to be sensitive problems in both nations, as will be shown in the next Chapter. In the long term, the Iraq War and America's "Freedom Agenda" contributed to a brief halt in the otherwise increased interaction between the U.S. and Central Asia. The U.S. attacked Iraq in 2003 and swiftly toppled Saddam Hussein, a longtime enemy of the country. Following the invasion, Kazakhstani soldiers were stationed in Iraq. However, as the situation in Iraq worsened, America's focus and resources turned away from Central Asia and Afghanistan and towards the Middle East. U.S. policymakers' attention to Central Asia and Afghanistan waned as they grew engaged with trying to salvage the situation in Iraq. Budgets for American help to Central Asian nations were drastically reduced as funds were diverted to Iraq. Further tensions between the U.S. and Central Asian authorities would result from misunderstanding about the depth of the U.S. commitment to Afghanistan. Following 9/11, the thesis of a causal connection between repression and radicalization was widely accepted in American political circles.

Condoleezza Rice, who served as President George W. Bush's National Security Advisor and then as Secretary of State, was a prominent proponent of this thesis even though Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld seemed to be sceptical about it. The fact that President Bush himself seems to have acquired this way of thinking is very significant, especially at the close of his first term in office. The so-called "colour revolutions" that swept various post-Soviet governments from 2003 to 2005 began at the

same time as Bush's second term in office. Popular discontent with the weak and corrupt regimes of Georgia, Ukraine, and Kyrgyzstan was a major cause of these uprisings. Leading American politicians and intellectuals, however, welcomed these changes and portrayed them as long-overdue democratic uprisings against oppressive rulers. A worsening of the situation occurred when Michael Stone, the leader of the Freedom House NGO in Bishkek, funded by the United States, declared "mission accomplished" after President Askar Akayev was toppled.<sup>30</sup> Authorities in the area suspected that the U.S. was systematically attempting to incite populist uprisings against national authorities. Conspiracy theories disseminated by U.S. opponents aggressively stoked such anxieties, and the U.S. administration did nothing to quell them or reassure regional authorities. In fact, the Bush Administration's new "Freedom Agenda" publicly encouraged the development of democracy[7], [8].

It was primarily concerned with the Middle East, but it also applied to Central Asia. According to this proposal, a swift transition to democracy was necessary for stability and the terrorism-eradication effort. It was said that the invasion of Iraq served as the catalyst for this larger plan and that the establishment of a democratic island in the Middle East would hasten the democratic transformation of the region's other nations. Similar to this, it was thought that democratic revolutions in Georgia, Ukraine, and Kyrgyzstan would have repercussions and trigger democratic changes in neighbouring nations. This way of thinking, which is so opposed to long-standing U.S. policy, was shown to be founded on false presumptions. Georgia, Ukraine, and Kyrgyzstan all witnessed anti-democratic reaction, whereas Iraq instead devolved into catastrophe.

The Freedom Agenda in Kazakhstan essentially went against the elite's deeply held conviction that slow, evolutionary change would be the greatest and most effective course of action and that radical change would only result in instability and backwards movement. The Freedom Agenda had a detrimental effect on American ties with other countries in the area, particularly Uzbekistan and Azerbaijan, where presidents Islam Karimov and Ilham Aliyev both believed the US wanted to topple their regimes. Kazakhstan's response to the Freedom Agenda was more restrained, and ties did not worsen as a consequence. Nevertheless, it prompted Kazakhstan to reevaluate its ties with Washington and adopt a more circumspect stance[9], [10].

## CONCLUSION

A trip through the complex realm of international relations and diplomacy, "The Development of Strategic Partnership" demonstrates the critical role that cooperation, trust, and shared goals play in forming our linked global community. As we draw to a close, the importance of strategic alliances in tackling global issues and promoting shared interests is brought to mind. We have seen how much strategic alliances have shaped the trajectory of modern geopolitics throughout this story. These alliances, formed out of need and opportunity, have shown how countries and organisations are capable of putting aside ideological differences in order to work towards a shared goal. These alliances, whether created for mutual security, economic development, or diplomatic influence, have altered the nature of international interactions. Additionally, diplomacy has come to be seen as the foundation of these alliances. The results of cooperative projects have been significantly shaped by diplomatic talks, communication, and collaboration. Peace, security, and prosperity have been created by diplomats and negotiators who have devoted their lives to bridging differences and creating agreement. This story serves as an example of the lasting value of cooperation, diplomacy, and the pursuit of common goals. The book "The Development of Strategic Partnership" encourages us to embrace the difficulties and possibilities of our globally linked era, when countries and organisations continue to look for points of agreement despite formidable problems at home and abroad. As it determines the course of our ever changing global society, it is a monument to the unbreakable human spirit.



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## CHAPTER 4

### COMPREHENSIVE REVIEW OF CHANGING PRIORITIES

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#### ABSTRACT:

The story "Changing Priorities" explores the complex web of changing global agendas, paradigm shifts, and the transformational effect of shifting priorities. Nations, organisations, and people are reevaluating their objectives, plans of action, and commitments at a time of unparalleled possibilities and challenges. This story begins by examining the basic idea of priorities and how it affects how people, countries, and the whole planet develop. It emphasises how priorities are dynamic and respond to shifting conditions, looming crises, and changing expectations. We explore a wide range of fields as we go through "Changing Priorities," where altering priorities may have significant effects. Each area, from geopolitics and economic policy to climate change and sustainability, is looked at in the context of its own, illuminating the drivers, difficulties, and effects of shifting priorities. "Changing Priorities" is a reflection of the intricacies of our linked world, where the decisions we make about what is most important will determine how our future as a society will unfold. It is evidence of people and cultures' ability to innovate, adapt, and deal with the complex problems and possibilities of the twenty-first century.

#### KEYWORDS:

Communities, Economic Policy, Inherent, Priorities

### INTRODUCTION

"Changing Priorities" emerges as a narrative that goes on a thorough investigation of how the priorities of people, countries, and organisations are continuously adjusting and rewriting the course of history in a constantly changing world marked by shifting landscapes. Through this exciting voyage, we learn how shifting priorities may drastically alter our linked world and how intricately they do so. In essence, priorities serve as our compass as we navigate the intricacies of life. They are a reflection of our goals, ideals, and difficulties. Priorities change in response to a variety of reasons, such as developing crises, changing paradigms, and the unstoppable march of innovation, as we navigate the complexity of the 21st century, which makes this more and more obvious. This story begins by looking into the basic idea of priorities and examining how it affects the choices we make as people, the policies that countries create, and the tactics that organisations use. It emphasises how priorities are flexible and reflect the constantly shifting conditions and principles of communities and people. As we go through "Changing Priorities," we will travel across a wide range of areas where changed priorities have significant effects. Each subject reveals the reasons, difficulties, and effects inherent in shifting priorities, from the pressing imperatives of climate change and sustainability to the complexities of geopolitics, the dynamics of economic policy, and the complexity of public health. This story also highlights leadership and the role that decision-makers play in moving priorities to change. Visionary leaders, social movements, and world events often serve as catalysts, causing changes in priorities and forcing countries and organisations to rethink their plans in response to today's most urgent problems. "Changing Priorities" emphasises the crucial significance of adaptation and foresight in selecting and updating priorities in a world where global issues have grown more interrelated and interdependent. The decisions we make about what is most important affect not just our own futures but also the course of mankind as a whole [1], [2]. We ask you to join

us as we explore the complexity of our linked world, where the ability to change priorities becomes a powerful tool for solving the complicated problems at hand and grasping the limitless possibilities that lie ahead. It is a voyage of adjustment, creativity, and the unfailing ability of people to change the course of history by readjusting the values we uphold in a constantly changing environment. The idea of shifting priorities has gained prominence at a time when the globe is facing a convergence of global issues, including pandemics, economic upheavals, and social revolutions. This story urges readers to learn more about the complicated process of prioritisation, where the choices we make about what really important serve as a compass for navigating an ever-more-complex world. The trip through "Changing Priorities" examines how these changes in emphasis are substantial transformations that have an influence on people, countries, and the global community rather than simple adjustments. The reevaluation of priorities is seen as being a necessary reaction to the dynamic character of our linked environment. Additionally, this story emphasises the crucial roles that leadership and collective awareness had in causing these developments. The convergence of visionary leaders, empowered communities, and a feeling of global urgency often challenges the existing quo and forces societies and organisations to reevaluate their objectives and adopt new priorities. We are reminded as we continue our inquiry that the decisions we make about what to prioritise might have an impact on our society as a whole. In the face of the tremendous changes that define the 21st century, "Changing Priorities" is an invitation to interact with the always changing fabric of human goals, values, and adaptability. The resilience, flexibility, and foresight of people, countries, and organisations are shown in this story as they reassess their priorities in response to the many possibilities and challenges that lie ahead. It is an exploration of one's own creativity, ingenuity, and the steadfast human potential to not only adapt to change but also to guide it in the direction of a better future[3], [4].

## DISCUSSION

In the beginning, major worldwide events to which both governments reacted forcefully with acts that in turn influenced their ties with each other characterised the subsequent phase of relations between Kazakhstan and the United States, which generally spanned from 2003 to 2012. Their capable ambassadors, including Kanat Saudabayev (2001-2007) and Erlan Idrissov (2007-2013) in Kazakhstan's embassy in Washington and John M. Ordway (2004-2008) and Richard Hoagland (2008-2011) in the United States embassy in Astana (now Nursultan), effectively acted as middlemen in both directions. Both nations changed their internal policies throughout this time, which also had an impact on how well they got along with one another. As mentioned in the previous Chapter, the assault on the World Trade Centre in New York and the ensuing American invasion of Afghanistan were the first changes that drastically altered ties between the United States and Kazakhstan. As a result, Washington reinterpreted its relationships with all of Central Asia in terms of how each nation might help the United States progress its military campaign against the Taliban and al-Qaida. Kazakhstan was a component of NATO's Partnership for Peace Programme and had continued to maintain close ties with the alliance, but the two countries did not have a mutual defence pact. The Kazakh government was under pressure from its northern and eastern neighbours and had no interest in allowing a U.S. or NATO staging station on their soil. Contrarily, over time, this actually improved ties between Astana and Washington. The Afghan mission of NATO established advanced outposts in Kyrgyzstan (Manas) and Uzbekistan (Karshi/Khanabad). However, after a few years, both host governments insisted that the bases be shut down. This was done in an atmosphere of mutual animosity, which had little effect on ties between Kazakhstan and the United States.

The concern over the spread of Islamic extremism from Afghanistan to Kazakhstan and the burgeoning drug trade, which at the time heavily relied on routes through Central Asia and Kazakhstan, were two additional issues that involved Kazakhstan and the United States' shared interests and drew the two countries closer together. Although Islam in Kazakhstan had always been of a moderate nature, following independence, when missionaries from the Gulf nations started to arrive, extreme and radical beliefs spread quickly. Additionally, in 1999, heavily armed Islamist rebels from Afghanistan entered Kyrgyzstan's Batken region in an attempt to go via the eastern Kazakhstani highlands to the Uzbek city of Tashkent. Although they were apprehended by Kazakh security forces, the fact that they had entered Kazakhstan raised concerns in Washington and Astana and prompted coordinated responses from the two capitals. In addition, Kazakhstan's huge landmass and relatively open government made it a desirable drug-transportation route from Afghanistan. Once again, Almaty and Washington replied by collaborating on measures to halt this trafficking[5], [6].

### **The Emerging Security Architecture and Afghanistan**

While Astana's ties to Washington remained cordial, they were becoming more and more influenced by its growing ties to its sizable neighbours, Russia and China. A formal agreement on mutual security had been reached by Russia and five former USSR countries, including Kazakhstan, in May 2002. This Collective Security Treaty Organization's fundamental component was its members' agreement that any action against one signatory would be regarded as an attack on all of them. The very next month, China formally launched the Shanghai Cooperation Organisation, which formalised talks between China, Russia, and four Central Asian nations, including Kazakhstan, while requiring those nations to forbid all Xinjiang-related activities on their soil. Although the Kazakhs saw these actions as reasonable and unavoidable, they also rekindled a desire to forge closer connections with the United States and Europe in order to preserve a balance between foreign forces. As we've seen, President Nazarbayev had formally embraced the concept of a "multi-vector" or balanced foreign policy by the turn of the century. According to this plan, all three of the great powers were to have harmoniously balanced favourable interactions with one another.

In line with this idea, the development of Kazakhstan's security ties with both Russia and China necessitated the development of similar ties with the West. Soon after, Kazakhstan had the chance to put this theory into practise during a meeting of the Shanghai Cooperation Organisation. President Nazarbayev opposed as the gathering leaders were about to vote on a resolution calling for an American withdrawal from Afghanistan, and the measure was defeated. Soon, Kazakhstan and the US discovered new methods to further their cooperation. The opening of an office by Kazakhstan in Kabul to encourage commerce and investment in areas that are now free of Taliban authority was one action taken in support of American efforts in Afghanistan. Kazakhstan was the only nation in the area to base a new Afghanistan strategy on developing that nation's economy, despite the fact that this endeavour was unsuccessful.

Additionally, Kazakhstan provided supplies that the NATO soldiers in Afghanistan required. More significantly, its land was a part of a brand-new supply route for the supplies and equipment that the Coalition troops in Afghanistan desperately required. In actuality, Kazakhstan actively contributed to the creation of this "Northern Distribution Network" (NDN). It was supported by two supply routes, the main one of which connected the port of Riga in Latvia with the Afghan border through Russia, Kazakhstan, and Uzbekistan. The second connected to the main line that originated in Riga and spanned from the Black Sea coast of Georgia via Azerbaijan and the Caspian Sea into Kazakhstan. The NDN became a crucial conduit for delivering supplies and equipment to the Afghan front as Karachi, Pakistan's major supply route, got more and more congested with corruption.

The collapse of the Taliban administration in Kabul opened the door to the possibility of a radically new transport system in Central Asia, one that would provide the former Soviet republics access to the South, India, and Southeast Asia for the first time in modern times. In Kabul, Afghanistan, in 2006, the Central Asia-Caucasus Institute hosted the first symposium on this idea. Leading foreign policy specialists from many different nations were there, but Kazakhstan's Foreign Minister Tokayev was the most senior official to support the idea. He was not only the first senior official from any Central Asian nation to go to Kabul after the collapse of the Taliban, but he was also the first to openly support the idea of a new transit system designed around an Afghan window to the sea.

Senior Kazakhstani officials and American experts had discussed the idea of a New Silk Road and new transport order at the heart of Asia long before China's Belt and Road Initiative and the U.S. Secretary of State Hillary Clinton's own New Silk Road project, which ultimately failed, were launched. A significant American company, General Electric (GE), entered the Kazakhstani market as a result of Kazakhstan's considerable involvement in the new transportation system that is evolving in Central Asia. GE had been working with Kazakhstan for ten years, but in 2006 it announced plans to build a facility to build up to 150 of its cutting-edge "New Evolution" series locomotives, significantly increasing its presence there. Temir Zholy ("Iron Road"), Kazakhstan's national railway system, collaborated with GE on this project with the goal of moving more freight with fewer trains that needed less upkeep and fuel. Temir Zholy swiftly upped the number of locomotives in its order to 310. Tokayev's visit to Kabul and the agreement Kazakhstan had with GE fit in well with his idea of balance[7], [8].

A major east-west transit route from China's Pacific coast to Europe was the subject of a dispute between Moscow and Beijing around the turn of the century. China firmly favoured a route via Kazakhstan, while Russia preferred the sole use of its Trans-Siberian Railroad. China and Kazakhstan have made significant investments in new highways and trains that cross Kazakhstan. It was crucial for Astana to strengthen its ties with the West, and specifically with the U.S., in order to maintain a balance between China's investments in their country and the various Chinese and Russian initiatives listed above. Readers will recall how these promising prospects were dampened by Washington's decision to overthrow the despicable regime of Saddam Hussein by invading Iraq in March 2003. This took focus off of Afghanistan as well as the trade and transit initiatives that had brought Kazakhstan and the United States together there.

The administration of Eduard Shevardnadze was overthrown in Georgia by a public movement in November 2003, ushering in a period of unrest in the post-Soviet region. A similar upheaval the following year resulted in a change of administration in Ukraine. The next year, turmoil spread to Central Asia. Askar Akaev's president was overthrown in the so-called Tulip Revolution in neighbouring Kyrgyzstan in March 2005. In May, an armed insurrection broke out in the Uzbek city of Andijan. The impact of these two very distinct events brought Kazakhstan and the United States closer together than ever. Almost from the time of independence, President Akaev had declared that Kyrgyzstan will develop into what he dubbed "The Switzerland of Central Asia." Vice President of the United States Al Gore was so enthralled by this possibility that he temporarily convinced President Bill Clinton to centre Kyrgyzstan in his Central Asian policy.

In 2005, a populist uprising against Akaev's escalating authoritarianism resulted in his escape to Kazakhstan and subsequently Russia. Astana was justifiably frightened when its officials called for a "Tulip Revolution" in imitation of the "Rose Revolution" in Georgia in 2003 and the "Orange Revolution" in Ukraine in 2004. Astana feared that unrest may extend to its own borders. Kurmanbek Bakiev, the new leader of Kyrgyzstan, was swiftly seen by Washington as being no better than Akaev, and the relative stability reigning in Kazakhstan



was welcomed. The revolt in the eastern Uzbek city of Andijan on May 13–14, 2005, was a second external event that paradoxically strengthened ties between Washington and Astana. 180 individuals lost their lives as a result of this horrific incident, including more than 100 protesters and a number of Uzbek security personnel. Western media and well-known nonprofit organisations in America described this as a peaceful protest by "especially pious Muslims" against the Islam Karimov administration based on shoddy evidence. Following the adoption of this view, the U.S. State Department swiftly cut most of its connections with the Uzbek government. Ample evidence, however, refuted this interpretation of the events.

The revolution was really the work of highly armed Islamists determined to incite an Islamic uprising in Uzbekistan and across Central Asia, according to meticulous subsequent assessments. But it was already too late.<sup>31</sup> Washington discovered fresh justifications for strengthening its ties with Astana since its relations with Kyrgyzstan and Uzbekistan are now in disarray. This would have occurred anyhow, since growing connections in several fields were pulling the two nations together. The number of Americans and Kazakhs having first-hand knowledge of the other nation rose as both embassies expanded their staffs and their operations via a variety of programmes, both public and private. The government's Bolashak ("The Future") programme, which sent thousands of the brightest young Kazakhs overseas to study, deserves the majority of the credit for this from the country's side. While they attended institutions across the world, by far the majority of them came to the United States. Regularly, there were more candidates for these coveted scholarships than there were students enrolling in all of Kazakhstan's institutions.

The one-third of Bolashak graduates who worked in the public service made it possible for the two governments to collaborate more successfully than ever before, while the other two-thirds did the same in business. On the American side, a plethora of publicly and privately funded initiatives promoted collaboration at the academic and professional levels. Many college students between the ages of 18 and 24 were sponsored by the Bureau of Educational and Cultural Affairs of the State Department, some of whom were under the independent American Councils for International Education. Although there weren't many highly specialised Fulbright Scholars, their research was important. The Muskie Programme, which swapped young professionals at pivotal points in their careers, promoted advanced talents in several fields as well. The Peace Corps, which was later phased out, also made it possible for young Americans to collaborate on fruitful initiatives in off-the-grid Kazakhstan. The American Centre for Disease Control's (CDC) efforts to update public health in Kazakhstan and connect Kazakh public health specialists with their American counterparts are equally noteworthy. The two parties also freely discussed sensitive and possibly contentious matters. The Kazakhs were struggling with how to change Soviet approaches to dealing with religious practise.

This complicated debate included the State Department, the Commission for International Religious Freedom, the Agency for International Development, and various private American organisations. All saw the Kazakhs to be earnest in their quest for solutions that would be compatible with a more open society, and the Kazakhs developed skill in dealing with problems that present themselves to both religious believers and policymakers in all modern nations. These common concerns compelled discussion of the sensitive subject of human rights, as well as the function of proselytising and the registration of religious and human rights organisations. Americans were made aware of the burdensome legacy of deeply ingrained Soviet policies in these sectors via the multifaceted discourse that followed, and their Kazakhstani counterparts were made aware of practises that they might advantageously embrace or, in most instances, modify to Kazakhstan's realities. In this instance, the process was often the end result. Both parties' representatives claim that their discussion was always handled in a friendly and polite manner. Business relationships were also rapidly expanding.

Over time, the US-Kazakhstan Business Association saw a steady increase in the number of corporate members. In order to strengthen relationships among American businesspeople in Kazakhstan and between them and their Kazakhstani colleagues, as well as to resolve any potential issues with the host nation, a separate American Chamber of Commerce was established in Almaty.

The Business Association's operations were taken over by the United States Chamber of Commerce in , and it was given the new name U.S.-Kazakhstan Business Council. Contacts in the military and security period, which grew over these years, were far less well-known but immensely advantageous to both nations. While Kazakhstani and American forces continued to cooperate in the joint Steppe Eagle exercises, the two nations worked together to develop KAZBAT, a Kazakh peacekeeping battalion that would serve in Iraq and other places. Numerous officers from Kazakhstan also attended American service schools where they learned about contemporary organisational and technological components of the military while collaborating with American peers. Finally, the two nations worked together to build regional law enforcement academies in Kazakhstan. These organisations made significant contributions to the demolition of archaic Soviet neighbourhood policing techniques and their replacement with approaches more appropriate for a free and open society. The two key sectors that had prompted the establishment of Kazakhstan-American relations a decade earlier continued to progress as all these new enterprises were being created. Many American professionals, including hundreds of petroleum engineers, took part in the creation of the Tengiz project, bringing with them to Texas and Louisiana a strong admiration and regard for Kazakhstan. Over price and expenses, there were undoubtedly significant differences, and each party always pushed for a favourable deal. However, they did it in a courteous manner that produced solutions that all parties could accept[9], [10].

### **Trade and Finance**

Trade and finance were two crucial topics that came up in the Kazakhstan-U.S. discussion during this time. The US has been creating Trade and Investment Framework Agreements (TIFAs) with many nations for years. TIFAs provide strategic frameworks and guidelines for beneficial discussions on trade and investment concerns between the United States and its partners, albeit they differ greatly in the details. Kazakhstan sought to take part in these agreements since it was a young state and they were especially relevant to concerns like labour and environmental protection. The American side placed a lot of emphasis on protecting the environment and intellectual property rights. A TIFA for all of Central Asia was backed by Kazakhstan and Uzbekistan, two creative nations. These talks, which lasted for many years, produced the first regional TIFA in America, which served as the foundation for all following discussions on regional cooperation and regional coordinating bodies among Central Asians. The promotion of this idea was greatly assisted by the Kazakhstan and Uzbek embassies in Washington. The issue of Kazakhstan's potential future membership in the World Trade Organisation (WTO) was connected to TIFA and Kazakhstan's future economic and commercial ties with the United States.

The WTO was established in 1995 and is one of the few international organisations that is younger than the Republic of Kazakhstan. It was created to make it easier to resolve global disputes affecting intellectual property as well as trade in products and services on an international scale. Kazakhstan was fervently pursuing WTO membership because it was keen to develop and solidify its recently earned sovereignty in as many sectors as possible. When President Nazarbayev suddenly committed Kazakhstan to joining the Eurasian Economic Union, the lengthy negotiating process almost came to a conclusion. Due to this, the WTO agreement has to be revised in half. The United States served as Kazakhstan's reliable but rigorous partner throughout this process. Curiously, disarmament of Central Asia was a topic where the United States and Kazakhstan did not agree. When Mongolia

proclaimed itself a nuclear-weapons-free zone in 1992, the prospect of this development first arose. In 1993, President Islam Karimov of Uzbekistan made a similar proposal to the UN; from 1994 to 1996, Kazakhstan and Uzbekistan jointly pursued the concept. A significant step forward was made in 1997 when Kazakhstan hosted a summit of the five new Central Asian governments in Almaty. The final draught of the agreement they wrote was amended and reviewed until 2006, when the nations accepted it.

The Semipalatinsk Treaty, which established a region free of nuclear weapons in Central Asia, became effective in 2009. The draught deal had what the United States, France, and the United Kingdom believed to be a significant defect, despite their strong support for the idea of denuclearization. They cited Article 12 of the agreement, which specifies that it "does not affect the rights and obligations of the Parties under other international treaties." They pointed out that the Collective Security Treaty (CST), which Kazakhstan and its neighbours in the area had signed with Russia, was one of those "other" accords. The three western powers contended that the CST treaty may supersede the disarmament agreement since this would have permitted Russia to station nuclear weapons in Central Asia. Therefore, American resistance to the accord was based on a perceived weakness rather than the idea of disarmament, which America supported. There are reasons to believe that the period between 2003 and 2008 saw a regression in ties between Kazakhstan and the US. The Central Asian republics, including Kazakhstan, have traditionally been seen by the State Department as second-class nations with interests inferior to those of Russia, China, and India. In addition, it may be argued that the start of the Iraq War in 2003 further drew Washington's focus away from Afghanistan and all of its Central Asian neighbours, including Kazakhstan. According to this school of thinking, Kazakhstan's only significance to the United States during these years is as a transit nation on the path from the Baltic to Afghanistan. When one views the issue in the context of the dynamics of institutional life in the massive bureaucracy that is today's Washington, the justifications for such a pessimistic viewpoint all but disappear. Because despite the fact that America's Afghan policy briefly decreased Kazakhstan's position to that of an independent variable, the multitude of bilateral programmes that had already been established remained.

Not only did they all continue, but they also became bigger and more numerous up until 2008. If one were to graph the extent of American-Kazakh interaction in a variety of contexts, including bilateral air travel, phone calls, letters, and emails, capital flows, the number and value of joint business ventures, the number of students who participate in exchange programmes, and cultural exchanges spanning everything from ballet to jazz and hip-hop, the results would always show a steadily rising curve. Despite the White House shifting its emphasis back to Iraq, numerous well-funded U.S. government agencies continued to give their programmes in and with Kazakhstan substantial attention, even increasing them in certain circumstances. Numerous employees who were unconcerned with geopolitical intricacies, whether they were employed directly by the government or worked as contractors for private companies, took satisfaction in their work with partners in Kazakhstan and the interpersonal connections that resulted from it. This was the state of Kazakhstan-American relations in 2007-2008. It would have been simple to believe that the trend would continue forever given the variety and growth of linkages that had occurred. However, a financial crisis that began in the United States in July 2007 grew and spread around the globe.

To increase the number of low-income people who own homes, the federal government in Washington supported and sponsored risky lending by American banks. A housing bubble and economic crisis resulted from this. The crisis struck Kazakhstan's banks by 2008, as will be shown in the next Chapter, plunging the country's economy into a tailspin. Worse worse, Kazakhstan's main source of revenue was drastically reduced when the price of oil fell

throughout the globe. The severity of the crisis in Kazakhstan quickly raised important issues for the nation's next economic policy. Different possibilities were taken into account. On one extreme, Kazakhs saw that neighbouring Uzbekistan's economy was mostly unharmed by the crisis. However, they also believed that this had been caused by the fact that the Tashkent government had borrowed little money and had effectively cut itself off from the global financial system. This may have protected Uzbekistan from the crisis at hand, but it also severely constrained the nation's potential for future growth. The most appealing option by far was to start right away with basic free-market reforms that would further Kazakhstan's integration with the most dependable and cutting-edge components of the global economy. President Nazarbayev had already started along this route of advancement to some degree. The advantages of tighter integration with international market systems had been shown to Kazakhs over the course of years of working with Chevron, General Electric, and other western businesses, both American and European.

This new perspective was reflected in the choice to start the changes required to join the World Trade Organisation. Despite several important actions made before to 2008, more remained to be done. Kazakhstan's banking sector, in particular, has serious flaws and was vulnerable to oligarchic consolidation and corruption. The few Kazakhs who completely comprehended the complexities of contemporary banking were all young, recent graduates of business schools in the United States, Europe, and Asia. It was time for new legislation. It was necessary to establish regulatory agencies and provide them freedom from outside influence. Additionally, the government lacked mechanisms for the impartial and fair resolution of trade disputes that investors and business executives from the United States and other nations would value.

These and other issues needed institutional answers, which had to be discovered and effectively implemented. The requirements of this development plan were quite onerous and would take years, if not decades, to meet. But President Nazarbayev and his closest advisers took exactly this approach. Despite all the measures Astana has previously made in this direction, one could still legitimately argue that a change in course was still feasible at this time. However, the new policy had already been irreversible by the conclusion of the 2007–2008 global financial crisis. And Kazakhstan's new direction opened up significant new doors for bilateral cooperation with the United States. Only the likelihood of unfavourable events in Kazakhstan's near neighbourhood might stop the reform process.

Double-digit inflation had also struck Russia, wiping out 70% of the value of its stock market and 14% of the ruble's worth. However, Russia had wisely set aside sizable financial reserves, and Moscow used all but a fourth of these to provide a significant bailout. Even after the bailout, the Russian economy was still in trouble. It was not the right moment for Putin's Russia to support or oppose Kazakhstan's proposed changes. The fact that Russia was mired in a crisis of its own creating when its military forces invaded Georgia is a second, more significant factor explaining why Russia for the time being distanced itself from Kazakhstan's new trajectory.

This foolish action has its roots in the Orange Revolution of 2004, which saw thousands of Ukrainians go to the streets in protest against the country's presidential elections. Victor Yushchenko, who narrowly defeated Moscow's favoured candidate, Victor Yanukovych, to victory, came to power as a result of significant public protests and a recount. Vladimir Putin was looking for a chance to re-establish Moscow's power over the newly independent republics after suffering this defeat on the banks of the Dniepr. He discovered that chance in Georgia. He began a meticulously planned attack against Georgia in August 2008, marching near to the capital Tbilisi, seizing the town of Poti, and blocking the shoreline under the guise of protecting separatists in two of Georgia's regions.

Putin gave Russia power over the two regions of Georgia. The invasion was swiftly denounced by the US and EU, but neither organisation made a firm decision. These numerous events presented Kazakhstan with a conundrum while deflecting attention away from Astana's reforming initiatives. The Astana administration was unable to either welcome them or denounce them, and it really chose not to do either. The war in Georgia shown that Russia was willing to penalise neighbours that pursue western-style reforms too fiercely by severing them from ethnically diverse provinces, but the Ukrainian revolution showed the potential for popular opposition if reforms were denied. So, President Nazarbayev choose the middle road. He persistently supported economic change while moving carefully forward with political reforms. The Georgian War was seen to be unimportant by both Kazakhs and Americans. However, several Americans disagreed with Nazarbayev's domestic strategy since it preserved Kazakhstan's unique presidential powers.

This is accurate, but it has to be seen in the bigger picture of the reform initiative. Foreign opponents were quickly informed by Kazakhstan's ambassadors that President Nazarbayev had outlined a lengthy process of political change that would come after economic reform. But they said that any effort to change the order in which these two initiatives were being implemented would result in their failure. President Nazarbayev urged people to make their nation one of the world's thirty most developed nations in order to dramatise his firm stance in favour of the market and the changes required to accomplish it. In the same vein, Kazakhs made efforts to climb the World Economic Forum's ranking of the fifty nations most welcoming to foreign trade and investment.

Kazakhstan expressed its goal to improve its place on the World Bank's "Doing Business" rating and other indices in yet another ambitious effort. This would not be an easy task since it required swift action on a number of fronts, including judicial reform, tax reform, banking reform, and even accounting procedures. The United States and the European Union were willing partners for Kazakhstan in these and other areas. The years between the global economic crisis and 2012 were particularly active ones for U.S.-Kazakhstan relations as a result of these activities. However, Kazakhstan's ties with the European Union, Russia, and China were also active throughout those years.

The strength of these ties has partially lessened the importance of Kazakhstan's relationship with the US. The European Union has recently improved its ties with Kazakhstan in particular and Central Asia as a whole after a period of apathy. 40% of Kazakhstan's exports, mostly in the form of oil, were being consumed by the EU, which was already Kazakhstan's biggest foreign investor. Additionally, Kazakhstan has easy access to superior equipment in several sectors from EU nations. Thus, starting in 2012, the two parties started drafting what would eventually become an Enhanced Partnership and Cooperation Agreement in 2015[11], [12].

### **The Birth of the Eurasian Union**

In the meanwhile, President Nazarbayev had suggested a "Eurasian Union" as a trade group of former Soviet republics situated between the EU and China as early as 1994. As a result, the Eurasian Economic Community was established in 2000. In 2010, a treaty creating a shared economic zone between Kazakhstan, Russia, and Belarus and a Customs Union of the same nations were also established. The proposal of President Nazarbayev to turn the customs union into the Eurasian Economic Union, to be established as quickly as possible, was supported by President Putin the year after. A transport-based economic network that would connect China, Russia, all of Central Asia, as well as many other parts of the globe, was something that China had long considered. The project's initial name, The Silk Road Economic Belt, was derived from the name of the book that was published as a consequence of the 2006 Kabul conference on Eurasian transport, which was sponsored by the United



States and included a keynote speech by Kazakhstan's then-Foreign Minister Tokayev. China's President Xi Jinping unveiled the Silk Road Economic Belt in 2013 at a speech at the recently established Nazarbayev University in Astana, despite the fact that planning for the initiative was still far from finished. Thus, the European Union, Russia, and China focused heavily on developing the growing networks of continental commerce in the years immediately after the 2008–2009 financial crisis. All three of the main powers included Kazakhstan prominently in their plans, and they all saw it as a collaborator and even an innovator.

What role did the US play in these arrangements? 2009 saw the inauguration of Barack Obama as the country's new leader. Afghanistan was not among his top foreign policy priorities, as he had previously said. This meant that Kazakhstan and Central Asia would not be among his priorities as Washington had gotten used to seeing the region in the context of the fight against the Taliban and al-Qaida. not at all. President Obama did, after all, pay a quick trip to Kabul in 2010, but this was the closest he ever came to Kazakhstan. His secretary of state, Hillary Clinton, was abruptly sent to Astana to represent the United States at the Organisation for Security and Cooperation in Europe summit in November of the same year. She didn't even know she was coming until her aircraft took off.

The State Department held back because vocal employees in its Bureau of Democracy, Human Rights and Labour (DRL) were shocked that Kazakhstan had not scheduled the customary side-by-side meeting with non-governmental organisations. But a deal was struck, and her short visit happened as scheduled. Shortly after, Clinton delivered a speech in support of a "New Silk Road" between Central Asia and India when visiting India in 2011. Unfortunately, neither the State Department nor the White House really followed through on this potential suggestion. The Obama administration had simply decided to disregard the initiative and move on to other issues that it believed to be more urgent.

The continuous growth of Kazakhstan-American oil sector collaboration and the increase of American private investments in several other industries more than made up for the White House's indifference. The U.S. Agency for International Development and the departments of commerce and justice's and their Kazakhstani counterparts' bilateral reform programmes, as well as bilateral projects under their own auspices, served as a complement to these. The massive BN-350 atomic breeder reactor was dismantled in the western town of Aktau as a result of a ten-year partnership between the United States and Kazakhstan.

The partners had to create a special railway to transport the dismantled pieces and special railway carriages to transport the 'heated' remnants in order to do this. In the same vein, military-to-military exchanges were also actively pursued, with several commanders from Kazakhstan's armed forces taking part in discussions and seminars at the George C. Marshall Centre of the US Army in Germany's Garmisch-Partenkirchen. These discussions often centred on Kazakhstan and the Central Asian nations of the Caucasus. In a completely other field, the International Tax and Investment Centre in Washington collaborated extensively with the Kazakh government to overhaul its tax and accounting systems. The government of Kazakhstan was unable to get a consistent cash stream due to the outdated Soviet-era tax law, which even caused the heating and power in the capital city to go out. This collaborative effort produced a new tax code that replaced 56 tax rules from the Soviet period with a single straightforward document, considerably streamlining the reporting and auditing processes. The team's new legislation, which was led by former U.S.

Treasury official Charles McClure, had the advantageous effect of lowering taxes while guaranteeing the government an increase and consistent flow of money. Before granting it his final assent in 2005, President Nazarbayev cautiously made sure that Kazakhstan's Congress of Entrepreneurs endorsed the new legislation. Even though there were still issues, notably for non-residents and individual taxpayers, Kazakhstan's appeal to international investors was significantly increased overall. It makes sense that many other recently independent governments implemented tax laws comparable to these.

The new national research-based university that President Nazarbayev had envisioned for the capital at Astana was planned with numerous American institutions playing a prominent role in the same spirit of change. Leaders of the new Kazakh institution selected five American colleges Duke, the University of Pennsylvania, Pittsburgh, Carnegie-Mellon, and Wisconsin as well as two British and one Singaporean university as its foreign partners after reviewing institutions throughout the globe. Under both public and private sponsorship, the number of students, teachers, and technical professionals moving in both directions increased quickly during this time. The new language policy in Kazakhstan, which designated English as the official international language and mandated that it be taught at all public schools in the nation, further encouraged such contacts. In contrast, despite a growth in the number of Americans learning the language, their numbers remained small, and they continued to rely on English-speaking Kazakh people for communication[13], [14].

## CONCLUSION

It has been a transforming journey through the constantly shifting terrain of personal, social, and international concerns to write "Changing Priorities". As we draw to a close, it is important to remember that, in addition to being a sign of human adaptability, the capacity to change course is also an essential component of tackling the significant possibilities and challenges presented by our linked globe. Throughout this story, we have seen how altering priorities act as a potent change-catalyst, affecting the choices we make as people, as well as national and international policies and business tactics. Priorities are not fixed; they change as our beliefs, goals, and the urgent problems of the day change. This story has taken us across a wide range of topics where shifting priorities have significant effects. Each area has shown the intricate interplay of incentives, difficulties, and effects that come along with changes in priorities, from the need of climate action and sustainable development to the complexities of international diplomacy and the dynamics of public health. In essence, this story serves as a reminder that the art of shifting priorities is more than just a response to the circumstances of the present; it also affirms our collective ability to control our destiny, accept new paradigms, and collaborate in order to address the complex problems and seize the limitless opportunities that lie ahead of us. It is a journey marked by rebirth, advancement, and the unyielding human spirit that has shaped history to this day.

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## CHAPTER 5

### ACRITICAL REVIEW OF EMBRACING NEW VARIABLES

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#### ABSTRACT:

A story called "Embracing New Variables" sets out on a thorough investigation of the always changing range of factors that influence our reality. This story explores how people, organisations, and communities adapt to and exploit new factors to drive development and handle problems in a period marked by fast change, interconnection, and complexity. This story begins by explaining the basic idea of variables and their function as dynamic elements that affect outcomes in diverse areas. Variables may cover a broad range, including sociopolitical changes, economic trends, technical breakthroughs, and environmental considerations. They often interact and interact in complicated ways. We study many contexts where the advent of new variables has significant ramifications as we go through "Embracing New Variables," which is a Chapter. Each topic explains the reasons, difficulties, and effects of accepting new variables, from the revolutionary promise of emerging technologies like artificial intelligence and block chain to the complexity of shifting global trade dynamics and the influence of changing climate patterns. In this story, leadership and adaptation stand out as major themes. In many cases, leveraging the potential of new variables requires visionary leaders, creative thinkers, and flexible organisations. They are leading the way in managing change, seizing opportunities, and dealing with the challenges presented by the changing environment. "Embracing New Variables" emphasises the value of cooperation, adaptation, and forward-thinking in a society where variables are more interrelated and transcend borders. It emphasises how important it is to remain on top of developments and actively influence the factors that propel advancement.

#### KEYWORDS:

Dynamics, Embracing, Modern Environment, Variables.

#### INTRODUCTION

In a world characterised by perpetual change and an ever-increasing rate of change, "Embracing New Variables" embarks on a comprehensive journey to investigate the complex dynamics of our modern environment. This story serves as an example of the transformational force of innovation, adaptation, and the human capability to interact with and use new factors that affect our reality. In essence, variables are the dynamic elements that affect results, direct choices, and shape our perception of reality. They cover a wide range, ranging from economic changes and technology developments to social and political upheavals and environmental factors. Variables often cross each other, forming complex webs of effect that both challenge and motivate us. This story begins by defining the basic idea of variables and their crucial part in determining how far humanity will go. The factors that cause change are known as variables, and they serve as our compass as we make our way through the complexity of our linked environment. As we begin the investigation of "Embracing New Variables," we will explore many fields where the appearance of new variables has significant ramifications. Each domain explains the motivations, difficulties, and transformative potential of embracing new variables, from the disruptive potential of emerging technologies like artificial intelligence and block chain to the complexities of evolving global trade dynamics and the effects of shifting climate patterns. Throughout this story, two major themes are leadership and flexibility. Visionary leaders, creative thinkers,

and flexible organisations often lead the way in navigating change, seizing opportunities, and dealing with the challenges given by the complex issues that are brought about by the changing environment of variables. They direct communities and organisations towards successful ends, acting as the architects of development.

"Embracing New Variables" emphasises the crucial need of teamwork, adaptation, and forward-thinking in a world where variables are increasingly intertwined, across boundaries and disciplines. It emphasises the need of actively influencing and using factors as catalysts for advancement rather than passively reacting to change. This story allows readers to interact with the complex web of factors that shape our modern world. It is an exploration of the transforming power of human adaptation and resilience, where the difficulties presented by novel factors are turned into chances for creativity and constructive change[1], [2].

Finally, "Embracing New Variables" honors the persistent ability of people to flourish in the face of ambiguity and complexity. It demonstrates that in a world that is always changing, we have the ability to change our fate via our engagement with the factors that determine our common future. It is a monument to the indomitable spirit that actively welcomes and utilises new variables as engines for development. We are at the centre of a rapidly changing global scene as we begin our investigation of "Embracing New Variables." The dynamics of our planet have transitioned into an age of continual, exponential change. It is a landscape where disciplines converge, countries are linked, and technologies are fused, creating new variables that challenge our established methods of thinking and doing. In this story, we'll start to reveal the intricacy that surrounds these new factors and recognize that they're not just isolated components; rather, they're tightly woven into the fabric of who we are. We will realize that our capacity to adapt, invent, and imagine a better future together gives us the ability to accept and traverse this altering landscape.

Furthermore, "Embracing New Variables" challenges us to reconsider the current quo and our worldviews. It is a call to action for people, groups, and communities to actively influence change rather than just react to it. As we interact with these new factors, we recognise that our potential for innovation and teamwork has no limitations, and it is through this interaction that we have the chance to usher in a period of unheard-of advancement. This story is essentially a celebration of human inventiveness, resiliency, and our intrinsic capacity to flourish in the face of the unpredictable and dynamic environment created by new circumstances. It is a look at the seemingly endless possibilities that lay ahead of us, where the difficulties presented by change serve as stepping stones to a better future. "Embracing New Variables" is an invitation to go forth across unknown waters, motivated by the conviction that the variables we accept today have the potential to create a wonderful and transformational future[3], [4].

## DISCUSSION

The second decade of the twenty-first century was a period of adjustment for both Kazakhstan and the United States. Both nations tried to understand the significance of the two shocks that struck in 2008—the financial crisis and the conflict in Georgia—while also having to respond to the effects of fresh instability in the Middle East and North Africa, which later spread to Ukraine. The United States' withdrawal from the security arena obliged Kazakhstan to adjust, while the United States had to contend with changing internal policies in Kazakhstan, many of which were a response to an increasingly difficult international situation. The two sides had a productive discourse during this time, and as a result of their interaction, a new mechanism for U.S. involvement with Central Asia as a whole was developed.



## Dealing with Regional and Global Unrest

The twin crises of 2008 did not instantly have a clear effect on the long-term situation. But it quickly became apparent that the financial crisis had a greater impact on the United States and Europe than on any other part of the globe, and that this had caused the West to become more and more inward-looking. This was evident in President Obama's promise to "nation-building at home," which was made at the same time as the American public's increasing dissatisfaction with overseas military operations like those in Afghanistan and Iraq. In Kazakhstan, the crisis brought home the dangers of having an economy that depends too largely on the sale of oil and gas and started a rising elite commitment to changes that would eventually take off years later. Regarding the Georgian conflict, it wasn't until later that it became clear that Russia's invasion of a neighbouring country would usher in a new era in Eurasian geopolitics, one in which major powers would feel less constrained by international laws and norms and would be more willing to do whatever they thought they could get away with. However, Kazakhstan understood this change faster than the US did. In reality, American elites only became aware of the evolving character of the region's geopolitics six years later, in part because of Russia's effective exploitation of the media domain. Up until that point, many Americans tended to either dismiss the dispute as an isolated episode or blame Georgia's impetuous leader, Mikheil Saakashvili. Kazakh authorities, who were more aware of Moscow's happenings, realised right once that something important had happened and that it may have enormous ramifications for Kazakhstan's sovereignty.

As will be shown, this increased the desire for more control over domestic political events while also motivating Kazakhstan to step up its attempts to improve the country's standing abroad. The collapse of various Middle Eastern and North African republics became a major issue for both the United republics and Kazakhstan in the years that followed. The rise of ISIS in the Levant raised concerns for both Kazakhstan and the United States about the danger it represented to regional and international security. Curiously, though, the emergence of violent radical Islamism did not result in a boost in Western admiration for Kazakhstan's secular statehood; rather, it increased American interest in Kazakhstan's problems with religious freedom. In the meanwhile, Astana was alarmed by Washington's casual response to the overthrow of a long-time ally in Egypt, which heightened worries that had already emerged during the "colour revolutions" about America's propensity for destabilising regime change. In contrast, the outbreak of the crisis in Ukraine increased cooperation between Kazakhstan and the United States. Despite adopting a circumspect stance in the war, Kazakhstan's active participation in de-escalation efforts elevated the nation, and notably its President, to a significant position in world affairs. This undoubtedly impacted Washington's decisions and, as in Brussels, gave supporters of a more organised American involvement with Central Asia ammunition[5], [6].

## Business and Commercial Ties after the Crisis

Kazakhstan's economy had been thriving until 2008. The nation had a real estate bubble and a level of bank lending that was ultimately unsustainable as a result of high oil prices. As a consequence, Kazakhstan was severely affected by the financial crisis of 2008. In the years after the crisis, only Iceland and Belgium saw more bank failures than Kazakhstan.<sup>32</sup> However, Kazakhstan was also one of the nations that recovered from the crisis by returning to stability and prosperity the quickest. The government undertook a massive rescue effort that is said to have cost 14% of the nation's GDP. More significantly, the government made private investors participate in the suffering by imposing significant "haircuts" on investors, sometimes as high as 50%. In this respect, compared to what many other nations undertook, the Kazakh rescue package was less of a bailout. However, Kazakhstan's economy suffered. After declining to 1.2 percent in 2009, growth picked up in the years that followed, reaching the mid-single digits, before declining once again to just under one percent after the 2015 oil

price crash. The 2008 crisis was significant because it raised red flags in Kazakh power centres. It emphasised how Kazakhstan could not continue to be so dependent on revenue from the extraction of oil, gas, and other basic resources. This required that the economy's diversification be given prime emphasis. This in turn necessitated significant economic changes that would promote trade and business both domestically and regionally. The leadership in Kazakhstan gradually began to understand the need of political changes in order to implement such an economic reform programme. However, the government in 2010 first concentrated on a Strategic Development Plan to diversify the economy. As a consequence, Kazakhstan's ranking in the World Bank's "Ease of Doing Business index" increased from 58th to 47th between 2011 and 2012. This focused on enhancing the business environment and produced outcomes that were almost immediately apparent. The United States firmly established its position as a significant investor in Kazakhstan's economy while these changes were being implemented in Astana. In reality, the Netherlands, where numerous international oil corporations are domiciled, came in second to the U.S. throughout the early 2010s. Between ten and fifteen billion dollars were invested directly by the United States in Kazakhstan each year, surpassing France and China and being more than twice as much as Russia. However, the energy industry continued to get the lion's share of this additional foreign direct investment.

A partnership headed by Chevron indicated in 2015 that it will invest an additional \$37 billion in the expansion of the Tengiz oilfield.<sup>36</sup> The non-oil sector's investments were insignificant in contrast. The United States nonetheless pledged to play a significant part in Kazakhstan's attempts to diversify its economy. A Kazakhstan-U.S. energy collaboration plan will deepen cooperation in 2012 to increase renewable energy generation and improve energy efficiency. The two governments collaborated as part of this programme to "support joint training and capacity building projects to promote energy management systems, industrial energy audits, as well as the mapping of Kazakhstan's geothermal energy resources." <sup>37</sup> As a consequence, other industries increasingly came into emphasis in terms of U.S. economic strategy, replacing oil and gas. Although significant, the volume of American direct investment is not increasing at the same rate as trade. Kazakhstan's international commerce is dominated by the European Union, Russia, and China, with the United States playing a very minor role with just \$ 2.4 billion in trade in 2014. Manufacturing had a relatively consistent position among the different industries, accounting for between \$1 billion and \$1.5 billion. The trade in agricultural products, which began at very low levels and increased significantly between 2009 and 2016, went from \$18 million to \$68 million and then to \$116 million. Overall exports from Kazakhstan to the United States grew over the same time period by many orders of magnitude. The Kazakh administration never stopped laying the foundation for better commercial ties. A new legislation was introduced in 2014 with the intention of enhancing the business environment. It included a preference programme for investors in "priority investment projects."<sup>39</sup> And twenty-one years after Kazakhstan's original application for membership, the two countries' efforts were finally rewarded in 2015 with Kazakhstan's formal entrance to the World Trade Organisation. These advancements in 2014 were eclipsed by more detrimental advancements. Due to Western sanctions on Russia brought on by the fall in oil prices late in the year and the worsening of Russia's ties with the West, the Russian economy saw a significant decline. Due to Kazakhstan's extensive trading links with its northern neighbour, this in turn had an indirect but considerable effect on the nation. Early in 2016, Kazakhstan's economy experienced a decline that compelled the government to float the value of the tenge, which resulted in a significant loss versus the dollar. However, the economy was able to reach low single-digit growth in 2016.<sup>40</sup> Although Kazakhstan opposed the Western sanctions system, the bilateral relationship between the United States and Kazakhstan was not permitted to suffer. We will soon observe that the relationship between the United States and Kazakhstan achieved a new high starting in 2016[7], [8].

### **Nuclear Security: A Conversation Starter**

Barack Obama, the recently elected president of the United States, outlined his vision for a world free of nuclear weapons in April 2009. This was a departure from past U.S. policy, which had regarded nuclear disarmament as a goal but did not pursue the complete eradication of nuclear weapons. Obama has come under fire for not doing nearly enough to carry out his plans; detractors point out that George W. Bush lowered the US nuclear arsenal considerably more quickly than Obama did. Nevertheless, President Obama made nuclear disarmament a top priority in American foreign policy and developed a new structure, the Nuclear Security Summits, to bring the topic up in gatherings of global leaders. As we have previously remarked, Kazakhstan has long positioned resistance to nuclear weapons as a key component of its foreign policy. The belief of President Obama that the idea of ensuring security via reciprocal nuclear deterrence was no longer relevant was reminiscent of numerous remarks made by President Nazarbayev over the years.<sup>42</sup> Two days after Obama's speech, President Nazarbayev expressed Kazakhstan's interest in hosting an international nuclear fuel bank to store low-enriched uranium<sup>43</sup>, an idea put forth by the U.S.-based Nuclear Threat Initiative and backed by the International Atomic Energy Agency. He made the announcement while Iran's Mahmoud Ahmadinejad was visiting Kazakhstan. Kazakhstan's long-standing tactic of using nuclear diplomacy to reaffirm commonality with U.S. interests would once again be successful thanks to Obama's policies and Nazarbayev's measures that maintained Kazakhstan at the forefront of nuclear politics. The biannual Nuclear Security Summits, which started in 2010, gave Presidents Obama and Nazarbayev frequent chances to speak one-on-one. Towards their meeting in April 2010 in Washington, the U.S. negotiators decided to collaborate with Kazakhstan to create "a substantive agenda for an OSCE Summit," putting the U.S. closer to endorsing the holding of such a summit towards the end of the year.

The two also used the chance to talk about other issues, such as Kazakhstan's internal reforms, the continuing Afghan war, and American use of Kazakh airspace for transit to Afghanistan.<sup>45</sup> Two years later, when they reconnected in Seoul, President Obama made a special effort to recognise Kazakhstan's example of disarmament.<sup>46</sup> The Russian invasion of Crimea, which was taking place at the time of the summit, overshadowed their meeting in March 2014 at the Hague. It is logical to infer that the Ukraine situation predominated President Nazarbayev's bilateral meeting with President Obama given his involvement in attempting to resolve the conflict. The two leaders finally reconnected in Washington in 2016. The foundation of the International Low Enriched Uranium Bank in Kazakhstan, which started operations the following year, was approved during this summit, which was also a political victory for Kazakhstan. All of these events serve to emphasise how important nuclear diplomacy was to the development of ties between the United States and Kazakhstan during the Obama administration. Although the connection was well-established at the administrative and diplomatic levels, U.S. foreign policy focus and priorities change with each presidential transition. The focus on nuclear disarmament by President Obama was a great match with long-standing Kazakh interests and created a solid foundation for the establishment of a high-level discussion between the two nations. As will be shown, this shared goal also served as a kind of immunisation for Kazakhstan against the rising activity of those who opposed the U.S. government's handling of internal matters in Kazakhstan<sup>[9]</sup>, <sup>[10]</sup>.

### **Kazakhstan's Global and Regional Role**

During this time, U.S. policymakers paid more attention to Kazakhstan's expanding influence in world events. While American authorities came to see that Kazakhstan was a power to be reckoned with and one that contributed positively to the management and settlement of both regional and global issues, Kazakh and American leaders did not always agree on everything.

We have seen that differences about the speed of Kazakhstan's internal reforms caused controversy in the United States during Kazakhstan's OSCE Presidency. The U.S. government initially opposed hosting an OSCE summit, which hadn't happened since 2000, but later decided to support the Astana Summit in December 2010. Additionally, Kazakhstan's OSCE chairmanship proved Kazakhstan's capacity to constructively assist in regional conflicts. The upheaval in Kyrgyzstan that resulted in Kurmanbek Bakiyev's resignation as president occurred to take place around the time of the April 2010 Nuclear Summit. The former president had relocated to his home territory in the south of Kyrgyzstan and was being protected by a sizable following. A hundred people were killed as a result of Bakiyev ordering security forces to open fire on protestors in Bishkek, prompting protestors in the north to call for his arrest. This paved the way for a developing conflict that threatened to split Kyrgyzstan in two and deepen regional tensions that have dogged the nation since its independence. Nazarbayev met with President Obama and President Dmitry Medvedev at the Washington Summit to discuss and get their support for Kazakhstan's plan to fly Bakiyev out of the country. After a brief stay in the city of Taraz in eastern Kazakhstan, Bakiyev was given refuge in Belarus. The prompt intervention by Kazakhstan reduced tensions in Kyrgyzstan and shown its willingness to take appropriate action to preserve regional stability. The collaboration with both the United States and Russia boosted Kazakhstan's ability to operate as a go-between who could do so with the backing of big powers that were otherwise very wary of one another's motives. Taking this knowledge and applying it to the Iranian nuclear situation.

While the Obama administration had made significant financial investments in its outreach to Tehran and had started taking an active position in the P5+1 discussions with Iran, by the summer of 2012 these conversations had come to a standstill. Further talks were subsequently proposed by Kazakhstan, and these took place in Almaty between February and April 2013. Despite the fact that these sessions produced no tangible outcomes, they continued the negotiating process until Hassan Rouhani was elected president of Iran in June. The Iranian nuclear agreement, which was finalised in June 2015, started to take form during fresh negotiations that took place in Geneva later that year. Whatever their precise value, the Almaty negotiations once again showed Kazakhstan's ability to bring together significant players and that it had gained both the West and Iran's confidence. In the year that followed Kazakhstan's participation in the talks with Iran over its nuclear programme, hostilities between Russia and Ukraine broke out. Kazakhstan was concerned on multiple levels about this confrontation and the impending stalemate between Russia and the West. Kazakhstan has substantial partnerships with both Russia and Ukraine, and the economic effects of Western sanctions on Russia were felt strongly in Kazakhstan. The territorial war between the two nations worried Kazakhstan as well. Kazakhstan has consistently voiced support for the territorial integrity of Ukraine while simultaneously expressing "understanding" for Russian views on the Crimea. Although this viewpoint caused debate in the West, its history is still not well known. Following the Soviet handover of the Crimea to Ukraine in 1954, considerable portions of southern and western Kazakhstan were transferred to Uzbekistan and Turkmenistan. Unlike the transfer of Crimea, these transfers were later undone once Leonid Brezhnev took office in 1964. This past made Kazakhstan hostile to the border adjustments made during the Khrushchev period, which led to its "understanding" of Russia's viewpoint. Because Putin's introduction of the idea of "Novorossiia," or "New Russia," raised the obvious question of whether Russian nationalists considered Kazakhstan's northern territories to be part of this new entity, as well as what implications this might have on Kazakhstan's ethnic Russian population, Kazakhstan was still more concerned about the conflict in eastern Ukraine. These factors made it difficult for Astana to balance its actions. Its subsequent moves included ones that displeased both Russia and Ukraine as well as their Western allies. Moscow was vehemently opposed to Kazakhstan's early approach to the Ukrainian administration after the Maidan.

President Nazarbayev actively sought to preserve communication between Russia and the West as well as between Russia and Ukraine, rejecting the position of a spectator to these events. Minsk became the most popular location for meetings between the protagonists due to geographic considerations, although Kazakhstan did more than any other nation to facilitate these discussions, particularly a summit including the Eurasian Customs Union, the EU, and Ukraine in August 2014. As opposed to Kazakhstan, Belarus' capacity to act as a go-between was constrained by tense ties with both Russia and the West. Contrarily, President Nazarbayev took use of his close connections to international leaders to keep the lines of communication open between the concerned parties. Although the U.S. was not a direct participant in the discussions that followed, this crisis in Ukraine and Syria were at the moment the two biggest concerns for U.S. foreign policy. As a result, Kazakhstan and other countries were often consulted, even at the presidential level. Later, Kazakhstan will play a key role in holding peace discussions for Syria as well. However, it was clearly evident to U.S. policymakers in 2014 that Kazakhstan was a crucial and independent partner with substantial convening power, and that it had played a valuable role in resolving disputes and crises that were crucial to U.S. national security[11], [12].

### CONCLUSION

The intriguing trip through the dynamic terrain of change, creativity, and the transforming potential of adapting to new variables that "Embracing New Variables" has been has been one of discovery. As we come to the end of our investigation, we are reminded that our capacity to accept and utilise these factors is a monument to the limitless human potential for advancement and change, not merely a reaction to the world's ongoing development. We have seen how factors act as both opportunities and difficulties throughout this story, influencing our choices, policies, and tactics in a variety of contexts. As we've seen, variables interact with one another to create intricate pathways that call for careful navigating. As major themes, creativity, flexibility, and leadership have emerged, emphasising the crucial roles these traits play in navigating a constantly shifting environment. Innovative companies, resilient cultures, and visionary leaders have all shown they are able to actively shape change rather than just react to it. In conclusion, "Embracing New Variables" is a monument to the human spirit's tenacity and its capacity to successfully negotiate the complex web of variables that characterises our modern world. It serves as a reminder that the future is a blank canvas on which we may draw the most stunning and brilliant images, so long as we continue to be flexible, inventive, and open to new possibilities. It is a call to continue the path of learning and growth, conscious of the fact that the variables we accept now are stepping stones to a bright and ever-evolving future.

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## CHAPTER 6

### UNDERSTANDING AMERICA'S AMBIVALENCE

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#### ABSTRACT:

The provocative story "America's Ambivalence" examines the intricate and multidimensional connection that the United States has to its fundamental ideals, beliefs, and position in the world. This story explores the subtleties of America's place on the worldwide arena and its internal battle to strike a balance between its ideals and the reality of the contemporary world in a period distinguished by growing ideologies, shifting alliances, and a dynamic international environment. This story begins by outlining the fundamental values—such as democracy, freedom, and human rights—upon which the United States was founded. These tenets have long served as the cornerstone of American identity and foreign policy, guiding the country's dealings with other nations. Through "America's Ambivalence," we explore a wide range of areas where the US struggles with conflicting objectives and interests. Each area reveals the reasons, difficulties, and outcomes inherent in America's struggle to defend its principles while navigating the complexity of the 21st century, from its position in global governance and security to economic policy and environmental stewardship. The story also looks at how public opinion and leadership influence America's ambivalence. The nation's position on important topics is often influenced by visionary leaders, public conversation, and cultural movements, reflecting the dynamic character of American democracy. "America's Ambivalence" highlights the crucial significance of adaptation, diplomacy, and a sophisticated grasp of international relations in a world where global concerns have grown more interconnected. It emphasises how important it is to balance practicality with idealism while tackling today's most serious problems.

#### KEYWORDS:

Ambivalence, Contemporary World, Economic Policy, Interconnected.

#### INTRODUCTION

In "America's Ambivalence," a riveting quest to understand the complex web of ambivalence that characterises the American connection with its fundamental ideals, global position, and the complexity of the contemporary world is set in motion. This story explores the complex interactions that shape America's place on the international arena and sheds insight on the internal conflict that America faces in trying to balance its ideals with the reality of the modern world. The United States was established on guiding ideals such as democracy, respect for human rights, and the pursuit of liberty. It is often referred to as the country of opportunity and freedom. These values have formed the nation's identity and controlled its dealings with the rest of the world for millennia. We go into a wide range of fields as we explore "America's Ambivalence," where the country struggles with conflicting values and interests. Each area reveals the reasons, difficulties, and outcomes inherent in America's struggle to defend its principles while navigating the complexities of the 21st century, from its position in global governance and security to economic policy and environmental stewardship. America's ambivalence is greatly shaped by leadership, both political and social. The nation's position on important topics is often influenced by visionary leaders, public conversation, and cultural movements, reflecting the dynamic character of American democracy.

These factors may cause adjustments to priorities and tactics, demonstrating how American principles are always evolving. "America's Ambivalence" highlights the crucial significance of adaptation, diplomacy, and a sophisticated grasp of international relations in a world where global concerns have grown more interconnected. It highlights the need to balance realism and idealism, acknowledging that upholding fundamental values sometimes necessitates negotiating challenging geopolitical environments.

This story challenges readers to consider the complex relationships that shape America's place in the world and its internal battle to reconcile its ideals with the realities of the modern day. It is a voyage through the changing identity of a country at a turning point as it struggles with its ideals and the obligations it has as a world leader. Finally, "America's Ambivalence" illustrates the complex and even conflicting character of the United States' position in the contemporary globe. It is a story that honours the nation's founding ideas of lasting democracy while also recognising the difficulties and complications the country has in upholding these values in a world that is always changing. In a time when global politics, economy, and morals are undergoing seismic upheavals, "America's Ambivalence" takes centre stage as an examination of the internal conflict that exists inside the United States between its founding ideals and the changing reality of our linked globe. The country that fervently professes to be the defender of democracy, human rights, and individual liberty finds itself in a precarious position where the pursuit of these objectives often collides with intricate international relations, pressing economic issues, and environmental concerns[1], [2].

The tale of America's ambivalence is a dynamic one that changes as time goes on; it is not a static one. It tells the story of a country that struggles to balance its responsibilities as a world leader, a symbol of freedom, and a defender of human rights while also dealing with the many difficulties brought on by a world that is changing quickly. It is a tale of resiliency, flexibility, and unwavering dedication to the principles that have come to symbolise the American spirit. We will discover the threads that bind the country's intricate fabric of beliefs, interests, and obligations as we explore further into "America's Ambivalence." We will see how leadership shapes the country's position on a wide range of topics, both inside the halls of power and among the many voices of American society. And we will tackle the crucial issue of how to negotiate the constantly changing terrain of international relations without betraying the values on which the country was built. This story should serve as a wake-up call to all countries and people who are struggling to understand the intricacies of our contemporary world, not just the United States. It is an invitation to take on the responsibilities and possibilities that come with serving as a global leader while also acknowledging that the pursuit of values requires flexibility, goodwill, and a thorough understanding of the current global dynamics. "America's Ambivalence" is essentially a voyage into the soul of a country as it wrestles with its own inconsistencies and attempts to find a balance between its timeless ideals and the complex reality of our constantly shifting international scene[3], [4].

## DISCUSSION

The effects of the 2008 financial crisis on American policy were apparent between 2010 and 2015. America's determination to lessen its worldwide impact has a significant impact on Kazakhstan. Nevertheless, the Obama administration's strategy was not uniform. Astana was supportive of the Obama administration's outreach to Iran because it saw a diplomatic resolution to the Iranian nuclear issue as being far preferable to a military conflict that would escalate regional unrest and cause new tensions between the great powers, on which Kazakhstan depended for its own security and economic growth. Astana's response to Obama's "Reset" with Russia was, at best, neutral. It welcomed better ties between the two superpowers but was wary of the possibility that the "Reset" might result in America withdrawing from Central Asia. The American stance in Afghanistan made that danger worse: Kazakhstan and its neighbours were taken aback when President Obama announced in

December 2009 that the United States would withdraw from Afghanistan by the end of 2011. This was due in part to the fact that they had not been informed of the decision before it was made, but also because they questioned the reasoning behind starting a military "surge" while also setting a deadline for the operation. Astana was worried that the Obama administration was sending the message that the U.S. was primarily focused on an exit plan, with little consideration given to the circumstances and effects of doing so.

Whether they liked it or not, the United States offered Kazakhstan and other Central Asian countries good cause to wonder whether it would still act as a check on Chinese and Russian dominance in the area. Minimising tension between Kazakhstan's major power neighbours and the West was a cornerstone of its foreign strategy. Therefore, Kazakh authorities welcomed Obama's desire to seek a better relationship with Moscow. However, they were well aware that this "reset," despite Washington's protests, would inevitably result in a decrease in U.S. engagement with states of Central Asia and the Caucasus, and thus a softening of U.S. opposition to provocative Russian moves in those regions. For instance, they pointed out that the Americans did not allow Russia's ongoing aggression against Georgia to obstruct their own reset diplomatic efforts. Furthermore, they pointed out that the United States did not speak out when Moscow forced Ukraine's new leader, Viktor Yanukovich, to make important strategic concessions, such as the extension and expansion of Moscow's naval base in Sevastopol and Moscow's growing sway over Ukraine's security institutions.

The Obama administration also failed to criticise Moscow for pressuring the Kyrgyz government to shut down the American air facility at Manas and for mounting a successful effort to overthrow the Bakiyev government in Bishkek when it broke its pledge to Moscow to do so. Indeed, the 2010 revolution and the subsequent violence in southern Kyrgyzstan were caused by price increases by Russian energy companies as well as a coordinated campaign against Bakiyev by Moscow's state media, which compelled Astana to intervene and airlift Bakiyev out of the country. When Russia advocated a military involvement in Kyrgyzstan that year, the United States did not even resist, leaving China and Uzbekistan to lead the opposition to such a move. As independence from Moscow had been a proclaimed objective of U.S. policy since 1991, Kazakhstan saw this as a decrease in America's strategic commitment to the nations of the area and to its own freedom. All of these worries were heightened by Obama's Afghanistan strategy. The Bush Administration's choice to prioritise Iraq over Afghanistan was not well received by Central Asians. Of truth, this change of focus by the United States away from their neighbourhood had been a significant problem since the nations in the area had taken a significant risk by supporting the American combat effort against the Taliban and Al Qaeda. As a result, they applauded Obama's early differentiation between Iraq and Afghanistan as well as his designation of Afghanistan as the "good war" during his 2008 presidential campaign.

In fact, Obama pledged an extra \$1 billion in non-military assistance as part of his electoral campaign to boost national development. Once in office, however, Obama undertook a thorough policy review because he saw a developing tension between this commitment to Afghanistan and the Democratic Party's anti-war side, which was spurred by American weariness with foreign conflicts. Obama ultimately sought to straddle two positions: despite declaring a "surge" in Afghanistan in December 2009, he committed much fewer extra personnel than what American commanders on the ground had requested, while also promising to remove troops by the end of 2012. Since they had not been included in the decision-making process, this strategy alarmed Central Asian elites, notably Kazakhs. A deadline declaration also seemed counterproductive to them (as it did to many Americans), since it told the Taliban that all they needed to do to win was outlast the Americans. The U.S. reaction to the Arab uprisings, which started with the collapse of the Ben Ali administration

in Tunisia and concluded with the ouster of Hosni Mubarak in Egypt, further complicated ties between Astana and Washington. Following this, strongmen in Syria and Libya started civil wars because they were unwilling to relinquish power. The United States hailed these events as democratic victories, much as it had done during the "colour revolutions" of 2003–2005.

The American commentariat was, if anything, even more optimistic, seeing a prosperous, democratic Middle East. To be true, the Obama administration had sharp disagreements on the matter and came under fire for allegedly not supporting "democratic" reform strongly enough. In May 2011, Obama responded to these voices by declaring that "it will be the policy of the United States to promote reform across the region, and to support transitions to democracy."<sup>48</sup> The Kazakh government saw these protests as ominous precursors of instability and anarchy and compared them to the "colour revolution" in neighbouring Kyrgyzstan. The 1990s in Kazakhstan were seen as proof of the advantages of slow, evolutionary transformation by the country's authorities. The South Caucasus and Tajikistan's state of instability continued to colour their outlook. Both towns had undergone revolutionary transformations that, in their opinion, had resulted in chaos and poverty. They have not been disproven by subsequent occurrences. Only Georgia and Tunisia have survived their revolutions relatively undamaged, whereas Egypt, Kyrgyzstan, Libya, Syria, Ukraine, and Yemen have all fallen victim to internal strife and instability, and even Georgia and Tunisia seem to be losing ground.

Is it shocking that Kazakhstan's authorities believed the Obama administration's handling of the Arab uprisings was dangerously naive and disgraced America as an ally? The forces pushing for Kazakhstan's inclusion in the Eurasian Customs Union and later the Eurasian Economic Union may have been strengthened as a result of America's apparent support for regime change throughout the Middle East, and Kazakhstan may have, at least temporarily, developed a dimmer view of the United States as a partner. In light of all of these events, Kazakhstan and its neighbours began to doubt the United States' commitment to the security and independence of their area and began to speculate about the possibility that Washington would one day help their own violent overthrow. It demonstrated the eroding support from both political parties in the US for a strategy that regarded Central Asia as a crucial global area in and of itself, whose independence from Russia was in Washington's interest to retain. For Kazakhstan, whose foreign policy clearly aimed to maintain a multi-vector and balanced interaction with global powers, this presented a specific issue. This strategy was only workable provided the various "vectors" in it played the roles they were allocated to them, i.e., by counteracting one another by being present in Central Asia. It would be difficult for Kazakhstan to preserve its independence if the United States refused to take on that responsibility[5], [6].

### **The Freedom Agenda and the Human Rights Issue**

Alongside these changes, American citizens who were worried about Kazakhstan in particular and Kazakhstan's newly independent republics in general increased their activism from 2009 to 2012. During the initial years of the Obama administration, Kazakhstan received new attention from the government's Institute of Peace in Washington, the Carnegie Corporation, the Open Society Institutes, Human Rights Watch, and different religious organisations. These organisations engaged with government agencies and, in particular, with local nonprofit organisations that had grown up with American or European support. Many of these interactions resulted in discussions that both parties found to be fruitful. This was especially true of programmes that the National Democratic Institute and International Republican Institute carried out in collaboration with Kazakhstani counterparts. The Kazakh government first saw these measures as helpful steps towards their resolution since it was well aware that Soviet administration had left a legacy of unsolved difficulties in the field of human rights, civil society, religious life, and freedom of the press. Many of these



interactions, however, turned out to be difficult for both parties. Some American human rights activists and supporters of civil society came to the conclusion that Kazakhstani authorities were obstructing or openly opposing their activities. The Bureau of Democracy, Human Rights, and Labour at the State Department took a vehemently anti-government attitude against what it seen as the backward practises of all the Central Asian regimes, including Kazakhstan. This agency not only often trampled on State Department superiors, but it also conducted its campaigns within Kazakhstan. Not surprisingly, many top officials there came to the conclusion that some of their American visitors—both official and unofficial—were more interested in publicly criticising their hosts than in coming up with workable answers to the issues at hand. And although American supporters of civil society and human rights thought it was perfectly acceptable to establish cooperative relationships with individuals and organisations in Kazakhstan, their official hosts believed they were upending the established order and took steps to shut down a number of them.

The years 2008 to 2012 saw a climax in these tensions. Back in Washington, the Department of State was mandated by law to track human rights around the globe and report on its results on a regular basis to Congress. The Bureau of Democracy, Human Rights and Labor's research team lacked the necessary manpower and language expertise for the assignment at hand. Due to this, its officials, like those of the U.S. Commission for International Religious Freedom, made the decision to depend on information they had obtained "over the transom" from human rights organisations and special interests. The Bureau had limited ability to independently check its own reports, and Congress neglected to seek independent verification of the Bureau's assertions. Additionally, Congress did not request that reports contain concrete plans for correcting the different problems that surfaced.

The Bureau's yearly reports to Congress became part of the public record and were often seen as authoritative, which was seldom the case. They comprised a mixture of accurate observations and biased reporting. A difficult situation was further exacerbated by this procedure, which was driven by bureaucratic needs and warped by special interests and unproven reporting. The subject of religious freedom was especially delicate. Kazakhstanis have grown used to total governmental control over religion while living under Communism. Kazakhstan followed its neighbours in permitting religious activity after attaining independence, and work on removing the institutional atheism that predated Soviet control got under way. To do this, it chose a secular type of governance that is largely comparable to that of the West. Strangely, Western countries seldom recognised this crucial truth; suffice it to say that the 1992 Freedom Support Act of the United States includes no mention of the need of preserving secular laws, courts, and educational institutions. Kazakhstan's population is more secular than its neighbours in Central Asia, therefore the country felt safe enacting laws that distinguished between state and church. They did not aim for the total integration of state and religion as is typical in Muslim nations. However, by the 2000s, intolerant and extreme strains of Islam were becoming more and more prevalent in the area. Astana tightened its restrictions on religious activities to combat this trend, for which it received harsh criticism from both governmental and non-governmental organisations in America.

This controversy's context was set by two odd events. First, after seven decades of communism, during which time traditional religious organisations had been utterly destroyed, Central Asian republics were left with a legacy to deal with. This put them in a similar position of disadvantage against powerful, forceful religious movements who started to proselytise in the area. These included some converts from other religions as well as extreme and even extremist Muslim organisations from the Gulf, South Asia, and Turkey. Worldwide lower denominations in all currencies. Kazakhstan and other Central Asian nations have firmly sided with traditional indigenous religious groups in their escalating conflict with more extreme foreign currents. Foreign religious activists in Kazakhstan were subject to

restrictions that were put in place to stop the spread of radical Islam from the Middle East and South Asia and to first enable conventional religious life to recover from Soviet tyranny. By doing this, Kazakhstan embraced a definition of secularism akin to France's *laïcité*, which recognises a space for religious expression while simultaneously aiming to uphold society's agnosticism.

This relates to the second distinctive condition, namely the prevalence in America of a secular government approach that places a premium on the state's neutrality towards religion and the unquestionable supremacy of each individual's right to practise their faith as they want. In large part, American activists and government representatives failed to acknowledge the legitimacy of Kazakhstan's religious concerns and instead claimed that Kazakhstan's limited approach was intended to target "especially pious" people—by which they meant radical missionaries. Some even said that radicals were seducing the religious into joining them in Kazakhstan. Although common, such statements have never been supported by evidence and have been debunked by the research on the causes of extremism that has exploded in the last 20 years.<sup>49</sup> Many Americans were aware of these and other problems that had developed between the United States and Kazakhstan. Members of Congress established the Kazakhstan Caucus to foster positive ties with Kazakhstan in an effort to take a more balanced approach. The Congressional Caucus, assisted by U.S. ambassadors and business leaders, has promoted contacts and exchanges through which each side can better understand the other's concerns rather than advancing concrete solutions to this and other sources of misunderstanding between the two peoples<sup>[7], [8]</sup>.

### **From “New Silk Road” to C5+1**

Kazakhstan suffered severely from being a landlocked nation with no other land connections to the outside world, much like its neighbours across Central Asia. Even though the area had long-standing transit connections with South and Southeast Asia, they had been cut off by Soviet administration throughout the most of the twentieth century. The United States' "New Silk Road" programme was introduced to address this issue in July 2011 at a speech by Secretary of State Hillary Clinton in Chennai, India. The idea, which was simple and effective, was to revive Afghanistan's historic role as a "roundabout" between routes leading west to the Middle East and Europe, north to Central Asia, and east to the Indus Valley, i.e., Pakistan, India, and Bangladesh, in order to unleash the economic potential of that country.<sup>50</sup> This concept necessitated the construction of both physical and soft infrastructure, none of which existed, and at the same time called for diplomatic action to ease long-standing border tensions that were impeding commerce. Neither of these materialised. Despite the promise of the New Silk Road idea, the office in charge of putting it into action never received the funding necessary to complete its tasks, much less fund significant initiatives. Secretary Clinton never again brought up the New Silk Road in a public address after her speech in Chennai. What was more alarming being the lack of discussion by either President Obama or the National Security Advisor, demonstrating that it received no high-level political backing in Washington. When John Kerry took over as Secretary of State in 2012, he showed no sign of being interested in the initiative. Critics started to question if the "New Silk Road" wasn't just a handy pretext for the United States to leave Afghanistan.

But Beijing and Moscow did pay attention to the development of the New Silk Road. It spurred Russian attempts to integrate Central Asia into their institutions in Moscow and made Sergey Lavrov, the foreign minister, angry over American plans for "Greater Central Asia." Beijing, however, took a decisive action when it became apparent that the American administration was unwilling to provide the initiative with substance. President Xi Jinping proposed the establishment of China's own "Silk Road Economic Belt," a forerunner to the Belt and Road Initiative, when speaking in Astana in 2013. Despite blatantly stealing the U.S. initiative's name, Xi gave it considerable financial support and high-level political attention.

However, Beijing's reaction to the American proposal blatantly demonstrated the fragility of Washington's commitment to the area. Of course, China's funding schemes have a tendency to burden recipient governments with onerous debt. The need for a framework for regional engagement between the United States and Central Asia did not go away with the collapse of Washington's New Silk Road programme. A discussion arrangement termed "Central Asia plus Japan" that included annual meetings between Japanese and Central Asian foreign ministers or senior officials was introduced by Japan as early as 2004. The European Union soon after introduced a similar programme known as "EU-Central Asia Ministerial Meetings." The United States was the only major power without a policy tool for regional communication with Central Asia by the early 2010s. To fill this gap, forces both within and outside the American government worked. The Uzbek government has previously put up such a concept in the middle of the 2000s. However, at the time, such a framework was impractical due to the deterioration in U.S. ties with Tashkent after the events of 2005. But in 2010, the U.S. and Kazakhstan established Annual Bilateral Consultations under the Strategic Partnership, a framework that allowed the two governments to consult and work together on a range of issues, including their bilateral relations and regional issues. 2014 saw the possibility of establishing a consultative body like to the one first established by Japan being discussed by a group of American and Kazakh intellectuals, which included both of the current writers. However, they contended that it should also include Afghanistan, establishing a "Central Asia Six Plus One" framework with the US.<sup>51</sup> The concept was favourably accepted in Astana, and the advancement of ties between the United States and Kazakhstan made it feasible to bring up the issue once again at the highest levels in Washington. When Erlan Idrissov, the foreign minister of Kazakhstan, visited Washington and met with John Kerry in December 2014, he argued in favour of it. The State Department reacted favourably, and in September 2015, Secretary Kerry met with the foreign ministers of the five Central Asian countries in New York on the fringes of the UN General Assembly. They decided to implement the new system, called the C5+1, at this meeting. Although Afghanistan was not included in the format, it eventually resulted in the development of a system for high-level meetings between the United States and Central Asia. Samarkand hosted the inaugural C5+1 meeting in November 2015. The six nations established working groups under the C5+1 on regional security, environmental protection, and renewable energy sources. A number of initiatives have been launched using the structure, including ones for economic development, counterterrorism, and the development of transit corridors, using a \$15 million allocation from the U.S. Congress[9], [10].

## CONCLUSION

"America's Ambivalence" ends with a meditation on the complex picture of the country's place in the modern world. It is a story that has shed light on the nuanced relationships between America's essential values, its duties to the world, and the shifting dynamics of the contemporary period. We have seen how the United States, which was established on the values of democracy, freedom, and human rights, deals with the reality of a globalised world throughout this investigation. It is a country that often finds itself at odds with its principles and the intricate network of international politics, economy, and environmental problems. The story has emphasised how important leadership is in determining the country's position on important problems, both in the political sphere and among the many voices of American society. We have seen how popular movements and imaginative leaders can shape agendas and negotiate the complex terrain of international diplomacy. In essence, this story is a monument to the perseverance of the United States, a country that adapts and changes while steadfastly upholding the ideals on which it was founded. It is a call to action and contemplation for all countries, not just America, as they negotiate the difficult waters of global governance while attempting to defend their ideals in a constantly shifting environment.

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## CHAPTER 7

### NEW FOCUS, NEW GROUNDING: A REFLECTIVE THEORY

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#### ABSTRACT:

"New Focus, New Grounding" is a reflective story that sets off on a life-changing journey of individual and societal development. This story addresses the transforming potential of redirecting our efforts, reevaluating our values, and discovering new sources of grounding in the face of life's uncertainties in a society marked by fast change, changing priorities, and the search for meaning. This story opens by shedding light on the common human experience of adjusting to change and looking for direction in an environment that is becoming more complicated. It recognises the intrinsic yearning to discover meaning and a feeling of community among the turbulent currents of contemporary existence. Through "New Focus, New Grounding," we explore a variety of areas where people and communities go through change. Each area explores the reasons for adopting a new emphasis and source of grounding, as well as the difficulties and results of doing so. These topics range from personal tales of self-discovery and reinvention to societal transformations in values, sustainability, and community-building. The story emphasises the important idea of flexibility and resilience. It demonstrates how people, groups, and society may steer towards regeneration by altering their priorities and looking for new viewpoints throughout times of transition. This story is meant to be a reflection prompt on the transformational power of change, the tenacity of the human spirit, and the opportunities that open up when we redirect our efforts and find new sources of stability. It is a celebration of the inherent ability for development and regeneration present in each and every one of us.

#### KEYWORDS:

Development, Demonstrates, Experience, Perpetual Change.

#### INTRODUCTION

A thorough examination of the human experience at a time of perpetual change, shifting priorities, and unrelenting search for meaning and purpose is undertaken in "New Focus, New Grounding." It is a story that encourages us to take a moment to halt and think about our individual and communal travels, and it challenges us to think about the transforming potential of concentrating our efforts and finding fresh sources of stability in a world characterised by uncertainty. The contemporary world is a dynamic patchwork of altering internal and exterior environments. Each of us navigates the currents of change in our own special manner, looking for meaning and a place to fit in among the turmoil of modern life. It is a common human endeavor to discover meaning and purpose, one that cuts beyond boundaries, cultures, and generations. The opening of "New Focus, New Grounding" acknowledges the universal human yearning to understand our existence. It acknowledges that as people and cultures, we have an innate need to find meaning and purpose, to comprehend where we fit into the larger picture, and to develop a feeling of stability that can resist the ebbs and flows of change. We will dig into a variety of areas as we start this inquiry in order to better understand how the transformational process of refocusing and reevaluating takes place. Each area reveals the motives, difficulties, and effects of adopting a new emphasis and discovering new sources of grounding, ranging from personal experiences of reinvention and self-discovery to more general societal transformations in values,



sustainability, and community-building. A major theme of adaptation and resilience runs through the story. It emphasises how people and communities may seize the potential of change as a chance for development and rebirth. In the face of life's inevitable changes, it honours the human potential to reevaluate priorities, develop resilience, and uncover new dimensions of who we are[1], [2].

"New Focus, New Grounding" emphasises the need of reflection, connection, and a thorough grasp of our underlying beliefs in a society where the quest for meaning and harmony is a never-ending journey. It encourages readers to participate in the universal search for clarity and stability, acknowledging that change and uncertainty may lead us to discover fresh sources of power and meaning. This story invites us to reflect on the immense possibilities that open up when we redirect our efforts and set out on a journey of self-discovery and regeneration. It is a celebration of the human spirit's tenacity and its ongoing search for purpose and stability in a world that is always changing. Finally, "New Focus, New Grounding" is a story that resonates with people and communities as they travel the difficult and always changing terrain of life. It is a monument to the enduring human potential for development, regeneration, and the finding of fresh points of stability that provide fortitude and direction in a constantly shifting environment. Without a doubt, the following lines will improve the opening to "New Focus, New Grounding":

"New Focus, New Grounding" stands out as a philosophical journey into the core of the human experience in a time marked by quick technology developments, cultural changes, and the never-ending search of progress. It invites us to halt in the midst of life's never-ending storm and consider the fundamental nature of our existence. It acknowledges that everyone of us has an innate need to establish bonds with other people and the wider environment, as well as to look for a feeling of stability that will comfort us through trying times. The contemporary world itself, a dynamic tapestry woven with the threads of change and adaptation, serves as the canvas on which we explore this story. The human need for clarity, purpose, and perseverance in the face of uncertainty is reflected in both our personal narratives and the overarching tale of our society.

"New Focus, New Grounding" is more than simply an investigation; it is also a testament to the human spirit's unrelenting search for wisdom and balance. It is evidence of our ability for development, change, and the identification of unrealized potential inside. It serves as a reminder that, even in a time of great change, we have the ability to adjust our goals, assess our principles, and reignite our fundamental beliefs. We shall go through the several dimensions where the transforming path of refocusing and reevaluating takes place as we begin this tale. These tales—both private and public—show the resiliency and adaptation that characterise our common human experience. "New Focus, New Grounding" emphasises the necessity of reflection, connection, and the steadfast trust in our essential values in a world where the search for meaning is a never-ending quest. It is an invitation to participate in the age-old quest for clarity and stability while realising that, even in the most trying circumstances, we have the inner power to come out stronger and more energised. This story is essentially a tribute to the human spirit's limitless capacity for development, rejuvenation, and the search for new sources of stability. It is a deep awareness that despite the always changing landscape of life, we have the natural ability to choose our own path, reevaluate our goals, and discover new facets of our existence[3], [4].

## DISCUSSION

Although the overall structure of ties between Kazakhstan and the US has been rather steady over the last three decades, there have been times when significant revisions were required. Never before has this been more urgently required than from 2015 through. Significant worldwide geopolitical changes have taken place during this most recent period of the partnership, influencing the direction of both internal and foreign policy in Kazakhstan and

the United States. The larger Central Asian area, of which Kazakhstan is a part and in which the United States has significant interests, has undergone significant change throughout the same time period, with a substantial rise in intra-regional cooperation and coordination. All of these events have had an immediate effect on ties between the United States and Kazakhstan. Both nations have, to their credit, reacted with thoughtful and beneficial measures. As a consequence, early connection patterns underwent tremendous evolution without altering the fundamental nature of their reciprocal bonds. Although the overall structure of ties between Kazakhstan and the US has been rather steady over the last three decades, there have been times when significant revisions were required. Never before has this been more urgently required than from 2015 through. Significant worldwide geopolitical changes have taken place during this most recent period of the partnership, influencing the direction of both internal and foreign policy in Kazakhstan and the United States. The larger Central Asian area, of which Kazakhstan is a part and in which the United States has significant interests, has undergone significant change throughout the same time period, with a substantial rise in intra-regional cooperation and coordination. All of these events have had an immediate effect on ties between the United States and Kazakhstan. Both nations have, to their credit, reacted with thoughtful and beneficial measures. As a consequence, early connection patterns underwent tremendous evolution without altering the fundamental nature of their reciprocal bonds[5], [6].

### **Global Geopolitical Shifts**

A significant geopolitical change had become clear by the middle of the 2010s. The twin crises of 2008 had a significant impact on this transition, although it wasn't until much later that it was clear. With the dominance of the United States and Europe, as well as the institutions they lead and the norms of international politics they protect, the post-cold war era had witnessed a time of relative concord in interactions among major powers. Since 2001, the threat of terrorism has dominated international geopolitics and greatly influenced great power collaboration. But this gradually gave way to a new period, with more pronounced competition among global and regional great powers and a visible weakening of the rules-based international order, as a result of the quick rise of non-Western powers and the problems that the U.S. and Europe faced after the 2008 financial crisis. Since Central Asia would be in the geographic centre of this strategic struggle, this change would become of utmost significance for U.S.-Kazakh ties. Both China and Russia implemented new measures that shaped this new environment. Chinese President Xi Jinping unveiled his nation's Belt and Road Initiative in September 2013, which provided finance for significant port and transport expansions throughout the globe. The Eurasian Economic Union was formally established on August 6, 2015, by Russia, Armenia, Belarus, and Kazakhstan. Later, Kyrgyzstan joined the group. Although this organization's stated goal is to deepen member nations' economic integration, it quickly became apparent that Moscow's aims when it launched the EEU were more political than economic. In the meanwhile, a protracted civil war in Syria had attracted the direct involvement of foreign powers by 2015. Iran and Russia supported the Assad regime against the Islamic State troops, while the United States and Turkey formed a coalition against both the Islamists and the government in Damascus. Growing demands for the NATO military operation in Afghanistan to be terminated in the United States and several of its partners further complicated the situation. All of these adjustments, including those made by Kazakhstan, led to an intensification of tensions between the great powers. The increasing worry about climate change was another worldwide trend that had an impact on Kazakhstan and the United States. The Kazakh government and American oil firms both understood that this would ultimately mean the end of the nation's hydrocarbon-based economy and necessitate the development of a new economic plan[7], [8].

### **A New Spirit of Cooperation in Central Asia**

Dramatic developments taking place inside Central Asia itself during this time period were yet another geopolitical aspect influencing U.S.-Kazakhstan ties. Kazakhstan has long advocated for more coordination and collaboration among the governments in the area, although efforts in this regard have not been particularly fruitful. Late in the 1990s, Tajikistan joined the "Central Asia Cooperation Organisation," which was originally known as the "Central Asia Union" and was founded by Kazakhstan, Uzbekistan, and Kyrgyzstan. However, this plan was thwarted by two main factors: first, the violent Islamist invasions into the area in 1999–2000 caused governments to emphasise their security and sovereignty, which made them focus on borders rather than attempt to cross them. Second, Moscow requested to join the CACO because it saw cooperation in Central Asia as a threat to its aspirations to reassert its dominance across the former Soviet Union. After doing so, Moscow made sure that CACO merged with its own network of regional cooperative projects. From late 2016 forward, Shavkat Mirziyoyev, the country's new president, implemented a comprehensive reform programme. While implementing his internal changes would take time and effort, Mirziyoyev was able to drastically alter Tashkent's stance on world affairs, particularly in relation to neighbouring Central Asian nations. Islam Karimov, Mirziyoyev's predecessor, has regularly approached Tashkent's neighbours with caution and scepticism. Instead, Mirziyoyev opened channels of communication with Afghanistan and its four neighbours in Central Asia, including Kazakhstan. Relations in the whole area quickly improved as a result. President Nazarbayev saw right away the potential of these developments for Central Asian cooperation, which would strengthen the Eurasian cooperative institutions Kazakhstan was a member of. Nazarbayev quickly invited all Central Asian presidents to a summit in the Kazakh capital after Mirziyoyev urged that Central Asian leaders get together. A new era in intra-regional communication and collaboration began with this summit, which took place in March 2018. In fact, it was the first gathering of Central Asian presidents without the presence of at least one other large power in over a decade. A worsening geopolitical environment served as the background for this developing spirit of collaboration. The leaders of Kazakhstan and Uzbekistan were well aware of their shared responsibility: if they failed to coordinate their efforts, big powers risked reverting to divisive divide-and-conquer tactics in Central Asia. The Central Asian republics, however, might escape this destiny and strengthen the security of the area from within if Kazakhstan and Uzbekistan created a shared vision for the region. President Nazarbayev said that Central Asians were now capable of handling all challenges in the area and did not need foreign support or involvement to do so during the inaugural summit of Central Asian leaders[9], [10].

### **Changes in Kazakhstan**

When all these problems became more serious, Nursultan Nazarbayev shocked the world by announcing his retirement as president and urging "a new generation of leaders." Kassym-Jomart Tokayev, his devoted successor, introduced the idea of a "multi-vectored" foreign policy, balancing the nation's favourable relations with Russia, China, and the United States. He had also supported the Kazakhstan atomprom nuclear company's privatisation in 2018 and the establishment of the Astana International Trade Centre in 2015, which were both key factors towards the nation's WTO membership. It should be highlighted that this centre runs on English common law, a startling innovation that is unique to all of central Eurasia. The four-language Tokayev had further given his support to a 2018 law mandating English instruction for all kids in the nation. All of these actions were driven by the desire to diversify the economy and marked a renewed push for market reform and foreign private investment. President Tokayev made two State of the Nation speeches after assuming office in to voice harsh criticism of the situation in a number of societal and political spheres while announcing

his determination to push for significant improvements. By identifying three fundamental concepts for his reforms—continuity, fairness, and progress—Tokayev aimed to strike a balance between continuity and change in this process. The continuity concept stipulated that the nation must maintain the accomplishments of the first three decades of independence while continuing on the political path established by the nation's First President. Justice as a concept demanded that Kazakhstan eradicate corruption and enact laws upholding the rights of every person to equality and the development of opportunity for everyone.

The idea of development called for adjustments to promote renewal "in all spheres of society." This vision places a lot of emphasis on the idea of the "listening state."<sup>52</sup> This idea contrasts with the legacy of the Soviet Union, when the state strove to isolate and defend itself from society. The goal of Tokayev's proposal is to change Kazakhstan's political system so that it better serves the needs of its citizens, offers channels for public criticism, and answers to their requests. This should not be seen as a desire to liberalise the political system, however, since Tokayev's vision preserves the state's capacity and willingness to repress rising forces if they deviate from this expectation of constructive and non-radical projects and groupings. Therefore, President Tokayev banked on an expedited but steady change of Kazakhstan. It is generally acknowledged that, if successful, this shift will ultimately result in the development of a liberal and more democratic regime. Tokayev differs from many Western observers and supporters in that he believes political reform must occur gradually rather than abruptly in order to achieve this aim. The political system must be liberalised right away if liberal democracy is to be achieved, according to many supporters of the idea. In line with the leadership of Kazakhstan, President Tokayev rejects this viewpoint as dangerously naive and upholds the strong role of the central government, which will guide the nation in the right direction while gradually implementing the changes that will eventually lead to the country's transition to a liberal democracy. While this point of view is debatable, it also has some support from the experience of other countries, particularly Asian success stories like Taiwan and South Korea, while avoiding the traps of rapid liberalisation processes that, among other places, in Russia and Venezuela, quickly reverted to illiberalism and authoritarianism<sup>[11], [12]</sup>.

### **Changes in the United States**

In the meanwhile, America was also undergoing significant changes. The gap between the booming internet-based economy and the struggling conventional manufacturing and smaller businesses has grown as a result of the delayed recovery from the financial crisis of 2008. A dramatic political realignment resulted from these and other circumstances, with market-based and culturally more traditional regions of the nation rejecting both the new tech giants, which they perceived as monopolists, and fading metropolitan areas, whose leaders wanted significant government subsidies. These factors contributed to Donald Trump's ascent and to fresh divides within both of the main parties. He increased the fight against ISIS, withdrew from the Iran nuclear deal, insisted that Europeans pay their fair share for NATO, proposed to counter China's moves in the South China Sea, opposed Russia's seizure of territory from Ukraine, and suggested a swift withdrawal from Afghanistan in order to criticise what he believed to be significant concessions to foreign powers without adequate returns. His administration imposed sanctions on Russia as a result of a number of Russian actions, which unavoidably had an impact on Kazakhstan and other Eurasian Economic Union members. Additionally, President Trump retreated from the multilateralism that prior administrations had endorsed. He advocated a "America first" foreign policy that was focused on specific U.S. interests and was critical of international obligations and contributions to multilateral organisations. On the other hand, his administration did not believe that it was America's duty to support a specific system of governance in other nations, and instead adopted a considerably less intrusive approach to other nations' internal affairs. Despite the fact that

President Trump was undoubtedly divisive, it is obvious that he was a result of the polarisation and divide in American society rather than its root. In spite of a historic pandemic occurring in his election year, President Trump came very close to winning re-election in. Joe Biden, his successor, is far more well-known with international leaders, particularly those in Kazakhstan. However, the intense polarisation in American politics and the political dysfunctionality it has contributed to are a significant element with which everyone must contend, according to both allies and enemies of America overseas. We are all aware that American pledges and policies are only valid till the next election and that America may change its stance on a particular topic. For certain problems, this is more accurate than for others. For instance, there seems to be bipartisan agreement that China poses a danger to both American interests and global security. The same holds true for Russia, but to a lesser extent. Republicans are in agreement that Iran poses a danger to global security, but there is less consensus on other issues, such as Iran. On the other hand, there is growing agreement among Democrats on the advantages of an engagement policy. Some experts even go so far as to say that Democratic leaders want to work with Iran in the future, calling it the best course for American foreign policy in the region[13], [14].

### CONCLUSION

As a passionate reflection on the tremendous path of individual and societal evolution that we have covered throughout this tale, "New Focus, New Grounding" comes to a close. It is a story that has led us on a transforming journey, encouraging us to see the value of redirecting our efforts and finding fresh sources of stability in a world marked by change and ambiguity. As we draw to a close, we are reminded of the ability for rebirth and resiliency of the human spirit. "New Focus, New Grounding" has outlined the manner in which people and society may adapt, reevaluate goals, and discover fresh sources of vigour among the always changing vistas of life. As this story comes to a close, we are left with the poignant realisation that our path of self-discovery and renewal is an ongoing one in a world characterised by unpredictability. It is a journey that requires us to reexamine our moral standards, concentrate our efforts, and look for new sources of stability. It is a voyage that serves as a reminder that despite the shifting currents of life, we have the tenacity and inner fortitude to thrive. "New Focus, New Grounding" essentially affirms the persistent search of the human soul for clarity, purpose, and harmony. It is a story that connects with both people and cultures as they negotiate the always changing landscape of life, realising that the search for meaning is a never-ending voyage full of opportunities for development, change, and the discovery of fresh sources of stability.

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## CHAPTER 8

### HOW THE KAZAKHSTANI GOVERNMENT WORKED TO STRENGTHEN TIES WITH THE UNITED STATES?

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#### ABSTRACT:

The framework for Kazakhstan's geopolitical standing and its goals in the international sphere is established at the outset of the narrative. Kazakhstan, a country in the nexus of Europe and Asia, has been instrumental in promoting regional peace, energy security, and diplomatic discussions. The Kazakhstani leadership has aggressively worked to forge a stronger connection with the United States against this complex background. The story develops by looking at the several tactics Kazakhstan has used to strengthen its relations with the United States. These tactics include diplomatic endeavours, business alliances, security coordination, and cross-cultural interactions. This story provides insights into the difficulties and accomplishments faced along the road via a thorough study of significant events, agreements, and policies. The value of diplomacy and statecraft in international relations is one of the major issues this story explores. The government of Kazakhstan has used diplomatic means to promote understanding and collaboration with the US, underlining the value of discussion in solving world problems. Finally, "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties" is a monument to a country's diplomatic skill, strategic foresight, and tenacity as it works to forge a strong and mutually advantageous relationship with a superpower. It highlights the complexity of international relations and the ongoing quest of cooperation and partnership in a globally linked society.

#### KEYWORDS:

Central Asia, Diplomacy, Foreign policy, United States.

#### INTRODUCTION

The interaction of diplomacy, common interests, and understanding between states is intricate. "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties" begins a captivating investigation of the diplomatic journey made by the government of Kazakhstan to strengthen its ties with the United States against the background of a fast changing global environment. Kazakhstan, a sizable and advantageously situated country in Central Asia, has become a key actor in the geopolitical sphere. It has taken on a key role in regional stability, energy security, and global diplomacy due to its location at the intersection of Europe and Asia. The improvement of Kazakhstan's relationship with the United States has become a pillar of its foreign policy as it tries to make its presence felt on the global arena. This story begins by giving the reader some crucial background information and a look at Kazakhstan's geopolitical position and goals in the world. The Kazakhstani administration has painstakingly tried to bolster its connections with the United States against this complex and dynamic background, realising the importance of forming alliances with one of the world's most important superpowers[1], [2]. The trip is explored via an examination of the different tactics and programmes used by Kazakhstan to promote closer ties with the US. These tactics cover the fields of diplomacy, economics, security, and cross-cultural communication, reflecting the complexity of contemporary international relations. As the foundational element of this story, diplomacy exemplifies the skill of conversation and compromise in the context of statecraft.

It emphasises the value of diplomatic channels and international fora in fostering international understanding and collaboration. Another major issue that emerges is that of economic cooperation, which sheds light on how trade agreements, energy alliances, and financial investments have strengthened ties between Kazakhstan and the United States. These economic interdependencies have strengthened the bond between the two countries while also facilitating development. The narrative's key element is security cooperation, which highlights Kazakhstan's contributions to regional security initiatives and its involvement in counterterrorism measures. The strength of Kazakhstan's alliance with the United States is further shown by its active engagement in resolving shared security problems.

The story also emphasises the significance of establishing mutual respect, understanding, and goodwill between the residents of Kazakhstan and the United States via cultural exchanges and people-to-people diplomacy. In summary, "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties" is a monument to Kazakhstan's government's diplomatic skill, strategic vision, and unshakable dedication to forging a strong and mutually advantageous relationship with the United States. It exemplifies the complex web of international interactions as well as the persistent quest of cooperation and partnership in a globally linked world. As we begin our investigation, we welcome readers to learn more about Kazakhstan's diplomatic efforts in all of its facets and to comprehend the subtleties and complexity that support the development of Kazakhstan-American relations. The following lines would undoubtedly enhance the introduction to "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties": The dynamics of international politics are always changing, and this has caused the relationship between states to become a complex ballet of diplomacy, common interests, and tactical alliances. With its wide landscapes and rich cultural legacy, Kazakhstan has emerged as a major force in Central Asia and is attracting interest on a global scale. This story sets out on an enthralling trip to untangle the complex web of Kazakhstan's diplomatic endeavours, which are centred on the important objective of deepening its connections with the United States[3], [4].

It is impossible to overestimate the strategic importance of Kazakhstan's geographical position. It serves as a bridge between continents, providing an essential route for commerce, energy transportation, and international cooperation since it is nestled at the intersection of Europe and Asia. In this vibrant environment, Kazakhstan's government has begun a diplomatic mission of great significance: forging a solid alliance with the United States, a world powerhouse that is essential in determining the future of world events. As we go further into this story, we will shed light on the several efforts and techniques that Kazakhstan has painstakingly used to achieve its diplomatic goals. These tactics include a wide range of areas, from high-level diplomacy and geopolitical discussions to economic alliances that spur development and security partnerships that support regional stability. This story is fundamentally a monument to the effectiveness of diplomacy, emphasising the value of effective communication and negotiation as drivers of long-term alliance formation. It emphasises how important diplomatic channels and international platforms are in promoting inter-national understanding and collaboration.

Additionally, it is a celebration of economic interdependence that emphasises the significant contribution that trade agreements, energy alliances, and financial investments have made to strengthening the ties between Kazakhstan and the United States. These business connections not only foster wealth but also demonstrate the win-win nature of international collaboration. As a recurrent subject, security cooperation highlights Kazakhstan's participation in regional security programmes and dedication to tackling international security issues. Kazakhstan strengthens its reputation as a dependable ally to the United States by its participation in counterterrorism initiatives and contributions to joint security initiatives. Both cultural exchanges and interpersonal diplomacy are essential to this story. They stress the importance

of promoting respect, understanding, and goodwill between Kazakhstan's and America's different communities. The tale "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties" sums up diplomacy in a dynamically changing globe. It celebrates Kazakhstan's government's unshakable dedication to deepening ties with the United States and represents the ongoing pursuit of cooperation and collaboration. As we begin our investigation, we ask readers to grasp the complex web of international relations and the significant role that diplomacy plays in influencing how states behave on the world arena.

## DISCUSSION

What modifications or revisions did Kazakhstan make to its policy towards the United States in the middle of this cyclone of change at the international and national levels? This basic query's response, to its credit, is "very few." This is because Nursultan's administration acknowledged the ongoing viability of its strategic objective of maintaining equilibrium among its primary three partners. On this premise, it might go on as before, just making minor tactical adjustments. But these tactical adjustments have already shown to be crucial. The scope and complexity of Kazakhstan's interactions with both Russia and China greatly increased during this time. From both of these close-by nations, trade and investment increased. The task for Kazakhstan was to modernise its balancing strategy by strengthening its ties with the US. The framework for this tactical move had been established during Kazakhstan's previous interactions with the European Union. Brussels had taken proactive steps to enhance its ties with Kazakhstan and with Central Asia as a whole before America did. The EU and Central Asian nations have been in constant communication at the level of foreign ministers since 2008. An Enhanced Partnership and Cooperation Agreement between the EU and Kazakhstan was signed in 2015; it included a wide range of topics including public finance, energy, transport, labour, agriculture, climate, banking, law, and security. The EU unveiled a new strategy for Central Asia in, focusing on the region's ability to handle internal and external shocks as well as economic modernisation. It also urged cooperation in efforts to advance Afghan peace. Up to this moment, the US administration had dealt with Kazakhstan on a variety of issues that were comparable to those affecting the EU. However, despite all the contacts that followed, the connection lacked a general framework. While Washington had found success with this ad hoc arrangement, Kazakhstan wanted more, specifically a similar regional structure of consultation with the United States to that which existed with the countries of Europe. This was due to Kazakhstan's concern for its strategy of balance in its relations with major powers. In order to achieve this, Kazakhstan proposed to the State Department that the US start holding regular regional meetings with all of the Central Asian governments. By balancing that involvement with a greater degree of engagement with both Europe and the United States, Kazakhstan recognised the heightened contact with its large neighbours, Russia and China, via these and other actions. Due to Kazakhstan's substantial economic connections to Russia, the effects of American sanctions on Russian organisations and people were practically as severe in Kazakhstan as they were in Russia. The government of Kazakhstan was forced to devise a defensive reaction since Washington was not willing to confront this "collateral damage" directly. Officials in Nursultan made the decision to seek out additional investments from both America and Europe after realising that their protests would go unheard. These would lessen the effects of Russian sanctions on Kazakhstan's economy without reversing them entirely. In order to do this, Kazakhstan's embassy in Washington started to take a more national strategy in luring American businesses, and it greatly expanded its search beyond the energy and raw materials companies that had previously dominated American investments in Kazakhstan. Additionally, Kazakhstan started to hesitantly position itself as a platform from which American operations to stabilise Afghanistan might be undertaken on an official and commercial level[5], [6].

### **How the American Government Sought to Enhance Kazakhstan American Ties**

One could be tempted to believe that Nursultan had somehow escaped American notice given Washington's decision to overlook the effects of the Russian sanctions on Kazakhstan. It hadn't, however. Presidents Nazarbayev and Mirziyoyev have received invites from President Trump to visit Washington, which reflects Washington's greater openness to the region. We can only hope that President Biden would extend similar invites as well. A new U.S. policy for Central Asia was developed as a result of these trips and a larger strategic review conducted by the National Security Council, which was unveiled in. Although efforts at such a plan had been made by other presidents, this was the most complete regional strategy yet created. There, America's commitment to the partner nations' (a) independence, (b) sovereignty, and (c) territorial integrity were reaffirmed as three fundamental principles. All of these had served as the cornerstone of American policy since 1992, therefore the fact that they were vehemently reaffirmed in the new strategy was important to both Kazakhstan and its neighbours in the area. At a time when some people questioned America's commitment to the new nations, they yet reaffirmed that commitment while neither assuming or signalling increased tensions with either Russia or China. The revised policy statement failed to include Afghanistan as a member of the region, although acknowledging the altered regional dynamics. This was somewhat offset by President Nazarbayev's policy proposal, which he made on a historic visit to India in 2009, which emphasised transport ties between the whole area and South Asia. The new American approach gave Washington full support for that endeavour.

The new approach quickly led to more fruitful communication between Washington and Kazakhstan in a variety of fields, including security, antiterrorism, drug control, commerce, education, investment, and public health. These advancements have been considerably aided by both nations' well-managed and productive embassies in each other's capitals. Mutual engagement has significantly increased as a consequence. Although there isn't a U.S. president in office right now, Secretary of State John Kerry and his successor, Mike Pompeo, both visited the nation, respectively. The United States was also tasked with advancing human rights respect and rule-of-law improvements throughout the area under the new policy. Although admirable in theory, this goal encounters significant difficulties when implemented to Kazakhstan. The major changes that were started under President Nazarbayev and greatly enhanced by President Tokayev were widely known in Washington. The State Department is still required to provide an annual report to the U.S. Congress on the state of democratic and human rights reforms across the globe.

In addition to the difficulties involved in creating such reports, as mentioned above, one must be honest about how Washington government entities handle them. Simply put, they have a propensity to "work on" Kazakhstan as opposed to "working with" it. As a consequence, Kazakhstan has had to defend its record in the areas of rights and democracy against ongoing criticism, with little consideration given to the challenges it confronts or the real advancements it has achieved. It's to Secretary of State Pompeo's credit that he talked highly of the "real reforms" taking place in Nursultan.

However, in order for the United States to go beyond hectoring Kazakhstan in its support for reforms, significant changes will need to be made at the operational level. This won't be simple. There has been noticeable concern in Washington over Kazakhstan's treatment of political opposition and dissent since roughly 2018. It focuses mostly on how the government handled protests and the vocal people organising them, and is fuelled by many of the same issues mentioned previously. These concerns have not yet been completely addressed, but there does seem to be a new understanding within the State Department of the various barriers and delays to a more comprehensive approach to such problems in Nursultan. It could even be able to go from working with to working on Kazakh partners.



Promoting American investment in and the economic growth of Central Asia was another tenet of America's new policy. Despite being a well-known truth, Kazakhstan is now striving diligently to diversify its economy beyond the hydrocarbon emphasis that has dominated its growth plan since the signing of the ExxonMobil deal back in 1993. Due to this, American investment in the nation has already increased significantly. More noteworthy is the fact that American (and Western) investors' interests now extend well beyond the conventional oil and raw commodities sector.

The arrival of specialised American agricultural companies into the Kazakhstani market serves as an example of this new trend. This illustrates contemporary thinking in both nations. The president of Kazakhstan presided over a "innovation fair" at Nazarbayev University in 2014, where local experts competed to exhibit their ideas for brand-new areas of economic diversification. Agriculture has long been seen as a peasant occupation, distinct from modern technology, ever since the Soviet era. Now, things started to abruptly alter. The realisation that China provides a sizable prospective market for all types of Kazakhstani agricultural output, notably grain, has stoked fresh interest in the country's agricultural industry on the American side. The interests of both nations precisely coincide on this matter, with possible advantages for each. The United States Department of Commerce and the U.S. Kazakhstan Business Council have helped to facilitate many of these investments. The US Chamber of Commerce recently amalgamated with the latter, an old and well-run organisation. With this new setup, it is envisaged that the Council would increase its activities and attract new investors to the Kazakhstan market for underdeveloped sectors.

The abrupt departure of NATO and American soldiers from Afghanistan in August will be a major issue for Kazakhstan and all of Central Asia. Will it result in a resurgence of terrorism and religious extremism in the area? Will a vacuum in power encourage China or Russia to increase their geopolitical influence there? Will the United States seek for additional military installations in Central Asia for possible southward actions? None of these difficult possibilities have come to pass as of this writing. Washington has really previously ruled out the prospect of establishing additional facilities in the area. However, it has made clear that it is prepared to mitigate any potential bad effects on Afghanistan's northern neighbours and is acutely aware of the larger issues faced by the new Taliban leadership in Kabul. Although it is too soon to judge these potential solutions, it is obvious that Washington is well aware of the problem and is equipped to deal with it. Both unfavourable and advantageous actions are being considered. Enhanced military cooperation via current agreements and NATO, as well as the transfer of pertinent technology, will undoubtedly be part of the former. The latter will undoubtedly include more and more varied investments as well as cooperative ventures in a variety of industries, including banking, security, agriculture, law, and the arts[7], [8].

### **The 2018 Presidential Meeting and Enhanced Strategic Partnership Dialogue**

The first state visit between the two nations since President Nazarbayev's trip to Washington in 2006 took place in January 2018, when President Trump received President Nazarbayev at the White House. This comprised a private meeting between the two presidents, a working luncheon, and a lengthy gathering that included the cabinets of both nations. The two presidents decided to establish an Enhanced Strategic Partnership Dialogue (ESPD) as a formal framework for talks between their two nations at this encounter. The debate was to take place within the following three sectors: commerce and investment; people-to-people interactions; and political and security problems. In actuality, the ESPD would result in frequent high-level conferences between American and Kazakh authorities. A deputy foreign minister from Kazakhstan and an assistant secretary of state from the US have regularly participated in such discussions in the past. One expects that similar meetings will henceforth be held at the cabinet level.

Although the bilateral connection was highlighted in the agreement, it was made clear that the regional engagement between the united governments and the Central Asian governments under the framework of C5+1 would continue. The two leaders specifically said that they will continue to address common concerns in Central Asia "through regional formats such as the C5+1 dialogue."

In fact, President Nazarbayev said he represented not just Kazakhstan but also Central Asia. Additionally, they both expressed their desire to welcome Afghanistan's involvement in certain C5+1-sponsored initiatives. This option has obviously been put on hold in light of the Taliban's seizure of Kabul. Additionally, President Nazarbayev participated at a roundtable at the U.S. Chamber of Commerce, where he had the chance to sign \$7 billion worth of commercial agreements. The agreements included a broad range of industries, including transportation, agriculture, and space technology. Since Nazarbayev wanted to establish the Astana International Financial Centre, there was a special emphasis on money. the creation of the AIFC, among other things. A few months after Nazarbayev's trip, Shavkat Mirziyoyev, the president of Uzbekistan, made an equally fruitful trip to Washington. As the U.S. Government sought to draught a new U.S. Strategy for Central Asia in 2018, a sharper U.S. emphasis on the region was evident.

This Strategy was created as a result of an inter-agency effort coordinated closely with USAID and other governmental organisations under the direction of the National Security Council and the State Department. Although it was completed by the first half of bureaucratic roadblocks prevented its public distribution until February. Naturally, it was the precise moment the Covid-19 outbreak broke out, and it also happened to be the start of election season in the United States. More than anything else, the epidemic caused a delay in the U.S. strategy's execution. The new Biden administration made an informal commitment to maintaining the status quo on Central Asian policy; nevertheless, it is unclear how much interest this administration will show in Central Asian matters and how it would regard Central Asia's importance in relation to its other top objectives[9], [10].

## CONCLUSION

The path described in "How Kazakhstan's Government Sought to Enhance Kazakhstan-American Ties" is one of tactical foresight, diplomacy, and unshakable dedication. It captures a Central Asian country's transformational journey as it negotiates the complex world of international politics while attempting to strengthen its relationships with the United States.

As this story comes to a close, many important ideas emerge that highlight the importance of this diplomatic effort. This story emphasises the crucial function of diplomacy as a tool for world peace and cooperation, first and foremost. The government of Kazakhstan has shown exceptional diplomatic skill by using discussion and negotiation to forge ties of mutual understanding and collaboration with the United States. It is impossible to exaggerate the value of diplomatic channels and international fora in resolving common issues and advancing shared objectives.

The value of promoting understanding and goodwill among the varied populations of Kazakhstan and the United States is emphasised via cultural exchanges and direct diplomacy. These interactions have improved both countries' cultural landscapes while also fostering closer ties amongst their inhabitants.

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## CHAPTER 9

### ACHIEVEMENTS AND CHALLENGES BETWEEN KAZAKHSTAN AND UNITED STATES

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#### **ABSTRACT:**

The book "Kazakhstan and the United States: Achievements and Challenges" provides a thorough examination of the complex relationship between the two countries. This story explores the achievements made and the difficulties faced along their diplomatic trip, capturing the complex interplay of geopolitics, diplomacy, economics, and cross-cultural interaction. The opening of the story establishes crucial background information while underlining Kazakhstan's distinct geopolitical location in Central Asia and its function as a link between the East and the West. The development of Kazakhstan as a key factor in the area opens the door to a more thorough investigation of its changing relations with the United States. Another crucial aspect is security cooperation, which highlights Kazakhstan's contributions to regional stability and its involvement in international security initiatives. Kazakhstan's participation in counterterrorism programmes and joint security efforts demonstrates its dedication to tackling common security issues. The significance of building mutual understanding and goodwill among the populations of both countries is emphasised, with a focus on cultural exchanges and people-to-people diplomacy. These interactions have improved Kazakhstan and the United States' personal ties and increased cultural variety. Despite successes, the story explores the difficulties experienced along the road, recognising the complexity of international interactions. It talks about the shifting geopolitical environment, local dynamics, and new global problems that have complicated the connection.

#### **KEYWORDS:**

Achievements, Challenges, Dynamic Environment, International Relations.

#### **INTRODUCTION**

The cooperation between countries is a tribute to the pursuit of similar objectives, shared values, and the steadfast commitment to face global issues in the ever-changing fabric of international relations. The book "Kazakhstan and the United States - Achievements and Challenges" launches a fascinating investigation into the complex and dynamic relationship between Kazakhstan, a massive nation in Central Asia, and the US, a powerhouse on a worldwide scale. This story serves as a tribute to the accomplishments made and the challenges encountered along their diplomatic journey, capturing the many facets of their cooperation. At the confluence of Europe and Asia, Kazakhstan, a country with vast landscapes and a rich cultural legacy, plays a crucial role in global politics. Its advantageous position and wealth of resources have catapulted it into the international scene, where it now commands respect. The United States, on the other hand, is a worldwide behemoth that influences international politics and exerts influence across continents. We set out on a trip to investigate their developing connection against this complex and dynamic environment.

Setting the scene and highlighting the geopolitical importance of Kazakhstan's location in Central Asia, the plot develops gradually. Kazakhstan has a crucial role in regional stability, energy security, and global diplomacy as a link between the East and the West. This strategic position emphasises how crucial Kazakhstan's expanding relations with the United States are. A recurring element is diplomacy, which emphasises the skill of negotiation, communication, and collaboration in international affairs.

The significant effects of high-level discussions and diplomatic efforts in developing understanding and tackling global concerns are vividly brought to life as significant events in their diplomatic history. The revolutionary potential of trade deals, economic partnerships, and investments is highlighted as economic cooperation takes centre stage. In addition to promoting prosperity, these economic ties between Kazakhstan and the US have become stronger, emphasising the reciprocal advantages of their cooperation [1], [2].

Security cooperation plays a crucial role in highlighting Kazakhstan's contributions to efforts to maintain regional stability and increase global security. The nation's participation in counterterrorism programmes and joint security efforts demonstrates its dedication to solving global security issues. Both cultural exchanges and interpersonal diplomacy are important, highlighting how crucial it is to promote respect and goodwill among the varied communities of Kazakhstan and the United States. These interactions have improved the cultural variety of both countries' populations and their interpersonal ties. Nevertheless, despite the successes, more obstacles are on the horizon. The story addresses how the connection has become more difficult as a result of the changing geopolitical environment, local dynamics, and global challenges. We welcome readers to explore the complicated journey of Kazakhstan and the United States as we begin this investigation, praising their successes and recognising the difficulties that have shaped their diplomatic route. Their alliance is evidence of the lasting importance of diplomacy, economic cooperation, security alliances, and cultural interaction in promoting global cooperation. It is a tale of development, resiliency, and the unflinching pursuit of shared objectives in a context of constant global change. It becomes clear that this connection transcends boundaries and cultural differences as we traverse the complexities and subtleties of the developing relationship between Kazakhstan and the United States. It stands for the ability of diplomacy to overcome geographic barriers and the ability of countries to collaborate to solve common problems.

This story asks us to consider the triumphs and hardships that have defined their diplomatic career. It serves as a reminder that while there may be complexity and uncertainty in international relations, there are also many chances for collaboration, development, and mutual gain. We will examine the specific accomplishments and difficulties that have shaped this relationship in the sections that follow, shedding light on Kazakhstan's engagement with the United States' security cooperation, economic endeavours, and cultural exchanges. As both countries manage the constantly changing terrain of international relations, we will also discuss the current difficulties and possibilities that lie ahead. Join us as we explore the long relationship between Kazakhstan and the United States. This is a voyage that embodies the spirit of diplomacy, collaboration, and the quest for a more promising and connected future[3], [4].

## DISCUSSION

One immediately wonders what conclusions, if any, are justified after presenting this summary of the remarkable history of Kazakhstan-U.S. relations over the previous three decades and how they could affect future ties between these two nations. Any realistic examination of the past forces one to admit their stark disparities. The fact that one nation has a population of 18.5 million and the other 328 million towers over everything else. Kazakhstan's area is about one-third the size of the United States, but the population gap is astonishing. The Republic of Kazakhstan has been in existence for three decades, whereas the United States was established 35 years ago. The other nation, Kazakhstan, has the world's longest border with the Russian Federation and shares a border with the People's Republic of China that is more than a thousand miles long. This contrasts with America, which is shielded by two seas. Any two states exhibiting such disparities will inevitably have different relationships as a result of such asymmetries. One evident effect of these distinctions is that it is hard for one state to comprehend the challenges the other is experiencing.



It is all too easy for Americans to undervalue the difficulties posed by Kazakhstan's extensive borders with major superpowers, just as it is difficult for Kazakhs to comprehend the difficulties that the complex federal and representative system in the United States poses for decision-makers in Washington or the myriad of reasons why American politicians and citizens are interested in issues pertaining to Kazakhstan's internal administration. These diverse perspectives have caused misconceptions in a number of domains at various points throughout the last several decades. Although this research lists links between Americans and Kazakhs that date back to the nineteenth century, historical conditions in both nations meant that these older relationships, if any existed, were mostly known to historians in both nations and not to their educated publics. Additionally, relatively few Kazakhs had travelled to the United States until quite recently, depriving both nations of a connection that may have promoted understanding. In light of this, it is all the more impressive that the newly established Republic of Kazakhstan and the United States have developed friendly and fruitful ties. These connections not only developed swiftly after Kazakhstan became an independent state, but they have also effectively grown throughout the last thirty years.

To acknowledge the accomplishment on both sides of the partnership is to simply list some of the major components of this contact. It is crucial to remember that the relationship between Kazakhstan and the United States was founded on practical issues like oil and nuclear weapons rather than the heated realm of geopolitics. Nursultan Nazarbayev, the first president of Kazakhstan, was in contact with Chevron's Richard Matzke even before the U.S.S.R. collapsed. As a result, in 1993, President Nazarbayev and Chevron CEO Ken Derr signed a contract for Chevron to develop Kazakhstan's enormous Tengiz oil field. James Baker III, the secretary of state for the United States, had been in touch with President Nazarbayev over Kazakhstan's substantial uranium reserves, nuclear weapons, and associated infrastructure. Although both problems involved lengthy and intricate negotiations, the parties were able to come to agreements that benefitted both their respective nations and, importantly, the whole globe. It is noteworthy that the Tengiz deal called for the construction of a pipeline across southern Russia to transport Kazakh oil to the Black Sea, and that Moscow supported the accords that led to Kazakhstan's nuclear disarmament. The Kazakh and American negotiators demonstrated their prowess and effectiveness on both topics. The way Kazakhs and Americans collaborated to shift their relationship's foundation from nuclear and hydrocarbon challenges to a diverse range of contemporary development projects—the most current of which is the collaborative development of Kazakhstan's agriculture—is equally noteworthy.

This multifaceted transition, which is still happening, has brought the two nations together in the creation of new technology across many industries and in the training of young people in Kazakhstan in professions that were not even in existence a generation ago. Let's just say that one Kazakh university, the ten-year-old Nazarbayev University, works in partnership with a half-dozen American colleges to further knowledge in a variety of technological sectors, including medicine. Collaborations in the commercial and investment sectors have posed a challenge for both nations to harmonize Kazakhstan's new legislative framework with recognised international norms. Although progress has sometimes been sluggish, the overall trend is encouraging. The two administrations' close cooperation also aided Kazakhstan's admission to the World Trade Organisation. The rights and obligations of non-governmental organisations and problems with Kazakhstan's freedom of assembly have proven to be more challenging for Washington. Even while there are still disagreements, there is a marked improvement in mutual understanding. Washington's reprimanding manner is gradually giving way to more positive contacts, and Kazakhstani officials are willing to meet with their American colleagues to discuss problems [5], [6]. At times, American policies have affected events in Kazakhstan, while at other times, Kazakhstani efforts have influenced American policy. The U.S. Department of State's endorsement of Kazakhstan's suggestion that the U.S. create a "C5+1" framework (Central Asia Plus the United States) for regularised interaction

on a regional basis is a remarkable illustration of this. If Washington and Nursultan had not had a strong degree of confidence in one another, this ground-breaking undertaking would never have taken place. Overall, this collaborative mentality has fostered an environment where intimate relationships have emerged in fields unrelated to politics and diplomacy, such as music, art, dance, and cinema. The two nations haven't disregarded their shared security either. In fact, security cooperation has been a crucial component of the Strategic Partnership between the two nations ever since the first military drills involving American personnel were undertaken in Kazakhstan in the mid-1990s. Since then, the United States and NATO have helped Kazakhstan create Kazbat, an elite airborne mission for peacekeeping that served, among other places, in Iraq from 2003 to 2008. The two nations have also formed cooperation on information sharing and the fight against organised crime. The international Stepp Eagle exercises are conducted annually under NATO leadership. Given that Kazakhstan is a member of the Collective Security Treaty Organisation, which is governed by Russia, security cooperation between Kazakhstan and the United States is a sensitive issue. However, Kazakhstan has shown that even in the most delicate fields, including military cooperation, collaboration with the United States is not hindered by its strong relations to China and Russia.

The breadth and depth of Kazakhstan and American engagement are based on the firm and extremely practical foundation of each party being aware of the shared interests. If not for a few more widespread influences, it would not have evolved to the level that it has. They do, in fact, tie them together now more so than Realpolitik's calculations. The first of these is the leadership in both nations and the atmosphere of constructive interaction that they have fostered. This is greatly attributable to President Nursultan Nazarbayev as well as his early American contacts James Baker, Richard Matzke, and Ken Durr of Chevron. Together, they created a friendly and fruitful atmosphere at the commencement of the two nations' cooperation. When Kassym-Jomart Tokayev, the current president of Kazakhstan, was the minister of foreign affairs, he suggested that his nation maintain a "multivectored" or "balanced" foreign policy based on friendly ties with China, Russia, and the United States. Kazakhstan needed to expand and widen its ties with the West as a whole as well as the United States in order to achieve this balance. Washington agreed that this approach was not only appropriate but also necessary for Kazakhstan to retain its independence and sovereignty. Within this framework, a number of committed ambassadors from both nations sought to strengthen beneficial exchanges in a variety of fields, including commerce, law, finance, education, and research. These in turn significantly increased the personal connections between the two nations. Both Kazakhstan's Bolashak programme, which sent thousands of young Kazakh men and women to study in America, and the Kazakh decision to provide English-language instruction in all of the nation's schools significantly aided this process. With a greater level of mutual understanding came Washington's realisation that Kazakhstan's emerging elite truly shared the goal of an open and participatory system, but that due to geopolitical limitations, any further progress would have to be incremental and unnoticed. One might draw the conclusion that mutual education has played a major role in the success of U.S.-Kazakhstan relations in this and other ways[7], [8].

Sure, there have been several international accords, and sure, there are positive commercial, educational, and cultural links. In the end, however, none of these can be seen as goals in and of themselves, but rather as discrete steps in the process of establishing mutual knowledge and understanding that results from education that is based on real-world experiences. All of them have promoted what is unquestionably the most crucial foundation for knowing one another. This process has advanced steadily over the last three decades and is expected to do so again quickly in the years to come thanks to capable and consistent leadership on both sides. This is not to imply that there isn't still a lot of work to be done, however. Following its withdrawal from Afghanistan, Americans are now questioning the breadth and depth of their

commitment to the Central Asian area as a whole, including Kazakhstan. Will Washington put into practise its advantageous plan for the whole region, including Afghanistan, or will it try to "pivot" elsewhere, putting Kazakhstan and its neighbours on the back burner? Meanwhile, Americans are concerned that Kazakhstan's big-power neighbors' persistent measures may succeed in weakening Kazakhstan's determination, leading to the country being increasingly more deeply entangled in their geopolitical initiatives and eroding the nation's treasured ideal of balance. They also rely on the two nations maintaining a role that is consistent with each other's strategic approach. Thus, Kazakhstan must maintain its independence, play a positive role in regional affairs, and progressively modernize its democratic system to promote wider involvement and the defence of human rights.

The United States must also continue to fulfil the function that has been allocated to it in Kazakhstan's multifaceted foreign policy, which calls for a certain amount of American involvement and presence in the area - something that was hampered by the country's choice to leave Afghanistan. Both of these problems won't be handled soon or simply. The process of mutual education must thus go quickly in both nations as a result of this. It seems sense that the leaders of both nations would have dominated this crucial process for the first three decades. However, information exchange, understanding, and mutual knowledge are now even more crucial for Kazakhstan-U.S. ties. The media in both nations has thus far hardly been able to handle the situation. Too few Americans have spoken to Kazakhstani audiences to explain their ideas, while very few, if any, renowned but unofficial Kazakh authors and philosophers have spoken to American audiences. The process of mutual education and understanding would progress significantly if this were to alter. Differences would be acknowledged and accepted, and both parties would be more inclined to find a solution. Thus, the greatest challenge for the next years and the key to the next stage of what has been, for over three decades, a pleasant and extraordinary partnership is the growth of mutual knowledge[9], [10].

## CONCLUSION

As we follow the development of "Kazakhstan and the United States - Achievements and Challenges," we go through the complex world of international relations. This story provides a comprehensive view on Kazakhstan and the United States' long alliance by highlighting the achievements and difficulties in their dynamic relationship. The understanding that diplomacy is a powerful tool for influencing international relations is at the core of this story. The skillful use of communication, compromise, and collaboration by Kazakhstan has been crucial in forging ties with the United States. Global issues may now be understood by everybody and solved together thanks to high-level diplomatic initiatives and international discussions. Finally, "Kazakhstan and the United States - Achievements and Challenges" provides a thorough and fair analysis of a partnership characterised by development and tenacity. It highlights the continued importance of diplomacy, economic cooperation, security alliances, and cultural interaction in promoting global cooperation. This story encourages contemplation on the triumphs and struggles that have shaped both countries' diplomatic journeys as they navigate the changing currents of world events as well as the chances that lie ahead in their ongoing quest of a solid and long-lasting cooperation. It is evidence of how countries may work together to overcome common issues and create a better future in today's linked globe.

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## CHAPTER 10

### STUDY EXAMINES HOW KAZAKHSTAN'S INCOME DISTRIBUTION IS CHANGING

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#### ABSTRACT:

The article, titled "A Study of Changing Income Distribution in Kazakhstan Using a New Social Accounting Matrix and Household Survey Data," provides a thorough examination of Kazakhstan's changing income distribution environment. This study takes a fresh method by integrating a novel Social Accounting Matrix (SAM) with data from household surveys to illuminate the dynamics of income inequality, the effectiveness of initiatives to combat poverty, and the wider socioeconomic consequences for the country. Kazakhstan, a country in Central Asia that is quickly industrialising, has seen tremendous economic development recently, partly as a result of its oil resources and diversification initiatives. Wide-ranging effects of this economic transition include altered income distribution patterns, which need for rigorous analysis. This study aims to provide readers a complex comprehension of these developments. The results of this study provide insightful information on Kazakhstan's dynamically changing income distribution. They offer light on the success of programmes designed to reduce poverty and redistribute income as well as the obstacles still standing in the way of guaranteeing fair economic growth. These results have consequences for social cohesiveness, political stability, and the general welfare of the populace in addition to economics.

#### KEYWORDS:

Central Asian, Economic Expansion, Several Decades, Welfare.

#### INTRODUCTION

Over the last several decades, Kazakhstan's economic environment has seen a dramatic transition. This Central Asian country has witnessed tremendous economic expansion and has emerged as a significant participant on the international scene because to its wealth of natural resources. However, as Kazakhstan's economy has grown, concerns about how the benefits of this expansion would be distributed have also arisen. The study "A Study of Changing Income Distribution in Kazakhstan Using a New Social Accounting Matrix and Household Survey Data" begins a thorough investigation of this crucial component of the country's socioeconomic structure. Kazakhstan's path to economic growth is characterised by a variety of elements, including careful management of its energy resources, attempts at diversification, and smart investments in a range of industries. Kazakhstan is now positioned as an emerging economy with great potential thanks to its exceptional trajectory. The need to evaluate how the advantages of economic progress are spread across its varied people comes with this affluence, too. This study's central thesis is that economic development should be assessed not just by aggregate statistics but also by how it affects people's quality of life and the fair distribution of money. Critical indices of a country's social and economic well-being include income disparity and poverty rates. This work uses a unique methodology to explore these intricate interactions. Data from a home survey are combined with a newly created Social Accounting Matrix (SAM), a thorough economic framework.



With the use of this ground-breaking research, it is now possible to analyse in great detail how government policies have influenced patterns of income distribution, attempts to reduce poverty, and these consequences. The research seeks to accomplish the following main goals: Measure Income disparity: The research quantifies income disparity in Kazakhstan by using a variety of indices and indicators, giving a complete picture of how income is divided across the major societal sectors.

Identify Vulnerable Groups and measure Poverty Levels: The study goes beyond income distribution to identify vulnerable groups and measure poverty levels. Analyse the Impact of Policy: This research looks at how social programmes and government policies affect how money is distributed, providing information about how successful various strategies for reducing poverty are. Identify Vulnerable Groups: The research aims to inform targeted assistance programmes by studying the socioeconomic characteristics of vulnerable groups.

Contribute to Evidence-Based Policymaking: The results of this study are intended to support evidence-based decision-making by giving decision-makers insightful information to aid in the promotion of fair economic growth. It is crucial to understand that income distribution is not only an economic issue but also a social and political one as we begin our investigation. An equitable income distribution promotes society well-being through improving political stability, social cohesiveness, and individual well-being. In this regard, the study "A Study of Changing Income Distribution in Kazakhstan Using a New Social Accounting Matrix and Household Survey Data" adds to the larger discussion on economic development, social justice, and inclusive growth in Kazakhstan and elsewhere.

A more thorough grasp of Kazakhstan's socioeconomic environment is possible thanks to this research. It understands that attaining prosperity cannot be fully realised unless steps are taken to guarantee that all facets of society share in it. Rigorous research and evidence-based solutions are necessary due to the complexity of income distribution, reducing poverty, and the effects of governmental initiatives.

We shall examine the complexities of Kazakhstan's income distribution as we get further into this research. We will examine the impact of many elements on the distribution of income among the population, such as economic growth, employment trends, social programmes, and governmental regulations. We want to provide a comprehensive picture of the changing landscape of income distribution by looking at trends and inequalities.

Furthermore, the report admits that government institutions are not the only ones responsible for resolving income disparity and poverty. It is a collaborative initiative including participants from several industries, including academia, civic society, and international organisations. This study offers a forum for discussion and cooperation among various stakeholders by illuminating the difficulties and possibilities in Kazakhstan's income distribution dynamics.

We shall consider the larger effects of income distribution on Kazakhstan's future throughout this research. We acknowledge that a just income distribution is not only necessary economically, but also socially and politically. It promotes inclusion among the populace, lessens inequities, and strengthens social cohesiveness. Additionally, it is essential for preserving political stability and guaranteeing that everyone benefits from economic

prosperity. We welcome readers to join us as we explore the many facets of shifting income distribution in Kazakhstan as we set out on this path of investigation, evaluation, and reflection. In order to come to meaningful conclusions that may guide policies and activities aimed at fostering a more just and prosperous future for all Kazakh residents, we will study the data, interact with expert ideas, and analyse our findings[1], [2].

## DISCUSSION

Despite being one of the countries that made up the former Soviet Union, Kazakhstan's income distribution has not been extensively investigated, nor have there been much statistics provided to aid in such a study. The majority of revenues at the period consisted of simple salaries, with food production on one's own as a supplement, particularly in rural areas. There were certain social advantages like pensions and child care assistance, but as almost all output was held by the government, there was no private revenue from earnings or dividends. Senior officials and the political elite had access to a variety of non-cash benefits, including officially funded dachas, official vehicles, exclusive access to stores that sold items in low supply, etc. The "true" income distribution was probably far more unequal than a simple Gini coefficient based on the official wage distribution would have shown if all of these earnings and perks were assessed accurately. Kazakhstan's economic situation has seen significant fluctuations ever since the Soviet Union ceased to exist as a political entity in 1991, giving rise to its independence.

The 1990s were a particularly volatile decade, marked by a spike in inflation that surpassed 1000% in each of the years 1992 to 1994 before swiftly dropping as the government recovered effective control of the macroeconomy after introducing a new currency, the Tenge. But the funds that many individuals had built up during the Soviet era were substantially destroyed by inflation. Meanwhile, officially measured real GDP declined to a low point of 61.4% of its 1990 level in 1995, in part due to the interruption to regular trade contacts that preceded the dissolution of the Soviet Union. After then, growth resumed, first very slowly, but starting in 2000, Kazakhstan's economy has expanded at a rate of 9% annually, sometimes even more quickly.

The nation's real GDP increased to 125% of its 1989 pre-transition level by 2006. Both increasing oil and gas production and exports as well as a boom in domestic building, which included the development of a new capital at Astana, 800 km to the north of the previous city, Almaty, during the Soviet period, have fuelled recent expansion. Living standards in Kazakhstan must have plummeted drastically during the early years of the transition, but maybe not quite as drastically as the official data show. Because, up until 1996, reported personal consumption declined much more than GDP overall, it only modestly increased up until 2000. Consumption growth has only really taken off after 2001, expanding for the past five years at a higher pace than GDP.

When measured in terms of purchasing power parity, Kazakhstan's GDP per capita in 2006 was roughly \$8800 in current US dollars; this compared to the EU-25 average of around Euros 23,400 in 2005, and the World Bank classifies Kazakhstan as an upper medium income nation. What does the current fast growth in incomes and spending mean for Kazakhstan's changing income distribution? Are the advantages of growth equally concentrated given that it is mostly concentrated in a small number of industries, or is the broader public benefiting

from rising living standards? Using current input-output tables, a somewhat aggregated and a more thorough social accounting matrix, and many years' worth of household spending survey data, we begin to investigate these concerns in this study. It is challenging to integrate all of these components into a multi-household CGE model for Kazakhstan, hence in this study we only provide one example. In addition to presenting some first, preliminary results, we mainly focus on methodological and data-related challenges. We now quickly discuss what is known about the changes in income distribution brought on by the process of transitioning from plan to market in order to offer a larger framework for our study. The World Bank's 1996 World Development Report, World Bank, was the first to carefully examine the shift from plan to market. In contrast to Central Europe, where they still fell below the OECD average of around 35% in the late 1980s, Chapter 4 of this research demonstrates that Gini coefficients climbed everywhere in the transition nations. In contrast, before the transition, in the years 1987–1988, both Russia and the Kyrgyz Republic, Gini coefficients were near to the OECD average. However, during the early years of the transition, inequality accelerated, reaching Gini values of over 45% by 1993. Additionally, both nations' rates of poverty seem to have increased significantly. Milanovic gave a far more thorough examination of how transition affects inequality and poverty, some of which are outlined in Milanovic.

These data suggest that income inequality did not increase as sharply in Kazakhstan as it did elsewhere, with the Gini coefficient, which measures how much money is distributed per person, beginning at 26% in 1987–1988 and only rising to roughly 33% by 1993–1995. The proportion of Kazakhstan's population living in poverty increased from 5% to 65% within the same time frame. Increased salary distribution disparity was the main factor contributing to the rise in inequality. It seems that changes in equality during these early transition years were not much influenced by non-wage income and social benefits. Although many people remained in poverty, Kazakhstan was doing better than many other CIS nations at least in the late 1990s when it came to reform efforts and GDP recovery, according to data from the IMF. Additionally, it should be borne in mind that the majority of official statistics did not accurately represent the informal sector, which undoubtedly supported many families above the poverty line during this trying time. In the Czech Republic, Hungary, Poland, and Russia, Hölscher researched the distribution of income. He discovered that the first three nations only had relatively small rises in inequality and that the challenges they faced in adopting EU institutions and policies as well as their progress towards EU membership had a significant impact on how they developed. Russia was exempt from these restrictions, and as a result, wealth disparity there skyrocketed and continues to this day, despite the fact that the nation has seen steady growth rates since 2000. Naturally, we would position Kazakhstan closer to Russia in this comparison. The several publications in Cornia showed how poorly understood and hotly contested the relationships between inequality and growth are.

The linkages are thoroughly examined in Sukiassyan, who concludes that "the effect of inequality on growth is negative, strong, and rather robust" for the transition economies in particular. It is discovered that the initial circumstances and economic policies have a substantial impact on growth rates. Kazakhstan was some economy rich in energy resources, so its recent rapid growth offers a striking contrast to the general perception that resource-rich countries tend to grow more slowly and have higher inequality than countries lacking

resources. However, Kazakhstan was not one of the countries showing a significant link between inequality and growth. Therefore, there is still a lot to be explained about Kazakhstan. Verme utilised the National Statistical Agency's household spending surveys from 2001 and 2002 to provide a helpful beginning to his explanation of Kazakhstan's experience. Surprisingly, this study finds that between 2001 and 2002, actual per capita consumption as determined by household surveys only grew by 0.7%, despite GDP growth that was close to 10%. Verme, however, demonstrates that all three measures—the headcount measure, the poverty gap measure, and the severity of poverty—recorded a decrease in poverty when assessing it using the Foster-Greer-Thorbecke 1 class of indicators. Additionally, from 29.4% in 2001 to 28.1% in 2002, the estimated Gini coefficient decreased.

Growth between 2001 and 2002 was found to be strongly pro-poor, with real income growth being highest for the population's poorest decile and a monotonic decline in growth rate as one moves through the population's higher income deciles. In fact, for the top three deciles, average real incomes actually decreased. We will try to determine how long this growth and income distribution shift trend has been maintained in the course of our own research[3], [4].

### **The aggregated SAM**

A social accounting matrix gives a double entry framework of national accounts in matrix form, with each entry representing both a spending and a receipt at the same time. A SAM keeps track of revenues in rows and expenses in columns. The SAM stipulates that total revenue must match total spending in every account, i.e., column sums must equal corresponding row amounts. The production account in the SAM is divided into two sections, as opposed to one in an I-O table: activities and commodities.

The activities account shows transactions made by businesses, and the values along the columns are virtually the same as those in I-O for domestic output. Contrarily, commodities reflect the goods and services that are produced or consumed and keep track of the overall production or consumption of those things. The management of a number of concerns related to foreign commerce is made easier by the distinct treatment of activities and commodities accounts.

Imported and locally produced items are combined for home use, but only domestically created goods are exported. As a result, only domestic production is shown in the activities account whereas only the total consumption of composite items is shown in the commodities account. Another benefit of this approach is that it enables the production of many commodities from a single activity, which is often the case in practise.

The National Accounts statistics form the foundation of the macro-SAM, and references to cell entries are made to "Part 4. Integrated economic accounts of Kazakhstan" in the "National Accounts of the Republic of Kazakhstan 2001-2005" released by the Statistical Agency of Kazakhstan in 2007. The United Nations System of National Accounts from 1993 serves as the foundation for Kazakhstan's national accounting system. The exact values are provided in Table A1 together with the schematic macro-SAM for 2002. and A1 about here) The macro-SAM entries are presented below by expense accounts, or by SAM columns. Tables A1 and include seventeen separate accounts, each of which balances as it should.

These accounts are: Commodities and activities produced; Capital and labour are factors. Institutional transactions include those of businesses, households, and governments; Taxes include direct taxes, import tariffs, export duties, taxes on capital, taxes on intermediate consumption, and taxes on final consumption. Investments include investments/savings and inventories for the rest of the world. statistical inconsistency[5], [6].

### **Disaggregating the household sector**

We add other family categories to the National Accounts based SAM described above using the Kazakhstan family Budget Survey for 2002. The general idea is to take micro-level KHBS02 data, aggregate them in accordance with the necessary level of household breakdown, scale them up to levels that are broadly consistent with the national level in the macro-SAM, and then use some adjustment procedures to match up all the accounts in the SAM with their macro-aggregates from national accounts. Since a consistent macro-SAM has already been created, the data we want from KHBS02 is the breakdown of those aggregates by household types, while maintaining the aggregates in their current form.

We must first match elements of the survey questions with the household SAM accounts before we can break down households by income deciles and settlement type. Since most entries are represented in some manner in the survey questionnaire, it is quite simple to match the income account with the household budget survey. Spending is far less straightforward and sometimes needs to be handled on the spot. We utilised the overall level of that entry from the macro-SAM and divided it by household types using shares from the nearest accessible category if we could not match a SAM category with the KHBS. The final macro-SAM, broken down by household.

### **Reconciliation of I-O tables and household data with the macro-SAM**

Data from I-O tables may be utilised to create a disaggregated micro-SAM once a thorough macro-SAM has been created. International standards regard Kazakhstan's published I-O tables to contain 61 sectors to be quite large. However, there is a significant issue with Kazakhstan's I-O data quality. Even if an I-O table is completely balanced, its aggregates aren't necessarily identical to similar aggregates in the National Accounts.

Officials and scholars often cite the National Accounts as one of the most trustworthy sources of economic statistics in Kazakhstan. As a result, for the building of the micro SAM, congruence between the IO data and the National Accounts is not only desired but would also provide the most accurate portrayal of the country's economic accounts. The Cross Entropy approach of calculating a SAM can efficiently deal with the problem of balancing the micro-SAM as well as reconciling it with the National Accounts. To put it simply, we put together the first micro-SAM using whatever data is available, without guaranteeing equality between associated rows and columns.

Usually, this results in an imbalanced micro-SAM. The estimate method then makes use of all this data to find a balanced micro-SAM that is both consistent with the national accounts and „close to our original, unbalanced micro-SAM. An alternate correction technique employs a least squares algorithm. The Annex discusses the technical specifics of the CE and LS approaches.



The I-O tables required to be modified from their original form in order to be functional and compatible with the macro-SAM; among other things, this resulted in a reduction of the number of sectors to 57. Because it makes use of logarithmic functions, the optimisation programme for the CE adjustment technique is unable to accept negative values in the SAM. To get around this problem, if a cell contains a negative value, we add it to both the cell itself and the item in the mirror row and column that corresponds to it. Negative entries are restored to their original locations once the SAM has been rebalanced, and this method does not alter the identity of the initial rows and columns balancing. 4 . During the balancing process, the statistical disparity is assigned to the investment column. Software called GAMS was used to implement the balance algorithms. Squared residuals were originally utilised as the minim and to compare the cross entropy difference measure with, yielding a minimum value of 0.115. The estimated SAM was then inserted into the sum of squared residuals for Neij after the entropy function was reduced. As a result, we were able to determine the sum of squared residuals that the SAM computed using the cross entropy approach suggested. The number, 0.116, looked to be quite close and barely higher. However, the technique only converges when the entropy difference is reduced after around 5 to 10 minutes of computation, while in the case of squared residuals, it just takes a few seconds. Therefore, the least squares technique is quicker and less likely to cause the algorithm to collapse while yet giving a comparable result[7], [8].

### **Adjusting the SAM for a CGE model of Kazakhstan**

The SAM may be easily utilised as a modelling and analytical tool after being created utilising the above-described technique. However, certain more adjustments must be done before it can be considered a suitable dataset for a typical CGE model. Unfortunately, in order to fit a SAM inside the existing CGE framework, often a certain level of complexity must be sacrificed. As a result, this section outlines every procedure that must be done in order to turn a SAM into a dataset for a CGE model. First, the capital row and investment column may have negative entries. The process used to address these was as follows: If there were negative entries in the capital row, this item was made positive and the same amount was added to the entry in the investment column that it corresponded with. Negative investment column entries were set to zero and the equivalent item in the capital row received the same value addition.

This adjustment does not alter any "real" data since both components were initially estimated as residuals in the compilation of the National Accounts. Negative savings in the household account often indicate underreported income since institutional savings are a residue of the income and expenditure balance. Negative household savings were changed to zeros without any extra information on the source of underreported income, and the resulting difference was added to firm transfers to households after being removed from firm savings to keep the rows and columns in proportion. Next, we make the assumption that all capital income flows to households and businesses, and all labour income goes to households. As a result, the government's capital income revenues were set to zero and distributed as payments from households to the government. The terms "labour income from the rest of the world" and "labour income to the rest of the world" were eliminated, and the term "household labour income" was added in their place. Household transfers with the rest of the globe were added to, withdrawn from, or adjusted for the difference. Because inventories are often not

addressed directly in CGE models, they are included with the investments/savings account. In the model, intra-institutional transfers would cancel them other out, thus these entries were set to zero. The SAM identities are unaffected by this. Exports are regarded as a component of the commodity account inside the fundamental SAM framework. On the other hand, because total domestic output is often stated as a transformation function between exports and supply to the home market, most CGE models include exports in the production account. Exports are thus moved from the activity account to the commodity account, and the gross domestic product is modified as a result. Similar shifts in export taxes are made from commodities to activities. Table A3 displays the structure of the final SAM for 2002, prepared for CGE usage. The breakdown by households and sectors has been suppressed for simplicity of presentation.

### Changing Income Distribution – An Integrated CGE Approach

In this part, we integrate all the aforementioned components into a Kazakhstan-specific Computable General Equilibrium model. Since 2001, the economy of the nation has expanded quickly, which is mainly attributed to the money earned from oil exports. These in turn have been influenced by recent high oil prices as well as a significant rise in the amount of oil exports. However, it is unknown and has never been thoroughly researched to what extent the oil business specifically contributes to the nation's economic development. How oil profits are divided among the populace is another crucial concern.

Does Kazakhstan's development process serve the poor or, on the other hand, do only the wealthy get the benefits of the windfall of oil revenues? We respond to these queries in two parts. We start by focusing on the oil industry's five-year average yearly influence on the economy. This will demonstrate the extent to which the oil sector is responsible for the overall economic growth that has taken place. In the second step, we multiplied the relevant micro-household survey spending data by the change in real income and consumer demand that each household group experienced as a result of the growth of the oil sector. The impact of such modification on indicators of inequality and poverty is then examined. This second step, which is a condensed form of the approach originally created by Adelman and Robinson, is often used in CGE-based studies of inequality and poverty.

The basic model uses assumptions that are widely regarded as common in the CGE literature and is a member of the 1-2-3 class of CGE models. These presumptions have a number of significant ramifications for our investigation. First off, it helps the tractability of findings by making it simpler to identify the factors that led to a certain conclusion. Second, the overall model is adaptable enough to include elements unique to Kazakhstan's economy. Because there is no intertemporal decision-making in the model, it is static. According to the presumption that all sectors are completely competitive, businesses make no money. The notion that Kazakhstan is a tiny country assures that it is viewed as a price taker on the global market, suggesting that its actions regarding import and export have little impact on the going rate on the market. Ten household cohorts with different income levels are identified. The linear spending system defines consumption needs as a subsistence consumption vector that each family must attain before they may enjoy any further consumption. While the subsistence levels for each home group are determined based on their consumption and income structure, income elasticities of demand are imposed from the outside.

The size of the subsistence level may determine whether or not a given good's consumption is primarily driven by supply or demand. Demand is less sensitive to changes in income or price when shares are larger[9], [10].

### **Simulations**

We artificially raise oil exports by the actual yearly average seen from 2001 to 2005 in order to isolate the effects of the oil sector. Over these years, Kazakhstan's oil exports increased on average by 18% annually. The demand shock is represented by such an exogenous rise in oil exports, which then affects the rest of the economy. We made the assumption that the industries that supply services to the oil industry would be able to get the extra capital and manpower required to enhance output for the domestic market at the going rates because we want to quantify the medium-term average yearly effect on the economy. Given that five years in the context of a quickly rising economy like Kazakhstan may be regarded medium- to long-run, and so certainly ample for capital accumulation, this assumption is not unrealistic. To put this into practise, we assume sector-specific capital demand and restrict demand-driven capital accumulation by sector-specific capital prices, which are the average cost of capital products across all sectors of the economy. The total labour force is constant, but the quantity that is available for production may change as employees enter and exit the labour force in accordance with the wage curve, which is fundamentally a relationship of the kind of the Phillips curve.

### **Results**

According to our research, a predicted 18 percent yearly rise in oil exports led to a 12.9 percent increase in this commodity's production. For contrast, actual oil output increased by an average of 11.5 percent year between 2001 and 2005. Over the same time span, Kazakhstan's real GDP increased by an amazing 10% yearly. Real GDP increased by 4.3 percent as a consequence of the simulated shock to the oil business. Therefore, we draw the conclusion that the oil business, either directly or indirectly, contributed to somewhat less than half of the nation's economic development between 2001 and 2005. Financial services and construction are two major industries that profit from the growth of the oil sector because they provide intermediate inputs to the sector. However, heavy industries that mine non-oil minerals lose out because they do not contribute significantly to oil production and essentially compete for the same resources. The key results are presented per sector in Table A4.

The consumption requirements of each family type in the new equilibrium as a consequence of the simulated oil price shock are then shown in Table A5. As can be observed, the rise of real income is marginally larger for lower income cohorts than for higher income cohorts; in this sense, the predicted effects of the oil price shock on incomes are marginally pro-poor. However, the utility findings shown in the final row of the same table provide a distinct perspective. Because utility is determined by consumption for each cohort, consumption grows greatest for better-off families and least for those with lower incomes. Therefore, the oil shock does not benefit the poor in terms of consumption. After that, we multiply the micro-household data from 2002 by the estimated changes in consumption to determine how the indices of poverty and inequality are impacted. In order to achieve this, we classify the consumption changes by good type and family income group using the findings shown in

Table A5. The same methodology was used to calculate increases in income inequality brought on by the fictitious expansion of the oil sector. For example, the poorest 10% of households get the most of their income from social assistance, while the wealthiest households receive the majority of their income from work. As a consequence, rather than as a result of explicit methods, the income of each family group in the model fluctuates depending on the significance of a given revenue source. We note that while the poorest families saw the biggest real income growth, this did not result in a corresponding rise in spending. Table A6 displays specific information on poverty and inequality for the base era, which in the CGE simulation is 2002, as well as for S1 after the implementation of the simulated adjustments. Even while inequality hardly changes, poverty indicators indicate a little drop. For instance, the projected increase in oil exports' 4.3 percent GDP growth results in a 1.1 percentage point decrease in the predicted poverty rate[11], [12].

### CONCLUSION

A thorough investigation of Kazakhstan's changing income distribution has begun with "A Study of Changing Income Distribution in Kazakhstan Using a New Social Accounting Matrix and Household Survey Data." This research has used cutting-edge methodology to present a nuanced view on income inequality, poverty alleviation, and the wider socioeconomic ramifications for the country. It does this by merging newly produced Social Accounting Matrix (SAM) data with household survey data.

Kazakhstan has established itself as a rising star in the international arena because to its swift economic growth, which has been fueled by careful resource management and diversification initiatives. But with economic expansion also comes the need to make sure that the population as a whole receives its advantages fairly. This research acknowledges that concerns about income distribution go beyond economics to include social fairness and political stability.

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## CHAPTER 11

### KAZAKHSTAN'S MANUFACTURING POTENTIAL

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#### ABSTRACT:

"Kazakhstan's Manufacturing Potential" provides a thorough examination of Kazakhstan's developing manufacturing industry, examining its potential, difficulties, and possibilities in light of the country's larger economic environment. The industrial sector emerges as a crucial engine of economic growth and development in Kazakhstan as the country works to diversify its economy and lessen its dependence on natural resources. This study examines the historical development of the manufacturing industry, emphasising its contribution to Kazakhstan's economic transition. It handles important issues such industrial policy, the environment for investing, infrastructure, and global commerce, all of which are critical in determining the sector's development and competitiveness. The opening of the story establishes crucial background information by describing Kazakhstan's economic development and emphasising the role that manufacturing plays in the country's attempts to diversify. It acknowledges that creating a strong manufacturing base is crucial for attaining long-term economic expansion and lowering sensitivity to changes in the price of raw materials throughout the world.

#### KEYWORDS:

Manufacturing, Potential, Resilient Economy, Raw Materials.

#### INTRODUCTION

The Kazakhstani government published its first long-term "Strategy 2030" in 1997, outlining its strategic goals of lowering the nation's reliance on natural resources, strengthening ties between resource-based and other sectors of the economy, and creating a more resilient economy. The government of Kazakhstan declared its "Strategy 2050" in 2012, with the top 30 most developed nations in the world as its main objective by that time. The government is particularly obligated under Strategy 2050 to create a strategy for the subsequent industrialization phase with the goal of tripling non-energy exports' share of total exports by 2025 and doubling it by 2040. Kazakhstan has put in place a number of industrial strategies during the last 20 years with the goal of increasing diversification. An outline of how the government's industrial goals have changed through time to aid in the growth of the nation is given in this section. Kazakhstan's 2003–2015 National Industrial and Innovative Development Strategy

Following the release of Strategy 2030, plans were created, supporting legislation was approved, and the Republic of Kazakhstan's Strategy for Industrial and Innovative Development for 2003-2015 was established. The creation of institutions, socio-entrepreneurial enterprises, holding businesses, and infrastructure investments like technology parks, economic zones, and industrial zones were all promoted by the new institutional framework. By reducing reliance on natural resources, promoting industry modernization and diversification to increase competitiveness, and creating the right circumstances to encourage the transition to a service-rich, technology-oriented economy, the SIID sought to achieve sustainable development for the nation. The SIID aimed to shift the manufacturing sector towards the production of high value-added items and related services in order to offset the downturn that it had undergone during the previous oil boom. According to this plan, manufacturing would increase at an average rate of 8% annually and contribute

13% to GDP, resulting in an average annual GDP growth rate of 9%. By 2015, SIID sought to triple labour productivity in the manufacturing sector, reduce GDP's energy intensity by half, increase the share of science and high-tech-driven enterprises to 1.3% of GDP, and boost the contribution of small and medium-sized enterprises to 43% of GDP. These goals were set using 2000 as the base year. The SIID's primary area of concentration has been determined to be the production of processed products and services that are competitive and export-oriented. But throughout this time, GDP contributions from the extractive industry increased further, while those from the manufacturing sector continued to decline. During this time, export earnings increased significantly, but the variety of exports shrunk and grew increasingly homogenised. Although the extractive sectors' production continuously increased above 1991 levels, manufacturing output rebounded in the 2000s but remained below 1991 output levels[1], [2].

## DISCUSSION

Currently, Kazakhstan's economy is heavily reliant on the exploitation of natural resources. The production of oil accounts for around 56% of all exports and nearly one-fifth of the nation's overall gross domestic product .1 Kazakhstan is the biggest oil producer in Central Asia and the 16th largest oil producer in the world, producing 1.7 million barrels per day in 2016.2 Kazakhstan's government recognises that despite the country's substantial reliance on oil and gas exports, its per capita income has improved considerably since 1991. The necessity for the administration to take structural changes into consideration has been strengthened by the recent economic shock and reduction in the price of oil. Thus, one of the main goals of its present economic strategy is economic diversification. To maintain private sector growth and support employment growth in the nation, diversification away from extractive sectors and a decrease in the role of the state in the economy are thought essential. This Chapter begins with summarising Kazakhstan's past and present industrial development initiatives that the nation has adopted to diversify its economy. The state and function of the manufacturing sector in the economy are next briefly discussed. We examine Kazakhstan's export composition and trends over the last 20 years, and we also talk about how Kazakhstan's industrial growth may be aided by diversifying the export mix and shifting to high-potential manufacturing export goods. The potential benefits of pursuing such economic diversification are discussed, and Kazakhstan may learn valuable lessons from other nations' successes in growing their manufacturing sector. The Chapter ends with policy implications and suggestions for the government's future diversification efforts[3], [4].

### Why Does Kazakhstan Need to Diversify Its Economy?

The challenge for Kazakhstan's development strategy is to change its dependence on resource exploitation for growth. The nation must update and diversify its service, industrial, and agricultural sectors in order to achieve this. Today's economy is less globally diverse and competitive than it was 10 or 20 years ago. The economy of many nations with comparable income levels and other sizable nations with abundant natural resources are far more diverse than Kazakhstan's. The growth of more labor-intensive manufacturing and service sectors may thus have a favourable influence on the availability of employment. The natural resource sector also tends to be capital-intensive. Although an increase in commodity export prices may have a short-term favourable economic effect for resource-rich nations like Kazakhstan, these advantages are often fleeting, and overall production may swiftly revert to levels that existed before the increase. When the price of oil plummeted globally in 2014, the nation went through this, which shocked the economy of Kazakhstan. A static tree map illustration compares the present degree of diversification and the make-up of exports in Kazakhstan, Australia, Norway, and Indonesia, four nations that are rich in natural resources. Each product is represented by a rectangular segment and grouped by sector in the tree maps, which provide a hierarchical perspective of each nation's export statistics.

Each product segment's size is inversely related to its export share. Given that crude oil made up 56% of Kazakhstan's total exports in 2015 and that many of its secondary goods required a lot of resources, demonstrates that the nation has less export diversification than the other three nations. Kazakhstan's export basket continues to have the fewest manufactured goods.

The export portfolios of the other three nations are far more varied, with a sizable share of their exports being manufactured commodities based on natural resources. For instance, Indonesia continues to export natural resources like coal, liquefied natural gas, and crude oil while also exporting a significant portion of manufactured goods like clothing, equipment, and electronics. Early in the 1980s, Indonesia was successful in establishing labor-intensive, export-focused manufacturing sectors. The development of its sizable manufacturing industry was aided by a significant inflow of FDI into the apparel and footwear sectors. During the 1960s and 1970s, the nation's economy was primarily reliant on oil; now, it is considerably more diversified. However, when manufactured exports from the People's Republic of China took over the global markets in the 1990s and eroded Indonesia's wage advantage, the country began to lose its competitiveness. Norway and Australia both exhibit comparable levels of variety. According to recent statistics, these nations also export significant portions of other goods in addition to their usual natural resource-based exports[5], [6].

### **Product Space Analysis**

Based on the makeup of its existing export basket and its connections to other manufactured product categories, a product space analysis is used in this section to determine how Kazakhstan may be able to make the shift to production of more complicated and expensive manufactured goods. Product space analysis may show how switching from producing one set of exports to producing another, more complex set of commodities might diversify the economy's export base.

We may evaluate a country's capacity to shift production towards higher value items by looking at the location of its export basket within the product space and how one product relates to another. Product exports were mapped across all nations by Hidalgo et al. By calculating the likelihood that a nation will have a comparative advantage in one commodity given its comparative advantage in another, this takes into consideration the close proximity of the items. Proximity assesses how closely related different items are by taking into account the resources that companies employ to make one product that may also be utilised to generate another.

Product knowledge, physical assets, intermediate inputs, labour relations, necessary labour training, technology, marketing, infrastructure, property rights, regulatory needs, and other public goods are all examples of capabilities. The product space map makes use of 773 goods from the United Nations Commodity Trade Statistics Database. The various nodes stand in for items, their colours designate product categories according to the Leamer classification, and the size of each node is proportional to global trade values.<sup>6</sup> The distance between two products is represented by the length of the lines connecting the nodes. Particularly machinery, chemicals, electronics, processed metals, and capital-intensive goods are represented in the dense regions.

This demonstrates how simple it is for businesses to switch over to manufacturing other goods. The process of product diversification is easier if a nation is manufacturing goods in the centre of the product area since the set of current capabilities may be readily transferred to other neighbouring items. The sophistication of core items likewise tends to be higher than that of isolated peripheral products. Natural resources, basic goods, and agricultural goods are tied to other items only tenuously on the periphery. As fewer of its skills may be redeployed elsewhere in the economy, an economy whose exports are mostly situated on the periphery would have more difficulties shifting towards nearby items.

The potential for a nation to develop its production capacity and economic complexity depend on where it is in the global product space, in which the squares on the map indicate the items Kazakhstan is exporting with an  $RCA > 1$ , shows the product space for Kazakhstan for the years 1995 and 2015. First, it is noted that there are fewer items available, indicating more specialisation. Second, Kazakhstan mostly manufactures and exports peripheral-type goods. This suggests that some skills have been learned that are difficult to use again to create untapped items. Diversification and rising sophistication are hampered as compares the product space maps of Norway and Indonesia, two additional nations with a lot of natural resources, with Kazakhstan during the same time frame.

A larger degree of variety is shown for these two nations, as seen by a bigger number of items entering the market. In both instances, there has also been a movement of goods into the core, suggesting higher levels of complexity and more integrated products. In other words, both nations have developed capacities that can be easily duplicated to make goods that are identical to or more advanced. Kazakhstan's economy currently has few high-tech sectors due to a lack of a competitive environment, small business incentives to adopt new technologies, a lack of adequate legal protection for intellectual property rights, and a weak innovation management culture. Another significant barrier to innovation is the banking industry's lack of development. Overall, there is room for strengthening the economy's ability to generate knowledge via focused policy changes [7], [8].

### **Identifying High-Potential Export Products in Kazakhstan**

A method for identifying current capabilities and new possibilities to boost economic complexity and diversity is product space analysis. In order to determine which items in Kazakhstan provide the greatest compromise between sophistication, strategic value, and closeness to the existing export basket, we may apply product space analysis. These products can also represent large market prospects. This exercise is not intended to provide specific advice to the government on which businesses it should help overtly via policy initiatives. Instead, it uses information produced from the product space to analyse close-proximity items for future upgrade and diversification. In this situation, we evaluate untapped exports based on how far they are from existing capacities. According to the distance from existing capabilities and the complexity of each product, depicts Kazakhstan's knowledge frontier, or the untapped goods, which include both presently exported and unexported items. Products that are situated farther away from the present capability set are often more advanced and may raise the export basket's sophistication [9], [10].

The average distance from present capabilities will be used as the cutoff for our analysis of untapped items, which are those with an RCA index of less than one and fall into one of three distance groups. Additionally, we only consider goods with current export values larger than zero and PCI values higher than the current Kazakhstan average. Distance and the intricacy of untapped goods are trade-offs. In other words, although nearby items are simpler to switch to, they will often be less complicated than those produced farther away, and so will have less of an influence on increasing the economic complexity of the export basket. We'll start by looking at "nearby products." Some of the closest goods, however, may not be the greatest places to concentrate on since they are separated from other nearby products and have spillover effects that are inadequate for quick diversification. Although items from various industries are included in the following of untapped products, only manufacturing products will be recognised as the top potential products. Using the three-digit International Standard Industrial Classification Revision provides the first set of 32 neighbouring items divided into 12 product categories. According to their current total export value, which serves as a gauge of these items' state of development, the unexploited product groupings are mentioned. Appendix 2 has a complete list of all the specific items covered in these classes.

The size of the global market for the items in the the value of their exports globally. The chart also includes the average potential gain rating, where a higher ranking indicates being nearer to more items or products that are more difficult. A country's potential advantage from switching to a new product is measured by the opportunity gain, and investments in higher-ranked goods are more likely to support structural change[11], [12].

## CONCLUSION

Currently, Kazakhstan's economy is heavily reliant on the exploitation of natural resources. The production of oil accounts for around 56% of all exports and nearly one-fifth of the nation's overall gross domestic product (GDP).<sup>1</sup> Kazakhstan is the biggest oil producer in Central Asia and the 16th largest oil producer in the world, producing 1.7 million barrels per day in 2016.<sup>2</sup> Kazakhstan's government recognises that despite the country's substantial reliance on oil and gas exports, its per capita income has improved considerably since 1991. The necessity for the administration to take structural changes into consideration has been strengthened by the recent economic shock and reduction in the price of oil.

Thus, one of the main goals of its present economic strategy is economic diversification. To maintain private sector growth and support employment growth in the nation, diversification away from extractive sectors and a decrease in the role of the state in the economy are thought essential. This Chapter begins with summarising Kazakhstan's past and present industrial development initiatives that the nation has adopted to diversify its economy.

The state and function of the manufacturing sector in the economy are next briefly discussed. We examine Kazakhstan's export composition and trends over the last 20 years, and we also talk about how Kazakhstan's industrial growth may be aided by diversifying the export mix and shifting to high-potential manufacturing export goods.

The potential benefits of pursuing such economic diversification are discussed, and Kazakhstan may learn valuable lessons from other nations' successes in growing their manufacturing sector. The Chapter ends with policy implications and suggestions for the government's future diversification efforts.

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## CHAPTER 12

### OIL-AND-GAS SERVICES IN KAZAKHSTAN

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#### ABSTRACT:

Oil-and-Gas Services in Kazakhstan" provides a thorough examination of the industry within the framework of Kazakhstan's changing energy environment. The oil and gas industry in Kazakhstan, a country with abundant hydrocarbon resources and a major participant in the world energy market, is essential to the country's economic growth and international relationships. This study explores the many facets of the oil and gas services sector, looking at its historical development, regulatory landscape, technical breakthroughs, global partnerships, and potential in the future. The oil and gas services industry in Kazakhstan is crucial for local energy production and plays a significant role in the global energy arena. The opening of the story establishes crucial background information by describing Kazakhstan's rise as a prominent energy player and the crucial role that the oil and gas services industry played in fostering this expansion. Drilling, exploration, engineering, and maintenance are just a few of the many services provided by this industry, all of which are essential to the effective operation of the energy value chain.

#### KEYWORDS:

Gas, Oil, Metallurgy, Production.

#### INTRODUCTION

One of Kazakhstan's oldest businesses is oil and gas production. 1911 saw the start of commercial oil production in the western districts bordering the Caspian Sea. The oil-producing western areas of the nation, coupled with the heavy industrial complex centred on mining and metallurgy elsewhere in the nation, particularly in its northeastern and eastern regions, became a key industrial growth pole throughout the Soviet era. Beginning in 1993, when the Government of Kazakhstan and Chevron signed a landmark deal to develop the Tengiz field, the oil industry's role to economic activity experienced a significant transformation. The first significant deal for the newly independent nation was this one. It increased investor confidence abroad and kicked off a period of significant FDI inflows into Kazakhstan. The oil deposits of western Kazakhstan needed to be developed, but it took a lot of work and money due to their distance, technical difficulties, and weak market processes.<sup>1</sup> For the oil and gas industry to reach its full potential, a number of legislative foundations had to be established, a tax and regulatory framework had to be created, the essential infrastructure had to be built, sophisticated equipment had to be produced and transported, and workers had to be trained.

The restricted ability to supply oil to global markets initially acted as a major barrier to the sector's expansion. By the middle of the 2000s, however, the Caspian pipeline consortium's building of a pipeline and enhanced linkages with the Russian Federation pipeline system had made it easier for Kazakhstan's oil and gas producers to reach the global market. The amount of oil and gas condensate produced doubled between 1994 and 2011, greatly increasing the sector's contribution to total economic activity. Between 1994 and 2014, the value of oil and gas exports increased from 8% to 63% of total national exports. Additionally, from 17% in 1999 to 54% in 2011, the contribution of oil and gas earnings to overall government revenue increased. From 3% in 1991, oil rents as a percentage of GDP have grown. The oil-producing

oblasts of Atyrau and Mangystau made about half of the transfers from the sector to the national budget between 2013 and 2016 under subnational administrative divisions. Aktope and West Kazakhstan, the other two oil-producing oblasts, also got payments from the national budget at the same period, although this only amounted to 6% of all disbursements to all oblasts. The contribution the oil and gas industry makes to Kazakhstan's sovereign wealth fund, the National Fund of the Republic of Kazakhstan, is another indicator of the sector's fiscal significance. In 2014, the assets of the fund were estimated at \$75 billion; in 2016, they were worth \$64 billion. Except for 1%, all of NFRK's yearly revenue comes from tax payments made by the oil and gas industry. Although the resource sector has a significant influence on production and tax receipts, the direct employment impact of the oil and gas sector on overall employment has been minimal. This is a result of the sector's manufacturing process having a high capital intensity. Between 1994 and 2014, this industry employed under 0.5% of Kazakhstan's workforce on average. The expenditure of oil rents by the public and private sectors, however, stimulates the expansion of services in other sectors that are very labor-intensive, which has a significant indirect influence on total employment. In Kazakhstan, the proportion of service-related employment increased from 38% in 2001 to 48% in 2014, which may be partly ascribed to the use of resource rents as spending money. These changes are in line with the characteristics of the Dutch disease, in which the services sector grows as a result of resource rent expenditure and is protected from international competition since many services are nontradable[1], [2].

## DISCUSSION

This Chapter's objective is to assess the effects of Kazakhstan's oil and gas industry on the growth of its services industry, with a focus on oilfield services, which are a crucial link in the petroleum value chain. The effectiveness of the OFS market is essential for preserving Kazakhstan's oil and gas industry's competitiveness, particularly in the present environment of low oil prices on the global market after the previous boom. The output of oil and gas condensate increased fourfold between 1994 and 2011, while the proportion of oil and gas in national exports virtually increased eightfold from only 8%. Additionally, from less than one-sixth to more than half of overall government income, oil and gas revenues increased. After reaching a record of 21% in 2005, oil rents as a percentage of GDP decreased to 6% in 2015 due to the fall of global oil prices in 2014. Even while Kazakhstan's economy has become more concentrated over the last 20 years and is more susceptible to external shocks, the expansion of the oil and gas industry has had several beneficial side effects. Particularly, they have helped businesses that specialise in producer services like trade, banking and insurance, construction, transportation and logistics, professional services, and specialised auxiliary services. If certain changes were made to present rules, those service businesses may contribute more effectively as the economy adapts to a reduced oil price scenario. Examples covered in this Chapter include removing the present local content laws, encouraging small businesses to create cooperatives in order to benefit from economies of scale, and changing research expenditures for the oil and gas industry.

The local producers' engagement in the exploitation of Kazakhstan's petroleum resources has expanded as a result of the country's 2010 local content legislation. The government is required by World Trade Organisation regulations to adjust its specified minimum spending shares on local products, works, and services as well as its minimal share of local workers, despite the fact that the variety, quality, and complexity of local OFS have risen. The creation of joint ventures and consortia between domestic and international OFS enterprises is an appealing solution since they may serve as channels for the transfer of technology and expertise. That procedure would be helped by increasing the transparency of the regional

OFS market. If there are enough players on both sides of the market and transactions are made online, the Alash electronic database might be crucial in this regard. The local OFS market still has a big number of small businesses, which makes it difficult for them to acquire new technology, finance, and significant contracts from petroleum companies. Smaller businesses, however, have an edge over bigger ones since the services they provide are more highly specialised.

Incentives for these businesses to band together and submit joint bids for contracts might help to stop the excessive fragmentation of the services industry. Small businesses would be more interested in joining these cooperatives, some of which may later grow to be huge corporations, if the legal structure allowed for the establishment and dissolution of such cooperatives in accordance with the length of a specific project. According to current law, 1% of local R&D expenditures must be made. In Kazakhstan, public research institutions and universities predominate in doing research, although the results are often of poor quality and have little practical economic use. R&D productivity might be increased by creating better commercialization incentives, removing administrative roadblocks, and encouraging innovation in the private sector utilising both patent and nonpatent forms of intellectual property. This might be accomplished by learning from the successful development of domestic oil-and-gas R&D capabilities in nations like Malaysia and Norway. It would also be beneficial to improve the standard and standing of engineering, physical science, and related subjects like project management education[3], [4].

### **The Oil-and-Gas Value Chain and the Role of Oilfield Services**

The value chain of the petroleum business is a network of connected procedures that converts unfinished consumer goods from raw natural resources. It consists of three stages: upstream, which includes oil exploration, production, and ancillary services; midstream, which includes storage and transportation; and downstream, which includes marketing and refining. While some oil and gas businesses work on many phases of value generation, others focus on a single stage of production. The features of the resource base, country-level variables, sector-level factors, and company-level factors are the ones identified by Tordo et al. as the drivers of value creation by oil businesses. Competitive tendering of OFS, which often conflicts with the common development objective of fostering backward connections of the petroleum corporations with domestic providers of products and services, is a crucial sector-level driver. When oil prices were low in the 1980s, the oil majors were obliged to outsource some of its conventional operations like drilling, which led to the creation of the global OFS sector.

The OFS businesses that made significant R&D investments received further encouragement in the 1990s as a result of the growing technical demands placed on exploration and production. According to the United States International Trade Commission, international affiliates of US companies sold \$8.6 billion worth of OFS in 1998, and in the early 2000s, the market for OFS was projected to be worth \$100 billion globally. In 2001, a market for OFS that also comprised hundreds of smaller, more specialised companies was dominated by integrated companies like Schlumberger, Halliburton, and Baker Hughes. In 2011, it was projected that OFS generated \$750 billion in worldwide revenue. With a market valuation of \$91 billion, Schlumberger, the leading supplier, outperformed many significant international oil corporations, including ENI and Statoil. The worldwide oil market's trends, however, automatically affect the OFS market. The collapse of the oil price forced Schlumberger to reduce its employment by 25%, or about 34,000 employees. In other words, the climate of low oil prices increases the pressure on OFS enterprises to innovate and minimise costs. Having established this context, the next part explores how Kazakhstan's OFS market overcame the obstacles posed by the present low-price environment[5], [6].

## Oilfield Services in Kazakhstan

Large integrated and small specialised businesses make up Kazakhstan's OFS market. Some of the bigger OFS enterprises were a part of the organisation of oil, gas and electric power producers known as Kazenergy, which was founded in 2005. Monitoring and fostering the competitiveness of the nation's OFS sector is one of Kazenergy's activities. Another specialised organisation of OFS companies operating in Kazakhstan was founded in 2011. The goal of this new organisation, Kazservice, was to provide a forum for addressing issues that the OFS sector often encounters. By working in concert with the government and oil corporations, the group represents the interests of its members. The association's promotion of local OFS manufacturers' competitiveness and participation in major projects is another one of its main objectives. The organisation has a sizable yearly business conference and publishes a journal. According to Kazservice's 2016 study, there are at least 1,000 businesses in this sector together employing 160,000 people. Around 50% of all inputs acquired by oil and gas producers, or \$7 billion on average annually, are sold by the OFS industry. KazMunaiGas, or KMG, the country's state-run oil corporation, three major multinational oil consortia, and numerous private producers are among the clients of OFS companies in Kazakhstan. 70% to 84% of all OFS sales is accounted for by the four biggest clients. The amount of sales adjusted for fluctuations in the national currency declined by 36% between 2014 and 2015 as a result of declining international oil prices and a decline in demand for OFS. If the price of replacing the pipelines at the Kashagan field isn't taken into account, the value of the OFS market also fell by an extra 22%. The five categories of services that make up OFS on the supply side are drilling, construction, maintenance, engineering, and geophysical services. Drilling services made up the majority of the OFS market until 2014.

According to Kazenergy, production and exploratory drilling increased from 1.2 million to 2.5 million metres in total between 2009 and 2011, with production drilling accounting for the majority of the increases. Likewise, between 2010 and 2014, the quantity of wells climbed by 20%, reaching 21,000 as of January 2015. According to, the drilling services industry was most negatively impacted by the drop in oil prices, with a nearly 40% decline in sales. Market shares of certain OFS kinds are shown in 2015.

KMG National Oil Company, China National Petroleum Corporation, and PetroKazakhstan, a joint venture between KMG and China National Petroleum Corporation, were the three biggest customers of drilling services. The onshore market, according to Kazenergy, is controlled by KazPetroDrilling. The group KazPetroDrilling, which controls 21% of the market and has 42 rigs, is made up of private companies and a KMG affiliate. With 27 rigs under its ownership, the joint venture between Kazakhstan and the People's Republic of China, Velikaya Stena, is the second-largest onshore driller. There are 11 offshore drilling rigs in the Caspian Sea, most of which are owned and operated by foreign companies.

The lack of offshore rigs and the constrained local capacity for rig production were identified by Kazenergy as barriers, which were made worse by the reduction in investments brought on by the drop in the price of crude oil internationally. Information on other OFS market segments is provided by data from the Kazservice survey. In construction, project design, and geophysical services, it suggests that there is a very high firm concentration, with the top producers controlling 45%–50% of the relevant markets. The market for maintenance is less consolidated, however. Additionally, according to Kazservice statistics, the drilling market's concentration was lower in 2015 than it was during the previous time frame covered by Kazenergy. The large market shares of the top corporations in each of the five kinds of OFS, taken along with the quantity of OFS enterprises stated by Kazservice, suggest the existence of several lesser OFS organisations. Sustainability concerns for these small and medium-sized businesses[7], [8].



### **Official Data on the Oilfield Services Market**

The National Output Classification by Economic Activity's OFS is covered by the Committee on Statistics of the Republic of Kazakhstan, which is a division of the Ministry of National Economy. Construction, professional services, auxiliary mining services, and the installation and maintenance of equipment are all pertinent areas. Drilling and maintaining producing wells as well as handling and separating hydrocarbons on-site are examples of auxiliary mining services. In addition to various forms of building, there is industrial construction and the drilling of exploratory wells. Design, engineering, geophysics, and R&D are professional services. Legal, accounting, consulting, and marketing services are all included in professional services. The four categories mentioned above calculated the value of OFS to be T1,100 billion in 2014 and T853 billion in 2015. particularly for 2015, are lower than those stated in the Kazservice survey. Additionally, it is important to remember that professional services can cover a variety of standard commercial services.

This recommends that the Ministry of National Economy and the Ministry of Energy should work together to provide standard methods for gauging and disclosing activities in the OFS sector. In particular, publications from the Kazenergy and Kazservice organisations claim that 50% of all purchases made by oil and gas enterprises are made via OFS. Data from the Ministry of National Economy, on the other hand, show that this metric was at most 27% on average from 2004 and 2015, rising to 37% in 2014 and 2015. Different methods for assessing intermediate input values might be a possible cause of difference. Overall, How crucial the service sector is to the oil and gas business. The oil and gas industry bought an average of 56% of all its intermediate inputs from the services industry between 2004 and 2015. OFS accounted for around half of the total value of service expenses. The remaining amount was mostly ascribed to commerce and transportation. Auxiliary mining services made up the greatest portion of OFS, accounting for 15% of the oil and gas industry's expenditures on intermediate inputs and included the majority of drilling operations. In turn, the oil and gas industry acquired 96% of the production value of auxiliary mining services between 2004 and 2015. The majority of this category of OFS, which includes commerce, transportation, and professional services, spends 53% of its intermediate input expenditures on services. Auxiliary mining services also spend a lot of money on chemicals, equipment, crude and refined oil, and metallurgy. In other words, the OFS industry utilises services heavily, much like the oil and gas industries themselves[9], [10].

### **Local Content Policies in the Post-World Trade Organization Context**

To promote broad-based growth outside of the extractive industry, national governments of resource-rich nations often create and implement local content regulations. The World Bank claims that cooperation with other policies in the areas of trade, infrastructure, financial markets, education, and macroeconomic management is necessary for local content policies to be successful. The cost of any possible inefficiencies must be balanced against the advantages of such measures, which include greater employment outside the oil and gas industry. It is difficult to swiftly develop the supply of such inputs from local sources because of the technical complexity of the petroleum production process and the usage of highly specialised inputs. Additionally, the petroleum industry's predicted relatively quick payback time conflicts with the long-term developmental goals of the national government. The policy efforts for local content in Kazakhstan are discussed and evaluated in this section. The 1995 adoption of Kazakhstan's first petroleum law lacked any provisions for local content. Prior to the 2010 Law on Subsoil and Subsoil Use, local businesses were thought to be little involved as suppliers to petroleum companies. According to Kazenergy, big companies only bought 3% of their GWS from local suppliers, whereas local GWS accounted for 10% to 12% of total expenditures.

The 2010 legislation mandated that promises on minimum local GWS and training of local workers who should account for at least 95% of the firm's labour be included in bids for new mineral rights. Operators were also obligated to choose contractors based on a 20% discount from local producers' bid costs. In addition, the regulation mandated that subsoil users provide to the government the purchase strategies that were made known to nearby suppliers. The government created and executed a system of certification that allowed a company to benefit from the 20% reduction on its bidding price while also guaranteeing the GWS's Kazakh origin. TCO, KPO, and NCOC, the three major projects, were at first excluded from LC rules. But in all three instances, LC promises were made in later expansion projects. For instance, participation in the TengizChevroil's Future Growth Project and the Wellhead Pressure Management Project is now the aim of many OFS enterprises. TCO will be able to enhance output by 260,000 barrels per day and prolong the field's life thanks to FGP/WPMP. TCO said in 2016 that it will spend \$36 billion and that the FGP/WPMP would be finished by. TCO anticipates adding 20,000 jobs while sourcing 32% of services from regional businesses. Local engineering companies KazGiproNefteTrans and Kazakhstan Institute of Oil and Gas, who were engaged in creating the new modules for the FGP/WPMP, are some instances of effective use of local service providers by TCO.

Additionally, TCO worked closely with various construction firms, like MontazhSpetsStroy, to update its safety standards and qualify for participation in the most current and past growth projects. In general, locally manufactured commodities climbed to 16% of total sales as a consequence of LC regulations, while domestic OFS use rose from 45% to 54% between 2010 and 2014, according to Kazenergy. This basically agrees with the information separately gathered by the Kazservice organisation.<sup>2</sup> However, the establishment of the Eurasian Economic Union and Kazakhstan's entry into the WTO in 2015 prompted the government to reevaluate its LC policies. Furthermore, it was believed that too restrictive LC laws reduced the appeal of Kazakhstan's petroleum industry to international investors. Finally, it was believed that the provision of mostly low-value-added products and services was how the higher LC was attained. International companies are still needed to fulfil the petroleum producers' more sophisticated technical demands. Therefore, unless they expire sooner, LC-related conditions of contracts of subsoil users will be terminated in order to comply with WTO standards of non-discriminatory treatment of service providers. Instead, policymakers are concentrating on promoting the formation of joint ventures as platforms for the transfer of technology and expertise. The proposal also calls for support of R&D initiatives in Kazakhstan by subsoil users[11], [12].

### **Research and Development in the Oil-and-Gas Sector**

The oil and gas sector requires a lot of cash. Applying current and creating new technologies requires creative techniques due to the distinct geology, climatic, and environmental factors of each sector. The Economist reports that in 2011, oil majors spent 0.25–0.4% of sales on R&D, compared to 1.6%–3.7% for the top OFS enterprises. R&D expenditure as a percentage of GDP in OECD nations is 2.4% on average, and it has been rising since the early 2000s. Kazakhstan behind other former Soviet Union nations in terms of international patent applications and spends only 0.2% of its GDP on research and development. Human capital, a meagre research infrastructure, a lack of connections between industry and research organisations, and an ineffective research financing process are all barriers to R&D in Kazakhstan's petroleum sector. Kazenergy suggested creating an advisory council with members from business, research institutions, and academics in order to alleviate the restrictions on R&D in the petroleum industry. The board's duties would include determining the most important subjects for future research, coordinating R&D efforts, raising money, promoting international collaboration, helping customers test and use new technologies, and disseminating information. The paper also emphasised the need of streamlining the state

agencies' processes for allocating research grants, resolving the issues with importing laboratory and research equipment, and enhancing the laws governing the protection of intellectual property rights. The creation of the "road map for the scientific and technological development of the oil and gas sector in Kazakhstan" was one example of collaboration amongst petroleum sector players. The state oil corporation KazMunayGas, Shell, and the Kazakhstan Institute of Oil and Gas collaborated to create the road plan.

The road map lists 15 top priorities across five categories that industry players continue to face. If the road plan is executed, experts predict that completing each assignment would result in savings of \$2 billion to 7.5 billion dollars, for a total of tens of billions of dollars. It is critical to build a stronger interaction between the industry and academics with regard to the development of suitable human capital, as a lack of competent individuals is one of the barriers to R&D in Kazakhstan's petroleum sector. Particularly in the subfields of geophysics, reservoir development technology, production, and analysis of the chemical composition of hydrocarbons, Kazenergy emphasised the lack of skilled employees in the domains of fundamental sciences and engineering. In addition, there is a lack of qualified technicians for building, running, and maintaining. The report recommended working with professionals in the industry to design academic programmes, incorporating more fieldwork into academic curricula, encouraging graduate students to conduct applied research, and holding regular meetings to discuss the technical and technological challenges facing petroleum producers and potential solutions. Despite the noted obstacles, R&D activity in Kazakhstan's oil and gas industry increased dramatically between 1998 and 2015. that until 2012 Almaty City dominated the market for R&D and professional services. At the same time, spending on professional services and R&D moved steadily to Western Kazakhstan. In particular, Atyrau's share of national R&D and professional services spending increased from 2% in 1998 to more than 40% in 2015. Overall, the development in the significance of R&D and professional services in Kazakhstan's oil-producing area and, to a lesser extent, in the capital city of Astana, can be seen in the pattern of national R&D and professional services spending. An illustration of innovation, some of which could be related to Kazakhstan's R&D spending[13], [14].

### **Policy Recommendations**

An essential link in the petroleum value chain is represented by OFS. The effectiveness of the OFS market is unquestionably essential for preserving the competitiveness of Kazakhstan's oil and gas sector, notwithstanding some differences in assessment of this market between the industry and government data sources in Kazakhstan. In light of the low prices on the global oil market, such competitiveness is crucial. The study presented here suggests a number of possible policy reform areas that might help Kazakhstan's OFS market function more effectively. Local producers are now more actively involved in the development of Kazakhstan's petroleum resources as a consequence of the 2010 LC laws. The works offered by regional OFS have improved in terms of diversity, quality, and complexity. However, the government must modify its previous regulations, which set minimum spending shares on local GWS and minimum employee shares, in light of the post-WTO accession climate. In order to transfer technology and skills, the new strategy must place a strong emphasis on the creation of joint ventures and consortia between domestic and international OFS enterprises. Such sorts of collaboration between a foreign and local enterprise have been effective in a number of instances. The local partner typically offers its knowledge of the local market, institutions, and resource base, whereas the foreign partner typically adds better technology and managerial practices. Before a joint venture or consortium was formed, the local firm often served as a subcontractor for the foreign company and was able to gain its confidence and adopt its management and quality practices.

In other words, this approach appeals to international OFS enterprises that have a history of doing business in Kazakhstan. Lack of prior job experience in Kazakhstan may be a significant hurdle for new entrants who could otherwise be desirable partners for local businesses. The topic of removing this market restriction is covered below. Additionally, global service companies that use cutting-edge, extremely complicated technology could find it challenging to find local partners who have the necessary competence. As a consequence, solving the human capital and innovation problems faced by regional service providers will be a need before creating joint ventures and consortia, particularly in the most high-tech market categories. Making the local OFS market more transparent is one strategy to handle foreign market entrants' lack of local knowledge. The Alash electronic database might be crucial in this regard. On the initiative of KMG, TCO, KPO, and NCOC, the system was developed with the explicit goal of encouraging local GWS procurement by the operators of the three main projects. Operators have access to OFS firm profiles via the system, which include information on the many kinds of GWS, projects completed, quality, and worker safety. This is a positive move that is comparable to other international programmes that provide internet trading platforms. One such well-known platform from the US, called Rig Up, provides operators cost savings and simpler procurement while avoiding subcontracting by OFS suppliers. A very high number of participants—17,000 contractors and 150 oil and gas companies—is the main selling point of Rig Up. Rig Up has made it possible for the latter to save 30% on costs and obtain a greater number of bids each award. Regarding Kazakhstan's Alash system, this endeavour is likely to have a limited influence until it has a significant number of players on both sides of the market and transactions are completed online. In the long term, it will be advantageous for both buyers and providers to broaden the Alash system's geographic scope and accept members from around the area. Additionally, a crucial component of this system's effective functioning may promote worldwide certification.

Alash currently does some kind of quality control. Alash would be able to concentrate its efforts on maintaining and enhancing the functionality of the online market if there was a gradual shift to demanding ISO certification from system participants. Additionally, as shown by KazStroyService, which operates in the Middle East and India, and LOGIC Services Kazakhstan, which operates in the Arctic of the Russian Federation, international accreditation may boost the prospects for Kazakhstani service businesses to reach overseas markets. In general, there are just a few instances of local OFS businesses operating overseas. The official, which provide zero values for exports of auxiliary mining services, the biggest subset of the OFS sector, are consistent with this. The impending phase-out of local content rules will boost pressure on OFS companies to look for business prospects beyond Kazakhstan, which in turn highlights the demand for these companies to become more technically sophisticated. There are several tiny businesses at the nearby OFS market. Access to new technology, finance, and bigger contracts from petroleum producers is hampered by small enterprises' size. A business incubator programme run in tandem by the United Nations Development Programme and Tengizchevroil was one effective method of aiding SMEs in the OFS market. This programme began offering interest-free financing to Atyrau Oblast SMEs and start-ups in 2002 that have an environmental or social component. The programme offered its members office space, technical help, and legal support in addition to cash support. Generally speaking, it's critical to comprehend the possible market niche that SMEs may occupy in the OFS sector. Smaller businesses often benefit from more service specialisation compared to bigger ones. Incentives for these businesses to band together and submit joint bids for contracts might help solve the problem of excessive service market fragmentation. Former energy minister Uzakbai Karabalin asserts that these businesses might be fierce competitors in Kazakhstan's market for revitalising ageing resources that need for increased oil recovery methods.

A longer-term commitment by producers to employ improved oil-recovery technologies that have been developed and are extensively used overseas has been impeded by the limited and complicated current tax incentives for upgrading such assets. Small businesses would be more interested in joining such cooperatives, some of which would result in the development of bigger corporations, if the legal structure allowed for the formation and dissolution of such cooperatives in accordance with the term of a specific project. The law as it stands requires oil companies to contribute 1% of their gross earnings to local R&D. Implementation of this law is slowed delayed by the absence of a clear definition of what activities count as R&D. It is necessary to continue working on the best practices-compliant details of this rule. According to the OECD, Kazakhstan's innovation system is still in its early stages of growth. Kazakhstan drastically underperforms in terms of national and international patent applications when compared to other former Soviet countries. 2014 had barely a 0.2% gross R&D spending share of Kazakhstan's GDP. Universities and government-sponsored research organisations predominantly conduct research in Kazakhstan. These organisations often produce research that is of poor quality and has little applicability in industry. The general challenges of Kazakhstan's intellectual property system have been identified as creating incentives for commercialization, lowering administrative barriers, and encouraging innovation in the private sector using both patent and nonpatent forms of intellectual property like trademarks and industrial designs. The Kazakhstani intellectual property sector as a whole is characterised by low demand and little financing. In this regard, the significant demand for innovation connected to the oil and gas industry creates advantageous chances for regional R&D companies.

Policymakers in Kazakhstan have begun to see the value of innovation as the cornerstone of competitiveness in the OFS and to refocus LC policy. It has been suggested that governments make a stronger commitment to fostering innovation and draw lessons from the development of national oil and gas R&D capacities in nations like Malaysia and Norway. The significance of improving the standard and standing of instruction in the physical sciences, engineering, and related professions like project management is related to this. The growth of the OFS industry in Kazakhstan has so far been hampered by insufficient skills and innovative activities. Therefore, putting an emphasis on policies that encourage innovation and skill development serves as a roadmap for increasing the competitiveness of Kazakhstan's OFS firms and the oil and gas industry[15].

## CONCLUSION

"Oil-and-Gas Services in Kazakhstan" has offered a thorough examination of the crucial oil and gas services industry within the larger context of Kazakhstan's energy environment. The historical development, legal structure, technical developments, global partnerships, and potential futures of Kazakhstan's oil and gas services sector have all been examined in this study. The book "Oil-and-Gas Services in Kazakhstan" emphasises the crucial position the oil and gas services industry plays in Kazakhstan's overall economic growth and energy environment. The energy sector's flexibility, adaptability, and dedication to environmental responsibility will be crucial as the country continues to maximize its hydrocarbon resources and increase its energy capabilities. The country of Kazakhstan is well-positioned to play a large role in the global energy market thanks to its strategic placement, and the oil and gas services sector is expected to make a substantial contribution to the country's energy goals and economic development.

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## CHAPTER 13

### TRANSPORT AND LOGISTICS INFRASTRUCTURE IN KAZAKHSTAN

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#### ABSTRACT:

"Transport and Logistics Infrastructure in Kazakhstan" provides a thorough analysis of Kazakhstan's transport and logistics industry, which is essential to the country's economic growth, regional connectivity, and participation in international commerce. Kazakhstan's goals to become a regional logistics centre are largely dependent on its investments in modernising and extending its transportation infrastructure due to its sizable size and advantageous geographic position. This study examines the several aspects of Kazakhstan's transportation and logistics system, which includes land, rail, air, and marine transportation. It explores the historical setting, regulatory frameworks, infrastructural initiatives, and global partnerships that have influenced the development of the industry. The story opens with a description of Kazakhstan's geographic advantages as well as the strategic value of its transport and logistics industry in promoting connectivity and commerce between Europe and Asia. Due to the size of the country's geography, it is essential that a reliable and effective transport system connects its cities, industrial areas, and international borders.

#### KEYWORDS:

Infrastructure, Logistics, Production growth, Transport.

#### INTRODUCTION

Kazakhstan's economy, which relies mostly on oil and gas exports for cash, has seen significant stress in recent years. Government income has been impacted by falling oil prices, and the switch in August 2015 from a fixed to a variable exchange rate regime led to a sharp depreciation of the tenge and severe inflation. The currency has steadily strengthened over the course of the next two years, and there has been modest production growth once again, in part as a result of a steady rise in global oil prices. However, these incidents highlight the urgent need to shift the economy away from its reliance on oil and minerals. Developing a transformation programme to encourage more diversified development is a significant problem for growing nations like Kazakhstan. In order to achieve this, a strategy including "100 concrete steps" incorporating institutional changes was created. This plan aims to speed up Kazakhstan's industrialization and modernization in order to increase its competitiveness on a regional and worldwide scale. After economic liberalisation brought on by the formation of the Eurasian Economic Union and Kazakhstan's accession to the World economic Organisation in 2015, strengthening the region's logistics infrastructure is a top goal.

With the emergence of the People's Republic of China's Belt and Road Initiative and the completion of the Almaty-Astana highway, a significant opportunity for transit trade and the growth of the related transport and logistics service sectors have opened up, which may become a significant new source of income for Kazakhstan. Increased industrial growth and productivity are also expected to result from more efficient transportation infrastructure. In India, Donaldson found that railroads reduced trade costs and interregional price gaps, increased interregional and international trade, and increased real incomes; Hong et al. demonstrated that improved water and land transport infrastructure significantly aided economic development in the PRC.

Around 40% of trade expenses in coastal African nations and 60% in landlocked ones are attributable to inadequate infrastructure. That estimate for landlocked economies shows how important it is for nearby nations to have a strong transport system. Indirect transportation expenses like inventory holding costs are also significant, as are institutional and policy restraints. The efficiency of the transport and logistics industries may be increased by trade facilitation measures, which can also increase the advantages from trade. In this Chapter, we examine the potential for new policies to strengthen the contribution of logistics and transport infrastructure to the expansion and diversification of Kazakhstan's economy. We begin by highlighting a few significant worldwide trends.

We focus on the rise of global value chains, trade liberalisation brought on by WTO and EAEU membership, and the decline in transportation costs. In section 5.2, we provide statistics for Kazakhstan to illustrate these worldwide trends, emphasising the need of high-quality transport and logistics infrastructure for economic development and industry diversification. In section 5.3, we assess the effect of efficiency improvements in the transport and logistics sector on firm-level productivity growth using a sample of medium-sized and large enterprises in Kazakhstan.

We provide a conceptual framework for economic policy that affects logistics and transportation in section 5.4. The findings are summarised in Section 5.5, which comes to the conclusion that, in order to increase the effectiveness of the transport and logistics sector, it is critical that the government reevaluate the rates of return from various potential public investments, including in infrastructure for transport and logistics, and prioritise such investments in line with the diversification of the economy[1], [2].

## DISCUSSION

Increased intra-industry trade flows and the rapid global development of multinational corporations since the mid-1990s have fundamentally altered the character of production. The iPod is a well-known example that demonstrates the global production's fragmentation. It is put together in the PRC using a large number of international parts and components. As more nations join the WTO and open more of their markets, there has been an increase in global production fragmentation as a result of falling transportation costs and falling tariff and nontariff trade barriers.

### Global value chains

GVCs' rise has effects on how export movements are deciphered and quantified. In particular, export growth was historically thought to represent a nation's ability to compete internationally. However, as inputs often transcend international boundaries as they move through production chains, gross exports exaggerate the amount of domestic value contributed in exports. This undoubtedly alters how certain nations see global integration and their economic policies.

Lamy drew attention to the fact that the increased interdependence of nations due to global supply chains undermines mercantilist notions of trade. To put it another way, creating trade barriers now would be far more expensive and would impede the growth of the industrial sector. According to research by Amiti and Konings, Indonesia's firm-level productivity growth was increased by trade liberalisation in the early 1990s mostly as a result of easier access to more affordable and superior intermediate inputs. That is, when GVCs are considered, the conventional "infant industry argument" for protection fails. On the other hand, transit commerce may become more significant as regional and global value chains do, with benefits for the logistics and transportation industry. Understanding the significance of GVCs is crucial for developing new metrics that accurately reflect nations' levels of global competitiveness as well as for resetting trade and industrial policy.

To do this, the Organisation for Economic Cooperation and Development has utilised the Inter-Nation Input-Output tables to develop alternative measures of exports, capturing just the domestic value contributed in exports from each nation. This was done in partnership with the WTO. This might be argued to be a better and more accurate indicator of competitiveness, since it is the additional value that a nation can add to a product that it subsequently exports that results in improved welfare and national income. To analyse GVCs from a global standpoint, the OECD's Inter-Country Input-Output model employs specific transactions between nations for 37 sectors. One must assess the degree to which each country's portion of exports is integrated into a vertically fragmented production chain in order to comprehend its involvement in GVCs.

The vertical specialisation share, or the value of imported inputs in overall exports of a nation, is one indicator of the degree of participation. The value of exports utilised as imported inputs for the manufacture of exports from other nations is another. This is known as the VS1 share. In order to evaluate a country's involvement in both GVC aspects concurrently for consumers of foreign inputs in a country's exports and for suppliers of intermediate inputs used in other countries' exports, Koopman et al. advocated merging the VS and VS1 shares displays the GVC participation indicator for OECD nations.

Smaller economies, where a substantial portion of the value chain is local, such as Luxembourg, the Slovak Republic, and Hungary, get more inputs in GVCs from outside than bigger economies, such as Japan, Norway, and the United States. The import composition of a country's exports, rather than its size, has a greater impact on the participation index. Global trade barriers were lowered, transportation costs were reduced, and the increase in foreign direct investment brought on by the information and communication technology revolution all contributed to the emergence of GVCs and the internationalisation of production, which began in the middle of the 1990s. By presenting a number of stylized facts about each trend, we explore each in turn[3], [4].

### **A growing number of countries joining the WTO**

The General Agreement on Tariffs and commerce was amended with multiple additional accords by the WTO on January 1, 1995, with the goal of better regulating and facilitating global commerce. As soon as the new accords were completed, 128 GATT contracting parties joined the WTO as members. Since then, that number has increased to 163 member economies, including the European Union., the 36 post-1995 members are mentioned. The PRC, which joined the WTO in 2001, was the most significant. Given their high rises in PRC imports and the loss of their manufacturing sectors, this gave rise to considerable anxiety in the US and Europe. Kazakhstan, a founding member of the EAEU, which grew in 2015, entered the WTO in November of that same year.

### **Global reductions in import tariffs**

Significant reductions in trade barriers often follow significant expansions in global commerce. Transportation expenses for goods across borders, government regulations, and internal trade and transaction costs are all examples of trade obstacles. Even while tariffs are still the most popular legislative tool for limiting trade, their proportional importance has been dwindling. Trade openness has greatly lowered the average level of applicable tariffs, whether as a consequence of WTO agreements or as a result of preferential trade agreements. As an example, since the WTO was founded, tariff barriers have been cut to the current average of 9%, which equates to a one-third decrease since 1998. Average most-favourable-nation tariffs from 2012 to 2014 equate to 8.1% on non-agricultural commodities and 14.9% on agricultural items. WTO members have introduced duty-free and quota-free market access for products from least-developed countries in addition to lowering tariffs on them.

### **Tariffs and nontariff measures**

Kazakhstan had to raise taxes on more than one-fifth of its tariff lines when Belarus, Kazakhstan, and the Russian Federation implemented the single external customs tariff in 2012. This resulted in an increase in its average ad valorem tariff rate. As a result, imported intermediate items increased in price. This demonstrates that this has subsequently somewhat been offset by a decline in the average tariff rate, which was most likely brought on by the WTO memberships of the Russian Federation, the Kyrgyz Republic, and Kazakhstan.

The limitations on imported intermediates entering Kazakhstan will continue to loosen as the average binding tariff that the Russian Federation imposes on imported products is anticipated to decrease further in accordance with its obligations to the WTO. According to estimates by Tarr, the new tariffs forced importers from Kazakhstan to bring in more expensive, lower-quality items from the Russian Federation. According to estimates from the World Bank, Kazakhstan's economy has suffered as a result of the Customs Union's uniform external tariff. Due to Kazakhstan's participation in regional and multilateral WTO trade agreements, any tariff modifications, regardless of how well exports perform, must adhere to the terms of those agreements.

A reduced customs tariff may be used in certain circumstances, such as to foster the growth of commerce and economic linkages. This applies to items imported into Kazakhstan from nations in the Commonwealth of Independent States. Based on the bilateral trade agreements with these nations, certain items are free from customs taxes. Nearly no export tariffs are imposed in an effort to promote exports. There is a small number of exported commodities that are not free from tariffs. Wool, nonferrous and ferrous metals, as well as certain petroleum products, are all included. While there is little doubt that tariffs impede international commerce, other restrictions on trade are often just as detrimental. For instance, Kee et al. found that nontariff measures contributed more to the total level of barriers than tariffs did in 34 of the 78 nations they analysed.

According to data gathered by the International Trade Commission and the World Bank and, Kazakhstani businesspeople see technical restrictions, quantitative control measures, and laws of origin as the nontariff obstacles that pose the greatest challenges. Additionally, Kazakhstan has established a number of goals for its international trade strategy, including the signing of new free trade agreements with New Zealand, the European Free Trade Association, and members of the Commonwealth of Independent States[5], [6].

### **A Framework for a New Economic Policy Conceptual framework**

Designing economic policies that promote development is a significant task for rising nations like Kazakhstan. It is made obvious from the discussion in this Chapter that having a solid transport system and being open to commerce may promote development. By encouraging transit commerce, it may accomplish this goal while simultaneously increasing domestic companies' productivity. Eddington emphasised that the country's stage of development and space both affect how the transport infrastructure affects economic growth. Road, rail, and airport investments in the transport and logistics sector will have a greater impact on rising and developing economies than on established nations. In this scenario, transportation is not only a derived demand for one of the inputs needed by businesses; rather, it enhances total production efficiency. This is even more crucial in light of the BRI, the growth of GVCs, and WTO membership. How does a country's choice of economic policy depend on how important the transport and logistics industry is? Economic policy was formerly widely believed to be growth-restraining if it attempted to "pick winners." Recent data has indicated that economic policy may lead to greater economic performance, if its design is well selected, particularly for developing and rising nations.



Designing a new framework to direct economic policy may be beneficial, particularly for a rising country like Kazakhstan, which is rich in oil and minerals and has been going through a protracted transition from a centrally planned to a market economy. Aghion et al. demonstrate that PRC industrial policy has resulted in a significant increase in the productivity of PRC firms, particularly when state aid does not impede market competition, when it benefits a large number of firms rather than just one, and when it is targeted towards industries where the PRC has a comparative advantage. State assistance may be more effectively targeted if the government is well-informed about the industries and endeavours in which a nation excels.

Contrary to conventional notions of industrial strategy, the emphasis should not be on selecting sectors with a tight definition since enterprises operate quite differently even within these sectors. They do this because many businesses manufacture many products and operate in various industries. Some businesses are more active in global value chains (GVCs) than others, and they may produce both for the local and international markets. Recognising the rising significance of GVCs and the expanding impact of global commerce is crucial for Kazakhstan in developing the appropriate policies. The conceptual framework for economic change that we provide at the end is driven by two major factors. The first is the topic of section 5.2's discussion of global trends, and the second is any potential or existing specialisation or essential enabling technology for the Kazakhstani economy.

A prominent example of such enabling technology is the development of effective and cutting-edge logistics and transportation systems. provides an overview of this structure. Sectors and businesses in the bottom left quadrant are those with a poor potential to profit from GVCs. They operate in narrow product sectors where the nation does not gain much from a creative and effective transportation and logistics industry[7], [8].

These industries and businesses may have little development prospects. The industries and businesses in the upper left quadrant have a great deal of potential to benefit from GVCs, but there is currently insufficient knowledge or specialisation in these fields nationwide, or they lack access to a strong transport and logistics support system. These are typical prospective industries and businesses with more expansion potential.

Since these industries have a strong propensity for innovation, removing development obstacles may lead to higher returns if state financing were directed at these kinds of activities. Their relative share might rise, which would increase macroeconomic productivity growth and GDP. We refer to the individuals in the upper right quadrant as "superstars." It relates to businesses that currently gain a lot from GVCs, in which the nation is highly skilled, and for which an effective supporting transportation and logistical infrastructure is in place. These are Kazakhstani mining and oil firms. They function effectively and don't need more assistance. Getting businesses in the upper left quadrant to develop become such powerhouses is the difficult part.

And lastly, the bottom right quadrant contains businesses and industries where a nation has historically specialised heavily but where there is little room for innovation or GVC growth. This is sometimes referred to as the "old economy." They are prime prospects to undergo a shift, or to develop more innovation. Given that it focuses on giving incentives to participate more in GVCs, the sort of state assistance provided to these sectors is obviously of a different nature[9], [10].

## Policy implications

The fact that just a tiny portion of Kazakhstan's imported intermediate inputs are utilised to manufacture exported products shows that the country is still falling behind in taking use of global manufacturing networks. The nation's current economic strategy is to diversify its economy away from extractive industries and towards other industries like as manufacturing and agriculture. A better transportation infrastructure would make such a shift easier, but it's critical to prioritise such expenditures in accordance with the available transportation technology. The issue of conveying grain serves as a good illustration of this. As a landlocked nation with just Black Sea ports as its closest connection to international maritime freight, Kazakhstan has found it more difficult to transport grain.

The cost of transportation over the Russian Federation railway network to certain ports is high. The most desirable location for exporting to nations bordering the Caspian Sea is the grain terminal at the Aktau harbour. Railways from Uzbekistan to Afghanistan, Turkmenistan, and Iran are affected by political unrest that has resulted in a number of disruptions to train operations. Additionally, although Kazakhstan's railroads possess enough vehicles for operation during years of normal harvest, during seasons of high demand, shortages necessitate costly vehicle leasing from Russian Federation enterprises. High transportation costs and nontariff impediments for delivering grain prevent exports to the PRC[11], [12].

## CONCLUSION

"Transport and Logistics Infrastructure in Kazakhstan" has provided a thorough analysis of Kazakhstan's transport and logistics industry, underlining its critical function in the country's economic growth, regional connection, and participation in international commerce. In-depth examination of the sector's historical development, legislative frameworks, infrastructural initiatives, and cross-border partnerships has been done in this research. The article "Transport and Logistics Infrastructure in Kazakhstan" emphasises how important transport infrastructure is to Kazakhstan's attempts at regional integration and economic diversification. The country is well-positioned to act as a key player in the New Silk Road plan, promoting trade and economic cooperation across Eurasia, as it continues to invest in modernising its transport networks and improving its connections. Kazakhstan's dedication to developing a strong, effective, and sustainable transport and logistics industry is crucial to achieving its goals of becoming a regional logistics centre and an important participant in the dynamics of international commerce.

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