

**POLITICAL ECONOMY OF REGIONALISM IN EURASIA**

by

**MERIM BAITIMBETOVA**

A thesis submitted to the University of Birmingham for the  
degree of DOCTOR OF PHILOSOPHY

School of Government and Society  
College of Social Sciences  
The University of Birmingham  
March 2023

UNIVERSITY OF  
BIRMINGHAM

**University of Birmingham Research Archive**

**e-theses repository**

This unpublished thesis/dissertation is copyright of the author and/or third parties. The intellectual property rights of the author or third parties in respect of this work are as defined by The Copyright Designs and Patents Act 1988 or as modified by any successor legislation.

Any use made of information contained in this thesis/dissertation must be in accordance with that legislation and must be properly acknowledged. Further distribution or reproduction in any format is prohibited without the permission of the copyright holder.

## **ABSTRACT**

This thesis addresses the question of why countries choose regional integration with some neighbouring states but not others. It contributes to the fields of comparative political economy and comparative regionalism. A theoretically informed empirical study examines two cases of the Central Asian (CA) republics of Kyrgyzstan and Kazakhstan and their respective integration decision with the Central Asian Economic Union (CAEU), the Eurasian Economic Union (EAEU) and the Shanghai Cooperation Organisation (SCO). The literature emphasises some factors over others as the main drivers of regional integration, namely economic benefits and costs, geopolitical concerns about external security, and the impact of domestic political systems. However, these insights do not satisfactorily explain why these CA republics, independent since 1991, still seek regional economic integration (REI) in Russia-led initiatives instead of integration within CA or wider Eurasia region. This study aims to fill this gap using the private and public interest framework. The latter of which includes consideration of economic and geopolitical components.

This thesis employs qualitative content analysis to generate findings and conclusions based on policy documents, policymakers' speeches, elite-level interviews, and trade and investment statistics. For the two case studies of these CA republics, the economic component dominated in the structure of the interests. The main determinants in the economic interests were existing trade and infrastructure dependencies and labour flows. The promise of economic modernisation and development was another factor favouring regional integration. Economic integration had to generate economic and external security benefits for these two CA republics. Political leaders favoured integration if non-participation risked their capacity to hold power and/or the integration initiative had the potential of generating an increased positive legacy of the incumbent's time in office. The republics will, therefore, only choose integration if and when all three interests align.

## **ACKNOWLEDGEMENTS**

I would like to thank my supervisors, Dr Derek Averre, Prof. Rilka Dragneva-Lewers and Dr Richard Connolly, for their invaluable advice and guidance throughout my PhD journey. Their vast knowledge in the field has helped me to sharpen my arguments and produce high-quality work. I am also grateful to the staff and faculty at POLSIS for their support and available resources. I would like to thank Regent's University London for funding my PhD research. My research would not have been possible without the support of state officials and analysts in Kyrgyzstan and Kazakhstan, who agreed to be interviewed and established contacts with potential interviewees. I am thankful to my friends and colleagues for their encouragement, understanding and support (Williams Rodriguez, Matthew O'Hara, Alyona Sokolova, Beibit Almussin, Gareth Wall, Leanne Powner, Laden Aldin, Mikko Arevuo, Jonathan Liu, Ibrahim Sirkeci, Michael Talalay). Finally, I would like to thank my family for their support during this challenging but rewarding experience.

## CONTENTS

Acknowledgements .....	iv
List of tables, charts and figures.....	viii
List of abbreviations.....	x

### CHAPTER ONE

<b>INTRODUCTION .....</b>	<b>11</b>
1.1 Aims of the thesis.....	11
1.2 How the study is approached .....	22
1.3 Thesis structure .....	30

### CHAPTER TWO

<b>CONCEPTUAL FRAMEWORK.....</b>	<b>35</b>
2. Introduction .....	35
2.1 Main approaches to regionalism .....	36
2.1.1 International Cooperation: neorealists and institutionalists .....	37
2.1.2 Economic Regionalism: welfare effects and development .....	41
2.1.3 Domestic Politics .....	44
2.2 Comparative Regionalism... ..	48
2.2.1 Early and Old Regionalism.....	49
2.2.2 New and Comparative Regionalism.....	52
2.3 Regionalism in the post-Soviet space: economics and domestic politics .....	59
2.3.1 Economic Regionalism in the post-Soviet space .....	60
2.3.2 Domestic Political Factors .....	69
2.4 Regionalism in the post-Soviet space: member states' interests in the EAEU, the CAEU, the SCO .....	78
2.4.1 The Eurasian Economic Union .....	79
2.4.2 Central Asian Economic Union .....	83
2.4.2 Shanghai Cooperation Organisation .....	87
2.5 Contribution of this thesis to the literature.....	94
2.6 Theoretical Framework .....	96
2.6.1 Research Question.....	100
2.6.2 Research Object .....	101
2.6.3 Actors .....	102
2.6.4 Interests .....	105
2.7 Conclusion.....	120

### **CHAPTER THREE**

<b>ECONOMIC STRUCTURE AND TRANSITION POLICIES .....</b>	<b>123</b>
3. Introduction .....	123
3.1 Soviet Industrialisation and Economic Structure of Kyrgyzstan and Kazakhstan .....	125
3.1.1 Creation of Kyrgyzstan and Kazakhstan.....	125
3.1.2 Republics' Industrial Development in 1921-1940.....	126
3.1.3 Republics' Industrial Development in 1941-1945.....	130
3.2 Economic Structure of the Kirgiz and Kazakh SSR by the end of the SU .....	133
3.2.1 The size and Industrial Structure of economic units .....	133
3.2.2 Trade .....	137
3.3 Transition in Kyrgyzstan and Kazakhstan .....	142
3.3.1 Kyrgyzstan .....	143
3.3.2 Kazakhstan .....	149
3.4 Conclusion.....	155

### **CHAPTER FOUR**

<b>THE CENTRAL ASIAN INTEGRATION INITIATIVES .....</b>	<b>158</b>
4. Introduction .....	158
4.1 Post-Soviet Integration Initiatives .....	160
4.2 Institutions .....	163
4.3 Public Economic Interests .....	165
4.3.1 Transition and Economic Structure.....	165
4.3.2 The Treaty on the creation of Common Economic Space 1994 and the Programme of Economic Integration of 1995-2000 .....	172
4.3.3 Central Asian Energy System and Common Energy Market.....	176
4.3.4 Challenges .....	179
4.4 Public Geopolitical Interests .....	185
4.4.1 External Threats .....	185
4.4.2 Challenges: Border Tensions .....	187
4.5 Private Interests .....	188
4.5.1 Distrust and Competition for Regional Leadership .....	188
4.5.2 Kazakhstan and Kyrgyzstan's Leadership's vision as "Eurasian bridges." .....	190
4.6 Conclusion.....	196

### **CHAPTER FIVE**

<b>THE EURASIAN ECONOMIC UNION .....</b>	<b>198</b>
5. Introduction .....	198
5.1 Public Economic Interests .....	200
5.1.1 Economic Structure in the 2000s and 2010s .....	201
5.1.2 Rate of Transactions with regional partners.....	208
5.1.3 Republics' Economic Strategy and Regional Integration in the EAEU .....	220
5.1.4 Challenges in Regional Integration .....	228

5.2 Public Geopolitical Interests .....	234
5.2.1 Kyrgyzstan .....	235
5.2.2 Kazakhstan .....	237
5.3 Private Interests of Kyrgyzstan and Kazakhstan's Leadership.....	240
5.3.1 Atambaev and Russia .....	241
5.3.2 Nazarbaev and Legacy .....	243
5.4 Russia's Interests .....	247
5.5 Conclusion.....	252
 <b>CHAPTER SIX</b>	
<b>SHANGHAI COOPERATION ORGANISATION .....</b>	<b>255</b>
6. Introduction .....	255
6.1 Background Conditions in the 1990s: Central Asia – China relations and the emergence of the Shanghai Five .....	257
6.1.1 Public Economic Interests of Kyrgyzstan and Kazakhstan.....	258
6.1.2 Public Geopolitical Interests of Kyrgyzstan and Kazakhstan and the emergence of Shanghai Five .....	266
6.2 The Shanghai Cooperation Organisation and the Central Asian republics' relations with China .....	270
6.2.1 Public Economic Interests of Kyrgyzstan and Kazakhstan.....	271
6.2.2 Public Geopolitical Interests of Kyrgyzstan and Kazakhstan .....	286
6.2.3 Private interests of Kyrgyzstan and Kazakhstan's Leadership .....	290
6.2.4 China's Interests .....	295
6.3 Conclusion.....	304
 <b>CHAPTER SEVEN</b>	
<b>CONCLUSION .....</b>	<b>307</b>
7. Introduction .....	307
7.1 Empirical and Theoretical Findings .....	308
7.2 Areas for future research .....	327
 <b>BIBLIOGRAPHY LIST .....</b>	<b>329</b>
<b>APPENDICES.....</b>	<b>374</b>

## LIST OF TABLES, CHARTS AND FIGURES

3.1 Main Economic Variables of Kazakhstan and Kyrgyzstan.....	135
3.2 Economic structure of Kazakhstan and Kyrgyzstan .....	136
3.3 Industrial Production of Kirgiz SSR and Kazakh SSR.....	136
3.4 Imports and Export of Kyrgyzstan in 1990.....	138
3.5 Imports and Export of Kazakhstan in 1990.....	138
3.6 Capital Transfers 1966-1991.....	139
3.7 Main Trade Partners of Kirgiz SSR in 1987.....	140
3.8 Main Trade Partners of Kazakh SSR in 1987.....	141
3.9 Regional Export Partners of Kyrgyzstan.....	146
3.10 Regional Import Partners of Kyrgyzstan.....	146
3.11 Kyrgyzstan's World Distribution of Exports.....	147
3.12 Regional Export Partners of Kazakhstan.....	152
3.13 Regional Import Partners of Kazakhstan.....	152
3.14 Kazakhstan's World Distribution of Exports.....	153
4.1 Main Economic Activities of Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan...	167
4.2 Imports by broad economic categories.....	169
4.3 Exports by industrial origin.....	170
4.4 Structure of Industrial Production in Kazakhstan.....	171
4.5 Structure of Industrial Production in Kyrgyzstan.....	172
4.6 Imports of Kyrgyzstan.....	183
4.7 Imports of Kazakhstan.....	183
4.8 Exports of Kazakhstan.....	184
4.9 Exports of Kyrgyzstan.....	184
5.1 Kyrgyzstan's Main Industries.....	203
5.2 Functional structure of exports of the Kyrgyz Republic.....	203
5.3 Functional structure of imports of the Kyrgyz Republic.....	204
5.4 Kyrgyzstan's Index of Openness.....	204
5.5 Kazakhstan's Index of Openness.....	205
5.6 Kazakhstan's main industries.....	206
5.7 Commodity price indices.....	206
5.8 Regional Import Partners of Kyrgyzstan.....	211
5.9 Regional Export Partners of Kyrgyzstan.....	211
5.10 Imports of Kazakhstan from Russia and China.....	212
5.11 Exports of Kazakhstan to Russia and China.....	212
5.12 Kyrgyzstan's Exports to China.....	213
5.13 Kyrgyzstan's Imports from China.....	213
5.14 Kyrgyzstan's Exports to Russia.....	214
5.15 Kyrgyzstan's Imports from Russia.....	214
5.16 Kazakhstan's Imports from Russia.....	215
5.17 Kazakhstan's Exports to Russia.....	215
5.18 Kazakhstan's Imports from China.....	216
5.19 Kazakhstan's Exports to China.....	216



5.20 Money Transfers in the Kyrgyz Republic.....	218
5.21 Transfers as a percentage of GDP.....	218
5.22 FDI Inflows in Kyrgyzstan.....	224
6.1 Kazakhstan's trade with China 1995- 2015.....	261
6.2 Kyrgyzstan's trade with China 1995- 2015.....	262
6.3 FDI Inflows in Kyrgyzstan.....	285
6.4 FDI Inflows in Kazakhstan.....	285
7.1 Imports of Kyrgyzstan.....	320
7.2 Exports of Kyrgyzstan.....	321
7.3Exports of Kazakhstan.....	321

## LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
BRI	Belt Road Initiative
BRICS	Brazil Russia India China South Africa
CA	Central Asia
CAU	Central Asian Union
CABCD	Central Asian Bank of Cooperation and Development
CACO	Central Asian Cooperation Organisation
CAEU	Central Asian Economic Union
CAEC	Central Asian Economic Community
CES	Common Economic Space
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organisation
CU	Customs Union
EAEU	Eurasian Economic Union
ECOWAS	Economic Community of West African States
EOI	Export-oriented Industrialisation
EU	European Union
EurAsEC	Eurasian Economic Community
FSU	Former Soviet Union
FTA	Free Trade Area
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GCC	Gulf Cooperation Council
HTI	Holding Together Integration
IMF	International Monetary Fund
ISI	Import-substitution Industrialisation
LSMEs	Large, small, medium-sized enterprises
NMP	Net Material Product
REI	Regional Economic Integration
RTA	Regional Trading Agreements
PSS	Post Soviet Space
PTA	Preferential Trading Arrangements
SCO	Shanghai Cooperation Organisation
Shanghai5	Shanghai Five
SU	Soviet Union
UAE	United Arab Emirates
UAR	United Arab Republic
US	United States
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organisation

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Aims of the thesis**

Regionalism in the post-Soviet space (PSS) directly results from the Soviet Union's (SU) dissolution, distinguishing it from other cases worldwide. In place of one unitary plan-based economy, new independent market-based economies emerged. Following the SU breakdown, the republics dealt with simultaneous tasks of re-structuring their domestic economies, integrating into the world economy and pursuing regional integration. The latter is seen in the creation of multiple regionalism schemes such as the Commonwealth of Independent States (CIS), the Central Asian Economic Union (CAEU), the Customs Union (CU) and the Eurasian Economic Union (EAEU). Regionalism in this region is unique. Unlike in other parts of the world, it does not conform to the expectation that regionalism advances from a fragmented entity to some regional unity (Libman and Vinokurov, 2012c). Instead, it is more complex and non-linear: the process launched from the highly integrated Soviet economy to the fragmentation and then back to integration. At the same time, these numerous endeavours have hardly achieved their stated goals of functioning economic integration frameworks, except for the EAEU.

Membership in these organisations shows that the Central Asian (CA) states are the only constant participants, except for Russia. Compared to other post-Soviet countries, these republics differed from others in their unique socio-economic development in the 20<sup>th</sup> century when they accomplished economic modernisation as the Soviet republics. The independence granted them opportunities to pursue a different development path away from the Soviet economic system. However, they still actively sought participation in the REI with their neighbours in the post-Soviet

space (PSS), as seen in the creation of the CIS, the CU and the EAEU. At the same time, the CA republics' regionalism endeavours within Eurasia, for example, the Shanghai Five (Shanghai5) and the Shanghai Cooperation Organisation (SCO), do not indicate that the republics were pursuing economic integration within these organisations. Moreover, the CA republics' intra-regional integration within CA halted with the absorption of the Central Asian Cooperation Organisation (CACO) into the Eurasian Economic Community (EurAsEC) in 2006. Therefore, it is puzzling that the CA republics pursued REI outside their immediate CA region, and even then, they were selective in their choices. They preferred economic integration in the EAEU and a much looser economic cooperation framework in the SCO, while the intra-regional CA integration ceased to exist. Consequently, the question here is why the CA republics pursued REI with some countries and not others and which factors and considerations have guided their decisions on these regional integration choices since 1991.

Guided by this academic enquiry, the thesis aims to explain the main factors that impact CA states' regional integration choices. These factors are disaggregated into two groups: the public or national interests of the CA republics and the private interests of the political leadership. First, the economic interests address how the considerations of overall economic welfare determine the CA countries' choice. The republics' geopolitical interests help understand how their relations with neighbours and perceived external threats impact their integration decisions. Second, the private interests of the republics' political leadership show the impact of domestic politics: how the presidents' private interests influence the CA republics' economic integration choices.

This study examines the motivations behind Kyrgyzstan and Kazakhstan's participation in the CAEU, the EAEU, and the SCO. The following three factors explain the choice of these countries. First, from the beginning, both republics participated in almost every integration

initiative in CA, PSS and Eurasia: the CIS, CAEU, the original CU, the EurAsEC and the EAEU, the Shanghai5 and the SCO. Second, these republics shared similarities: their neighbours were Russia and China, who fit the description of regional hegemons as they are economically and militarily more potent than any other country in the region. Due to their Soviet-era economic development, Kyrgyzstan and Kazakhstan share extensive economic interdependencies with Russia. Simultaneously, these republics are heterogeneous: they differ measurably in GDP size, labour endowment, natural resources, and economic structure. Third, both republics engage with China and Russia through the SCO and the EAEU. Only the latter can be identified as the case of economic regionalism, while the former does not have REI agreements but emphasises economic cooperation. Therefore, based on the outlined rationale, Kyrgyzstan and Kazakhstan are good cases for representing small heterogeneous states in the CA region.

The CAEU, the EAEU, and the SCO are interesting cases to observe the CA republics' REI choices. They include the CA, post-Soviet, and Eurasia sub-regions and count different countries as their members. This variation in the membership makes these organisations good candidates for examining the CA republics' public and private interests in regional integration and their preferences towards integration with specific member states. These organisations also differ in the depth of economic integration, regionalisation, and success rates. The CAEU was initially envisioned as an economic union between the CA republics but struggled to implement the trade liberalisation measures and was eventually absorbed into the EurAsEC, the CU and the EAEU's predecessor. The SCO expanded on the original Shanghai5 border agreements, although it did not evolve into a free-trade area. Out of these three cases of the CAEU, the EAEU and the SCO, only the EAEU became the functioning REI framework. From their inception, Kyrgyzstan and

Kazakhstan have been active participants in all three integration endeavours, which allows for examining their underlying motives behind the membership choices.

Academic literature on the causes of international cooperation, particularly comparative and post-Soviet regionalism, is rich in explaining the phenomenon. The neorealist's and institutionalists' explanations help show the underlying foundation for states to pursue international cooperation. On the one hand, they had to ensure their survival and protect themselves against external threats (Waltz, 1979; Walt, 1987; Labs, 1992). On the other hand, they were spurred to pursue international economic cooperation due to the growing global economic interdependencies (Axelrod and Keohane, 1985; Keohane, 1984; Lipson, 1984; Oye, 1986). Both liberal institutionalists and neorealists focused on the state as a unitary actor in international relations. This view did not appreciate the impact of the domestic groups' pressures on the government choices in international cooperation. This criticism was addressed by the scholars working on the interrelationship between domestic and international politics (Putnam, 1988; Milner, 1997) and the relationship between domestic political institutions, domestic groups and policy-making (Katzenstein, 1978; Gourevitch, 1986; Mansfield and Busch, 1995; Nelson, 1988). The public choice theory arguments on the private interests of political leaders are constructive in determining the underlying motives of the latter in policymaking (Downs, 1957; Grossman and Helpman, 1994; Magee, Brock, and Young, 1989; Bueno De Mesquita *et al.*, 2003; Bueno De Mesquita and Ray, 2004). However, the main limitation of this literature, despite the richness of its theoretical explanations, is that it does not consider the CA republics' specificity of Soviet-era economic and geopolitical interdependencies.

The comparative regionalism scholarship deals with similar questions that this thesis aims to address: why do countries engage in regionalism, what goals do they pursue, what institutions

need to be created, what is the role of identity and norms in regionalism, what is the impact of the colonial past, why is European regionalism different to Asian, Middle Eastern or African? The offered explanations have one thread in common: region-specific conditions determine the countries' approaches towards regionalism, and they differ in their rationale and form in Africa, Asia, and Latin America compared to their European counterparts. The non-Western regional endeavours tend to have high levels of regionalisation but lower levels of institutionalisation (Jetschke and Katada, 2016; MacIntyre and Ravenhill, 2013; Valborn, 2016; Acharya, 2016; Murden, 2009; Tripp, 1995). This feature is explained by the deliberate design of weaker regional institutions in the Middle East by the states to retain sovereignty (Valborn, 2016), no hegemon supporting the development of such in Asia (Mastanduno, 2009; Roy, 1994) and the dominance of developmental states which favour intergovernmental cooperation (Jetschke and Katada, 2016).

These countries' colonial past was another significant feature that impacted the non-Western regionalism processes. That meant regionalism had a specific purpose: to ensure independence from colonial rule and limit intervention by outsiders in the region (Acharya, 2016, p.114). Simultaneously, the empires have left legacies that had a long-lasting effect on domestic political institutions, leading to political regimes with high domestic legitimacy deficits (Hinnebusch, 2012; Lewis, 2012). That meant these regimes would be engaged in the “regime boosting regionalism”. Its purpose was to fortify these members' legitimacy, status and interests domestically and internationally (Valborn, 2016, p. 263).

Scholars highlight the economic development argument in non-Western regionalism. In Latin America, the goal was to create a larger liberalised trade region with the capacity to stimulate industrialisation, economic growth and investment (Prebisch, 1959). In doing so, regional cooperation would generate structural transformation and economic development for the members

(Soderbaum, 2016). This emphasis on economic development has been a prominent feature of non-Western regionalism seen in other parts of the world: the Association of Southeast Asian Nations (ASEAN) (Nesadurai, 2003; Jetschke and Katada, 2016), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC)(Bruszt and Palestini, 2016).

This literature on comparative regionalism provides very good answers to why countries in the non-Western world pursue regionalism. There are substantial similarities between these regions and Kyrgyzstan and Kazakhstan. Like other post-colonial states, after the SU dissolution, both republics had clear objectives of preserving independence and autonomy, nation-building, and economic development. Consequently, the republics would pursue regionalism schemes that would allow them to achieve these goals.

However, this literature is limited by the specificity of the regions it examines, making application of it to other regions problematic. The nature of CA republics' unique social and economic development in the 20<sup>th</sup> century, where they became the constituent parts of a unitary Soviet economy, determined the extent of the post-Soviet legacies. The literature does not provide sufficient answers to why these republics participated in regional integration with the former imperial centre, Russia, after gaining their independence. This behaviour would be contrary to the literature's expectations. Moreover, why did Kyrgyzstan and Kazakhstan opt for regional integration with Russia but, when presented with China's offer of a free trade area (FTA), declined it? Therefore, this thesis aims to add to the comparative regionalism literature by examining Kyrgyzstan and Kazakhstan's motives behind their regionalism choices.

The scholars working on post-Soviet regionalism offered region-specific and nuanced explanations of the regional processes. Their economic arguments build on the neofunctionalists'



premises of the importance of functional linkages. Their primary reasoning is that the Soviet-era economic, political and cultural linkages are the foundation for post-Soviet regionalism (Vinokurov, Libman and Maqsimchuk, 2010; Libman and Vinokurov, 2012a; Libman and Vinokurov, 2016). The literature on the regimes in the PSS, specifically CA, deals with the criticism levied at the scholars who used the cases of democracies to derive their arguments on the importance of domestic politics in international cooperation. Scholars in post-Soviet regionalism identified these regimes as authoritarian and neo-patrimonial, where the private interests of the political leaders were centred on rent-seeking and power-retaining motives (Ostrowski, 2012; Omelicheva, 2015; Cummings *et al.*, 2013; Ismailbekova, 2021; Palazuelos and Fernandez, 2012; Franke, Gawrich and Alakbarov, 2009; Collins, 2009; Sanghera and Satybaldieva, 2020; Engvall, 2018; Lewis, 2021; Heathershaw and Cooley, 2015; Cooley and Heathershaw, 2017). These private interests will impact the countries' regionalism choices. These autocratic regimes will be willing to cooperate with others as a measure to support fellow autocrats (Libman and Obydenkova, 2018; Obydenkova and Libman, 2019) and to advance their norms and values (Ambrosio, 2008). These autocratic regimes could also utilise the economic dependencies to entice or punish other states in the cases of regionalism participation or non-participation using economic or political measures (Libman and Vinokurov, 2018; Bukkvoll, 2004a; 2004b; Libman and Obydenkova, 2018; Ambrosio, 2014). The empirical studies of the SCO, the CAEU, and the EAEU underline the economic and geopolitical costs and benefits of membership for the participating countries, focusing on bigger states such as Russia, China and Kazakhstan's interests with lesser emphasis on Kyrgyzstan (Dragneva and Wolczuk, 2013; Laruelle, 2018; Roberts and Moshes, 2016; Dragneva and Wolczuk, 2017; Lukin, 2012; Lukin, 2019; Mukhametdinov, 2020; Tarr, 2016;

Laruelle and Peyrouse, 2012; Vinokurov, Libman and Maqsimchuk, 2010; Aris, 2011; Olcott, Aslund and Garnett, 1999; Ushakova, 2003; Anceschi, 2020).

However, the current literature on post-Soviet regionalism tends to emphasise economic dependencies or the political leadership's private interests as the primary determinants of the countries' regionalism choices. Moreover, examining smaller countries such as Kazakhstan and Kyrgyzstan membership choices is not sufficiently developed. The authoritarian regionalism literature partially addresses this gap by taking a closer look at the relationship between policymakers' private interests of guaranteeing domestic regime security, rent-generation and countries' economic dependencies (Libman and Obydenkova, 2018; Obydenkova and Libman, 2019; Collins, 2009; Allison, 2008). Nevertheless, this literature does not sufficiently examine the causes of these economic dependencies, their impact on the CA republics' industries and their demand for REI with specific countries. It does not sufficiently examine all aspects of political leadership's private interests, such as the prestige of leaving a positive legacy of their time in office on the republics' integration choices. This factor is an essential consideration in the cultural context and socio-economic development of the CA republics, and Chapter 2 will elaborate on that.

Building on the strengths in the literature, the thesis considers the impact of domestic politics, functionalist economic rationale and international power relations in its approach to generating a more comprehensive explanation as to why the CA republics preferred REI with some countries but not others. This thesis employs a broad rationalist-institutionalist framework. The guiding assumptions are that the actors are self-interested players who construct their preferences within the constraints of the domestic institutions, both formal and informal.

This thesis advances the central argument that the republics' public or national interests and political leadership's private interests drive the CA republics to engage in regional integration. The

economic interests are expected to be the most dominant, followed by geopolitical and private interests of membership, which will share equal weight. This ratio could change if the countries face more significant security threats. In this case, the geopolitical interests could weigh more. If the political regimes become more authoritarian, the private interests could also weigh more.

Two main actors will influence the policy on integration in CA: the political leadership and business groups to a lesser extent. The nature of the authoritarian and neo-patrimonial regimes in CA makes it necessary to consider the leaders' private interests. The political leadership will consider both the national interests of the republics and their private interests. Their preferences are rooted in their underlying private interests. Their fundamental goal is maintaining office and power, which will enable rent-seeking abilities from state-owned resources and allow them to enjoy the prestige of leaving a positive legacy of their time in office. The public interests are the whole country's national interests. They comprise economic interests aimed at maximising the economic welfare of the entire country and geopolitical interests aimed at strengthening the country's external security and survival. The republics will choose to integrate when the proposed integration framework promises an overall increase in economic welfare, which includes the distributional effects of trade liberalisation, financial support for economic modernisation, and labour flows and reinforces their external stability. At the same time, it does not threaten or strengthen the political leadership's ability to hold office and has the potential to generate a positive legacy of the president's time in office.

This thesis advances research on post-Soviet regionalism by focusing on the cases of the CA republics of Kyrgyzstan and Kazakhstan. It contributes to the comparative regionalism and comparative political economy fields by examining how these small and landlocked countries' domestic sources of preferences and their interaction within the constraints of the domestic

institutional environment determine their regional integration choices. The contribution to comparative regionalism is seen in showing that these post-Soviet republics in CA will only enter economic integration with the countries with whom they shared extensive historic economic linkages and have a strong potential for economic development and economic assistance. The dominance of this factor is explained by their landlocked position, extensive Soviet-era linkages with the former centre, Russia, and the necessity for economic development after experiencing de-industrialisation in the 1990s. Preserving the independence is vital for these republics. Therefore, they will enter REI with the countries with whom they had a long-term relationship, have learnt their behaviour, and can rely on their military support. The political leadership's private interests also matter in the republic's choice of regional integration partners. They will support the membership in the regionalism scheme that re-enforces their position in power and has the potential to generate a positive legacy for them.

The contribution to comparative political economy is in showing how these landlocked, post-Soviet republics utilise regionalism to generate economic growth and development. These republics chose economic integration to advance the domestic producers' competitiveness following the substantial de-industrialisation of the 1990s. Their objectives were to guarantee external markets, subsidies, investment and access to wider extra-regional transport and energy infrastructure for domestic export industries, thus fostering the development of processing industries. The thesis illuminated the micro and macro-level challenges these republics experienced when entering the EAEU.

This thesis includes three key factors that could explain the CA republics' REI choices: the economic determinants, the geopolitical considerations and the political leaders' private motives. The distinctiveness of this approach is that by including these factors, this study considers the needs

of the CA economies for trade liberalisation, modernisation, development and mitigation of external threats within the context of the neo-patrimonial regimes of the CA region and in the presence of two regional hegemons. Adopting this approach shows how preferences for economic integration are determined in countries with non-democratic regimes, economically heterogeneous, substantial economic dependencies and limited by their geography, being landlocked.

It is essential to define the terms used throughout the thesis. The definitions of region and regionalism vary and are ambiguous (Hurrell, 1995, p. 38). Some scholars connect regions to geographical locations and historical borders; others emphasise economic and political ties (Libman and Vinokurov, 2012a, p. 4). Based on Acharya's (2012) definition of regionalism, which explains the processes better in the CA region, regionalism is understood as formal and informal interaction between state actors within a given area. This area is known as a region. The region is then viewed as a geographic area where there is mutual interdependence between states (Nye, 1968, p. xii, cited in Fawcett, 1995, p. 11). Following Libman and Vinokurov's (2012a, p. 5) formulation of regional integration, this thesis emphasises the formal process of intergovernmental interaction that creates international agreements, regional organisations, and potentially supranational bodies aiming to eliminate trade barriers between member states. Therefore, regional integration is understood as a state-led, formal intergovernmental case of regionalism that aims to eliminate the trade barriers between the participating members, applying the top-down approach.

This thesis uses the following terms to delineate the sub-regions. CA comprises five post-Soviet CA republics: Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan. These countries belonged to the region created by the SU and were united by extensive economic linkages and geographic proximity (Schwartz, 1992, p. 66). They share an extensive cultural, linguistic,

religious and ethnic common heritage (Tolipov, 2017b). Under the PSS, this thesis refers to the twelve republics of the SU, excluding the Baltic states. The Slavic republics refer to Russia, Ukraine and Belarus. Finally, the term Eurasia includes Central Asia, Russia and China.

## **1.2 How the study is approached and methodological considerations**

This study bridges comparative regionalism and comparative political economy fields and utilises qualitative and quantitative data over 25 years between 1991 and 2015. The following two factors determined the cut-off in 2015. First, the Treaty on creating the EAEU was signed in 2014, and the Union started functioning in 2015. This thesis aims to identify the main drivers explaining Kyrgyzstan and Kazakhstan's decisions to join the EAEU. Therefore, it was necessary to focus on the period right before the union's initiation in 2015 to identify these factors accurately and explain how the background economic, domestic political and geopolitical conditions of the 1990s, 2000s and 2010s led these two republics to become the EAEU members. Second, the 2014 and 2022 events altered Russia's relations with Ukraine and integration dynamics within the EAEU. Consequently, the republics' views on the EAEU overall membership costs and benefits were expected to undergo some changes after 2014 and 2022. Consequently, the researcher made the decision to focus on the 1991-2015 period to examine the underlying rationale and determine the main catalysts in Kyrgyzstan and Kazakhstan's approaches towards regionalism.

The empirical research focuses on the two CA republics of Kyrgyzstan and Kazakhstan. Practical considerations of data access and methodological reasoning determined this choice. The researcher's command of Kyrgyz, Kazakh and Russian languages limited access to Uzbek, Turkmen and Tajik sources, both primary and secondary. Additionally, the isolationist stance of

Uzbekistan and Turkmenistan and difficulties associated with securing visas and conducting data collection in these countries contributed further to ruling out these CA republics from the sample.

From the methodological point of view, the cases of Kazakhstan and Kyrgyzstan are representative of the CA republics: Soviet past, large and small economies, resource rich and poor, more populous and less populous. Kyrgyzstan and Kazakhstan share similar traits as the former SU republics but differ in a few aspects. Both countries have extensive economic and security dependencies on Russia, resulting from their Soviet past and lack of direct access to the ports. Both republics actively participated in almost all regionalism endeavours, which included other CA republics, other post-Soviet republics, and other countries. However, both rejected deeper economic integration with all member countries except Russia. Kyrgyzstan and Kazakhstan are also quite heterogeneous. They differ in population size, landmass, resource endowment, GDP, economic structure, and extent of economic dependencies on Russia. Moreover, the variation in the political systems is also present. For example, from 1991 to 2019, Nazarbaev was the only president of Kazakhstan. At the same time, Kyrgyzstan saw a more rapid turnover in the republic's leadership. The representative of the Soviet cadres occupied the office of president in Kazakhstan. In Kyrgyzstan, the situation was more diverse. These two republics' similarities and diversity allow to capture a more comprehensive, wider, and nuanced picture of which factors drive these countries' regional integration decisions to draw relevant conclusions about CA regionalism.

However, including only two out of five republics in this study has limitations. Uzbekistan and Turkmenistan adopted a more isolationist policy towards regional integration. However, Uzbekistan was more active than Turkmenistan. The former participated initially in the CAEU and the SCO. In the case of Tajikistan, the country was an active participant in regional endeavours, unlike Turkmenistan or Uzbekistan. However, the main difference between Tajikistan and the rest

of CA was that the country went through a civil war in the 1990s, which had adverse effects on its economy. Therefore, by excluding these republics, the factors that led these countries to abstain from REI will not be fully illuminated in the case of CA regionalism, making generalisation more challenging.

This thesis employed the qualitative content analysis of official documents (statements, treaties and agreements, government press statements) and extended semi-structured elite-level interviews with business associations and regional policy practitioners in Kyrgyzstan and Kazakhstan. This is a small-N case study. Studying how policymakers decide on the policy to integrate requires official policy documents and additional primary sources, such as interviews, to triangulate data. A small number of cases allows for this approach to be successful.

The thesis utilises mainly a qualitative approach, employing extended interviews with regional policy practitioners and analysts as primary sources and the analysis of official documents. The data used in this thesis is both quantitative and qualitative. In its research design, this thesis follows the criteria of qualitative research, such as credibility (or internal validity in quantitative research), transferability (external validity), dependability (reliability), and confirmability (objectivity) (Bryman, 2012, p. 390). This study utilised content analysis in interviews, policy documents and speeches. The primary data is triangulated by including speeches of the republics' leadership, statistical and international organisations publications, a review of secondary academic literature, and regional media sources. In doing so, this study aimed to follow Webb *et al.*, (1966) suggestions of employing more than one method to ensure more confidence in the resulting findings. The interviews were conducted in Russian, and the official documents, speeches, and statistical and regional academic and media publications were accessed in Russian and English. The researcher's command of Russian as a native speaker was helpful. The use of these three



sources of data (interviews, official policy documents, and analysis of secondary sources) produces robustness of the analysis, which generates credibility and dependability. The insights generated from the interviews are supported by the findings from the official policy documents, the analysis of the academic literature specifically from the region and statistical data on trade, economic growth and economic structure. The same research method was employed in collecting and analysing data for Kyrgyzstan and Kazakhstan in all three regionalism schemes (CAEU, EAEU, SCO). The application of consistency in research methods ensures as much replication as it is possible in a qualitative case study. In adopting this methodological approach, this thesis aimed to produce a study with a necessary level of credibility, transferability and confirmability.

## Primary data

### Interviews

The analysis in this thesis is based on twenty-five semi-structured interviews with regional officials and analysts. This method tends to be the most widely used in qualitative research (Bryman, 2012, p. 469). In this thesis, the interviews provided crucial insights into the approaches and motivations of essential players to generate a clearer picture of the dynamics at work. Specifically, the respondents provided a nuanced explanation of the themes that emerged from the published policy documents and official statistics, which would have been impossible to capture otherwise. The interviewees shared their views on the regional perspectives. They elucidated the policy choices and consequences for both republics within the changing domestic political environment. The interviews also allowed to understand the complexity of the obstacles, benefits and negotiations of regional integration from the position of people directly involved or in close

proximity to shaping these regionalism policies. This data was vital in identifying and examining Kyrgyzstan and Kazakhstan's choices of regional integration membership. In addition, analysis of the official published policy documents and publications by the experts on the topic allowed for balancing off possible subjectivity arising in the interviews. This triangulation of data helped ensure that the interpretation of data is objective and consistent, leading to broad conclusions to be made.

The interviews were arranged once the researcher was in the country. The snow-balling sampling technique was applied to maximise access to the respondents. This approach was necessary considering the cultural context of Kyrgyzstan and Kazakhstan. The researcher had to be introduced to some of the respondents to ensure the interviews and enhance opportunities for access to officials and analysts. The standard procedure in the region was to call in the morning to confirm the meeting on the same or the following day. Scheduling the interviews well in advance did not always work; different obstacles arose, which led to postponing or rescheduling the meetings. The interviews were not recorded, but detailed notes were taken during the meetings. It is explained by the respondents' reluctance and unease about being recorded, which could affect the quality of the interview material. Therefore, the researcher adopted a flexible approach considering the working practices in both countries.

The conducted interviews were semi-structured. The respondents were asked standard questions but were free to expand on a particular question. This format was chosen to aid a discussion's natural flow, where they broadly demonstrate their views and perspectives. Some additional probing questions were presented to seek the respondents' perspectives. This approach helped identify different angles on the same issues, specifically on the drivers of economic and

geopolitical interests and challenges of integration. In addition, using the same core questions helped to draw similarities and differences in responses in one country and across two countries.

Fieldwork interviews were conducted in Kyrgyzstan and Kazakhstan during two research visits:

- Two weeks in December 2017 and 2 weeks in January 2018 in Bishkek
- Two weeks in January 2018 in Astana.

The interviews were with the regional officials representing the following departments: the Ministry of the Foreign Affairs (Kyrgyzstan), the Chamber of Commerce (Kyrgyzstan), the Secretariat of Business Development and Investment Council under the Government of the Kyrgyz Republic, the Russian-Kyrgyz Development Fund.

The interviews were with the analysts from the following academic institutions and research centres: the International University of Kyrgyzstan, the Institute of Public Policy and Administration of the University of Central Asia (Kyrgyzstan), Kyrgyz National University, the Diplomatic Academy of the Ministry of the Foreign Affairs (Kyrgyzstan), the United Nations Development Programme Kyrgyzstan, the Nazarbaev University, Central Asian Bureau for Analytical Reporting, the L. N. Gumilyov Eurasian National University (Kazakhstan), the Institute of World Economy and Politics (Kazakhstan), Kazakhstan Council on International Relations.

#### Official publications

The analysis of the official documents included the republics' national strategies, specific economic programmes, bilateral and multilateral treaties and agreements, external policy documents, and regional organisations' treaties and declarations. The list of these documents is

provided in Appendix C. These publications were available from the republics' official government and regional organisations' websites.

### The presidents' speeches and announcements

The inclusion of the republic presidents' speeches and announcements served further to triangulate the primary data. Their speeches were considered vital to this research due to the nature of the political regimes in Central Asia, especially Kazakhstan. The authoritarian and neo-patrimonial regimes tend to have strong presidents who will set the country's overall economic and political course. Therefore, their views and opinions matter. The official policy documents overall show this general outline of their approaches. However, the speeches and announcements reveal their thinking and vision more intricately. The policy documents cannot show that. Therefore, guided by this rationale, the thesis considered the speeches and announcements vital primary data sources.

This research relies more on Nazarbaev's published works than Akaev's. The following reasoning was at the heart of this approach. Nazarbaev's political longevity meant he had time to formulate his vision, outline it, and implement it. Nazarbaev is the only president who has led Kazakhstan since its independence from 1991 until 2019. At the same time, Kyrgyzstan had a changeover of five presidents during the same period: Askar Akaev, Kurmanbek Bakiev, Roza Otunbaeva, Almazbek Atambaev, and Sooronbay Jeenbekov. This thesis considers Nazarbaev to be an ideologue for Kazakhstan. Therefore, his speeches in the 1990s, 2000s and 2010s present vital insights into his views on the future of Kazakhstan and the plans to realise it. His views are the reflection of his worldview. The latter explains why he needed to implement his vision of

Kazakhstan. This concept is discussed in the conceptual framework. It will also figure in Chapters 4 and 5.

## Research ethics

Ethical considerations were important in conducting the interviews. In Kazakhstan and Kyrgyzstan, the political environment during the end of 2017 and the beginning of 2018 and the countries' political context shaped the interviewees' wishes for their responses to be anonymous. That was dictated by the expectations that their comments might be scrutinised by the political authorities and superiors at their institutions. Thus, the interviewees were asked at the beginning of the meeting if they were content with their names appearing in the research or if they wished this information to be withheld. The overwhelming majority chose to remain anonymous. In line with their wishes, this thesis has followed the ethical practices in social research as prescribed by the University of Birmingham guidelines.

## Secondary data

Regional sources were collected during the fieldwork. These were from the research institutes in Kyrgyzstan and Kazakhstan: the National Institute of Strategic Studies of the Kyrgyz Republic, the Kazakhstan Institute of Strategic Studies, the Diplomatic Academy of MFA (Kyrgyzstan), the National Library of the Kyrgyz Republic, the Kyrgyz National University Library, the National Statistical Committee of Kyrgyzstan Library. Additionally, various secondary

sources were consulted during the research study: CA and Russian media sources, journals and articles.

The statistics are used extensively in this thesis. The purpose of using this quantitative data is to provide additional evidence to the arguments made in this thesis. Using trade data of both republics before their independence and throughout allows to quantify Kyrgyzstan and Kazakhstan's trade relations, complementarity and economic dependencies within CA, Russia and China. This quantitative basis allows to compare, examine and evaluate the republics' trade and economic growth policies. The statistics are employed in this thesis to provide quantitative evidence and support to the themes arising from the qualitative data, such as policy documents and interviews and analysis of the regional literature.

### **1.3 Thesis structure**

This thesis seeks to explain why the CA states were willing to engage in regional integration, adopting a comparative approach. It examines Kyrgyzstan's and Kazakhstan's interests in three regionalism frameworks: the CAEU, the SCO, and the EAEU. The selected time frame (1991-2015) was chosen to examine the republics' public interests and their leaders' private motivations during the 1990s transition, right after the dissolution of the USSR, where their functional linkages were the strongest; in the 2000s, when they formed fully functioning market structures; and 2010s after the global economic crisis, which would have affected the economies that became dependent on resources and re-exports. 2015 also marks the year when the EAEU started its existence. The chapters proceed in the following order.

**Chapter Two** outlines the conceptual framework. It opens by discussing the main approaches to international cooperation and the central debate between realists and institutionalists on whether power-seeking or international institutions better explain why states cooperate. It continues by examining the economists' argument that the fundamental goal of pursuing economic integration is to generate economic welfare and development. The domestic politics literature bridges domestic and international politics by arguing that the domestic distributional consequences of international economic cooperation will determine the country's choices. A discussion of the comparative regionalism literature follows this. Scholars proposed diverse ideas on regional cooperation, reflective of regions' specific historical, social, economic and political developments. Regionalism is dealt with using multiple perspectives: governance, norms, ideas, identity, institutions, domestic politics, geopolitics, formal regionalism and regionalisation. The post-Soviet economic regionalism literature focuses on the inherited Soviet functional linkages as the key integration driver. Scholars working on domestic regimes argue that the private interests of political leaders, such as preserving power and rent generation, will be the main determinants in the countries' regionalism choices. The empirical literature on the CAEU, the EAEU and the SCO analyses the costs and benefits of membership for the participating countries. The chapter draws on the literature's theoretical insights, identifies the limitations and offers the theoretical framework that helps explain why the CA republics pursue REI with specific countries. It identifies the main actors and their main preferences and interests. This theoretical framework includes the republics' national or public interests and their political leadership's private interests.

**Chapter Three** analyses the effect of Soviet industrialisation policies on the modern economic structure of the CA republics. Doing that allows for determining the causes of the CA republics' economic dependencies. The chapter elaborates on Kyrgyzstan and Kazakhstan's

industrial development in the 1920s, 1930s and the Great Patriotic War of 1941 – 1945. It argues that the capital inflows during this period set the foundation for the CA republics' economic structure, resulting in economic dependencies persisting even in the independence years. The chapter describes the trade relations of the CA republics with the Soviet republics and other countries on the eve of their independence and in the 1990s following the SU dissolution. The section on the transition policies elaborates on the changes and implications for the republics' economic and political systems. The thesis argues that the changes in the republics' economic structure, resulting from the transition policies, impacted their trade relations and were instrumental in their regionalism choices.

**Chapter Four** examines the economic and political determinants of the republics' participation in the CAEU. The chapter explores Kyrgyzstan and Kazakhstan's public and private interests in participating in the CAEU. It is argued that the CA economy was not complementary or large enough to accommodate the republics' needs in industrial products or their commodities exports. The common problems the CA republics faced were not a sufficient impetus for regional integration. The countries' disagreement on using transboundary resources further pulled them apart. Examining the political leadership's private interests shows the personal distrust and Kyrgyzstan and Kazakhstan's visions as the "Eurasian" countries were not aligned with CA regional integration. Therefore, Kyrgyzstan and Kazakhstan's public and private interests indicate that neither republic's preferences favoured the CA REI.

**Chapter Five** identifies and examines the republics' public and private interests in their EAEU membership. It is argued that the economic strategies initiated by both republics in the 1990s led to profound changes in the economic structure. It resulted in Kyrgyzstan's economy becoming dependent on re-exports and the wholesale trade becoming a representative sector. Concurrently,



in Kazakhstan, the economy has become dependent on exports of natural resources. These changes in the economic structure were the primary considerations for the republics to pursue industrial development and reduce the economies' dependence on natural resources and low-value-added industries. Their membership in the EAEU was viewed as conducive to achieving these economic objectives of development and modernisation. For Kyrgyzstan, the membership was expected to generate additional subsidies in the form of loan forgiveness, financial support to prepare the economy for accession, preferential access to the key inputs, and the solution to the issues of labour surplus. For Kazakhstan, access to transportation and energy infrastructure was more vital to ensure export revenues. These economic interests were also reinforced by geopolitical considerations, where closer cooperation with Russia allowed the republics to reduce China's influence in the region and minimise the threat from Afghanistan. The private interests of the political leadership also indicate the preferences favouring REI within the EAEU. It is essential to highlight that Nazarbaev was driven by the desire to leave the positive legacy of his time in office, and the EAEU was instrumental in that since he pioneered the idea of the Eurasian Union. On the contrary, Atambaev was preoccupied with preserving Russia's support for his time in office. Public and private interests in both republics show their strong preferences for regional integration with Russia within the EAEU.

**Chapter Six** considers the public interests of Kazakhstan and Kyrgyzstan in the SCO. It is argued that in the 1990s, the republics' primary considerations were to ensure that their sovereignty would be reinforced in the agreements with China. The economic considerations came second. China played a significant role in supplying the region with the necessities. The republics had to guarantee the availability of the main consumer items following the breakdown of the Soviet supply chain. In the 2000s, Kyrgyzstan's economy became dependent on re-exports. Consequently, it had

to ensure an uninterrupted flow of Chinese imports. Access to China's financial capital was another primary consideration for Kyrgyzstan and Kazakhstan. The latter viewed China as a vital link in its strategy of becoming the main transportation and logistical hub in broader Eurasia. However, neither republic was willing to eliminate trade barriers and pursue regional integration with China within the SCO. Kyrgyzstan and Kazakhstan were concerned about the Chinese companies outcompeting their domestic producers. Moreover, fear became the dominant theme in the republics' economic relations with China. It stems from the substantial debt Kyrgyzstan has accumulated towards China, potential migration, and territorial claims by China. The findings indicate that the CA republics did not prefer regional integration with China, although they realised the economic benefits of cooperation with China. Therefore, the CA republics viewed their membership in the SCO as a way to have direct access to China and foster the benefits of economic cooperation with the second-largest economy in the world.

**Chapter Seven** considers the thesis's main findings, assesses theoretical considerations and identifies areas for future research.

## **CHAPTER TWO**

### **CONCEPTUAL FRAMEWORK**

#### **2. Introduction**

This chapter introduces literature on the main approaches to regionalism in the PSS and Eurasia. It presents the theoretical apparatus applied to explain the interests of the CA states of Kyrgyzstan and Kazakhstan in regional integration in the post-Soviet space and broader Eurasia. This study's main research question is: what factors drive the CA republics to engage in regional integration, and why do they choose to pursue regional integration with some countries and regional cooperation with others? The thesis will contribute to comparative regionalism and comparative political economy by studying the domestic sources of preferences of smaller landlocked countries that have entrenched economic functionalist linkages within the region and in the presence of much larger economic powers.

The first section situates the research question within a broader field of international economic cooperation, showing how neorealist and institutionalist arguments could be extended to the CA republics' geopolitical concerns about regionalism. The insights from economic theories and domestic politics literature help conceptualise the republics' national economic interests and the political leaders' private motives. The second section examines the literature on comparative regionalism, drawing on the lessons from regionalism worldwide. The third section focuses on the PSS and domestic regime, identifying specific features of post-Soviet regionalism. These theoretical insights help understand the CA republics' sources of preferences within the context of the CA domestic political environment: Soviet-era functional linkages and neo-patrimonial

regimes. The fourth section reviews the literature on the EAEU, the CAEU and the SCO, identifying the main limitations. These organisations form the basis for analysis in the empirical chapters. Section five outlines the contributions of the thesis to the fields of comparative political economy and comparative regionalism. Section six proposes a theoretical framework that explains the CA republics' preferences for regional integration: public economic and geopolitical interests and the private interests of the political leadership.

## **2.1 Main approaches to regionalism**

Several theories explain why states cooperate and what explains the variation or the types of cooperation states choose to engage. This section reviews international relations and economic theories that offer divergent views of why states cooperate and their limitations concerning regionalism in the PSS. The former emphasises the states and their relations as a part of a global system. The latter argues that the creation of customs and economic unions is rooted in each prospective member's economic calculations of welfare effects and economic growth. At the same time, domestic politics theorists emphasise the dynamics between domestic groups and policymakers' interests as another factor impacting the countries' preferences in cooperation. These theoretical inputs are valuable for explaining the CA republics' interests in regionalism because they show that, at the core, the countries cooperate to maximise their survival as independent states and maximise their domestic economies' potential. The arguments advanced in this literature help underline the main factors that could explain the CA republics' preferences for regionalism and, specifically, regional integration. However, the limitations of these theories are their focus on pluralistic economic systems and the emphasis on either geopolitical or economic

factors as the main drivers of regionalism. Consequently, this literature can only partially explain the regionalism endeavours of the CA republics. It does not consider the Soviet-era economic interdependencies and specificity of CA republics' political and economic systems.

### *2.1.1 International Cooperation: neorealists and institutionalists*

Neorealists' and institutionalists' perspectives are crucial in discussing the factors driving states to cooperate. These two schools provide competing explanations for why and under which conditions states cooperate, whether the reaction to external threats or the economic interdependencies and institutions drive cooperation. This sub-section reviews their assumptions and expectations and shows the limitations of this strand of literature concerning the regionalism processes in CA.

Neorealists view regional cooperation as the mechanism countries utilise to defend against hegemons instead of bandwagoning with them (Waltz, 1979, pp. 126-128). On the one hand, the neorealists argue that countries will enter a larger alliance to counteract the threat (Jesse and Dreyer, 2016, p. 3) and improve their security, thus utilising the “external balancing” strategy. On the other hand, the alternative to alliance formation is for the nations to build their military capacity, therefore engaging in “internal balancing” (Morrow, 1993, p. 208). However, both balancing options might not be viable for smaller countries. They have little time or resources to explore these strategies. Consequently, they would bandwagon expediently with the belligerent state when facing direct, tangible and immediate threats (Walt, 1987; Labs, 1992). These neorealists’ expectations help us understand how the CA republics will behave in the presence of two regional hegemons, Russia and China. The CA republics will be willing to participate in regionalism schemes headed

by either or both hegemons. Their survival motive drives their rationale: they are too small to bear the cost of building military capabilities to oppose the hegemons' economic and military resources. Therefore, they will bandwagon with the regional hegemon that represents a higher level of threat which will guarantee better chances of survival for these smaller CA states.

The hegemonic stability theory provided an additional argument for how hegemons could stimulate regional integration by providing financial funds to prospective members (Mattli, 1999, pp. 68-138; Gilpin, 1987, pp. 87-90; Grieco, 1997). This theoretical insight is very useful to the case of the CA republics. It shows how hegemons could incentivise the countries to join them by offering economic support. The CA republics will be rewarded for their loyalty through subsidised strategic inputs, favourable access to the hegemon's transport and gas pipeline infrastructure, and subsidised credit and loan forgiveness.

Nevertheless, the neorealists' accounts for why states cooperate have their limitations. They do not explain the variation in regionalism: why countries cooperate in some cases and decide to integrate into other cases. They focus on the geopolitical determinants; they do not consider the impact of economic factors, such as entrenched Soviet-era economic interdependencies in trade and infrastructure, on the states' cooperation and integration decisions.

The neorealists' limitations inspired alternative accounts of why states cooperate, turning the research focus to the global economic interdependencies as the main driving force, leading to the emergence of institutionalists. These studies suggested that the main driver of international cooperation is not states seeking power but the institutions resulting from regional interdependencies. Liberal institutionalists argued that these international institutions solved the coordination problems, market failures and other collective action issues resulting from economic cooperation (Axelrod and Keohane, 1985; Keohane, 1984; Lipson, 1984; Oye, 1986). The liberal

institutionalists, unlike the neorealists, examine the effects of globalisation on cooperation and regionalism. They assert that as the transborder flows intensify, it will lead to regionalism. Consequently, countries will find it easier to deal with trade issues and economic linkages at the regional level instead of the multilateral level (Schirm, 2002; Breslin *et al.*, 2002).

However, there are limitations to its application to CA, PSS, and Eurasia. Neoliberal institutionalists employ a state-centred approach (Borzel, 2016, p. 45), neglecting the role of domestic politics in cooperation. The latter factor is vital in CA regionalism, especially considering the neo-patrimonial and authoritarian nature of regimes in CA. The interests of the national leadership impact the CA republics' cooperation or non-cooperation and variation in regionalism, specifically regional integration or regional cooperation. Therefore, the omission of domestic politics by the liberal institutionalists as the factor explaining cooperation questions their assertions about institutions being the primary determinants of cooperation between states in CA.

Neofunctionalists, unlike the liberal institutionalists and realists, challenged the primary role of the nation-state as a dominant actor on the international scene (George, 1991, p. 20; Keohane and Nye, 1975, p. 365 cited in Jensen, 2000, p. 73) and instead stressed the role of organised interest groups and impact of the supranational institutions' influence (Niemann and Schmitter, 2009, p. 46). The neofunctionalists argued that the functional linkages emerge from the initial push for integration, leading to further integration and spillovers in other sectors and culminating in a political community (Haas, 1958, p. 372; p. 311). Their operationalisation of the functional linkages through the variables of rates of transactions and similarity in size and power as the background conditions necessary for regional integration (Haas and Schmitter, 1964, pp. 711-712) is particularly insightful for CA and PSS regionalism. Following the SU dissolution, the CA republics attempted to preserve the economic interdependencies in trade, supply chain and

infrastructure to sustain economic output (the Soviet-era linkages are discussed further in Chapter 3). As neofunctionalists hypothesised, these functional linkages in industry, trade, and capital were the primary reasons for the CA republics to pursue integration in the region, specifically, the CIS.

However, the neofunctionalists' emphasis on organised interests and supranational institutions as the main drivers of regional integration limits the application to the CA and post-Soviet region. Neofunctionalists base their assumptions on market-based and liberal economies with the presence of industrial, business and other organised groups. These organised interests were able to lobby for a particular policy. These assumptions would not be relevant to regionalism in CA and PSS. Two main factors explain it. First, the decades of the Soviet planned economy led to nonexistent business interests. They only emerged following the 1990s economic and political transition. Second, CA's authoritarian and neo-patrimonial regimes would not allow these interests to become the driving force, unlike in liberal economies.

To conclude, realists' and institutionalists' logic has been extensively utilised to explain the emergence and continuation of regionalism worldwide. Concerning regionalism in CA and PSS, neither neorealists nor institutionalists can explain fully why CA republics engage in regionalism and its variation. Neorealists focus exclusively on external threats as the main factor responsible for countries cooperating. By doing so, the neorealists do not consider the economic variables that affect the CA republics' preferences: the Soviet-era extensive economic links. In their turn, institutionalists emphasise the role of globalisation and economic dependencies, which were neglected by the neorealists. However, their main limitation is that they do not consider the effects of the CA republics' domestic economic and political systems on their preferences. These gaps are addressed by the literature on economic regionalism, domestic politics, and international



cooperation, which will be explored in this chapter. The following section examines theoretical insights on economic factors in regionalism.

### *2.1.2 Economic Regionalism: welfare effects and development*

As noted in the previous section, the international cooperation literature deals with why states cooperate at the global or systemic level. Some of their theoretical insights are valuable and could explain some aspects of regionalism in CA, PSS and broader Eurasia. However, this view omits the domestic economic conditions of Kyrgyzstan and Kazakhstan and their role in the countries' decision on whether they will engage in regionalism and its variation: cooperation or integration. Therefore, the insights from economic literature are included to help understand how they could frame the economic interests of the republics.

The studies on REI argue that the primary economic reason for the countries to participate in regional integration agreements (RIAs) or preferential trading arrangements (PTAs) is the increase in economic welfare for the participants of these agreements. Overall, the PTA members' welfare will increase if the trade-creating effects resulting from switching to more efficient producers within the trading block outweigh the trade diversion from more efficient producers outside the PTAs (Viner, 1950; Meade, 1955; Lipsey, 1960). The countries' economic welfare will further increase since the static gains from expansion in trade are encouraged by specialisation based on comparative advantage (Robson, 1998, p. 4). This expansion in trade will lead to greater efficiency and improved terms of trade for the participants. These gains will increase more, caused by economies of scale and regional research and development spillovers of integration (Gilpin,

2001, p. 346). Another gain from belonging to the PTA is viewed from the angle of bargaining power. Such PTAs will have more market power than the member states individually, using the optimal tariff to improve their terms of trade position versus the third parties (Krugman, 1991; 1993). Therefore, countries will enter the PTAs if they expect more trade creation effects from these PTAs, and their domestic producers have the potential to become more efficient and competitive.

These theoretical insights help understand the economic rationale behind the CA republics' participation in REI initiatives in CA and PSS. The republics will favour integration if they expect the proposed PTAs will result in higher trade volumes for the domestic producers, and resulting economies of scale will increase their export potential and competitiveness. Moreover, trade with neighbours is even more vital for the CA republics due to their landlocked position and dependence on other countries' infrastructure. Therefore, the trade creation argument particularly applies to the CA republics since it sheds light on their economic interests.

In addition to boosting trade, regional integration has been used by countries as an economic development tool to industrialise and generate higher economic growth. The debate in the literature was whether import-substitution industrialisation (ISI) or export-oriented industrialisation (EOI) was the most efficient way to grow economies fast. The developing countries used ISI as the primary policy objective (Schiff and Winters, 2003, p. 65) to transform their economies from being agrarian to industrialised and high-technology entities (Larrain, 1989; Chang, 2011; Rostow, 1966; Cardoso and Faletto, 1979). Latin American countries also utilised these inward-looking ISI policies (Payne and Phillips, 2010, p. 85). The PTAs, with their protective barriers, shielded the domestic producers and allowed intra-bloc specialisation and industrialisation for the member states (Cooper and Massell, 1965, cited in Schiff and Winters, 2003, p. 65). On the contrary, the

EOI focused on encouraging the most competitive domestic enterprises to reach international markets and attract foreign investment (Bruszt and Palestini, 2016, p. 377) without protecting them. East Asian countries of Japan, Taiwan and South Korea practised the EOI (Payne and Phillips, 2010, p. 85): they were committed to rapid industrialisation and export manufacturing to generate economic development (Stubbs, 2012, p. 92).

The arguments advanced by the literature on ISI and EOI are valuable in illustrating that the CA republics' economic interests could be guided by their industrialisation and overall economic development objectives. The CA countries industrialised under the Soviet rule. The dissolution of the SU marked the beginning of the reverse process – de-industrialisation (these issues are explained in Chapter 3). Therefore, industrial development and how to accomplish it became prominent for them. The CA republics could use the PTA's protection to build the domestic capacity in processing industries, thus utilising the ISI policies. Consequently, engaging in regional integration would allow the CA republics to aid domestic industries' industrial development and achieve economic growth.

Moreover, these PTAs with decreased internal trade barriers and increased market size could attract higher flows of Foreign Direct Investment (FDI) (Motta and Norman, 1993, p. 2; Kawai and Urata, 1996; Feils and Rahman, 2011, p. 42; Blomstrom and Kokko, 1999). The empirical studies on FDIs show that these flows complement trade (Mauro, 2000; Aminian, Fung and Iizaka, 2007). One of the explanations for this complementarity is that firms will engage in FDI by producing in foreign labour-abundant countries and exporting back to their home countries (Motta and Norman, 1996). These theoretical insights on the linkages between PTA, FDI and trade could be extended to regionalism in CA and PSS. The CA republics will be encouraged to join the

regional PTAs because they would expect economic benefits arising from higher inflows of FDI and increased export capacity.

The problem with extending the analysis of economic theories to regionalism in CA and PSS is that it provides only an economic side of the narrative. If economics had been the only factor responsible for integration, then the CIS would have emerged as the region's most successful case of integration since the trade-creating effects of preserving economic ties would have been significant. The economic theory alone cannot explain why the CA states decided to engage in regional integration. This literature does not pay enough attention to the domestic politics and geopolitical factors that impact the CA policymakers' decisions on regionalism and its variation. Therefore, the domestic politics arguments are suited to better address this gap, which the following section elaborates on and discusses further.

### *2.1.3 Domestic Politics*

The domestic politics literature addresses the questions left unanswered by the neorealists, institutionalists and economic theories. They look specifically into how the domestic interests and institutions within the countries affect national preferences and explain international cooperation. This strand of literature addresses the gap resulting from the realists' emphasis on states as unitary actors and their omission of domestic groups' interests and influence on the formulation of foreign economic policy. The scholars in this tradition disaggregate a state; they do not consider it a unitary actor. They focus on the domestic groups' interests, their interaction and the domestic institutions that frame how these preferences are aggregated (Gourevitch, 2012, pp. 310-311; Milner, 1997, p. 18).

The studies on the interdependence of domestic and international politics argue that political leaders play two-level games: simultaneous games in domestic and international settings. They must satisfy the domestic groups' interests. The politicians will seek power by building coalitions among them. Concurrently, these political leaders will aim to maximise outcomes at the international level that will be acceptable to the domestic groups (Putnam, 1988). This interdependence argument was advanced further by Milner (1997), who argued that the domestic distributional consequences of potential cooperation would significantly impact international cooperation more than these countries' concerns about other countries' relative gains or cheating. The potential losers and winners will lend their support or opposition to international cooperation, and their internal struggle will determine the realisation of these international agreements (Milner, 1997, pp. 9-10). The political leaders will respond to these domestic groups because the structure of domestic political institutions in pluralistic countries allows societal interests to pressure officials responsible for policy formulation (Katzenstein, 1978; Gourevitch, 1986; Mansfield and Busch, 1995; Nelson, 1988).

This strand of literature helps conceptualise how economic interests could be aggregated in the CA republics. The industries that benefit from economic regionalism will favour this arrangement. Concurrently, the industries that are expecting to lose will be against it. These industries' interests, both losers and winners, will affect the republics' overall calculation of economic benefits and costs resulting from regionalism. These industries will present and argue their preferences, expecting the national leadership to consider their positions.

Domestic institutions impact how preferences are aggregated and whose preferences matter more. Some groups' preferences might have more weight than others (Milner, 1997, p. 18). Scholars argue that some national decision-makers formulate the policy in the best national interests (Krasner, 1978), whilst others—advance their self-interests to retain political power or generate personal economic benefits (Grossman and Helpman, 1994; Magee, Brock, and Young, 1989; Bueno De Mesquita and Ray, 2004, p. 116). The public choice theory influenced the self-interest argument: the application of the economic approach to the dynamics and design of political institutions, rules, procedures, the public sector and the economy (Buchanan and Tollison, 1972; Mueller, 1989, pp.1-2; Clift, 2014, p. 131). Public choice theorists define the policymakers represented by political parties as the rational actors who are led by self-interest, formulate policies and serve the interest groups to gain office. Their private motives explain their goal of being in office: "attain the income, power, and the prestige of being in office" (Downs, 1957, p. 137). The policymakers' ability to stay in office—political survival—will depend on the domestic groups. As they are motivated to keep office to preserve power, they will be accountable to the domestic groups who can support them in office—the winning coalition. The leaders will provide private benefits to their winning coalition to sustain their loyalty and support (Bueno De Mesquita *et al.*, 2003, pp. 22-23). The private benefits will be more prevalent in autocratic regimes due to the small size of the winning coalition, while in democracies, it will be public goods (Bueno De Mesquita and Ray, 2004, p. 117).

The domestic politics and public choice literature's conceptualisation and understanding of the private motivations of the national leadership are helpful for this thesis. This literature provides insights into how the private interests of the national leadership could be advancing or stalling the republics' economic integration decisions. Including this factor is vital because it considers the CA

republics' illiberal regimes. The public choice argument that policymakers are guided by their private interest to keep office since it guarantees access to "power, prestige and income" is particularly applicable to the CA republics. The neo-patrimonial and authoritarian regimes' nature suggests that the presidents, above all, are concerned about preserving their power. Therefore, in their policy decisions on regional integration, they will consider the consequences for their ability to stay in office and hold power.

The limitations of the studies on domestic and international politics and public choice are that their analysis is mainly based on pluralistic societies with established interest groups. This is not true for the CA republics, which developed illiberal regimes. Consequently, their national leaders' private motivations would have a more prominent role in the structure of national preferences. The political regimes in the CA republics hold different dynamics between interest groups and national leadership. The latter is constrained less by societal pressures, unlike in pluralistic countries. The industrial or business interests formed in CA do not have the same potency and weight as their counterparts in Western economies. Two factors explain that. First, as noted earlier, the years of planned economy and speedy market transition in CA did not allow sufficient time for such independent societal interests to evolve into the formidable groups seen in the liberal economies. Second, CA's neo-patrimonial and authoritarian regimes continued to control key business groups. Presidents continued to allocate their family members or close associates to the management boards in the most prominent sectors of the economy (the nature of CA regimes is discussed further in section 2.3.2). Therefore, the CA presidents might not receive much pressure from such interest groups since member positions are the gift of the president.

To conclude, the literature on international cooperation, economic regionalism, and domestic politics gives insight into why any state would be willing to participate in regionalism. In the case of the CA republics, this literature helps to understand that three main groups of factors could explain their interests in regionalism. These are geopolitical concerns about external threats facing them, economic considerations of growth and development, and the effects of domestic politics on regionalism, specifically the balance between national interests and political leadership's private interests. However, these strands of literature do not consider the specific features of the CA republics relating to the economic structure, interdependencies and domestic political environment. These factors are crucial in understanding regionalism in CA, PSS and broader Eurasia and require further examination. These limitations are addressed partially in the literature on comparative and post-Soviet regionalism. The following section examines the main arguments that comparative regionalism scholars advance before turning to the specifics of the post-Soviet region.

## **2.2 Comparative Regionalism**

The field of comparative regionalism has been more than one hundred years in the making. The scholars focused their intellectual endeavours on examining and understanding the regional cooperation processes. Regions became the research objects, and the academic enquiries deal with the questions that enhance understanding of the regional dynamics: specifically, why states cooperate and pursue economic integration across various regions of the world; how economic, political, security, cultural, and historical determinants influence regional integration in different regions; how and to what extent external actors and global forces affect regional integration. This



literature is particularly useful to this thesis because it allows us to see to what extent the regionalism experiences in other parts of the globe can explain the processes that took place in CA, PSS and Eurasia. Thus, it helps to answer why states in CA opt for REI with some countries but not others. This section outlines the main intellectual developments in the scholarship on comparative regionalism, identifies the conceptual underpinning of regionalism drivers and establishes the relevance of the debates in comparative regionalism to CA, post-Soviet and Eurasian regionalism.

### *2.2.1 Early and Old Regionalism*

The early scholarship on regionalism expressed diverse ideas on cooperation, reflective of the region's specific social, economic and political developments. In Europe, the views diverged on the relevance and prominence of culture, identity, security, political economy, and laws in the European unity and cooperation vision. Simultaneously, the independence struggle in other parts of the world created the impetus for some unity, leading to pan-Americanism, pan-Africanism, pan-Asianism and pan-Arabism movements in the late 1800s and the first half of the 1900s (Soderbaum, 2016, pp. 18-19; Fawcett, 2015). These pan-regional movements reflected the societies' geo-political, socio-economic and cultural goals instead of just regionalism driven by intergovernmental efforts (Acharya, 2012, p. 5). These early ideas on regional unity were developed further and put into practice after WWII. During this time, scholars advanced a range of theoretical propositions that would come to be known as old regionalism.

The case study of European integration dominated old regionalism theoretical contributions. The theoretical debate was represented by federalists, functionalists, neofunctionalists,

transactionalists and intergovernmentalists (Rosamond, 2000). Neo-functionalism enjoyed the most success in the 1960s (Haas, 1958; 1964) (their main arguments were discussed earlier in the section on international cooperation). However, Charles de Gaulle's nationalism questioned the neofunctionalism predictions from the late 1960s. Consequently, the intergovernmentalists argued that regional integration would not spread from low politics (economics) to high politics (security) (Hoffman, 1966). It would only occur if regional integration coincided with "national interests". Another significant criticism of neofunctionalism stemmed from its focus on Europe, limiting its application to other places (Breslin, Higgott and Rosamond, 2002, p. 2). Therefore, the divergence between the neofunctionalists' predictions and the 1970s slowing European integration signalled a hiatus in regional integration studies, seen in Haas accepting the "obsolescence" of the field (Haas, 1976).

In contrast to the European debates on regionalism's goals of avoidance of wars and regional cooperation, old regionalism in the developing world had other objectives. The purpose of regionalism was seen in ensuring independence from colonial rule and restricting intervention by the outside powers in the region (Acharya, 2016, p.114). The ideas of regional cooperation, economic development and nation-building became dominant (Soderbaum, 2016, p. 23). In Latin America, the goal of regionalism was to create a larger liberalised trade region, which would offer domestic producers protection and economies of scale, stimulating industrialisation, economic growth and investment (Prebisch, 1959) (the ISI was discussed earlier in the economic regionalism section). Regional cooperation was seen as a means for structural transformation and economic development. This approach was in contrast to the functionalist logic informed by neo-classical economics and CU theory, as seen in the European case. This structuralist logic resulted in the creation of the Latin American Free Trade Association in 1960. Concurrently, the regionalism

debate in Africa was driven by similar issues of collective self-reliance, support for protectionism and ISI, which resulted in the creation of the Organisation of African Unity that became the African Union later (Soderbaum, 2016, p. 25). In the Middle East and North Africa, the League of Arab States creation in 1945 was supposed to be the beginning of Arab unity; however, in reality, it was the first step initiated by Arab states to secure their independence and sovereignty, the “instrument of national independence rather than of regional integration” (Miller, 1973, p. 58). More concrete attempts were seen in the emergence of the United Arab Republic (UAR) in 1958, joining Egypt and Syria into a unitary state. However, this attempt at Arab regional integration did not succeed, with the UAR failing in 1961 (Valborn, 2016, pp. 253 - 254).

The old regionalism scholarship in the developing world laid the foundation for the non-EU-centric studies of the regions and regionalism. This research showed that regionalism served other purposes in these regions, which differed significantly from the European states economically and politically. The countries that emerged in the Middle East, Africa and Asia after WW2 were the young states. That meant that for these countries, the regionalism schemes had to serve their primary objectives of nation-building, preservation of sovereignty and economic development. This scholarship generated insights that could apply to the CA republics. Like these countries, after the SU dissolution, the post-Soviet republics faced the same challenges: preserving their independence, restructuring the economies, and building new relations within the CA and post-Soviet region and extra-regionally. However, unlike their counterparts in the developing world after WW2, the CA republics faced different economic and geopolitical circumstances, such as the end of the bipolar world and accelerating globalisation. Old regionalism gave way to new regionalism theories. The latter were better equipped to incorporate these developments in their explanation of the regionalism processes in the 1990s and the new century.

### *2.2.2 New and Comparative Regionalism*

The SU dissolution and the rise of neoliberalism provided a breath of fresh air for regionalism studies. These changes in the world geopolitics and globalisation led to the new wave of regionalism, now known as new regionalism, resulting in a rich intellectual discourse. This “intellectual movement” aimed to broaden regionalism studies taking into account the impact of globalisation (Acharya, 2012, p. 8) and focusing on the role of non-state actors such as business groups and other societal groups, informal linkages and processes of interaction (de Melo and Panagaryia, 1993; Fawcett and Hurrell, 1995; Hettne, Inotai and Sunkel, 1999; Mansfield and Milner, 1997; Schulz, Soderbaum and Ojendal, 2001; Acharya, 2012). Globalisation spurred scholarship on regionalism because it brought challenges to the nation-states they had not encountered before, such as migration, refugees, environmental degradation, transnational crime, and financial volatility. The existing formal regional institutions were poorly equipped to deal with these issues. Consequently, bottom-up and informal networks emerged as the responses to these challenges (Acharya, 2012, p. 8). The new regionalism scholarship examined these new developments by critiquing formal regionalism, underpinned by the rationalist and materialist assumptions of neo-functionalism and neoliberal institutionalism. It was done by utilising the constructivist approaches seen in using ideational and normative elements. Adopting the constructivist approach encouraged new ways of studying regionalism in the non-Western world of Southeast Asia, Latin American, Arab and African regionalism, with culture and identity becoming the defining issues (Acharya, 2012, p. 10).

The emergence of China, Brazil and India as fast-growing economies in the 21<sup>st</sup> century required further redefining the purpose of regionalism and the role of regional institutions in the

world. The new century presented additional challenges for regionalism: climate change, pandemics, natural disasters, and financial volatility. Comparative regionalism, unlike its predecessor, new regionalism, saw a global order that was multi-layered with the rise of BRICS and other emerging economies and a pattern of overlapping regional and inter-regional projects and processes (Acharya, 2014; Fioramonti, 2012; Shaw, Grant and Cornelissen, 2011; Van Langenhove, 2011; Hoffmann, 2016). For comparative regionalism scholars, these developments meant that the key objective was to generate an explanation that would consider the diversity of regions and their understanding of regionalism rather than accept a universal pattern of development for all regions (Acharya, 2016, p. 25). The objectives of this thesis lie within the scope of comparative regionalism. It aims to examine the regional processes in CA that explain the regionalism choices of these republics, as well as their overlapping memberships in the regional schemes that include other post-Soviet republics and the BRICS countries, China and Russia.

The scholars of comparative regionalism in the Middle East, Africa and Asia have dealt with the phenomenon of regionalism from different perspectives: governance, norms, ideas, identity, institutions, domestic politics, geopolitics, formal regionalism and regionalisation (Borzel and Risse, 2016). This thesis delves further into the drivers of regionalism in regions similar to CA, specifically the Middle East. Both regions shared similar characteristics: non-democratic regimes, economies dependent on exports of hydrocarbon resources, imperial legacies, and undergoing state-building processes. It is done to establish the extent to which the existing scholarship can explain the CA republics' regionalism endeavours, specifically why these countries pursue REI with some countries but not others.

The literature on post-imperialism advances the relevant arguments for understanding comparative regionalism in the post-colonial regions. The imperial experiences matter because they

help understand the post-imperial outcomes (Cummings and Hinnebusch, 2012, p. 3), specifically the political institutions and political cultures that result and persist after imperialism is long gone in the region (McDougall, 2012, p. 45). This thesis is interested in the post-imperial outcomes that impact the CA republics' regionalism choices. These post-imperial consequences could be seen in the resulting economic structure, domestic institutions and regimes, and domestic and external sovereignty concerns arising from the CA republics becoming parts of the Tsarist Russian Empire and later the SU.

One of the arguments the scholars of post-imperialism advanced was that the empires left the legacies for post-colonial states that shaped their political institutions and led to the creation of political regimes with high domestic legitimacy deficits (Hinnebusch, 2012; Lewis, 2012). The relevance of this argument to this thesis is seen in showing the impact of imperial legacies on the formation of the resulting political regimes in post-colonial states. In turn, a type of political system determines this country's foreign policy approach towards regionalism. Scholars of post-imperialism in the Middle East argued that imperialism left the states with the incongruity of boundaries and identity, high levels of inter-state conflict and instability. Consequently, faced with multiple threats from within and outside, for instance, Jordan and Syria chose opposite foreign policies to support their regimes. In both countries, political systems with a neo-patrimonial core arose. Jordan opted to bandwagon with the British and US hegemony to secure protection and economic subsidies. Concurrently, Syria chose to diversify its dependencies and sought protection from the counter hegemon, the SU (Hinnebusch, 2012).

The literature on Middle Eastern regimes underlines the democracy gaps in these countries, identifying the following factors responsible for it: cultural and religious factors, economic development and social structure, authoritarian statecraft, and "the coils of geopolitics" (Diamond,

2010). The latter emphasises the external powers' support (partially the SU, Europe and the US) for the regimes in the Arab world, thus re-enforcing the authoritarian structures (Diamond, 2010, p. 101; Fawcett, 2012, pp. 174 - 175). This literature shows that imperialism created conditions for the emergence of such regimes, which in turn use foreign policy that relies on the hegemons to support their positions.

Unlike the Middle East, the republics in CA gained their independence peacefully (Cummings and Hinnebusch, 2012, p. 5). However, they did not escape the lasting effects of the Soviet political system. The scholars of the SU imperial legacies argued that authoritarianism in CA resulted from the CA leaders' adoption of Soviet control methods. During its rule, Moscow relied on direct and indirect control of the republics. The CA leaders could only survive in their positions by cultivating internal networks and external relations with the centre. These informal networks created during the SU became the backbone of the CA leaders' soft infrastructure to retain power. They effectively used the Soviet structure of repression to eliminate political contenders and business rivals to consolidate power and control economic resources (Lewis, 2012). Similarly to their counterparts in the Middle East, the emergence of a non-democratic regime was one of the post-imperial consequences for the CA republics.

The type of a political system determines the country's policy-making. The literature on comparative regionalism in the Middle East and Africa builds on the linkages between the regimes and regionalism. It advances the argument that similar regimes engage in regionalism to strengthen their standing internally and externally (similar arguments of "protective integration" and "authoritarian regionalism" in the PSS are discussed further in the sections on autocracies and cooperation). Scholars noted that the relative success of the United Arab Emirates (UAE) and the Gulf Cooperation Council (GCC) could be attributed to the similarities seen in being small,

resource-rich Gulf monarchies with the same internal security concerns (Tripp, 1995; Fawcett, 2013). The mutual support for GCC monarchies was evident when the GCC began a military operation aimed at stabilising the incumbents' position after the protests started in Bahrain in 2011. The Council also supplied economic assistance and support to the autocracies in the region (Obydenkova and Libman, 2019, pp. 4-5; Valborn, 2016, p. 257). Similarly, the scholars highlighted “the regime boosting regionalism” as the essential aspect of cooperation between the authoritarian members of the Arab League. Its purpose was to fortify these members' legitimacy, status and interests domestically and internationally (Valborn, 2016, p. 263). Likewise, scholars studying regionalism in Africa highlight that policy-makers were interested in regionalism as long as they were not losing control over their economies' resources and neo-patrimonial polities (Herbst, 2007). This literature identifies the survival of the domestic political system as a particular aim behind the regionalism choices in the Middle East and Africa.

The scholars of comparative regionalism draw attention to the diversity of the regions and examine region-specific conditions that explain regionalism, highlighting a variety of goals behind it in the developing world. The literature shows that one shared feature arises across the regions – underdeveloped regional institutions, unlike the ones in the EU. Scholars show that in the Middle East, the existing regional organisations are simply ceremonial and symbolic (Murden, 2009; Tripp, 1995), with the limited autonomy granted to them by the member states, who were reluctant to part with their authority (Valborn, 2016, p. 259). This development led to the assertion that the Middle East was the “region without regionalism” (Aarts, 1999) despite the high level of regionalisation, a common language and high social, cultural and religious homogeneity (Valborn, 2016, p. 249). This scenario of strong regionalisation but weak regionalism could be explained by the deliberate design of weaker regional institutions. The reasons were to counteract the adverse



effects of regionalisation driven by civil wars, refugees and sectarianism and to secure sovereignty for the member states and their rulers (Valborn, 2016, pp. 265-266).

Similarly, the literature on Asian regionalism highlights the absence of formal supranational structures. Instead, scholars underline the case of soft regionalism, characterised by the slow pace of regional institutional building (Jetschke and Katada, 2016), or regionalisation without regionalism (MacIntyre and Ravenhill, 2013). The explanations for this phenomenon are diverse. Realists noted the policies of the major great powers as the main factor (Mastanduno, 2009; Roy, 1994) – strong institutions will emerge if the hegemon supports them. International political economists argued that the US hegemony in Asia ensured no trading blocs formed in the region. Instead, the region was incorporated into the international trade structure (Katzenstein, 2005). Constructivists offered their explanation of regionalism without formal institutions. They argued that the capacity of institutions to shape collective identities drives stable regionalism instead of the just presence of formal institutions (Acharya, 2009; Khong, 2004; Narine, 2002). Liberal explanations include the argument that Asian regionalism is weakly institutionalised due to the dominance of developmental states in the region, which favour intergovernmental cooperation rather than delegation (Jetschke and Katada, 2016). This emphasis on economic development has been a prominent feature of non-Western regionalism seen not only in the Association of Southeast Asian Nations (ASEAN) (Nesadurai, 2003) but similarly in the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC) (Bruszt and Palestini, 2016).

This literature on comparative regionalism provides valuable insights for this thesis. Studies on the regionalist schemes in the Middle East, Asia and Africa underline that regionalism had to serve a different function compared to Europe for these countries. Their concerns as the post-

colonial states focused on preserving their independence and autonomy of leaders, nation-building, and guaranteeing economic development for new sovereign states. Therefore, regionalism had one primary function – to serve these needs. These objectives were familiar to the CA republics after the SU dissolution. Although they did not struggle for independence, like other parts of the developing world, the CA republics were experiencing the same processes of nation-building and economic restructuring. Consequently, the literature on comparative regionalism can point to the similar objectives behind the post-Soviet republics in pursuing regionalism.

However, the region-specific processes and circumstances limit the comparative regionalism literature's application to CA and the PSS. In particular, it does not explain fully why these republics were still willing to pursue economic integration with the former imperial centre, Russia, after gaining their independence. At the same time, the intra-regional CA regionalist schemes failed to materialise despite a strong presence of regionalisation. Moreover, it does not clarify why, given the option of a free-trade agreement with another regional hegemon, China, the CA republics of Kyrgyzstan and Kazakhstan preferred an economic union with Russia. The comparative regionalism literature emphasises and underlines the diversity of the regions' history, culture, and social and economic evolution that drive regionalism endeavours. Therefore, this thesis examines the specificity of CA republics' development and argues that these unique features determine these countries' approaches to regionalism. What sets CA apart from other regions is the distinctiveness of its economic development. Within one century, the republics' economies transformed from a traditional system to having some exposure to early capitalism under the Tsar, to becoming fully embedded in the SU planned economy, and finally embracing the market system as sovereign states. This experience matters for regionalism and makes it unique because the CA countries, as the post-Soviet republics, are completing a full circle: full economic and political

integration under the SU, followed by disintegration and concluded by economic integration with Russia. Therefore, this thesis aims to determine the main factors that explain why the CA republics of Kazakhstan and Kyrgyzstan were selective in their regionalism choices, opting to engage in REI with some countries but not others. The following section focuses on the literature that deals with the peculiarities of regionalism in the PSS, addressing the limitations that arose in the scholarship on other regions.

### **2.3 Regionalism in the post-Soviet space: economics and domestic politics**

The literature on post-Soviet regionalism has expanded significantly in recent years. The studies approach the phenomenon from different angles, economic and political development, accounting for the region's unique nature. The empirical economic studies focus on the functional linkages built between the republics in Soviet times, suggesting they are the primary integration drivers. The creation of the CU of Russia, Kazakhstan, and Belarus and, later, the EAEU initiated the trade effects analyses, which argued whether these PTAs resulted in trade-creating or trade-diverting effects for the participating members. The scholars suggested that the economic asymmetries between the republics in the PSS are the main obstacles to regional integration, highlighting the uneven distribution of gains from trade and concerns about power asymmetry by smaller members. The studies on political regimes, domestic regime security and autocracies focus on the nature of the political regimes and their relationship with regionalism. The arguments advanced by scholars working on post-Soviet and Eurasian regionalism fill the gaps left unanswered by the main approaches to international cooperation and regionalism: how and to what

extent can the region's specifics explain the regionalism processes in CA and PSS and Eurasia? These studies offer valuable explanations in identifying the main factors impacting CA republics' willingness to engage in regionalism. They show how economic exchanges built during the Soviet time and domestic political regimes concerned about their preservation shape the post-Soviet republics' preferences towards regionalism. More specifically, this scholarly work provides insights into the main actors who will impact the CA republics' regionalism preferences. These actors and their interests and preferences could explain regionalism and its types emerging in the post-Soviet area and broader Eurasia. The limitations of these studies are that they emphasise either the economic determinants or the domestic regimes' preferences. The discussion of how these factors interact with each other is not sufficiently developed. These studies prioritise bigger regional economies like Russia, Ukraine, Belarus, and Kazakhstan. The account of smaller countries, such as Kyrgyzstan, is not represented sufficiently. Therefore, this thesis aims to address these shortcomings by examining the components and their interaction in the preferences of the CA republics of Kazakhstan and Kyrgyzstan: the economic factors, the geopolitical determinants and the domestic regime interests.

### *2.3.1 Economic Regionalism in the post-Soviet space*

#### Functionalist linkages in the post-Soviet space

The economic explanation of regionalism in the PSS emphasises the impact of the SU functional interdependencies on post-Soviet regionalism. The key argument advanced by the scholars is that the joint assets of shared railways, electricity grid, military and environmental assets

(Libman and Vinokurov, 2016, p. 34) were the main drivers of regionalism in the PSS – the “holding together integration (HTI)”. It is a particular form of regionalism where countries engaging in current regional integration agreements used to belong to a single political and economic entity and share extensive political, economic and cultural links (Libman and Vinokurov, 2012a, pp. 12-13). This explanation of the Soviet linkages’ importance in regional integration builds on the functionalist logic, as discussed in the previous section on the neofunctionalists. However, these linkages could also weaken, diminishing HTI potential and slowing regional integration. Scholars argue that the republics’ economies transformed following the economic transition of the 1990s. Consequently, they diverged institutionally in strategic priorities and economic development models which made regional cooperation more challenging (Vardomskyy, 2005, cited in Vinokurov, Libman and Maqsimchuk, 2010, p. 1; Golovnin, 2008, cited in Vinokurov, Libman and Maqsimchuk, 2010, p. 1). This divergence weakened the ties between republics, thus eroding the Soviet era’s foundation for economic integration: trade, industry, infrastructure, and supply chain linkages.

These insights offered by the HTI help understand better how these inherited interdependencies shaped the CA republics’ economic interests at the macro level and their role in the CA states’ decisions to seek integration within the PSS, Central Asia and broader Eurasia. The arguments advanced by the HTI show how the depth of economic exchanges in trade, capital and labour flows and shared infrastructure determine the CA republics’ preferences for regional integration and with whom in the PSS and Eurasia.

## Economic consequences of Welfare effects of PTAs

The empirical studies on the PTA welfare effects in PSS argue that, in general, these PTAs result in trade diversion instead of trade creation with uneven distribution of economic gains for the participating members. The CU of Belarus, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan did not increase welfare for the member states. Instead, high costs were levied on CA countries resulting from low-technology and higher-priced Russian manufactured goods (Tarr, 2016; Tarr, 2012; Michalopoulos and Tarr, 1997). The CU between Russia, Kazakhstan and Belarus similarly showed the trade diversion effects. Belarus was considered the winner in the CU, while Kazakhstan lost on exports to Russia and Belarus (Popescu, 2014; Vymyatnina and Antonova, 2014, loc. 513). Belarus has gained the most from the CU mainly because it exported oil products to the EU once Russia no longer applied its customs duties (Libman and Ushkalova, 2013). Kazakhstan had the lowest tariff structure. Consequently, its membership in the union almost doubled its taxes in the first year of joining the union (Tarr, 2016; Jandosov and Sabyrova, 2011). Consequently, the imports in Kazakhstan were replaced by Russian products (Isakova and Plekhanov, 2012; Tarr, 2012), transferring income from Kazakhstan to Russia. Similarly, Kazakhstan, Armenia, and the Kyrgyz Republic, which were WTO members and had low average tariffs, were also expected to experience trade diversion (Tarr, 2016). Moreover, Kyrgyzstan would see a significant decrease in Chinese re-exports (Peyrouse, 2015) following the republic's membership in the EAEU.

Despite the current uneven distribution of gains from trade liberalisation, scholars suggest that the economic welfare of the EAEU members could increase in the long term. That could be explained by greater services liberalisation, better market access (Isakova and Plekhanov, 2012),

and, generally, deeper integration in the EAEU (Knobel *et al.*, 2019). The studies highlight the implementation of necessary measures for it to happen: the free movement of labour and services, reduction of non-tariff barriers (Vinokurov, 2017, p. 120; Tarr, 2012), limitations on trade-distorting agricultural subsidies and FDI inflows (Tarr, 2016).

These studies help to understand the expected effects of removing trade and non-trade barriers and the flow of labour and capital on the economic welfare of the CA republics. This literature builds on the arguments advanced by economic regionalism theory, as discussed in the previous sections, applying it to the PSS. They provide insights into the post-Soviet republics' estimates of the potential costs and benefits of joining these integration agreements. This literature is vital in understanding the republics' economic interests and how the PTAs could benefit or be costly to domestic producers and industries in the CA republics.

The limitation of these studies is that the main emphasis is on the economic determinants. The discussion of these factors in isolation from the domestic political processes and national leadership's preferences in the CA republics does not paint a comprehensive picture of why the CA republics prefer regional integration to cooperation. The literature focuses on larger countries such as Russia, Kazakhstan, and Belarus. In comparison, the full discussion of the economic interests of smaller countries such as Kyrgyzstan is not fully developed. The literature does not provide a detailed analysis of how the CA republics' changing economic structure, landlocked position and infrastructural dependencies shape their interests in regional integration with particular member states. Finally, the current scholarly work does not consider to what extent, and in which sectors the functional linkages between the CA republics and broader PSS diminished and how that affected their preferences for regional integration and with whom.

## Economic asymmetry and heterogeneity

The literature on economic asymmetry, heterogeneity and regionalism argues that economic size, structure, and development differences impede regionalism in the post-Soviet region (Vardomskyy, 2005 cited in Libman, Vinokurov, Maqsimchuk, 2010, p. 1; Mukhametdinov, 2020, loc. 1694). Asymmetric economic relations were the features of regionalisation in the CIS and the EAEU, where Russia's economy was dominant (Freinkman *et al.*, 2004, cited in Libman and Vinokurov, 2010, p. 20; Korobkov, 2007; Obydenkova and Libman, 2019, p. 192). The variation in the CIS republics' income levels was magnified by their resource differences and industrial or agricultural focus (Obydenkova and Libman, 2019, p. 147). The scholars highlight the implications of this asymmetry in the EAEU on the smaller republics' producers, who would be less competitive than their Russian counterparts. At the same time, Russian companies will have weaker incentives to expand in the EAEU market since it is slightly more significant than the domestic market (Mukhametdinov, 2020, loc. 1130). These studies also assert that economic asymmetry translates into power asymmetry, creating substantial obstacles to regional integration. In the case of CIS, several states had worried about Russia's power, stifling the CIS progress (Kubicek, 2009), while the EAEU members feared absorption by Russia (Mukhametdinov, 2020, loc. 1784). That would dissuade smaller states from participating in regional integration because they fear becoming subordinate to a bigger country. These studies underline that the economic asymmetry was a significant factor in weakening the regionalism drive.

However, other scholars argue that the economic asymmetry could also drive regional integration forward (Hancock, 2009). The larger and economically dominant states, plutocrats, could offer benefits that would not be available when similar-sized countries integrate. Kazakhstan



and Belarus agreed to join the Russia-led initiative because their most prominent neighbour provided access to the benefits no other partner could match. Consequently, Kazakhstan gained access to Russian-owned pipelines, while Belarus received gas prices below world market prices (Hancock, 2009, p. 126).

The arguments presented in this literature help conceptualise how the disparity in economic size and heterogeneity between the CA republics and compared to other countries in the PSS and Eurasia could shape CA countries' preferences toward regional integration. On the one hand, their domestic producers will face more competition from their peers from a more advanced economy following trade liberalisation. That will dissuade the CA republics from pursuing regional integration. Instead, they might opt for economic cooperation without fully opening their economies to shield domestic firms from competition. On the other hand, the more advanced economies can offer subsidies or other economic benefits to the CA republics to offset the potential losses the domestic producers will encounter. These economic gains have to be large enough to balance the leadership's uneasiness about the loss of some sovereignty over some critical sectors of the economy.

#### The effects of economic crises

Between 1991 and 2015, the post-Soviet region withstood a series of economic crises. The literature on the relationship between economic downturn and post-Soviet regionalism argues that during an economic decline, the integration rhetoric tends to rise; however, it does not necessarily translate into the actual integration effort (Vinokurov and Libman, 2014). Economic integration will proceed only when the crisis is preceded by growth, which allows countries to gather ample

reserves to compensate for the decline of tax revenues during a recession. That means the countries will be less inclined to use protectionism measures, and economic integration will proceed further. The countries, in general, will assess the trade-off between protectionist measures and high economic interdependence. Protectionism defends domestic producers' interests against other countries' trade restrictions and generates budgetary revenues. At the same time, the economic interdependencies will enable countries to rely on each other to minimise the impact of the crises, leading to “crisis-driven integration” (Vinokurov and Libman, 2014).

The “Euromaidan”, Russia’s annexation of Crimea, conflicts in the East of Ukraine in 2014, and subsequent international sanctions contributed to the economic downturn in Russia. The empirical studies of the sanctions’ effects suggested they added additional costs and obstacles to regional integration in the EAEU. Since other member states were not sanctioned, Belarus and Kazakhstan refused to join the countersanctions (Mukhametdinov, 2020, loc. 916; Tarr, 2016; Satpaev, 2015). This caused a conflict between Russia's external trade policy and other member states, resulting in additional checks on goods, longer transit times, and higher costs. Belarussian goods (EU re-exports) entering Russia were subject to further checks, and Kazakhstani imports from Ukraine transported by the Russian railways experienced delays (Vinokurov, 2017, pp. 127-128). Researchers also highlight the broader macroeconomic impact of Western sanctions on the member states. For Kazakhstan, the ruble's devaluation in 2014 meant the republic became the exporter of raw materials (Vinokurov, 2017, pp. 110-111) until the tenge moved to the floating regime as the industrial goods were less price competitive than Russian products. For Kyrgyzstan, the decline in the Russian economy and weaker ruble significantly impacted migrants' remittances, which form substantial income flows for the republic (Tiulegenov, 2015).

This literature offers valuable explanations of how economic crises could impact the CA republics' preferences for regional integration. In their decisions, the republics will have to consider whether a crisis resulted from a business cycle or specific geopolitical events. First, the economic crisis could motivate the republics to join regional integration since they can shield their domestic producers against potential protectionism measures exercised by their trading partners. Second, for smaller countries like Kyrgyzstan, which depend on Russian and Kazakhstani markets for their exports, joining the union with much bigger economies is strategic because they can guarantee the market for their domestic producers even during the economic downturn affecting all member states. Third, these small nations could become even more sensitive to the economic volatility of their bigger neighbours by joining the union. It is explained by their trade re-orienting towards these member states. This sensitivity could be interpreted as a threat to countries' economic security, especially if the cause of this volatility was external geopolitical factors, such as sanctions. In this case, they will be reluctant to join unless they will be compensated in some form or expect to generate other non-economic benefits to mitigate the threat to their economic security.

However, the insights offered by this literature cannot alone explain why the CA republics, following the 2014 events in Ukraine, decided to proceed with the EAEU integration. As the literature above indicated, the sanctions and economic downturn in Russia would make this integration choice more costly for the republics. Nevertheless, Kyrgyzstan signed the EAEU Accession Agreement in 2014, and Kyrgyzstan and Kazakhstan signed the EAEU Treaty in 2014. Therefore, examining how the economic crises impact the CA republics' economic interests and the resulting preferences for regional integration with particular member states is necessary.

To conclude, the literature on regional integration in the PSS provides important insights into how the Soviet functional linkages and transition policies shape the economic interests of the CA republics. The empirical studies on the economic crises, welfare effects of the PTAs in the PSS and economic asymmetries further shed light on the CA republics' potential costs and benefits from joining these PTAs. This literature helps to form the building blocks for examining the economic interests of the CA states in integration in the following ways. First, the republics will pursue economic integration with the states with strong functional linkages and economic dependencies. Second, the countries expect to generate overall benefits from the PTAs, although the economic asymmetries between the member states suggest that CA republics' producers could be at a disadvantage, making integration costly for them. These benefits are not restricted to trade flows but could include gains from labour and capital flows, subsidies, and preferential access to resources bigger members offer. Third, the economic crises resulting from business cycle fluctuations, on the one hand, could provide additional impetus for regional integration by shielding domestic producers from protectionism measures. On the other hand, the economic crisis resulting from sanctions could be interpreted as too costly unless other economic and non-economic benefits are offered, which will reduce the CA republics' preferences for regional integration. However, this literature on economic regionalism in the PSS does not consider how the changing economic structure of the CA republics impacted their preferences for regional integration with particular member states. Scholars of post-Soviet regionalism suggest that the economic and political changes initiated by the CA republics in the 1990s weakened the economic linkages and the impetus for regional integration. These diluted linkages meant the republics sought trade opportunities beyond the PSS. They liberalised external trade and diversified their trading partners. Nevertheless, the CA republics continued to participate in these post-Soviet PTAs. The literature does not fully explain

why the CA republics did not pursue economic integration agreements with other non-Soviet countries, for example, China in the SCO in the 2000s. Consequently, the following questions still need to be addressed: did the functional interdependencies between the CA countries and broader post-Soviet space decline, and to what extent did they decline, or did they develop new interdependencies in other sectors? To what extent do these functional linkages determine the CA republics' preferences for regional integration and with whom?

### *2.3.2 Domestic Political Factors*

#### The nature of regimes in the Post-Soviet space

The SU dissolution and the resulting economic and political transition have inspired scholars' interest in the nature of political regimes in the region. The type of the domestic political system determines how the domestic and foreign policies are formulated and who could influence them. This literature examines the features of the political systems in PSS, including the domestic political institutions and their impact on policy formulation. The post-Soviet regimes are typically classified as “competitive autocracies” with formal democratic institutions that allow access to power, and the incumbents use the position to gain an advantage over their opponents (Obydenkova and Libman, 2019, pp. 21-22). These “competitive autocracies” are hybrid regimes characterised by both features of democracies and authoritarianism (Levitsky and Way, 2010, p. 5). The scholars who study the regimes in CA argue that they are authoritarian and patrimonial (Collins, 2009; Omelicheva, 2015, pp. 11-22; Cummings *et al.*, 2013, p. 450; Lewis, 2021). In these regimes, the ruler controls all political decisions via a network of personal relationships. Neither state officials

nor institutions can be independent (Pawelka, 1985, p. 25, cited in Franke, Gawrich and Alakbarov, 2009, p. 112). In Kazakhstan and Kyrgyzstan under Askar Akaev, Kurmanbek Bakiev and Nursultan Nazarbaev, the republics' presidents consolidated and kept their power over legislative and judicial branches, facing hardly any opposition (Omeliicheva, 2015, pp. 11- 22; Cummings *et al.*, 2013, p. 450; Palazuelos and Fernandez, 2012, p. 30). However, Kyrgyzstan became an exception amongst the CA republics. The country has had a much more competitive political environment since 2010 (Ismailbekova, 2021, p. 86) under Almazbek Atambaev.

Scholars argue that these authoritarian regimes use networks to channel and steer political influence and resources, and they determine access or exclusion from the benefits of resources' distribution (Baez-Camargo and Ledeneva, 2017). These elites have learnt to use global financial institutions and offshore vehicles to facilitate payments from external actors and to exploit and hide financial revenues from state-owned resources (Heathershaw and Cooley, 2015; Cooley and Heathershaw, 2017; Cooley, Heathershaw and Sharman, 2018). Overall, these informal networks in CA consist of family, kin, lineage members, companions, and proteges (Ismailbekova, 2021; Omeliicheva, 2015, p. 13; Lewis, 2021, p. 81; Satpaev, 2007; Junisbai, 2010; Franke, Gawrich and Alakbarov, 2009; Palazuelos and Fernández, 2012; Gallo, 2021). Individuals in these networks are under the presidents' patronage. They occupy positions of power in business (energy, mining, banking, telecommunications) and politics as a result of direct family relations, kin, association or loyalty to the presidents (Ismailbekova, 2021; Alymbaeva and Sharshenova, 2015; Peyrouse, 2012; Palazuelos and Fernández, 2012).

This literature underlines that, unlike the Western liberal democracies, the post-Soviet countries, especially the CA republics, following the collapse of the one-party state, developed political systems of a patrimonial nature where the decision-making lies with the presidents mainly.

This delineation of the political regimes is vital in this thesis because it allows the presidents and their networks to be identified as the main actors who will have a decisive role in the policy formulation towards regionalism. Their interests and preferences for regional integration will matter. Therefore, examining their private interests in pursuing or rejecting regionalism will be constructive in understanding why the republics embraced economic integration with some member states but not others. However, this literature on political regimes alone cannot explain fully why the CA republics are interested in regional integration with some states and cooperation with others. It mainly focuses on the domestic political processes: how the CA republics' rulers or presidents exercise, distribute and legitimise their power. Therefore, there are still questions that the literature does not address fully: when and why will the CA presidents favour or oppose regionalism and with whom? To answer this question, it is necessary to examine their private interests: how they are set to benefit and lose from these arrangements. These research inquiries were taken on board by scholars working on autocracies and their engagement in regionalism. The sub-section below presents the main arguments in this strand of literature.

#### Autocracies and cooperation

The scholars partially addressed these questions presented above, explaining why authoritarian states might be interested in regionalism by examining the cases of regionalism in PSS. Their research outputs are directly relevant to this thesis because this literature explains the underlying motives of the non-democratic regimes in their participation in regional endeavours.

In conceptualising the relationship between the autocratic regimes and their participation in post-Soviet regionalism, scholars argue that the autocrats engaged in “protective integration” to

support their counterparts in the aftermath of the “coloured revolutions” of 2003 - 2005 in the PSS. In doing so, the autocrats aimed to minimise threats of contagion to their regimes (Libman, 2007, pp. 415 - 416), and they utilised created regional organisations to advance their norms and values (Ambrosio, 2008). In the case of the CA republics, Allison (2008) argued that the regionalist endeavours in the PSS took on the form of “virtual regionalism”, where these regionalist schemes’ goals failed to come to fruition (the EurAsEC, the Collective Security Treaty Organisation (CSTO) and the SCO) (Allison, 2008, p. 188). The explanation for this phenomenon was that for the CA leadership, the regional organisations primarily had the essential function of reinforcing regime security and legitimacy, which took precedence over other security, economic, or trade goals. Therefore, the CA presidents sought “protective integration” in the regionalist endeavours led by Russia, and in doing so, they engaged in a “form of collective political solidarity” with the country “against international political processes or agendas that are interpreted as challenging politically incumbent regimes and their leaders” (Allison, 2008, p. 186). This interest in protective integration is also seen in the regionalist initiatives led by China and Russia, for example, in the SCO. The “protective integration” function is seen in the solidarity of the CA leaders in rejecting the norms that are exposed externally (pressure for democratic processes and good governance) (Allison, 2008, p. 197). Being a part of this regional organisation provides “symbolic political legitimacy” that the CA republics otherwise find challenging to present on a wider international stage (Allison, 2008, pp. 195-196). These studies on “protective integration” provide valuable insights into the regionalism preferences of the CA republics’ leadership. These research outputs are vital because they shed light on why regionalism amongst the CA republics remained “virtual”, seen in no progress made on further trade liberalisation or introducing a common external tariff. Moreover,



these studies provide initial insights into how the non-democratic regimes view regionalism and the motivations of leadership in joining regionalist schemes involving fellow autocrats.

Libman and Obydenkova (2019) further advanced the understanding of "authoritarian regionalism" – "the regional organisations that are created by strong autocracies either acting as leading states or constituting the core membership" (Libman and Obydenkova, 2019, p. 34). The main arguments advanced by this scholarship are that autocracies cooperate with similar regimes to stabilise and re-enforce the domestic regime at home, prevent democracy diffusion at home, support fellow autocrats abroad and (Libman and Obydenkova, 2018; Obydenkova and Libman, 2019). These authoritarian regimes are also pragmatists. They are motivated by securing the domestic regime and additional economic and security benefits the membership in the non-democratic regional organisations could offer. For example, it could take the form of external security guarantees from a bigger state, a liberal migration regime with the potential of remittances, and economic assistance during the crises (Libman and Obydenkova, 2019, pp. 48- 49). These research insights are particularly useful for this thesis. Their application to the cases of the CA republics could be seen first in re-enforcing the domestic regimes. After all, these countries, except for Kyrgyzstan after 2010, could be categorised as non-democratic regimes. Therefore, participation in regionalism with similar regimes, for example, in the SCO (China and Russia) or the EAEU (Russia), could be seen as an effort to stabilise the domestic situation, especially after the "colour revolutions" in the post- Soviet space (as discussed in the previous paragraph). Second, the generation of extra security and economic benefits appears more appealing to the countries with smaller capabilities, especially applicable to Kyrgyzstan and, to some extent, to Kazakhstan. These benefits, complemented by re-enforcing the domestic regimes, could become the main attraction points in the view of regionalism by the CA leadership.

The studies on economic cooperation and RTAs further highlight that the non-democracies are driven to form these RTAs because of the intermediate economic dependencies instead of the strong economic ties that motivate the democracies (Libman and Vinokurov, 2018, pp. 335-336). The scholars elaborate on how the non-democratic regimes could use particular tools to persuade other countries to join the regionalist scheme. The autocrats or non-democracies could build on these dependencies and use the “carrots” or “sticks” approach to entice others to join their proposed framework. That could be done by using political or economic levers. The former could be seen in the incumbents holding an office receiving the election support of a bigger country in the case of them favouring the proposed regionalism projects. Scholars argue that Kuchma and Yanukovych's position towards Ukraine's membership in the Common Economic Space (CES) was dictated by the calculations of receiving Moscow's support in elections (Bukkvoll, 2004b, pp. 18-19). Similarly, in the case of Nazarbaev, Russia's ability to influence popular opinion in Kazakhstan meant he had to appease Russian interests to maximise chances of political survival (Bukkvoll, 2004a, p. 642). The economic levers could involve the following measures: tightening the custom control procedures and providing direct economic benefits through financial support and privileged access to natural resources and markets (Libman and Obydenkova, 2018, pp. 1052-1054; Ambrosio, 2014).

This literature on autocracies and cooperation is essential to understanding how external actors could impact domestic regime security and consequently influence the CA states' leadership private interests in regionalism. Bukkvoll's (2004a; 2004b) conceptualisation of the incumbents' private and national or public interests as the foundation for the preferences is very insightful. It shows that the presidents' preferences for regionalism will be driven by their private interests of retaining office and power. The threat of withdrawal of political support from Russia for the CA

republics' political incumbents in the case of non-participation could threaten their political survival. Their situation will be even more precarious if the republics' economies depend extensively on Russia's market, infrastructure and resources. Therefore, the non-cooperation in the regionalism schemes headed by Russia could be costly for their economies and political leadership.

The literature on economic rent and regimes further sheds light on the political leadership's private interests, which will shape their preferences for the type of regionalism. The incumbents want to hold power and office to generate income from their positions. As discussed earlier, this explanation stems from the public choice theory that underlines political leadership's private interests in office. Scholars argue that the CA republics have become rentier states (Franke, Gawrich and Alakbarov, 2009; Sanghera and Satybaldieva, 2020; Engvall, 2018). The term "rent" refers to the income returns higher than the minimum an economic actor may gain in a competitive market or under alternative conditions (Khan and Jomo, 2000). This rent could be generated through income from natural resources, foreign financial aid or pipeline transit rents (Schlumberger, 2006 cited in Franke, Gawrich and Alakbarov, 2009, p. 111; Beck and Schlumberger, 1999 cited in Franke, Gawrich and Alakbarov, 2009, p. 111). In CA republics, few individuals will be responsible for developing and managing rents (Franke, Gawrich and Alakbarov, 2009, p. 111). These individuals' connections to the governments allow them to gain exclusive access to and exploit the resources (Sanghera and Satybaldieva, 2020, p. 518). Typically, they will occupy key government positions or control vital business sectors, such as energy, mining, and infrastructure. Scholars argue that this informal distribution of resources and capacity for rent generation could be jeopardised in the case of trade liberalisation. In this case, the national leadership and their networks will not control these key sectors and, Consequently, will oppose economic regionalism. However, the incumbents might be willing to engage in security

regionalism if their economic interests are not threatened (Collins, 2009). The perspectives offered by the literature on the relationship between regimes and economic rent are helpful for this thesis. It further explains the domestic factors impacting CA leadership's private interests. It clarifies that threats to the political leaders' ability to derive income from the republics' resources will determine their preferences for the type of regionalism.

Despite these strong arguments, the literature on economic rent and autocracies' cooperation has limitations. This framework focuses on retaining power and income generation as the main determinants of the leadership's private interests. These theoretical explanations do not include the CA republics' cultural aspects and historical context, which could shape how the political leaders, especially the first presidents, view their role in the republics' history and subsequently frame their private interests. This distinction is essential. During the first president's tenure, the CA republics became sovereign and recognised by the international community for the first time in their history. The first presidents of Kyrgyzstan and Kazakhstan, Askar Akaev and Nursultan Nazarbaev, were ethnic Kyrgyz and Kazakh, Soviet-era born and raised politicians who oversaw the collapse of the socialist planned system and adoption of the market mechanism. Consequently, their private interests might include not just considerations of retaining power and generating income but also prestige associated with being the first political leaders of independent CA states. Therefore, the current theoretical explanation must be expanded to include these cultural elements' impact on the national leadership's private interests.

Specifically, examining which factors dominate the structure of political leadership's private interests is essential: were they driven by the considerations of retaining power, income or the prestige of their potential lasting legacy? Were there any differences in how the political leadership in Kyrgyzstan and Kazakhstan viewed their private interests? This distinction is vital

because the tenure length could also impact their private interests since the time in office determines their capacity to hold power, generate rent and build their legacy in office. The republics differed in presidentship duration. Between 1991 and 2015, Kazakhstan saw the tenure of only Nursultan Nazarbaev. At the same time, in Kyrgyzstan, Askar Akaev's presidentship lasted from 1991 until 2005, and between 2005 and 2015, the republic witnessed three presidents with varying lengths in office: Kurmanbek Bakiev (2005-2010), Roza Otunbaeva (2010-2011), Almazbek Atambaev (2011-2017). Therefore, this thesis intends to expand on these gaps and explore how the private interests of the CA republics' leadership impacted their regional integration choices.

To conclude, the literature on economic integration and political regimes in the PSS provided building blocks for the thesis to conceptualise the main factors that explain the CA republics' preferences for regionalism and its variation. The insights from economic regionalism help determine the CA countries' economic interests and the factors that drive them. The theoretical explanations offered by the literature on post-Soviet regimes and the cooperation of autocracies aided this thesis in identifying the main actors and their preferences for regionalism. Specifically, this literature points to the private interests of national leadership as another essential factor to consider in the case of the CA republics' regionalism. Neither strand of literature in isolation can explain why the CA republics participate selectively in regional integration with some members and not others. Therefore, this thesis builds on the insights generated by the literature and aims to fill the gaps yet to be explained as formulated in the subsections above. The following section reviews the empirical literature on the EAEU, the CAEU, and the SCO. These empirical studies offer explanations of how the member states viewed their membership in these organisations, elaborating on the countries' specific economic and geopolitical interests.

## **2.4 Regionalism in the post-Soviet space: member states' interests in the EAEU, the CAEU, the SCO**

There has been a growing body of literature on regionalism in the PSS and broader Eurasia. These empirical studies examine the member states' interests from the perspectives of regional security, common problems, competition from other states' producers, trade opportunities, and FDI flows. Despite their rich empirical content, these studies tend to portray regionalism from the perspective of larger states, such as Russia and China, and, to a lesser extent, Kazakhstan and Kyrgyzstan. The CA countries are viewed as passive actors in these cases of regionalism, led by the regional hegemons of Russia and China. Consequently, the detailed examination and theoretically informed account of how the CA republics' economic, domestic political considerations and geopolitical concerns determine their regional integration choices is not fully developed. The literature does not draw on the comparative cases of regionalism of the CA republics with post-Soviet and non-Soviet members to fully show their economic, geopolitical, and political leadership's interests towards REI with specific members. The studies do not elaborate on how the CA republics' economic structure, economic dependencies, functional linkages and need for development and modernisation shape their regional integration choices with particular countries. The studies do not sufficiently explore how the differences in the CA republics' resource endowment and economic structure drive their integration choices.

It is essential to look at the perspectives of the bigger states such as Russia because the post-Soviet republics inherited and have dealt with similar economic, domestic, political and geopolitical problems. Therefore, examining the bigger states' interests helps identify the motivations that could be relevant to Kyrgyzstan and Kazakhstan despite their smaller economic

size. The sections below review the literature on the interests of Russia, Kazakhstan, Kyrgyzstan, and China in the EAEU, CAEU and SCO, identifying the common themes and concluding with the gaps in the literature.

#### *2.4.1 Post-Soviet regionalism: the Eurasian Economic Union*

The literature on the EAEU distinguishes between Russia's foreign economic policy objectives and other member states, advancing the argument that Russia was mainly motivated by geopolitics. At the same time, Kazakhstan and Kyrgyzstan followed specific economic and geopolitical interests. The sections below on Russia, Kazakhstan and Kyrgyzstan review the EAEU scholars' contributions to how these countries view their membership in the EAEU.

The literature argues that Russia's interest in the creation of the EAEU was indicative of the country's flexing of hegemonic and "great power" ambition in the near abroad and its attempts to re-establish its status in the international arena (Dragneva and Wolczuk, 2013, pp. 213-214; Dragneva and Wolczuk, 2017, p.6). This literature's explanation was based on the neorealist view of cooperation and regionalism. Russia approached regionalism as a response to external threats. The EAEU creation was Russia's reaction to the EU Association Agreements (Adomeit, 2012) and China's growing economic presence (Dragneva and Wolczuk, 2017, p. 6; Gast, 2020, p. 11). Russia viewed the EU and NATO's enlargement to the East in the 2000s as economically, politically, and security detrimental to Russia's interests. The leadership became deeply concerned about the EU's influence in post-Soviet Eurasia (Cadier, 2014). Russia considered the EU's Eastern Partnership Initiative a danger of being pushed out of the European part of the PSS and relegated to the EU's junior partner position (Bordachev and Scriba, 2014, pp. 17-21; Libman and Obydenkova, 2018).

On the other hand, the opponents of the neorealist view argued that the EAEU creation and development could be explained better by mutually beneficial exchanges, specifically, regional trade, and emphasise multilateralism and diplomacy in the EAEU inner workings (Molchanov, 2018, p. 410).

In the literature on Kazakhstan, the scholars highlight geopolitical and economic components in Kazakhstan's approach towards Eurasian integration. The literature argues that the geopolitical considerations of the republic were influenced by the necessity of choosing between great powers (Kassenova, 2013, p. 147) in the face of growing regional uncertainty and competition from China (Dragneva and Wolczuk, 2013, p. 213). The literature also underlines the role of Nazarbaev as an initiator of Eurasian integration in the 1990s, when he spoke at Chatham House in London and in Moscow in 1994, proposing the idea of a Eurasian Union (Cooper, 2013, p. 17; Sakwa, 2015, p. 18). The studies on economic interests suggest that Kazakhstan focused on the benefits of membership for domestic development (Patalakh, 2018, p. 36). The Russian market had much bigger opportunities for the Kazakhstani producers than CA, where the Chinese presence was also growing (Laruelle, 2018; Makhmutova, 2016). The Russian companies could also become the source of FDI for the republic (Kassenova, 2013, p. 144). Kazakhstan saw its prosperity and modernisation as dependent on continued access to the Russian transit network for oil and gas (Roberts and Moshes, 2016, p. 554). Moreover, abolishing customs duties in Russia and Belarus would make Kazakhstani producers more competitive, providing opportunities for growth (Kassenova, 2013, p. 144). However, at the same time, Kazakhstan was fearful that economic integration with Russia would allow Russian companies to dominate its economy (Roberts and Moshes, 2016, p. 554). Kazakhstan was also sceptical about admitting other member states that could harm their economic and security benefits (Patalakh, 2018, p. 37). Kyrgyzstan's membership



could increase competition for its textile manufacturers (Shendrikova, 2015, p.17), and the country's weak border control and officials' corruptibility could increase cheap Chinese goods in the country (Popescu, 2014, p. 23). Consequently, Kazakhstan favoured slower economic integration, criticising Russia's accelerated push for including Ukraine, Armenia and Kazakhstan to join the EAEU (Daly, 2014, pp. 88-90).

Like Kazakhstan, the studies on Kyrgyzstan emphasise geopolitical and economic factors in the country's choice of regionalism. The scholars working on Kyrgyzstan highlight that accession was considered "the least of two evils" by the republic, as non-joining risks outweighed the membership risks (Tiulegenov, 2015). As a small country with a limited endowment of minerals, the republic had to maintain friendly relations with its biggest neighbours of Uzbekistan, Kazakhstan, China and Russia (Olcott, Aslund and Garnett, 1999, p. 121). The EAEU membership promised Russia's security guarantees against potential aggression from Uzbekistan (Engvall, 2014, pp. 117-118). The republic's substantial budget deficits made Kyrgyzstan financially dependent on other countries (Toktomushev, 2016, p. 84). The literature emphasises the economic interests of Kyrgyzstan in the EAEU: continued access to the largest markets of Russia and Kazakhstan, potential inflows of FDI (Tiulegenov, 2015) and financial support to prepare the economy for the accession (Mukhametdinov, 2020, loc. 3354). The scholars also highlight that in addition to the expected economic benefits of trade, investment and financial support, the political leadership had to consider the conditions and rights of the Kyrgyzstani migrants in Russia and Kazakhstan (Obydenkova and Libman, 2019, p. 204; Mukhametdinov, 2020, loc. 3354; Tiulegenov, 2015). The EAEU membership was expected to increase the out-migration from the republic, reducing domestic labour supply and generating significant remittances for Kyrgyzstan (Mogilevskii, Thurlow and Yeah, 2018, p. 19; Chudinovskii, 2009 cited in EABD, 2015a, p. 17).

In addition to the expected benefits from the EAEU membership, the literature argues that the CU and the EAEU jeopardise the re-exports model of the republic developed in the 2000s (Mogilevskii, 2012b; Peyrouse, 2015). Another membership risk stems from imported inflation and higher living costs resulting from a higher external tariff on food imports (Engvall, 2014, p. 113). Moreover, even the industries expected to be the primary beneficiaries of the union, agriculture and garment producers, would face increased competition from Belarus and higher costs of inputs resulting from the external unified tariff (Jenish, 2014).

This literature is helpful in identifying the countries' economic benefits, costs, and geopolitical concerns behind their membership choice in the EAEU. However, these studies do not fully show the impact of the CA economies' changes on their demand for regional integration with particular countries in the PSS and beyond. Specifically, how the need for economic modernisation, the changes in the economic structure, and the Soviet-era economic dependencies drive their national economic interests in the integration choices. The literature on the EAEU does not thoroughly examine the perspectives of smaller republics such as Kyrgyzstan. The republic's economic and security needs vary substantially from Kazakhstan's due to its much smaller economic size. The studies do not sufficiently illustrate the relationship between economic and security interests in Kyrgyzstan's preferences for integration. The political leadership's private interests in regional integration and their preferences are not illuminated enough, using a theorised approach. Although the literature acknowledges Nazarbaev's role in the EAEU creation, it does not thoroughly examine the causes of his interest in promoting Eurasian integration, especially the impact of his Soviet upbringing, career, and being the first Kazakh president of independent Kazakhstan. Instead, the studies emphasise the power-retaining motive in his consideration, as argued in the sub-section on the nature of the regimes in the PSS. In light of these gaps in the

literature, this study further explores these areas to explain how the economic, geopolitical and private interests of political leadership determine the CA republics' preferences for regional integration with some member states but not others.

#### *2.4.2 Central Asian regionalism: the Central Asian Economic Union*

Since 1992, the study of CA regionalism changed significantly. In the beginning, the collapse of the SU, the subsequent creation of the CAEU and unsuccessful attempts of the CA republics to integrate provided fertile ground for scholars to examine the key factors favouring regional integration and ensuing obstacles for CA regionalism. The republics' leadership views on state-building, region-building and economic development, Russia's renewed interest in the region and China's presence shifted the CA countries' regionalism endeavours towards their bigger neighbours, the EAEU and the SCO, whose emergence signalled the end of CA endogenous regionalism. The leadership change in Uzbekistan inspired the CA integrationists, with some scholars focusing on the renewed hope for regionalism in CA. The sections below examine the relevant scholarship, identifying the central debates and the areas of disagreement.

Initially, the literature argued that regionalism in CA was seen as a solution to the common problems that the CA republics faced after the dissolution of the unitary economic system. CIS's failure to become a functioning multilateral institution pushed the CA leaders to seek alternative regional arrangements (Olcott, Aslund and Garnett, 1999, p. 159) in the form of CA integration. The republics had to find ways to use the region's common resources (Ushakova, 2003) as they shared significant dependencies in transport, energy, and border interdependencies (Tolipov, 2017b). Environmental problems of the Aral Sea, regional desertification, environmental pollution

and management of transboundary water resources were other issues specific to the CA region (Gleason, 1997, p. 155; Nursultanova, 2012, p. 35). The republics' common problems were not limited to the economic and environmental domains. They were also about political stability, security and conflict prevention (Zvyagel'skaya, 2005, cited in Vinokurov, Libman and Maqsimchuk, 2010, p. 5; Bobokulov, 2006; Rakhimov, 2010). Therefore, regional integration in CA was seen as a solution to the republics' economic woes: it promised to generate economic development, preserve independence and attract FDI to CA (Vinokurov, Libman and Maqsimchuk, 2010, p. 5).

However, at the same time, as CA integration stalled, the scholars started highlighting and examining the obstacles and causes of the failures of CA regionalism. These arguments could be grouped along the following lines: the economic hurdles and the challenges arising from the republics' state-building processes and sovereignty concerns. The economic factors such as the republics' different views on regional economic development, divergence in market reforms, varying endowments of resources and non-aligned economic interests, and overall non-complementary economies (Ushakova, 2003; Bobokulov, 2006; Toktomushev, 2016, p. 74; Bohr, 2004; Vinokurov, Libman and Maqsimchuk, 2010) constrained the CA republics' pursuance of regional integration. These factors, in addition to the struggle for regional leadership between Kazakhstan and Uzbekistan (Toktomushev, 2016; Laruelle, 2018; Tolipov, 2017b; Rakhimov, 2010; Anceschi, 2020, p. 57; Saidazimova, 2000), were the main impediments to CA regionalism. Moreover, significant power imbalances between CA countries, a quest to defend sovereignty, leadership's political grievances and mutual suspicion of security threats emanating from neighbours further handicapped regional cooperation and integration (Matveeva, 2007; Laruelle

and Peyrouse, 2012). Consequently, the CACO was absorbed into the EurAsEC in 2006 (Protocol, 2006), terminating CA republics' attempt at integration.

As the CA republics stepped in the 20<sup>th</sup> century, their political systems completed almost a full circle: from the one-party state before 1991, through the democratisation efforts in the 1990s and back to re-emergence of non-democratic features in the form of neo-patrimonial regimes in the new century. This development attracted the researchers' attention, leading to the rise of scholarship on neo-patrimonial regimes and regionalism, specifically on the motivations driving participation and abstaining from regional endeavours. The literature highlighted the protective nature of regionalism, where the CA republics' authoritarian leadership's primary concerns were domestic regime security (Libman, 2007; Allison, 2008; Collins, 2009). That meant they would only engage in security but not economic regionalism. The main interest here is the regime preservation, which membership in a security-oriented regional organisation could provide, whilst participation in economic regionalism could endanger their control over rent-generating assets (Collins, 2009). Libman and Obydenkova (2018; 2019), in their work on authoritarian regionalism, further contributed to the literature by re-enforcing the previous studies' argument that the autocrats are driven by preserving the domestic regime primarily as well as potential economic and security benefits this membership could offer.

With the absorption of the CACO in the EurAsEC and the creation of the EAEU, studies on CA regionalism focused on the failure of endogenous CA regionalism. Amongst the causes, the scholars identified new variables responsible for the failure: the republics' extra-regional economic dependencies and the competing interests of external powers (Krapohl and Vasileva-Dienes, 2020; Patnaik, 2019). However, the change in Uzbekistan's political leadership in 2016 renewed hopes for CA regionalism (Tolipov, 2017b; Patnaik, 2019; Rakhimov, 2018; Moldashev and Qoraboyev,

2018). The scholars introduce new concepts to examine the CA case. In particular, Moldashev and Qoraboyev (2018) and Costa Buranelli (2021) suggest moving away from the prescriptively defined, Euro-centric formulation of hard regionalism. The soft regionalism framework utilised in the case of ASEAN could be a more appropriate tool to assess the effectiveness of regionalism in CA. In this case, CA regionalism is far from a failure. It is a process of informal interactions and exchanges that have evolved since the 1990s. Costa Buranelli (2021) suggested that the term regionalism had to be reviewed in the context of CA. The argument is that the literature discusses the failure of regionalism, something that does not exist, instead of what exists in CA. The republics do not cooperate and integrate, but they still coexist. The answer to this state of international relations is that CA republics are constructing the regional order in CA – a relatively predictable “set of relations that makes it possible for the basic goals of a given social context to be achieved by implementing rules and institutions that enable and protect common interests” (Costa Buranelli, 2021, p. 11).

This literature generated insightful explanations of why regional integration between the CA states did not succeed. In particular, the economic analysis of the republics’ demand for integration is illuminating. When CIS integration was stalling, the CA leaders attempted to use regional resources to jumpstart their economies. The literature suggested that the economic, social, and political linkages and common problems they faced were supposed to be a firm foundation for the CA republics to build CA regional integration. Although the studies identify the causes, such as transition effects, different endowments of resources and economic strategies, leadership disagreements, and nation-building, as the main factors responsible for the termination of CA integration, some limitations remain. These studies do not sufficiently examine the underlying causes for the republics’ economies’ non-complementarity and the economic areas where they were

complementary. The latter aspect is fundamental to shedding light on why the CA republics were interested in regional integration. It shows the core benefits and costs of their participation in the CAEU. Moreover, the literature does not expand on how Nazarbaev's vision of the Eurasian Union impacted Kazakhstan's preferences for CA integration. Instead, the studies emphasised the animosity and mistrust between the presidents of the biggest CA republics, Kazakhstan and Uzbekistan. In the case of Kyrgyzstan, Akaev's position on CA integration is not examined enough. In light of the limitations, this thesis intends to expand on these areas to provide a more comprehensive analysis of the CA republics' economic, geopolitical and political leadership's interests in regional CA integration.

#### *2.4.3 Eurasian regionalism: Shanghai Cooperation Organisation*

The literature on the SCO is centred around the discussion of the organisation's institutional design, the anti-Western geopolitical motives of Russia and China, regional security, and economic cooperation between member states. The SCO started as an informal union which primarily aimed to deal with demarcation and demilitarisation issues along China's long border with Russia, Tajikistan, Uzbekistan, Kazakhstan, and Kyrgyzstan (Rothacher, 2008) and security challenges such as narcotics and organised crime (Aris, 2009; Lanteigne, 2006). Several authors argued that NATO enlargement and the anti-US sentiment were the critical factors for Russia's participation in the SCO (Troitskiy, 2007; Stakelbeck, 2005; Felgenhauer, 2011; Kocamaz, 2019). However, others emphasise that the organisation was envisioned as an alternative to the Western hegemony instead of the anti-Western sentiment portrayed (Ambrosio, 2017, p. 133). In addition to the external factors that shaped Russia's participation in the SCO, scholars also underline a provision of

regional stability and security as another determinant. The country was concerned about the threat of secessionist groups moving from CA to the North Caucasus (Aris, 2011, pp. 54-74) and the growing terrorist threat of Islamic extremism in the region (Lukin, 2012, p. 24; Lukin, 2019). China's growing presence in CA spurred Russia to actively participate in the SCO to retain its regional influence (Song, 2014, p. 91). However, other scholars were sceptical about Russia's ability to balance China due to the latter's preferences and growing economic size. Russia's enlargement policy also faced drawbacks (Freire, 2018, p. 400).

As for the economic factors, the literature points to Russia's interest in developing multilateral economic cooperation focused on expanding a regional energy market and trade links (Movkebaeva, 2013; Aris, 2011, p. 60). However, scholars underline Russia's competing economic interests, which impede overall economic cooperation within the SCO. On the one hand, the country intended to increase the natural resources exploration and infrastructural development in the Far East, aiming to increase its role in the broader East Asian Economy (Troitskiy, 2007; Malle, 2013, p. 101) where China's participation would be vital. Following the 2014 events, the international environment made Russia turn to the Asian continent even more (Spanger, 2016; Lukin, 2017). Consequently, the country's cooperation with China on a bilateral basis within the SCO and the new endeavour of the Belt Road Initiative (BRI) became more imperative (Freire, 2018, p. 405). On the other hand, Russia was after maintaining its monopolistic power in gas transit in the post-Soviet economic infrastructure (Cohen, 2006). Russia faced China as a leading competitor in the CA energy market. Promoting multilateral energy projects with China's participation in the SCO risked increasing the latter's economic presence, potentially displacing Russia's economic and political influence in the region. Consequently, multilateral economic



cooperation within the SCO stalled (Aris, 2011, pp. 60-61; Song, 2014, pp. 96-97). Instead, Russia preferred to promote multilateral cooperation using the EAEU framework (Lukin, 2015).

Much of the literature on China's underlying interests in the SCO focuses on CA's proximity to Xinjiang and the region's hydrocarbon resources. Scholars argue that China viewed maintaining cordial and stable relations with CA neighbours as crucial to the stability of the country to reduce the Muslim separatism threat in Xinjiang (Chung, 2006; Cohen, 2006; Maksutov, 2006; Mochulsky, 2012, p. 98 cited in Lukin, 2012; Marketos, 2009, p. 12; Aris, 2011, pp. 54-59; Maduz, 2018). The country was interested in security cooperation in the SCO, specifically to mitigate the separatist threat in Xinjiang. Intergovernmental cooperation between CA neighbours and China could cut off the cross-border links of the separatist forces in Xinjiang and eliminate the transnational networks that support the separatists (Song, 2014, p. 94). Furthermore, China was concerned about the CA republics' ability to weather destabilisation through a popular uprising or Islamist resurrection and the region's drug trafficking issues (Peyrouse, 2009). China's unease about the US military presence in South Korea, Japan and Taiwan was another contributing factor to its strategy of strengthening its western flank by increasing control over the CA region (Marketos, 2009, p.54). Therefore, the security cooperation within the SCO had the potential to solve these issues for China.

Concerning the economic interests, the literature argues that CA's proximity and availability of resources guarantee the stability of the energy supply for the country (Song, 2014, p. 96; Movkebaeva, 2013, p. 83; Maduz, 2018; Bin, 2015, p. 261), in addition to the emergence of a new consumer market (Matusov, 2007, p. 84). The SCO opened doors for China to tap CA energy resources, which were instrumental to the country's long-term plans of achieving civilian and military production targets (Marketos, 2009, p. 54). The CA energy resources are also more easily

accessible using the land route. That means this route is more secure, unlike the supplies shipped from the Middle East, Southeast Asia, Africa, and Latin America that require naval protection (Guang, 2007, p.46; Peyrouse, 2009, p. 8). The country's strategy of developing the Western provinces, especially Xianjing, meant the CA region's economic growth mattered to ensure the prosperity of China's West (Pantucci, 2019, p. 204). However, as discussed earlier, the researchers underline the relative underperformance of multilateral economic cooperation within the SCO. Therefore, China's response to that was the expansion of bilateral cooperation in energy and transportation projects with the SCO members (Song, 2014, p. 97; Bin, 2015, p. 261). China's announcement of the BRI in 2013 showed further that the country was dissatisfied with economic cooperation in the SCO and resorted to a new way of promoting multilateral economic cooperation (Lukin, 2015).

The literature on Kazakhstan's and Kyrgyzstan's motivations in the SCO outlines the economic factors of having China as a fellow member, geopolitical considerations of balancing Russia and China in the region and CA's negative perceptions towards China's growing economic presence. Scholars argue that for Kazakhstan, a landlocked state, access to multiple pipeline routes and markets abroad was vital (Cummings, 2003, loc. 843). Consequently, the economic cooperation within the SCO targeting large-scale infrastructural energy projects was very important, taking into account the demand for resources from China and long-standing cooperation with Russia (Aris, 2011, p. 64; Rumer and Zhukov, 2015, pp. 164-165; Matveeva and Giustozzi, 2008, p. 22).

Like Kazakhstan, Kyrgyzstan viewed the SCO as the organisation contributing to the region's economic growth (Aris, 2011, p. 73), providing resources from more affluent members of Russia, Kazakhstan and China (Luzyanin, 2006 cited in Matveeva and Giustozzi, 2008, p. 7).

However, despite this interest in multilateral economic cooperation by the CA republics, scholars note that bilateral agreements with China replaced multilateral agreements in the SCO (Song, 2014, p. 96; Matusov, 2007, p. 92), making the country the region's one of the most prominent investors and trading partners (Serikkaliyeva, Amirbek and Batmaz, 2018, p.135). This growing economic involvement of China in the CA economies is not without problems. Scholars argue that this investment flows in the heavy industry, controlled by oligarchs and clans in power and primarily benefits them. Moreover, Chinese companies bring their own equipment and workers without providing work for local enterprises (Peyrouse, 2009, p. 9)

The literature also suggests that CA states, like Russia and China, viewed the SCO as a security and regional stability arrangement, specifically against the local Islamist threat (Chung, 2006; Luckins, 2003, p. 42; Volkov, 2007, pp. 130-131). Moreover, the CA republics considered the SCO as the means of reducing the risk of making strategic choices between Russia and China (McDermott, 2012). The SCO framework also allowed for discussing the distribution of water resources between the upstream and downstream countries in CA, which otherwise would not be possible (Luzyanin, 2008, cited in Koldunova, 2013).

The literature on the SCO generates a solid foundation for understanding the most prominent member states' geopolitical and economic interests. These studies identify Russia's reluctance to embrace multilateral economic cooperation in the SCO as the cause of unsatisfactory progress in the economic domain. Potentially, it should have been more successful, considering the economic capacity of all member states: the availability of energy resources, trade, and investment capacity. China's account is illuminating since the literature determines the security of Xinjiang's energy supply and stability as the country's primary motives. These insights help map the external environment of the CA republics. The competing economic interests of Russia and China in CA

show that the CA republics need to navigate between the two to maximise their economic welfare and will consider their interests when deciding on their membership in regional integration endeavours. The current literature does indicate the essence of Kazakhstan and Kyrgyzstan's economic and geopolitical interests behind their SCO membership. However, this scholarly work does not comprehensively explain why the CA republics would not pursue REI within the SCO. The republics highly valued economic cooperation with Russia and China and needed to expand trade and investment, yet they did not embrace regional integration involving both countries. The explanation provided by the literature that Russia's non-enthusiastic approach to regional integration in the SCO has effectively halted it does not tell the story of the CA republic. The position of smaller CA republics, such as Kyrgyzstan, is even less developed. The literature does not thoroughly examine Kyrgyzstan and Kazakhstan's economic interests. Specifically, there is an insufficient study of trade and investment relations with China throughout the independence era, their trade structure and the implications of Chinese investment and credits for the CA economies' long-term economic growth. Analysing these relations is vital for understanding whether the CA republics' economic interests favoured regional integration within the SCO and, if not, why that was the case. Therefore, these research questions still need to be addressed, and this thesis intends to take upon these enquiries.

In sum, the body of literature on the EAEU, CAEU and SCO has grown substantially in recent years. Although scholars generated rich insights into understanding the phenomena of regionalism in the PSS, there are still significant gaps in understanding the CA republics' approaches to REI. First, the literature views these regional organisations as the extension of the biggest economies' foreign policy, Russia in the EAEU and China and Russia in the SCO. Consequently, the cases of Kazakhstan and Kyrgyzstan are understudied. Kazakhstan's preferences

are more illuminated than Kyrgyzstan's, while the studies on Kyrgyzstan are mainly descriptive and under-theorised. The literature does not sufficiently examine the economic and geopolitical interests of the CA republics in their regional integration choices: the changes in the economic structure in the independence years, the needs for economic development and modernisation, the economic linkages, the dependencies, the economic asymmetry and the complementarity of the economies within the CA. Moreover, the literature does not show fully how the private interests of the republics' political leadership impact the CA countries' regional integration choices.

Second, there is hardly any theoretically informed detailed account of Kazakhstan and Kyrgyzstan's approach to regionalism towards three regions: CA, PSS, and Eurasia. Studies focus on the interests of both republics in the CAEU, the EAEU and the SCO separately and selectively, using the foreign policy framework, domestic politics or economic regionalism. They do not show the overall narrative of the republics towards regional integration with different neighbours.

To conclude, the literature on international cooperation, specifically regionalism in the PSS and Eurasia, has provided a rich foundation on which this thesis can base its research enquiry. However, the current explanations do not fully uncover why Kyrgyzstan and Kazakhstan pursue REI with some countries in the region but not others. The reasoning for it could be outlined as follows. The literature on international cooperation offers helpful suggestions on the survival of states, their reaction to external threats, and global economic interdependencies as the underlying reasons why states would cooperate. Despite that, they do not account for the specifics of the republics' Soviet past and its implications for their economic interdependencies. The literature on post-Soviet economic regionalism addresses this gap, expanding on the functional linkages and their consequence for regional integration. Nevertheless, in their turn, these theoretical explanations of HTI, welfare effects of PTAs, economic asymmetry and economic crisis

implications do not take into account the impact of the CA domestic political regimes on these integration endeavours. These economic factors are viewed mainly in separation from the impact of the republics' political leadership on regionalism. Consequently, the literature on domestic regime security, neo-patrimonial regimes and economic rent extraction focused their inquiry on examining how the regime's authoritarian nature could approach regional integration. The contributions from these studies helped identify keeping power and income generation as the private interests of the political leadership in the CA republics. However, these insights still do not sufficiently demonstrate the linkages between the national economy and geopolitical interests and the private interests of the CA republics' political leadership to offer a theoretically informed explanation of why the CA republics select to engage in regional integration with only particular member countries.

In light of these limitations in the literature, a comprehensive framework is needed to examine the CA states' interests in regionalism involving their immediate neighbours in Central Asia, PSS and Eurasia. This framework must account for the republics' economic interdependencies, economic growth and development needs, political leadership's private motivations, and external relations with neighbours. The theoretical framework section will further expand on that.

## **2.5 Contribution of this thesis to the literature**

This research examines multiple factors and their interconnections to explain why small, landlocked CA republics with non-democratic regimes pursued REI with some countries but not others. This study does not just examine the economic, geopolitical, and domestic political factors

in isolation. It considers their interrelatedness and how these connections impact the republics' preferences for regional integration. This research examines two cases of countries: Kyrgyzstan and Kazakhstan. These two countries illustrate vividly how the economic interdependences, geographic location and variation in the resource endowments determine their preferences for regional integration. Thus, this research contributes to the fields of comparative political economy and comparative regionalism in the following ways.

First, this thesis contributes to comparative political economy. First, this research shows the creation and development of modern Kyrgyzstan and Kazakhstan's economic structure and trade relations. In doing that, the economic basis for the republics' economic linkages and trade is identified. Second, this thesis shows how landlocked and smaller economies with extensive economic ties to one of the regional hegemons aimed to utilise regionalism to generate economic development and modernisation. These republics enter REI to develop strategic sectors of the economy. First, by protecting these industries behind the walls of the CU external tariff and promoting exports. Second, by bargaining for subsidies such as technical and financial assistance, access to low-cost energy inputs, transport and energy infrastructure. This thesis shows an expected sectoral distribution of the costs and benefits in the EAEU; it identifies the republic's economic challenges at the macro and micro levels; it highlights the effect of the economic asymmetry; both republics were concerned about stronger competition from Russian and Belarussian producers.

Second, this thesis contributes to the field of comparative regionalism, specifically CA regionalism. The study advances research into post-Soviet and Eurasian regionalism, focusing on cases of two CA republics, Kazakhstan and Kyrgyzstan, in the EAEU, the CAEU and the SCO. In doing so, the thesis goes beyond the Slavic republics' (Russia, Ukraine, Belarus) narrative, which enhances understanding of CA regionalism. This thesis identifies the combination of driving

factors that explain REI in the context of neo-patrimonial and authoritarian regimes in CA. The thesis shows that the countries' preferences in REI are determined by the interplay between the republics' public interests of economic and geopolitical concerns and the private interests of leadership. The latter includes not just the income and power motives but also the considerations of the political leadership of leaving a lasting positive legacy of their time in office. For these CA republics to engage in regional integration, their economic interests must dominate the structure of these interests. Geopolitical and private interests will become secondary and will share an equal weight. The economic interests in REI are not limited to the trade effects on the domestic producers but also consider financial subsidies, preferential and low-cost access to the key inputs and transport and energy infrastructure. Geopolitical interests play a secondary role and reinforce economic interests. The political leadership's interests in REI are driven by the objectives of retaining office and the potential of leaving a positive legacy of their time in office. The CA republics favoured REI in cases where the political leadership's private and public interests aligned in favour of REI.

## **2.6 Theoretical Framework**

In the preceding sections, the chapter defines theoretical concepts and approaches that enable the analysis of the geopolitical, economic, and domestic political factors that help understand CA states' interests in regionalism. This section elaborates on the theoretical approaches this thesis adopts and adapts to explain why the CA republics of Kyrgyzstan and Kazakhstan prefer to engage in REI with some countries but not others. This thesis advances the central argument that both the republics' public or national interests and the political leadership's



private interests drive the decision of CA republics to engage in REI. In the structure of these interests, the economic interests are expected to be the most dominant, followed by geopolitical and private interests, which will share equal weight. This ratio could change if the countries are facing more significant security threats. In this case, the geopolitical interests could weigh more. If the political regimes become more authoritarian, the private interests could also weigh more. The public interests are the national interests of the republics and relate to their fundamental goals of generating economic growth and development and reducing external threats to their territorial integrity. The private interests express the republican leadership's objectives to retain the office and leave a positive legacy of their time in office. In the structure of public interests, republics' regional dependencies in trade, labour flows, transport and energy infrastructure and the need for industrial development are the main factors determining the preference for regionalism. In their private interests, the republican leadership considers regionalism's impact on their rent generation, the external threat to their power of retaining office and the prestige associated with leaving a positive legacy of their time in office.

This framework includes all three major factors impacting the CA republics' preferences for REI: the economic, geopolitical, and private interests of political leadership. This approach better addresses the shortcomings in the literature on domestic political regimes and post-Soviet economic regionalism, as discussed in the earlier sections. Including these three sets of factors allows us to examine the CA republics' preferences for REI more comprehensively by considering the dependencies built in the SU, their political and economic development in the independence years and the context of their political systems. In doing so, this study builds on the current research in post-Soviet regionalism, considers the impact of domestic politics in the CA countries, and considers the main arguments generated by the international cooperation literature.

The rationale for constructing this theoretical framework is explained as follows. First, the consideration of economic interests. REI entails some trade liberalisation, which will have consequences for the participating economy. Therefore, when the CA republics weigh their integration choices, they consider benefits and costs for domestic producers and the country's overall welfare. In the case of the CA republics, it is also necessary to consider their Soviet-era linkages and dependencies because they will shape the republics' calculations of costs and benefits. Thus, the conceptualisation of these economic interests draws on HTI theory, economic development and FDI to account for the main economic reasoning behind the countries' decisions to enter the PTAs and the region's specifics. Second, consideration of geopolitical interest. REI has the potential to generate security benefits as well. The CA republics will enter these agreements if they can generate security advantages by siding with particular member states in addition to the economic benefits. Including these geopolitical interests is necessary because these considerations were essential for the republics in light of their recently gained independence, limited military capacity and significant economic and security dependencies with the countries in the PSS. This understanding of the countries' geopolitical interests draws on the neorealists' explanations of balancing and bandwagoning. Third, the inclusion of the political leadership's private interests. The political landscape of the CA republics, unlike the Western liberal economies, requires considering the impact of their political leadership's interests on the countries' REI preferences. The decision-making in the CA republics is concentrated in the hands of a select group, mainly presidents and their inner circle. Therefore, their interests will matter in determining the CA republics' regional integration preferences. The conceptualisation of private interests stems from the public choice theory, drawing on power, income and prestige motives. The subsection on the interests will elaborate further on the theoretical choices employed in this framework.

Although the conceptual underpinning employed in this study is meant to be comprehensive, there are still some limitations. First, this is a framework of the domestic sources of preferences. Some of the external factors impacting the domestic actors' interests are accounted for in this study, for example, the economic crises and the effect of Russia on domestic politics. Nevertheless, this study does not have the scope to fully analyse the impact of other external actors. In particular, how other bigger economies could shape the CA republics' preferences, for instance, how the interests of the U.S. and the EU could influence the republics' integration choices. Second, this framework does not have the capacity to determine the trade-creating or trade-diverting effects for the CA republics resulting from the proposed REI. Instead, the study focuses on the overall consequences for the economy: industries, access to infrastructure, labour flows and subsidies. Third, including the political leadership's private interests is meant to assess their preferences for REI. However, the rent-generation component is challenging to measure in the context of the CA regimes due to the sparse availability of data, which is also very sensitive and potentially could lead to litigious consequences for the researcher. Therefore, this study has implicit assumptions about the rent-generation element in private interests and explicitly focuses on the power-holding and prestige motivations.

The framework adopted here is broadly rationalist institutionalist, which proceeds on the assumption that self-interested actors operate within formal and informal institutional environment constraints. This rationalist-institutionalist framework builds on the concepts introduced in the previous section and proposes theoretical expectations that help understand the empirical analysis. The approach adopted here is primarily inductive but theoretically informed. Testing hypotheses suggests introducing pre-determined variables, which could lead to missing insightful factors (George and Bennett, 2005, p. 20). Therefore, this framework does not test hypotheses but

formulates assumptions and expectations. The analytical framework proceeds in the following manner: the research questions are formulated. Then, the main concepts of "preferences" and "interests" are unpacked. It is then followed by elaborating on who the relevant actors are in CA and their primary interests. Finally, the latter is conceptualised using the public and private interest framework.

### *2.6.1 Research Question*

This sub-section presents the research questions that specify the analytical perspective employed in this thesis. These questions arose from the shortcomings of the literature discussed in the previous sub-sections. Therefore, this thesis aims to answer the following research questions: "What are the main factors that led the CA republics of Kyrgyzstan and Kazakhstan to engage in REI in Eurasia?" "Why are the CA republics willing to engage in REI with some countries and prefer regional cooperation with others?"

These two main research questions are fragmented further to provide a narrower focus:

Research sub-question 1: What are the republics' economic interests? How do they vary?

Research sub-question 2: What are the republics' geopolitical interests? How do they vary?

Research sub-question 3: Why is the republican leadership willing to pursue REI? What are the leadership's private interests in pursuing REI?

The analytical framework in the following two sections will suggest literature-driven assumptions and expectations for answering these research questions in the studied cases. The following sub-section clarifies the main concepts that underpin the thesis.

### *2.6.2 Research Object*

#### Preferences and interests

The research questions stated above require clarifying the concepts of interests and preferences. This study's understanding of policy preferences and interests builds on Milner's (1997, p. 15) definition. Preferences are specific policy choices the actors select to maximise their well-being. Interests are the actors' fundamental goals. In this thesis, actors' policy preferences are not fixed. They are varied and derived from their interests.

In this specification of preferences, actors are considered rational decision-makers whose interests will be shaped by institutions. The assumption of rational choice used in this thesis is not rigid and allows consideration of domestic institutions' impact. This consideration is necessary as it accounts for the domestic political system of the CA republics and omitting it will be detrimental to the analysis in the empirical chapters. Therefore, actors' interests are expected to be guided by the domestic institutional environment, both formal and informal. This thesis utilises North's (1990, pp. 3-4) conceptualisation of institutions as the constraints that shape human action and reduce uncertainty in society. They include formal rules (legislation) and informal, non-written codes for behaviour and practices (customs and traditions). This thesis expects both types of institutions to influence actors' interests. This subsection defined the thesis's main concepts to frame the empirical chapters' analysis. The following subsection elaborates on applying these concepts to the CA republics and formulates theoretical expectations.

### 2.6.3 Actors

The previous subsection defined policy preferences and interests; the next task is to identify the main actors whose policy preferences matter in the CA republics. This thesis uses the domestic actors' preferences and interests as the explanatory framework for their regionalism choices. This study approaches a state as a non-unitary actor and identifies two main groups of actors: presidents and business groups.

#### Presidents

This thesis takes CA republics' presidents as leading actors in policy making. This view follows the insights from the post-Soviet domestic regime literature as discussed in the previous sections, which argued that in CA, unlike in the pluralistic Western economies, the political systems evolved into neo-patrimonial regimes with a strong ruler and his supporting informal network (Collins, 2009; Omelicheva, 2015, pp. 11- 22, Cummings *et al.*, 2013, p. 450; Lewis, 2021; Ismailbekova, 2021). Therefore, this specification is better suited to reflect the nature of the domestic political system in CA. This thesis also recognises that CA's political leaders created a supportive network consisting of family, kinship, and allies to ensure the domestic regime's longevity and preserve their power, as discussed in the section on the domestic political factors in CA. However, it is challenging and beyond the scope of this thesis to identify the direct effect of these networks on policymaking due to their informal nature. Therefore, this study assumes that these groups' preferences will be channelled to the presidents, whose preferences will then

indirectly represent the interests of their networks. This thesis assumes that these groups' preferences will be reflected in CA presidents' preferences. Consequently, building on theoretical insights from the political regime literature in CA, this thesis views presidents as the main actors whose policy preferences for REI will carry a significant weight between 1991 and 2015 in Kyrgyzstan and Kazakhstan.

The case of Kyrgyzstan post-2010 needs clarification. In 2011, Kyrgyzstan transitioned to a parliamentary republic, giving the Parliament more power to form the government and approve its programme (Constitution, 2010, Article 74). Consequently, executive power and external policy implementation were transferred from the president's office to the government (Constitution, 2010, Articles 83, 88). Almazbek Atambaev, who became the president in 2011, was also the leader of the Social Democratic Party, which won seats in the Parliament. Consequently, assuming the party's former leader heading to the president's office still represents and carries out the party's programme, this thesis considers the president in Kyrgyzstan to be the leading actor.

#### Business groups/ LSMEs

This thesis takes the view that presidents are not the only actors in the CA republics, albeit the most significant ones. The large, small and medium-sized enterprises (LSMEs) in the private and public sectors will have some weight over policymaking in the CA republics. Their preferences are included in the national or public interests of the republics. This perspective was influenced by the arguments offered by the literature on the interdependence of domestic and international politics (Milner, 1997), emphasising the domestic distributional consequences of economic integration. The essence of the argument is that there are winners and losers from trade

liberalisation, who will then lobby governments in favour of their preferences. This thesis adapts this argument to the political and economic context of the CA republics. The way the LSMEs could impact policymaking in the CA republics could be explained as follows. The government in Kyrgyzstan and Kazakhstan would have to pay attention to the preferences of winners and losers emerging from potential REI. Two reasons could explain it. First, the incumbents allocate members of their informal network to the key positions in government and the vital business sectors of energy and mining (they tend to be the largest enterprises in the country), which allows rent generation for all of them (Sanghera and Satybaldieva, 2020, p.518), as it was discussed previously in the domestic political factors in CA. Therefore, presidents will consider the economic consequences of REI for these sectors because it will directly affect income generation for them and their informal networks. That means political leadership will have to consider the preferences of large and medium-sized enterprises.

Second, ignoring LSME's needs could result in possible backlash from these business groups and broader society discontent that might threaten the stability of the government. For example, the political changes in Kyrgyzstan in 2005 and 2010 were preceded by social protests. However, it is essential to note that the LSMEs' direct impact on the republics' foreign economic policy would be significantly weaker than in democracies due to the nature of the decision-making in the neo-patrimonial regimes of CA. Unlike their peers in Western democracies, the political system in the post-Soviet period was not conducive to the institutional development of business associations as the leading representatives of industrial interests. Consequently, it is also important to underline that the less authoritarian the regime is, the more the LSMEs will influence policymaking. Therefore, this thesis expects LSMEs to have some weight over the policy decisions



under Nursultan Nazarbaev, Askar Akaev and even more so in Kyrgyzstan under Almazbek Atambaev.

So far, this section has identified the main actors impacting policymaking regarding REI in Kyrgyzstan and Kazakhstan. The following sub-section shows how these actors form their policy preferences by pursuing their underlying interests, building on the theoretical insights from the literature reviewed in the previous sections.

#### *2.6.4 Interests*

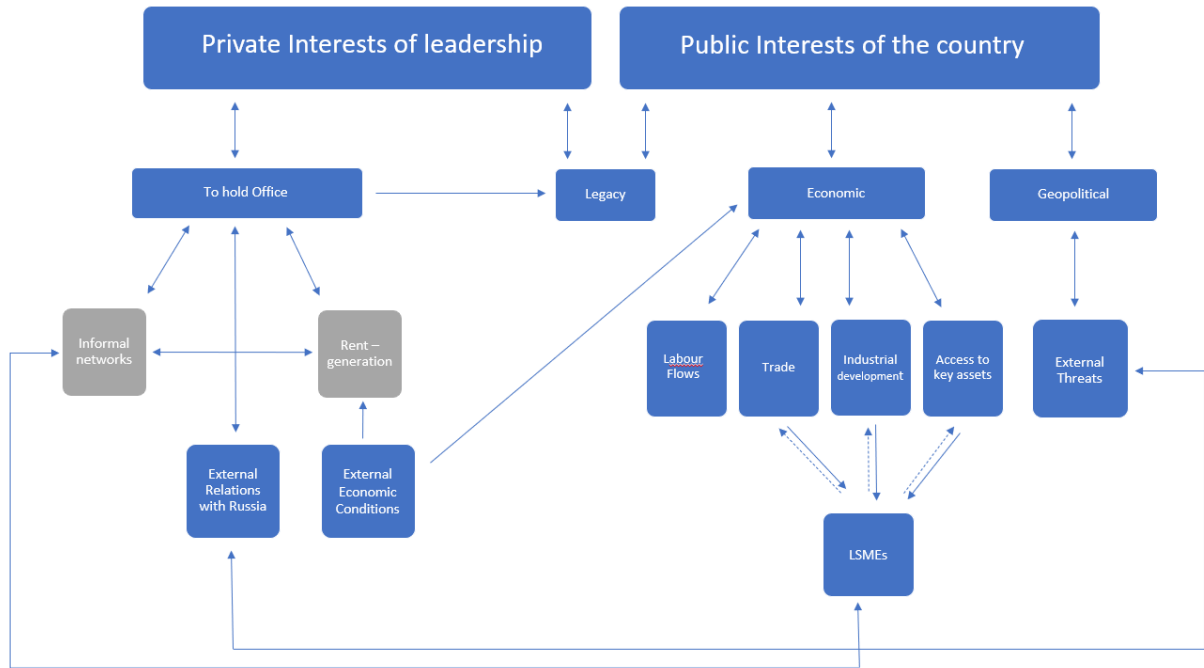
This section explains interests as the sources of domestic preferences in the CA republics. The thesis builds on Bukkvoll's (2004b, 2004a) framework of private and public interests to show how the domestic actors' interests impact the republics' preferences for REI with particular countries but not others. The private interests comprise specific goals of presidents, which will determine their policy preferences. The public interests are the national interests of the republics. They include countries' macro-level objectives to generate economic growth, development, and security, which will also impact policy preferences. This consideration of both public and private interests allows us to address the limitations in the literature on economic regionalism in the PSS, domestic regimes, empirical studies on the EAEU, the CAEU, the SCO and main approaches to regionalism in the following ways.

First, the inclusion of both groups of interests in the analysis considers the economic, geopolitical and political leadership's interests in combination, not in isolation. This way allows us to examine the interests individually and how they are related to each other, thus generating a more nuanced picture of how public and private interests in the CA republics determine their integration

choices. Consequently, this approach addresses the main criticism of the literature focusing on particular preferences over others: the consideration of the political leadership's interests only or the welfare effects of trade liberalisation or geopolitical motivations. Second, by adopting this framework, this thesis considers the prominent role of presidents, their networks' decision-making, and their particular preferences for REI shown through private interests. In doing so, this thesis illuminates preference formation in the non-pluralistic regimes of CA, thus filling the gap left by the literature on the main approaches to regionalism and its focus on Western liberal economies. Third, the inclusion of economic and geopolitical interests of the CA republics serves the purpose of considering the specificity of their Soviet past, economic and political development in the independence era and their geographic location between two regional hegemonies, Russia and China: economic structure, linkages and dependencies. In doing so, this study adds to the literature on CA regionalism by exploring in depth Kazakhstan's and Kyrgyzstan's economies' structure, trade relations, security externalities, and distributional consequences of REI with particular countries in the region.

This framework is better equipped to answer the research questions in the thesis because it identifies and allows for examining the main factors that will determine the CA republics' REI choices. This framework has drawn on the strengths in the literature on international cooperation, domestic politics, economic regionalism, and post-Soviet regionalism. In doing so, this study aims to include the relevant determinants of the republics' policy preferences that will also capture their specific economic and political context. The chart below illustrates the republics' private and public interests and their interconnections. The following subsections elaborate on the theoretical approaches that underpin CA republics' private and public interests.

## Sources of domestic policy preferences in CA republics



### Private interests

The private interests encapsulate CA presidents' fundamental goals. These are primarily driven by self-interest and shaped by the countries' institutions. This thesis adopts the public choice theory's explanation of political behaviour (Orchard and Stretton, 1997, p. 410). The rationale for utilising this theoretical perspective could be outlined as follows. Public choice views policymakers as rational decision-makers whose goal is to maximise their well-being, which is seen in ensuring that they keep their position and generate income and prestige from this position, as discussed in the previous sections. Considering the nature of the CA republics' political regimes, the current literature similarly argues that political leadership are after two main goals: preserving power and

rent generation. Therefore, considering these insights from the literature on the region, rational assumptions and the expectations of the public choice theory, this thesis takes the view that the public choice theory has the capacity to capture the interests of policymakers in the CA regimes as well. Following this perspective, this thesis builds on the insights of Downs (1957, p. 137) and Bueno De Mesquita *et al.* (2003, pp. 24-25), identifying office holding or power as one of the main goals of successive presidents in both republics. Two factors could cause CA political leadership to lose office: domestic and external pressures. In the context of CA political regimes, the incumbents will be less responsible before the electorate or domestic internal pressures, as the literature on the CA domestic regimes argued and the section on the main actors specified. Therefore, this study expects the CA presidents' power-holding ability to be influenced less by internal and more by external pressures. However, the internal pressure on political leadership still exists and could increase with more political pluralism in the CA republics, as seen in Kyrgyzstan after 2010. On this basis, this study expects the incumbents in Kyrgyzstan to be subject to domestic, internal and external pressures after 2010.

This study goes further than the power-holding and rent-generation motives, as mainly argued in the literature on the domestic regimes in CA. This study introduces the prestige element in the political leadership's private interests. This second main goal of the policymakers refers to the prestige of leaving their legacy for the country. The introduction of this second goal is explained by the necessity to account for the CA republics' cultural and historical context. They became independent states for the first time in 1991, and their first presidents were these independent countries' first leaders. The role of the first presidents was historical. They were responsible for leading their new nations into their future and the role of their first presidents. This study examines how these presidents viewed their legacy and its role in their preferences for REI. This aspect has

not been illuminated sufficiently in the literature. The subsections below elaborate on how this study forms expectations concerning these two components in the political leadership's private interests.

It is essential to clarify how this study approaches the rent-generation motive. The CA political leadership's grip on power allowed them generous opportunities for rent extraction, as argued abundantly by the literature on CA regimes. Therefore, this thesis recognises that the CA presidents could use the power of the office for this purpose. However, this investigation focuses on more prominent and less illumined aspects of the presidents' private interests: the desire to hold power and the prestige of their positive legacy. This approach provides additional insights and a different angle as to why the political leadership in CA is interested in REI with some countries but not others. In doing so, the thesis aims to generate a more nuanced explanation of the CA republics' preferences for integration.

#### External pressures

This study approaches the power-holding motive in the following way. The incumbents react to internal as well as external pressures that could threaten their position. This thesis uses arguments advanced by Bukkvoll (2004a; 2004b) to explain how a bigger neighbour could threaten the CA presidents' hold on power in case of non-participation in REI. The CA countries' specific economic, geopolitical, and geographic context drives this focus on external pressures. The CA republics' economic and political systems are vulnerable to external pressures of a more prominent neighbour due to their infrastructural deficiencies as landlocked countries and Soviet-era linkages, as literature on post-Soviet regionalism highlighted in the previous sections. Thus, showing how these vulnerabilities could impact the political leadership's private interests is vital. In doing so,

the thesis intends to illuminate better the private interests of Kyrgyzstani leadership in REI since it is not examined sufficiently. Consequently, the study primarily focuses on the external factors that could impact the power-holding capacity of presidents in CA. Building on the insights from the literature on the bigger country's economic measures (Libman and Obydenkova, 2018, pp. 1052-1054; Ambrosio, 2014) and political levers (Bukkvoll, 2004a; 2004b) as a way to exert external pressures on the CA republics' political leadership to participate in REI, this study formulates the following expectations. Based on these two conditions, policymakers in the CA republics will be more vulnerable to these external pressures. First, this bigger country could jeopardise the incumbent's political survival by galvanising electoral support for the opposition in the case of non-participation in the regional economic agreements. Second, this country could utilise trade restrictions or cut financial support through subsidised energy products, preferential credit or loan forgiveness and reduce access to infrastructure. In doing so, this country has the capacity to destabilise the incumbents' support domestically if the republic decides against REI. Therefore, the more influence this bigger country could exert on the domestic economy and general public, the more the political leadership becomes dependent on the political and economic support of the country to maximise its political survival. On this basis, the following expectations could be formed: CA presidents will favour integration with this country if the latter's support maximises or does not threaten their chances of political survival and holding power.

## Legacy

The second private interest this thesis considers is the prestige of leaving their positive legacy behind them. This thesis builds on Downs's (1957, p.137) conceptualisation of the political

leaders' private interests. The prestige associated with holding the presidential office is another aspect the policymakers will seek to enjoy. Prestige is broadly understood as "recognition of importance" (Wood, 2013, p. 388). This thesis applies the prestige concept to incorporate the CA cultural and historical context to allow for an additional explanation for why CA political leadership would have preferences for REI with some countries but not others. This study borrows the definition of a legacy from the literature on the post-communist legacy (Jowitt, 1992; LaPorte and Lussier, 2011) and understands it as the structural economic and political outcomes of presidents' policies and their vision for the country. These outcomes could be economic, geopolitical, or social. They could include but are not limited to GDP per capita, strong independent state, diversified economy, low unemployment rate, low national debt, high FDI, low emigration rates, national security, and recognition by the world community. This thesis offers a conceptualisation of the prestige motive in the private interests of presidents, building on these two concepts of prestige and legacy. In doing so, the study intends to show how the prestige element could be applied to the CA context, thus bridging scholarship on public policy in the pluralistic economies and post-Soviet regimes and regionalism.

This thesis understands the prestige of legacy in the following way. CA presidents would want to be recognised for their time in office. Their fundamental goal is to leave a positive legacy for which they will be remembered. This thesis utilises the rationalist assumptions that the incumbents' desire to leave the legacy stems from their self-interest in generating prestige associated with not just holding office positions but also their countries' recognition of the leaders' impact on society. The explanation for why the presidents want to leave a legacy and why the prestige associated with just holding office is not enough for them builds on the concept of "mirovozzrenie", which could be broadly translated as "worldview". This thesis expands on the

term offered by Spirkin (1983) and Shutaleva (2017), defining worldview as a system of a person's views on the world, which expresses a person's attitude and approach to the world and his or her system of values. The worldview consists of several components, such as knowledge, values, needs, interests, and ideas (Shutaleva, 2017), which define people's approach to their professional and personal lives. Multiple factors construct a worldview. However, its detailed discussion is beyond the scope of this thesis. Instead, the thesis will only emphasise elements that help understand the impact of worldview on the private interests of the republic's leadership.

The thesis applies an institutionalist approach in determining that both informal customs and traditions and formal institutions of the post-Soviet CA states have informed leaders' approach towards the world in general. Presidents' worldview is constructed and shaped under the influence of institutions they were exposed to during their lifetime, including the Soviet era. In the context of CA republics, these are the educational system in the SU, the Communist Party membership, and the customs and traditions of the titular nations of Kyrgyzstan and Kazakhstan. The underlying assumption here is that these institutions created expectations that the first national leaders of now independent republics are responsible for charting a new direction for the countries, following in the footsteps of the founders of the Soviet state and historical Kyrgyz and Kazakh national leaders before and during the SU. Moreover, the outcomes of their actions - the legacy - will be judged from a historical perspective. Therefore, according to their worldview, they must leave a positive legacy behind them. It is important to highlight that this is the only private interest that is directly linked to CA republics' national or public interests. The positive impact of legacy is only possible if national leaders consider a country's overall welfare and national interests during their time in office. If the proposed REI offers overall economic and/or security benefits, then the likelihood of national leaders generating a positive legacy in the country is high. On this basis, this study forms



the following expectations: if the incumbents view the proposed REI as having the potential to generate a positive legacy of their time in office, then they will favour it.

## Public interests

As explained earlier, public interests represent the national interests or the fundamental goals of the whole country. This study takes the view that CA republics' presidents will have to consider their countries' national or public interests to maintain their ability to keep power. This view builds on Bueno de Mesquita *et al.* (2003) argument that these leaders depend on domestic groups' support even in semi-democratic regimes. Therefore, they must consider national interests in the REI decisions since the policy can impact domestic groups' welfare and their support of presidents. This thesis considers two primary types of national interests: economic and geopolitical. The former explains how the decision to integrate generates significant benefits for the republic's industries and leads to overall economic growth and development, resulting in higher living standards for citizens. The latter relates to how the integration decision generates security externalities aiming to re-enforce republics' position toward their neighbours. This subsection employs theoretical explanations offered by the literature on post-Soviet economic regionalism and economic development to conceptualise the republics' national economic interests. The geopolitical motivations build on the explanations offered by the neorealist accounts.

## Economic

This thesis builds on the premises of the Holding Together Integration (HTI) concept advanced by Libman and Vinokurov (2012a) to show the primary factors driving the CA republics' national economic interests in REI. As discussed in the section on economic regionalism in the PSS, HTI is "a REI scheme initiated by a group of countries which recently belonged to a single political and economic entity (a unitary state or a colonial empire) and which exhibit high levels of economic, political and cultural interdependency" (Libman and Vinokurov, 2012a, pp. 12-13). The HTI concept was introduced to provide a theoretical explanation for why the post-Soviet republics engaged in various regionalist projects with each other after the dissolution of the SU. Scholars argued that one of the purposes of HTI could be to preserve a certain level of political and economic integration between these independent countries, either permanently or in the short term. In doing so, the disintegration became less costly for these countries (Libman and Vinokurov, 2012a, p. 13). Additionally, the HTI could have a U-shaped trajectory. The original integration under the unitary state will be followed by disintegration and again by re-integration on an intergovernmental basis. The member states might have uncertain expectations about the purpose of HTI, which means something that started as an integration mechanism might not necessarily succeed and the other way round (Libman and Vinokurov, 2012, p. 13). Using the mainstream neoliberal economic trade theories is insufficient to explain economic regionalism in the post-Soviet period because they omit the economic context of the CA republics' Soviet past and their interdependencies. Therefore, this thesis uses HTI specifically because their argument considers the Soviet-era links in production, supply chain, trade and infrastructure. HTI captures the economic rationale of the CA republics' motivations behind their regionalism endeavours. In particular, both Kyrgyzstan and Kazakhstan

had strong economic links with Russia resulting from their Soviet past and maintaining them was vital to guarantee markets for their exports, imports of subsidised strategic inputs, and access to transport and energy infrastructure. This thesis adds to HTI by advancing the argument that although the exchanges between the CA republics and the rest of the PSS decreased from transition policies, they remained strong with Russia and expanded in new areas, as seen in the labour outflows from Kyrgyzstan. Therefore, these strong linkages form the foundation for the CA republics' economic preferences for REI. This study intends to show how these linkages drive Kyrgyzstan's and Kazakhstan's preferences towards REI in the CA region, PSS, and wider Eurasia. This argument builds on the insights from the literature on post-Soviet economic regionalism, including HTI and transaction costs of landlocked countries (Libman and Vinokurov, 2012a; 2012b; MacKellar, Worgotter and Worz, 2002) and is explained as follows. Opening the economies to external trade after the SU dissolution diversified the republics' trading partners, lowering the reliance on the CIS trade. However, the trade with the post-Soviet republics persisted, especially with Russia, and other linkages emerged. The following three factors could explain this development. First, the CA republics faced high transaction costs as landlocked countries, limiting their trade and choice of trading partners and making them trade primarily with neighbours. Second, the inherited integrated nature of the Soviet transport and energy infrastructure made the CA republics dependent on Russia's railway, road, gas, and oil pipeline networks to move their products outside the region, creating this dependence on Russia. Third, sluggish economic growth and high unemployment rates in Kyrgyzstan created a labour surplus and outflow to Russia and Kazakhstan, who could absorb it as their economies grew, benefiting from high commodity prices in the 2000s. All these factors indicate that the republics' geographical location, less competitive domestic producers and inherited Soviet infrastructure resulted in the maintained economic

linkages with Russia. Therefore, on that basis, the following expectations could be formed: the CA republics will pursue REI if there are export opportunities for domestic producers, they will have preferential access to energy and transport infrastructure, and the labour flows from CA will not be restricted.

This thesis builds on economic development and FDI theories to explain the relationship between the government's macroeconomic developmental objectives and their participation in regionalism. Development is understood as the change in the country's global competitiveness, which allows it to move the economy towards an increased share in exports either in regional or international markets (Bhagwati, 1993; Bowles, 2000; Delors, 1989) and in increasing share of manufacturing, specifically in the output of processing industries. The economic development theory focuses on regionalism as the driver for ISI. REI membership protects domestic firms through external tariffs, allowing intra-block specialisation and industrialisation (Cooper and Massell, 1965, cited in Schiff and Winters, 2003, p. 65). The FDI theory argues that REI could facilitate intra and extra-regional FDI, which can further industrialise recipient countries. The removal of intra-regional tariffs could facilitate intra-regional FDI. The rationale is that firms will be attracted to set-up subsidiaries (vertically motivated FDI) in the member states since lower trade costs will decrease the costs of forming international production networks across member states of a trading block (Velde and Bezemer, 2006, p. 45). By belonging to a much larger block, countries could expect more FDI because outside firms would be attracted to the potential of a large market (Blomstrom and Kokko, 1999).

This thesis uses these theories' insights because they better conceptualise the relationship between the development policy of less industrially advanced countries and their participation in regionalism. Their theoretical reasoning augments the HTI arguments on the importance of the

Soviet linkages and focuses on the role of regionalism in the CA republics' economic development objectives. Their arguments allow us to explain better how CA republics that underwent significant deindustrialisation in the 1990s intended to utilise REI for their economic development. By utilising these theoretical insights in addition to HTI, this study builds a more nuanced picture of the CA republics' economic preferences. It considers the republics' needs to trade with the post-Soviet countries, determined by their linkages as well as their developmental objectives of re-industrialising their economies. Therefore, this study adopts the arguments advanced by theories of economic development and FDI in addition to HTI to explain other economic factors that determine the CA republics' preferences for REI.

On this basis, the theoretical explanation for the relationship between the CA republics' developmental objectives and their preferences for REI is outlined as follows. By pursuing integration, the CA republics targeted particular macroeconomic objectives of re-industrialising the economy, making the domestic producers more competitive exporters and attracting foreign investment in the strategic sectors of the economy. REI lends domestic producers a certain level of protection from firms outside the union through the external tariff. This protection can induce import substitution industrialisation, which entails the development and return of processing industries in the CA republic, which suffered substantial de-industrialisation in the 1990s. Domestic producers under the protection of external tariffs can engage in intra-block specialisation, resulting in economies of scale efficiencies. This development, in turn, will build their exporting capacity within the union and outside. Finally, belonging to a larger economic block has the potential to attract intra and extra-regional FDI for the CA republics, which could further aid their industrialisation and economic development efforts. Based on the abovementioned argument, the following expectations could be formed: the CA republics are expected to participate in integration

if the potential membership helps develop and increase domestic processing industries' export capacity and fosters FDI inflows.

## Geopolitical

Economic interests are not the only factor in the overall public interests of CA republics. It is necessary to consider their geopolitical interests in REI to illuminate their preferences fully. This thesis includes the geopolitical interests in the theoretical framework because REI has the capacity to generate additional security guarantees from the member states for the CA republics as well as the economic benefits as discussed above. This study considers threats to the CA states' territorial integrity as the main geopolitical concern of the republics. This thesis builds on the insights from the neorealists' theories of bandwagoning, balancing and hegemonic stability in explaining how geopolitical threats shape the republics' preferences towards REI. The neorealists' account of geopolitical interests is better suited to the CA context since these theorists focus specifically on the survival of states as their primary objective in international cooperation. For the CA republics, the question of survival as an independent state after the SU dissolution was vital because threats to their sovereignty were high in the first years of independence, and they had to defend it.

The argument advanced here is that the CA republics are relatively smaller states compared to the regional hegemons of Russia and China. Their limited economic and military capacity compels them to enter REI with either or both to maximise their external security. The alternative to that is building one's own military capabilities, which is costly for both republics and even so for Kyrgyzstan. The latter faced significant financial, industrial and human challenges in modernising the military sector following the departure of the Soviet troops and the collapse of the

Soviet economy (Peyrouse, 2010). Therefore, on the one hand, the CA republics will choose to bandwagon with a more dominant power that generates the most benefits for them in economic and security areas. On the other hand, the republics could choose REI as a balancing strategy to counteract threats from regional neighbours. These threats could result from bilateral frictions on the border negotiations, energy resource sharing between the CA republics and China, and security threats from Afghanistan. The CA republics could be enticed or compelled to join REI with a regional hegemon if the latter guarantees additional economic support: subsidised strategic inputs, subsidised credit, loan forgiveness and favourable access to infrastructure. Based on these explanations above, the following expectations could be formed: the CA republics will join REI with a regional hegemon that will maximise their economic as well as security benefits.

In sum, the policy preferences of the main actors in the CA republics can be outlined as follows. First, considering the authoritarian and neo-patrimonial nature of the political systems in CA, the policymakers represented by the presidents are considered the main actors. At the same time, indirectly, the informal networks, consisting of family, kin, and associates, are expected to have some input in influencing the presidents' decisions and private interests. The impact of business groups is expected to be more pronounced in Kyrgyzstan than in Kazakhstan. However, it will still be modest due to the weak institutional development of trade associations in CA. Second, the policymaker's preferences are driven by the calculations of the public (national) and private interests. In the structure of these interests, the economic interests are expected to be the most dominant, followed by geopolitical and private interests, which will share equal weight. This ratio could change if the countries are facing more significant security threats. In this case, the geopolitical interests could weigh more. If the political regimes become more authoritarian, the private interests could also weigh more. The CA republics will opt for REI with particular member

states when both public and private preferences are aligned in the presence of the following conditions: first, the proposed integration generates more economic benefits than costs; second, it strengthens the republics' external security and guarantees additional economic support; and third, it does not threaten the leaders' position of power and maximises their chances of leaving the positive legacy of their time in office.

## **2.7 Conclusion**

The chapter has outlined the theoretical foundations on which this study is based and described the conceptual elements employed to analyse the main determinants of integration in Eurasia. This study is located within the rationalist-institutionalist framework. The chapter reviewed different theoretical perspectives explaining the phenomenon of regionalism. The current explanation of regionalism by the studies on post-Soviet economic regionalism and the domestic regimes in CA republics offers valuable insights into why the CA republics pursue regionalism. The current literature advances neorealist and institutional arguments of why states cooperate, the inherited Soviet functional interdependencies as the foundation for REI between the post-Soviet republics, the private motives of power and income of the political leadership in their regionalism preferences. Despite these strong arguments, the literature does not sufficiently explain why the CA countries prefer REI with some countries in the region but not others, as elaborated in this chapter earlier. Therefore, this research builds on the literature's theoretical observations and proposes a framework that combines all three perspectives specified above: economic, geopolitical and private interests of the political leadership as a more comprehensive and nuanced explanation



for the CA republics' REI choices. This framework comprises the republics' public or national interests and their presidents' private interests. The framework is better suited to reflect the CA republics' interests in REI since it captures the main group of interests that any country will have to consider in their regionalism choices, as well as considering circumstances specific to the CA countries. In doing so, the thesis expands on the current scholarship in comparative, post-Soviet and CA regionalism by offering an explanation that evaluates the impact of CA republics' past as the Soviet republics and their present economic conditions, domestic political regimes and external relations with the neighbours as the explanatory factors for their regionalism choices. First, the CA republics' economic dependencies stemming from their Soviet-era inherited economic structure, variations in the resource endowment and economic development goals are captured through economic interests. Focusing on the economic interests allows to examine the extent to which the CA republics' Soviet economic past and transition policies of the 1990s determine their present REI choices as independent states. Second, the republics' concerns about external threats and sovereignty as young states are examined in their geopolitical interests. Third, the impact of the political leadership's preferences is shown in the private interests. The framework expands on current scholarship by evaluating not just the income and power elements but also the prestige of the legacy factor. Doing so allows to consider the importance of the CA republics becoming independent states for the first time in modern history and its impact on the leadership's private interests in the regionalism choices. The argument's premise is that the CA republics will prefer REI with the countries where their public and private interests are maximised and aligned. In this structure of interests, the economic considerations will supersede the geopolitical and private components. This theoretical framework will be applied in the empirical chapters on the CAEU, the EAEU and the SCO. The next chapter examines the economic structure, transition policies and,

in general, economic and political background conditions of Kyrgyzstan and Kazakhstan in the 1990s.

## **CHAPTER THREE**

### **ECONOMIC STRUCTURE AND TRANSITION POLICIES**

#### **3. Introduction**

The first objective of the chapter is to examine the effects of Soviet industrialisation policies on Kazakhstan and Kyrgyzstan's modern economic structure. The second objective is to explain the effects of economic transition on the republics' trade structure in the aftermath of the SU dissolution. The Soviet era impacted economic development and growth in both republics profoundly since both economies advanced from agrarian to having heavy and some consumer goods industries. Consequently, the republics became highly interconnected in all economic sectors: supply, production, infrastructure, and trade. Moreover, the CA republics exhibited even stronger ties with Russia than with each other. It is essential to examine these developments because they determined the republics' preferences for REI in the former Soviet Union (FSU).

The chapter argues that the Great Patriotic War of 1941-1945 accelerated industrial development in both republics, launched in the first two Five-Year Plans, creating their modern economic structure. The unexpected capital inflows in the 1940s completed the industrialisation of the CA republics, firmly embedding them in the structure of the SU unitary economy and establishing extensive linkages between them and Russia, specifically. Following the SU economic development policy, the republics' economic structure was dominated by heavy industry, which meant the republics were the recipients of the intermediate, capital and consumer goods from other republics. Russia and Ukraine were the primary providers of these manufactured goods. Therefore, during the SU, Kazakhstan and Kyrgyzstan became dependent on the Slavic republics' inputs in

their imports. By the end of the SU, the economic structure in both republics shows that they were complementary to the SU economy, not the regional economy of CA. This distinction is important to note because it explains the CA republics' preferences for integration with Russia specifically. This point will be developed further in the empirical chapters.

The section on economic structure and transition illustrates and argues that these policies weakened the industrial and trade ties between the CA republics and the rest of the PSS. That was the result of deindustrialisation and external trade liberalisation. The republics launched an economic restructuring, resulting in the loss of capital stock and enterprises and a decline in trade flows. In the meantime, opening their economies meant the republics could diversify their trade partners away from the FSU space, further diluting their economic linkages. However, the trade flows of the CA republics with the FSU were still substantial, especially with Russia. Therefore, this section illustrates that as Kyrgyzstan and Kazakhstan chose their transition policies, the former prioritised external liberalisation away from the FSU, while the latter favoured maintaining closer relations with Russia specifically.

This chapter's arguments proceed as follows. The first section examined industrialisation in both republics in 1920, the 1930s and the first half of the 1940s and its impact on the republics' economic structures. The second section describes the CA republics' economic structure and trade with FSU. Finally, the third section describes the transition policies in both republics and examines their impact on the economic structure and remaining interdependencies on trade.

### **3.1 Soviet Industrialisation and Economic Structure of Kyrgyzstan and Kazakhstan**

This section describes the creation of the Kyrgyz and Kazakh SSRs' industrial structure during the first two Five-year plans and explains the impact of the Great Patriotic War of 1941-1945 on the countries' industrial development. This section emphasises the first half of the 20<sup>th</sup> century because it shows the development of the CA republics' economic structure. The main argument advanced here is that the Great Patriotic War solidified the republic's industrial, agrarian structure and embedded them firmly in the SU unitary economy, creating substantial economic linkages. Moreover, the War spurred capital inflows into the CA republics, making them more industrial and creating profound links between them and the rest of the SU. It is vital to examine how the economic structure of both republics developed during the SU because it shows the foundation for Kyrgyzstan and Kazakhstan's economic linkages and dependencies with Russia and other post-Soviet republics. These dependencies are important factors for understanding the CA republics' economic preferences for REI because they help show the gains and losses of Kyrgyzstan and Kazakhstan from abstaining from or participating in these integration agreements.

#### *3.1.1 Creation of Kyrgyzstan and Kazakhstan*

The incorporation of modern CA or Turkestan into the Russian Empire by the end of the 19<sup>th</sup> century marked the beginning of the republics' economic modernisation. The Turkestan region was less developed industrially compared to other regions in the Russian Empire due to its historical and socio-economic circumstances, whilst Russia herself was a late adopter of industrialisation among other European powers (Gerschenkron, 1962). The Russian Colonial

Administration initiated the transformation of CA people's traditional ways (Cummings, 2012, Ch. 3), which continued further under the Soviet regime. The republics' Soviet era started in April 1918 with the creation of the Turkestan Autonomous Soviet Socialist Republic inside the Russian Federal Socialist Republic (RSFSR) (Oruzbaeva, 1982, p. 11).

However, in the 1920s, the Bolsheviks feared that the Pan-Turkism ("Great Turkestan" ) movement uniting different groups of CA people who practised Islam would disrupt the establishment of the Soviet regime (Bochkareva, 2019, p. 24; Abashin, 2009, pp. 114-116). Consequently, to counteract this Pan-Turkism, the Bolsheviks formulated a plan to divide the region into separate republics (Lenin, Book 41, p. 436, cited in Bochkareva, 2019, p. 24). Following this policy, Kyrgyzstan and Kazakhstan became the Soviet Socialist Republics in their own right after introducing the new USSR Constitution in 1936 (Kan, 2011, p. 205; Oruzbaeva, 1982, p. 11). The Soviets accelerated the economic changes in the 1930s and 1940s, setting the foundation for modern Kyrgyzstan and Kazakhstan's economies. The sub-sections below elaborate on the impact of the Soviet industrial policies on the republics' economic structure and development.

### *3.1.2 Republics' Industrial Development in 1921-1940*

The Soviet industrial policy aimed to transform the country's economic system from an agrarian into an industrial one in a short period by focusing on creating producer goods in heavy industry (Category A) and placing less emphasis on consumer goods in light and food processing industries (Category B). The policy had both ideological and economic rationale. The essence of the former was to make the Union reduce the imports of machinery and consequently the

dependence on capitalist countries (Lenin and Stalin cited in Genkina, 1944, p. 24). The latter was about generating economic growth and prosperity for Soviet citizens. Accordingly, the first two Five-Year Plans in the late 1920s and 1930s (1928-1932 and 1933-1937) targeted the rapid expansion of the capital goods industries. These were fuel, energy, iron, steel, and transportation (Davies, 1998, pp. 43-58). Industrial development in Central Asia followed this general line of the Soviet Industrialisation policy.

However, unlike the other more industrially developed areas of the SU, the backward colonial economy of the region was in a more dire situation resulting from the devastation of WWI and the Civil War. For example, in Kazakhstan, the industrial output in 1920 compared to 1913 decreased by two times; production of capital goods fell by four and a half times, oil extraction - four times; mining of copper and polymetallic ores was halted; the railway system was dysfunctional with more than half of locomotives and ninety per cent of carriages requiring capital repairs (Asylbekov, 1993, p. 311). Consequently, in Kazakhstan, the first half of the 1920s focused on restoring the processing industries damaged in the turbulent first decade of the 20<sup>th</sup> century: flour, vegetable oil, salt, wool, leather, sheepskin, and transportation network (Asylbekov, 1993, pp. 311-312).

The First Five-Year Plan shifted the focus of the Republic's industrial development to heavy industry. Oil, coal, and metallurgy became the dominant sectors in Kazakhstan. By 1940, the Republic became the SU's second-largest producer in non-ferrous metallurgy. Kazakhstan's Karaganda coal mines became the third largest producer after Donbas and Kuzbass. In oil production, Kazakhstan also held third place after Russia and Azerbaijan. The expansion of heavy industry required reliable and significant electricity generation. Consequently, the Republic's electricity production increased 486 times compared to 1913, making it the fifth largest producer

in the SU (Asylbekov, 1993, pp. 313-318). At the same time, creating an industrial base in the Republic required a reliable transportation network capable of moving inputs and outputs, linking it to the rest of the SU. Hence, between 1928 and 1940, the railway system of the Republic increased by 50 per cent, reaching 6581 km. The created network was instrumental to the development of natural resources of Central Kazakhstan, serving the needs of non-ferrous metallurgy of Eastern Kazakhstan (Rutsovsk- Ridder line), linking Kazakhstan with Orenburg (Uralsk – Iletsk) and other more industrially advanced regions in Russia (Asylbekov, 1993, p. 315). The Turkestan-Siberian Railway ("TurkSib") was completed by the end of the first Five-Year Plan (Genkina, 1944, p. 29), linking CA to Siberia. Therefore, by the 1940s, Kazakhstan emerged as the leading economy in CA. The Republic's industrial base was formed following the industrialisation objectives of the SU, and its resources played a vital role in the Republic's economic specialisation.

Similarly, in Kyrgyzstan, the 1920s -1930s also saw the restoration and creation of mining and processing industries in the Republic following the Civil War (1917-1922) and the war against the Basmachi movement (1919-1925). The colonial era established the mining industry in Kyrgyzstan with the exploration of coal deposits in the south (Kok-Zhangak, Kyzyl-Kia, Sulukta) and central (Naryn) areas in the 1890s; uranium in the south (Teo-Moyun) and oil (Mayluu-Suu) in the first decade of the 20<sup>th</sup> century (Djunushalieva, 2012) and their production was halted due to the Civil and the Basmachi war. The restoration of the Republic's mining industry started in 1925 and continued during the First Two Five-Year Plans. Between 1928 and 1930, there were 30 plants, factories, mines and power stations built in 1933-1937 – further 61, increasing Kyrgyzstan's industrial output by ten times in 1940 compared to 1913 (Attokurov cited in Esenbaeva, 2017) and growing enterprises' contribution to overall production from 2 per cent to 50.2 per cent by 1940 (Oruzbaeva, 1982, p. 157; pp. 143-144). This industrial push saw the construction of the modern



coal mine in Kok-Zhangak and a power station by 1932, the erection of railway Uch-Kurgan - Tash Kumyr in 1935 and further development of the coal industry, making Kyrgyzstan "the CA stoker"-the provider of coal for other republics (Djunushalieva, 2012). The exploration of non-ferrous ores started in 1938 and continued during the Great Patriotic War, especially antimony and mercury in the Republic's south (Djunushalieva, 2012). During this period, the Republic's industrial profile skewed towards heavy industry at the expense of light industry. For example, in 1928, the latter produced 53.3 per cent of all industrial manufacturing; however, by 1940, its output decreased to 26.5 per cent while the metalworking and machine building industry's output, which did not exist before, increased to 13.3 per cent (Attokurov cited in Esenbaeva, 2017). Therefore, the Soviet Industrialisation of the late 1920s and 1930s created the leading industries in the Republic that dominated its economic structure in the 20<sup>th</sup> century: coal, metallurgy, metalworking, machine-building, and power stations.

In sum, the Soviet industrial policies of the First Two Five-Year Plans established the republics' main industries and its broader industrial, agrarian structure, modernising their economies. The emphasis was on heavy industry, which followed the economic objectives of the Soviet state. The endowment of natural resources in the republics, namely oil, coal and metals, determined the development and prevalence of mining, metallurgy, transportation and energy sectors in both countries. Both republics had a similar economic structure, weighted heavily towards the mining sector. However, Kazakh SSR emerged as the biggest producer in the region, which is explained by its richer mineral wealth and relative proximity to the Russian industrial centres. Consequently, the created industries initiated integration of the republics into the economic structure of the Soviet economy. Kazakhstan and Kyrgyzstan's economies were meant to serve the

SU's overall needs rather than CA's regional economy. That meant the CA republics would develop deep and extensive linkages with other Soviet republics because they became integral parts of one unitary economy. Thus, this intertwined nature of the republics' economic relations will play an essential role in their decisions on trade agreements after the dissolution of the SU. The CA republics' industrialisation had not been completed by the end of the 1930s, and the retreat of the Soviet Army in 1941 led to the relocation of industry eastwards and the inflow of additional capital stock in CA. The next session expands on the effects of the 1941-1945 war on Kyrgyzstan and Kazakhstan's industrial sector.

### *3.1.3 Republics' Industrial Development in 1941-1945*

The Great Patriotic War had an unexpectedly positive effect on the industries of both republics, bringing more capital stock into the region. This capital allocation was not planned. This section argues that it accelerated industrial development in Kyrgyzstan and Kazakhstan. These capital flows strengthened heavy industry's role in their economic structure and connected them more profoundly to the Union's economy. The war upgraded the CA republics' economic structure and created the economic linkages determining their REI choices in the independence era.

Following the invasion, the Union evacuated key factories, research institutions and personnel eastwards. Consequently, around one-third of the industrial capacity was moved, leaving two-thirds on the occupied territory (Harrison 1994, pp. 252-4 cited in Davies, 1998, p. 59). For example, 250 industrial enterprises from the European part of the Union were evacuated to Kazakhstan (Karaganda, Balkhash, Chimkent, and Alma-Ata). This relocation further boosted the industrial base of the CA Republics (Khavin, 1960, p. 36). During that period, Kazakhstan built

460 new factories, plants and mines (including the evacuated enterprises), increasing production by 37 per cent. These were the metalworking and machine-building enterprises that produced weapons and military equipment. In addition, Kazakhstan increased oil output by thirty-nine per cent, and electricity generation almost doubled. Consequently, the Republic retained its leading role in copper and lead production – thirty-five and eighty-five per cent, respectively, of total Union output and other metals: molybdenum (60 per cent), metallic bismuth (65 per cent) and polymetallic ores (79 per cent) (Belan and Kozybaev, 1993, p. 329). Moreover, resource exploration expeditions organised by the Kazakh Department of the Academy of Sciences increased three-fold between 1941 and 1944 (Absemetov and Zinoviev, 2016, p. 21). These geological expeditions resulted in the discovery of 500 mineral deposits and their partial exploration. Additionally, from 1941 to 1945, the Republic opened twelve research institutes and their subsidiaries (Belan and Kozybaev, 1993, p. 331). These events contributed substantially to developing the Republic's research and scientific capacity. Therefore, the relocated industry and substantial increase in research potential contributed significantly to the Republic's industrial base, making it one of the SU's biggest metallurgical and energy producers.

At the same time, Kyrgyzstan welcomed 30 evacuated plants and factories from the Western and Central regions of the Union. Consequently, the Republic established 38 new factories, plants and mines in machine-building, non-ferrous metallurgy, textile, shoes, clothing and sugar production, which switched from military to civilian production by the end of the war in 1946 (Oruzbaeva, 1982, p. 153; p. 155;). During the war, new industries emerged in the Republic: machine-building, non-ferrous metallurgy (lead, mercury, tungsten), hemp-jute, silk-weaving, food processing, alcohol, pharmaceutical, and vitamins. Most importantly, the Republic's non-ferrous metallurgy received significant development: by the end of 1941, Kyrgyzstan produced 85 per cent

of the Union's antimony. For example, in 1941, the Khaidarkan mercury plant became the SU's only producer of strategic metals of lead, antimony, and mercury built based on the dismantled Nikitinsky plant from Donbas (Djunushalieva, 2013, p. 23; Djunushalieva, 2012). Additionally, the power generation sector witnessed a substantial upgrade in 1944-1945, especially in constructing hydroelectric power stations (Djunushalieva, 2013, pp. 26-27), which became the backbone of the Republic's energy system. Similarly to Kazakhstan, the Republic saw an influx of research institutes and universities (Oruzbaeva, 1982, p. 154). Therefore, these capital flows to Kyrgyzstan were instrumental in establishing the Republic's prominence in the non-ferrous metallurgy and other processing industries.

In sum, the inherent disadvantages of the CA region, namely remoteness from main seaports and interior continental location, became crucial factors for the region receiving capital inflows. The main explanation for this is that the SU could relocate and salvage the remaining industrial units away from exposed European territory and continue the war effort. This transfer was unplanned; the CA republics became unexpected recipients of significant physical and human capital stock. This section highlights the distinctive finding that the war consolidated the CA republics' economic development, transforming their industrial sector and creating the foundation for their economies in the 20<sup>th</sup> century. Consequently, the republics became industrial-agrarian with a heavy industry focus. That meant the CA republics became dependent on the intra-Union imports of consumer products. At the same time, the outputs of the Republic's metallurgy, energy, and machine-building industries became inputs for other republics' finished goods outputs, establishing the intra-Union economic linkages. Consequently, Soviet industrialisation created the modern economies of Kazakhstan and Kyrgyzstan, which were deeply embedded in the economic structure of the SU. As discussed further in the empirical chapters, these linkages were instrumental in

determining republics' preferences for REI with particular members in the independence era. The following section demonstrates the depth of CA countries' economic linkages within the SU and their economic structure right before the SU dissolution. The following section demonstrates the depth of CA countries' economic linkages within the SU and their economic structure right before the SU dissolution.

### **3.2 Economic Structure of the Kirgiz and Kazakh SSR by the end of the SU**

#### *3.2.1 The Size and Industrial Structure of economic units*

The Soviet Economy operated on the principles of collective production – the Integral Economic Complex. As a consequence, the republics' economies were the elements of one unified system, serving the economic interests of the whole SU in accordance with a plan directed from the centre in Moscow; each Republic was a link in this economic system. The republican specialisation resulted from the SU's Territorial Concept of Division of Labour reflecting the country's natural resource wealth (Kalyuzhnova, 1998, pp. 10-13). The republican economies represented economic regions: Kazakhstan was designated as a separate region, while Kyrgyzstan belonged to a larger aggregate – CA since it had a smaller territory (Rumer, 1989, p. 15). Each republic's economy was not envisioned to function as a separate self-contained entity. Consequently, each Republic's economy had a role in this integrated economic system by providing inputs and components for other republics' industries and agriculture and receiving their outputs for their economy.

Kazakhstan and Kyrgyzstan differed in economic size, which is explained by Kazakhstan having more significant land area and natural, labour, and capital resources, as shown in Table 3.1 below. By the end of the SU, the Net Material Product (NMP) in Kyrgyzstan was 6,027 million current rubles, while Kazakhstan had 34,961 million current rubles. The latter had become the largest economy in CA; however, compared to all-Union production, it only represented 4.8 per cent of the SU NMP, while Kyrgyzstan's share was much smaller, contributing only 0.83 per cent of NMP (Van Selm, 1997, Ch. 3).

Kazakhstan's land mass and rich deposits of ores and hydrocarbons (illustrated below in table 3.1) determined its main industrial activities and production of agricultural products. Consequently, industry and agriculture were prominent in Kazakhstan's economic structure, generating 41.6 per cent and 35.7 per cent of NMP, respectively. However, in industrial production, the manufacturing sector responsible for final goods was less pronounced; the Republic's output was more concentrated in metallurgy, fuel, chemicals and petrochemicals, and machine building that specialised in primary or semi-finished goods (seen in charts below).

Kyrgyzstan's economic structure was similar to Kazakhstan's: industry was responsible for 45.3 per cent and agriculture for 36.4 per cent of output. However, the republics showed substantial differences in the industrial sector. Kyrgyzstan's production was higher in light industry manufacturing, including textiles, clothing, leather and shoes, machine building and non-ferrous metallurgy, as seen in the table below (illustrated in table 3.3).

Therefore, by the end of the SU, the republics had developed a significant industrial sector, which was an integral component of the Soviet economic system. That meant the CA republics were not self-sufficient; the Republic's output was not destined for internal consumption only but also for the needs of other manufacturers in the Soviet Economy. However, Kazakhstan and

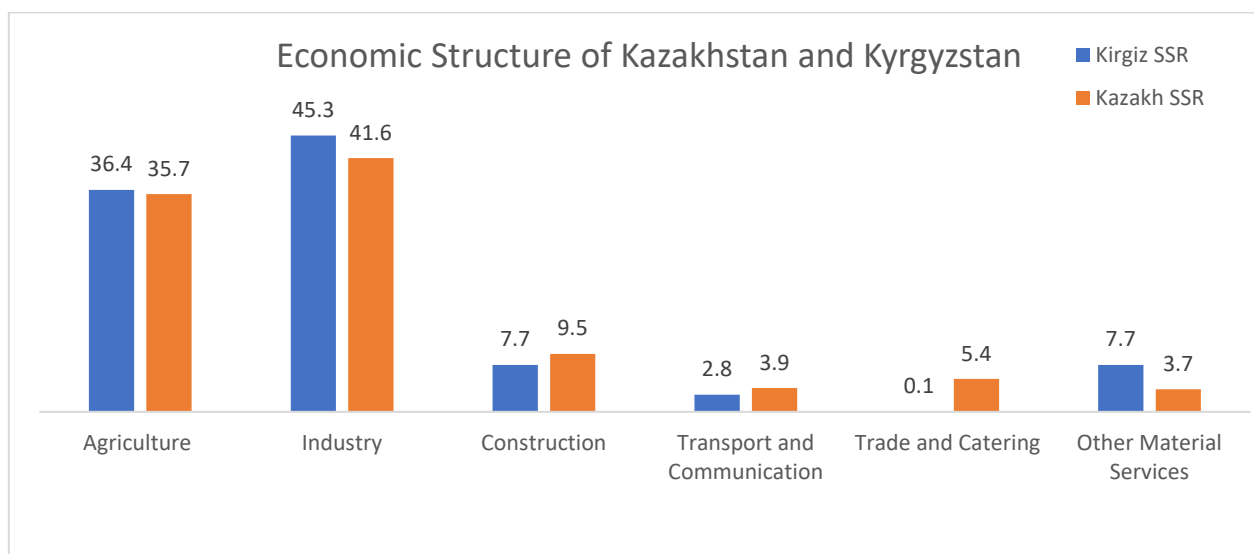
Kyrgyzstan would receive the necessary deliveries for their sectors, such as consumer items, intermediate, manufactured and capital goods. Therefore, the nature of the Soviet economic system made the CA economies deeply integrated with other republics and dependent on other republics' output. The following subsection delves deeper into the trade relations of Kazakhstan and Kyrgyzstan with the rest of the SU.

Table 3.1 Main Economic Variables of Kazakhstan and Kyrgyzstan

1990	<b>Kazakhstan</b>	<b>Kyrgyzstan</b>
Population (millions)	16.7	4.4
GDP (million current rubles)	46,322	8,320
Net Material Product (million current rubles)	34,961	6,027
Area (thousand square km)	2717.3	198.5
Percentage of total Union Net Material Product (million current rubles)	4.8	0.83
1988 Capital Stock (percentage of Union)	5.9	0.8
Natural Resources	Chrome, lead, wolfram, copper, zinc, gold, iron ore, coal, oil	Hydroelectricity, coal, gold, mercury, uranium
Main industrial activities	Metallurgy, heavy machinery and machine tools, petrochemicals, food processing, and textiles.	Metallurgy, agricultural and other machinery, food and tobacco processing, electronics, textiles, sugar refineries, and leather.
Main agricultural products	Grain, wool, meat	Livestock, cotton, wool

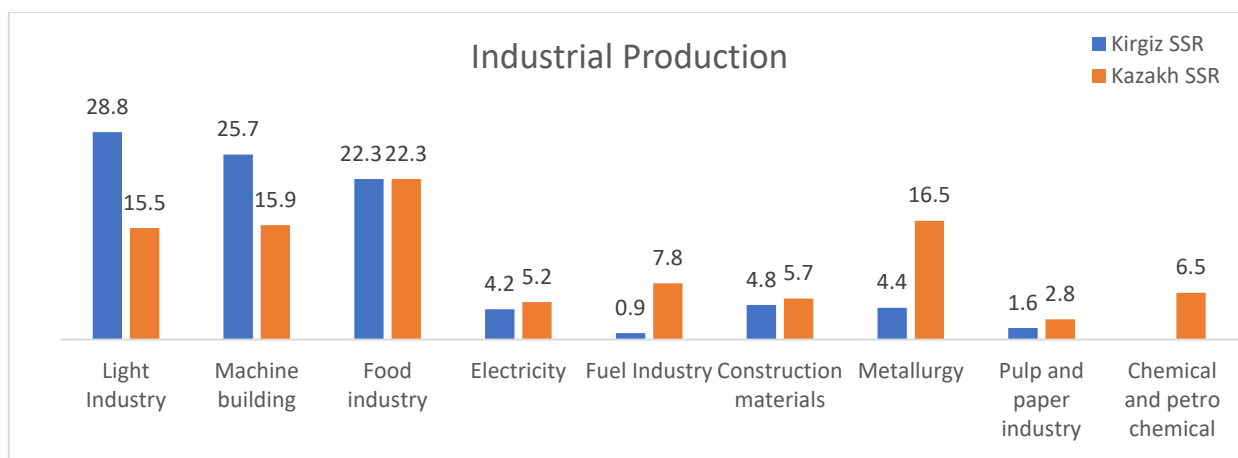
Source: World Bank (1992, p. 165; p. 193; p. 417; p. 305; p. 172; p. 200); Percentage of total Union Net Material Product (million current rubles) are author's calculations based on World Bank (1992, pp. 8-9); 1988 Capital Stock (percentage of Union) based on data from Van Selm (1997, Chapter 3).

Chart 3.2



Source: As per cent of Net Material Product in 1991, World Bank (1992 p. 200, p. 172).

Chart 3.3



Source: Industrial production of Kyrgyzstan by sector in 1990, as a percentage of the total value of industrial production in 1982 constant rubles, author's calculations based on World Bank (1992, p. 213) (Food industry includes food processing, meat and dairy products, fish; light industry includes textiles, clothing, leather and shoes).

Industrial production of Kazakhstan, by sector in 1990, as a percentage of the total value of production, Statistical Committee Kazakhstan (1997, p. 144) (food industry includes production of flour, cereals and mixed fodder).



### *3.2.2 Trade*

Trade statistics of Kyrgyzstan and Kazakhstan demonstrate intertwined trade relations of the CA republics with the rest of the SU. Almost all their generated exports and imports were within the SU region. The inter-republican trade satisfied Kyrgyzstan's 97 per cent export and 79 per cent import requirements. For Kazakhstan, it was a similar picture at almost 90 per cent of overall trade (more detailed breakdown shown in tables 3.4 and 3.5). Moreover, the volume of Kazakhstani intra-republican imports and exports exceeds Kyrgyzstani by approximately five and four times, which is explained by Kazakhstan's much bigger economic size (as illustrated in tables 3.4 and 3.5).

Overall, both republics were the net merchandise importers by the SU's end. This trend of trade deficits has been typical for the republics since the end of the 1960s (shown in chart 3.6). However, in the last three decades of the SU, Kazakhstan's import requirements were much higher on average compared to Kyrgyzstan, and the latter's trade account worsened between 1984 and 1989. The breakdown of import and export merchandise figures shows that Kyrgyzstan and Kazakhstan were net importers of other consumer goods, energy products and intermediate goods. This last category is the inputs that republican industries needed to produce their output; the statistics show they required manufactured products rather than raw materials. In addition, Kazakhstan was also a net importer of capital goods (as shown in tables 3.4. and 3.5). Therefore, these trade flows reveal that first, the profoundly intertwined supply chain relations from primary to final goods; second, it highlights the dependence of the CA republics on more processed goods from the rest of the SU and the primary sector orientation of the republics' economies.

Table 3.4 Imports and Export of Kyrgyzstan in 1990

<b>Kyrgyzstan In 1990</b>	Total Exports (TX)	Intrarepublic Exports (IRX)	IRX as % of TX in each category	Total Imports (TM)	Intrarepublic Imports (IRM)	IRM as % of TM in each category
Food	219	215	98	676	163	24
Other consumer goods	52	51	98	297	237	80
POL and other energy	155	155	100	697	697	100
Intermediate goods	480	445	93	1060	944	89
Primary goods	270	238	88	255	244	96
Manufactured goods	210	207	99	805	699	87
Capital goods	1101	1088	99	939	870	93
Total merchandise	2006	1954	97	3669	2910	79

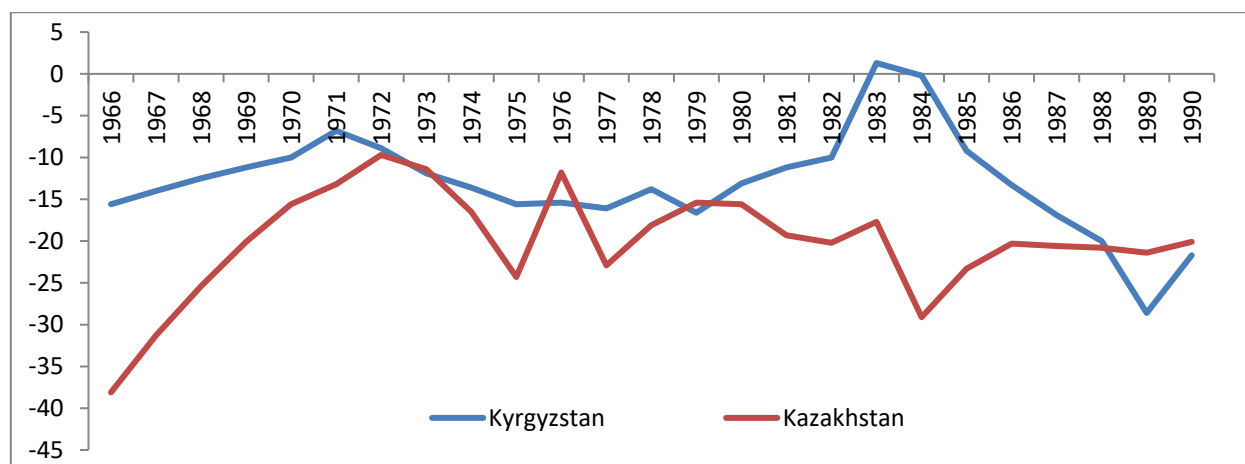
Source: World Bank (1992 p. 209), 1990 million rubles, foreign trade prices, and intermediate goods include primary and manufactured goods,

Table 3.5 Imports and Exports of Kazakhstan in 1990

<b>Kazakhstan In 1990</b>	Total Exports	Intrarepublic Exports	IRX as % of TX in each category	Total Imports	Intrarepublic Imports	IRM as % of TM in each category
Food	1216	1182	97	859	416	48
Other consumer goods	318	308	97	1175	948	81
POL and other energy	3145	3089	98	4058	4052	100
Intermediate goods	3888	2998	77	4597	4046	88
Primary goods	1618	1104	68	1094	974	89
Manufactured goods	2270	1894	83	3502	3072	88
Capital goods	921	872	95	5761	5087	88
Total merchandise	9488	8449	89	16449	14549	88

Source: World Bank (1992 p. 181), 1990 million rubles, foreign trade prices, and intermediate goods include primary and manufactured goods.

Chart 3.6 Capital Transfers 1966-1991



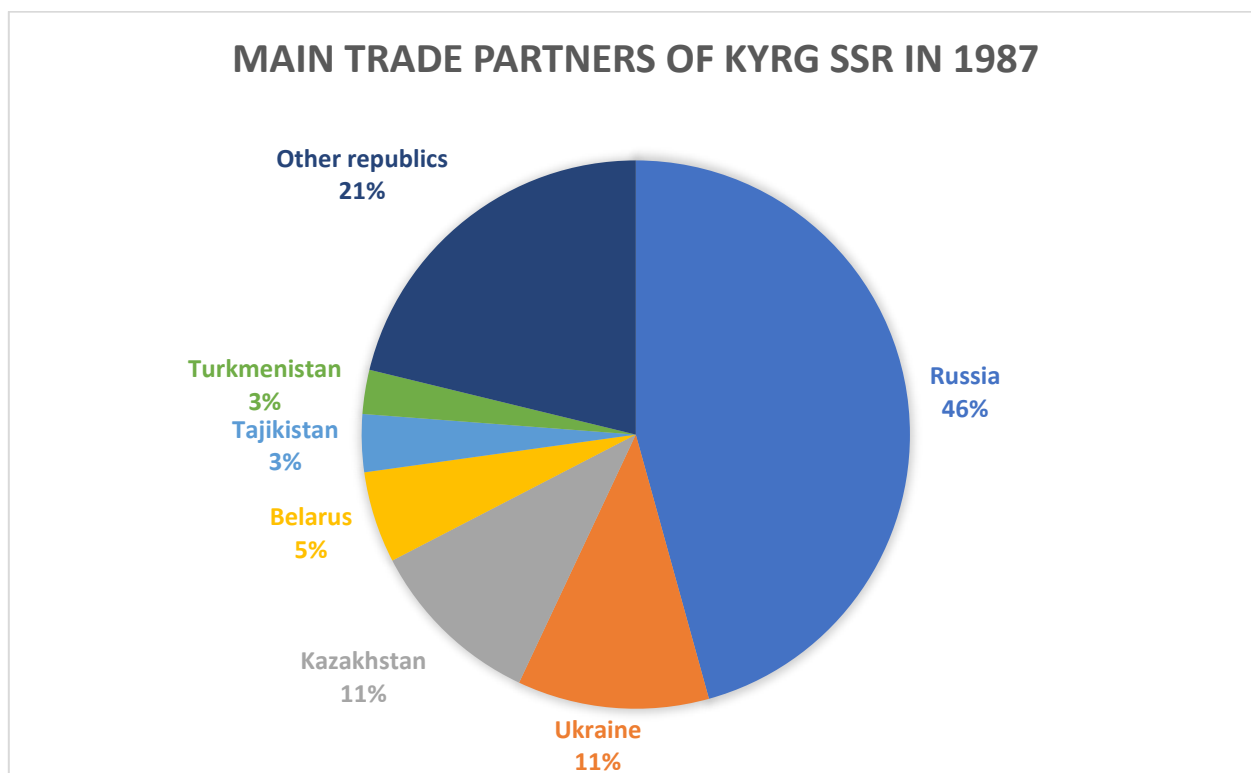
Source: trade deficit as a % of GNP, trade deficits mirror capital transfers, constructed using statistics from Van Selm (1997, p. 50).

Looking further at Kazakhstan and Kyrgyzstan's trade distribution within the SU, Russia and Ukraine emerge as their biggest trade partners. Concurrently, transactions with other CA countries are significantly lower. For Kyrgyzstan, Russia and Ukraine were responsible for 57 per cent of its overall intra- republican trade. Kazakhstan's role is substantially lower than the Slavic republics at 10 per cent. In Kazakhstan, a similar situation emerges: 61 per cent of trade volume (shown in charts 3.7 and 3.8), while Uzbekistan's share at 6 per cent was the highest among other CA republics. Russia and Ukraine's weight in CA imports and exports is not surprising because both specialised in manufacturing processed goods, and they were able to fulfil the CA republics' merchandise needs of the CA. Therefore, within the highly intertwined nature of the Soviet economy, Kazakhstan and Kyrgyzstan's trade flows were skewed towards the biggest economies of SU, Russia and Ukraine.

Examining Kyrgyzstan and Kazakhstan's trade structure is vital because it shows with whom these republics found trade necessary, determining their REI preferences. The

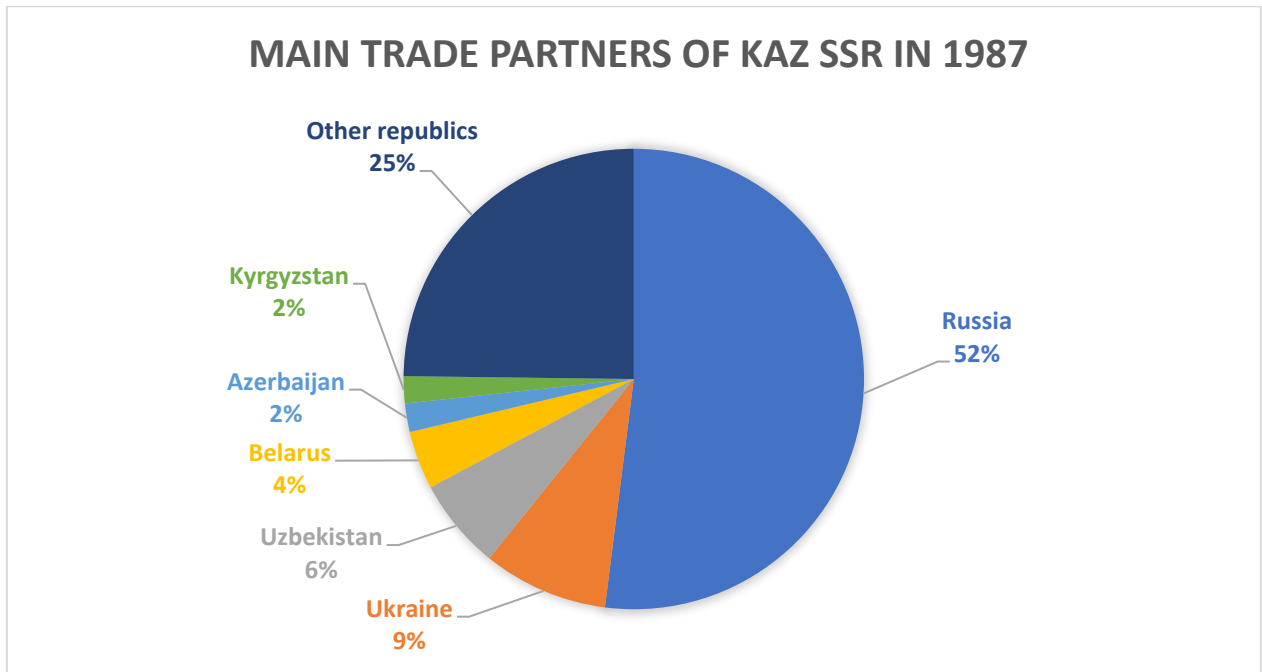
abovementioned trade structure indicated that the CA republics' economies were non-complementary. This feature meant their economic structure was not designed to allow the CA region to function as separate self-sufficient economies. Instead, Kazakhstan and other CA republics were allocated into two separate regions, and their functions were to serve the SU's overall needs, not the CA's regional economy. The implication of this non-complementarity meant the CA republics could not satisfy each other's needs in goods, making REI more costly due to the trade-diversion effects. This non-complementary nature of the CA economies was one of the main obstacles to CA REI, which is discussed further in Chapter 4.

Chart 3.7



Source: In per cent, based on figures by Daviddi and Espa (1993, p. 37)

Chart 3.8



Source: In per cent, based on figures by Daviddi and Espa (1993, p. 37)

In sum, CA republics as economic regions of the SU served the overall needs of the whole SU economy. The republics shared a similar economic structure with a dominant industry and a sizable agricultural sector. However, the differences in labour, mineral, capital resources, and land mass made the Kazakhstani economy the biggest producer in the CA region, with heavy industry specialisation and more profound trade links with Russia. The primary orientation in the industrial profile of Kyrgyzstan and Kazakhstan made the republics significantly dependent on imports of consumer goods, manufactured intermediate products, and capital goods from Russia and Belarus. Therefore, the CA republics' economic structure indicates that their economies were not designed to function as independent entities or parts of the CA regional economy; they were linked to one Soviet production system. The implications of this inherited economic structure for the CA republics were that following the SU dissolution, they had to maintain trade relations with each

other to prevent a total collapse of their economic systems. Moreover, transition policies launched the uncoupling of the CA economies from other FSU republics and weakened their ties. The following section discusses the broad economic strategies of both republics and their effects on the development of the national industries and subsequent interest in REI by both countries.

### **3.3 Transition in Kyrgyzstan and Kazakhstan**

Republics' transition programmes liberalised their external trade and altered their economic structures and demand for regionalism. It resulted in production simplification, weakening the industrial and trade ties of the CA republics established by the Soviet Industrialisation policies and strengthened during the years of the SU. However, the republics differed in their approaches to the speed and scope of economic reforms. Kyrgyzstan chose the path of rapid internal and external liberalisation and privatisation ("the shock therapy"), while Kazakhstan adopted a more cautious approach ("gradualism"). It is essential to examine their transition policies because they show their leadership's approach towards maintaining trade and economic linkages with the FSU. These considerations impact the CA republics' preferences towards REI, which will be examined in greater depth in the empirical chapters. The subsections below elaborate on the transition policies' impact on the republics' economic relations within the FSU.

### *3.3.1 Kyrgyzstan*

Following the neoliberal approach to economic transition, Kyrgyzstan adopted a speedy reform programme, which became the dominant economic philosophy since the mid-1980s. By the 1990s, neoliberalism had become a prevailing policy norm in many countries. Subsequently, the International Monetary Fund (IMF) has also embraced the neoliberal agenda, which was a part of the loans' conditionality (Cahill and Konings, 2017, pp. 42-44) offered to the economies in need. Neoliberalism was mainly focused on reducing the welfare state by reducing budget deficits, public debt, and privatisation programmes. In the case of the post-communist countries, the neoliberal reforms targeted trade liberalisation, privatisation of socially owned enterprises, currency convertibility and price deregulation (Pavlovic, 2019, pp. 676- 677).

The following factors explain Kyrgyzstan's embrace of neoliberalism. First, Akaev, as the academician, favoured the liberal ideas of Hayek, Schumpeter and Friedman (Akaev, 2000, p. 5; Darden, 2009, p. 222), which would underpin the rapid and radical transformation of the post-communist economies, including internal and external trade liberalisation. Akaev's administration came to power in October 1990, winning the election that called for radical economic changes (Abazov, 1999, p. 203). Second, the Republic heavily depended on international donors' financial support (Olcott, Aslund and Garnett, 1999, p. 123). Kyrgyzstan could not rely on future cash streams from oil exports or other natural resources and had limited ability to absorb debt on other than concessional terms (World Bank, 1993b, p.48). Therefore, the Republic followed the prescribed recommendations of the neoliberal agenda to secure the financial support of international organisations (Pomfret and Anderson, 2001, p. 185; p. 188) and individual countries-donors: "Kyrgyzstan was the showcase of CA, Akaev received one billion US dollars from the

U.S., and he was the first one in the region to adopt a new currency, the first one to join the WTO” (from the interview with KG16); “the Japanese made us adopt the national currency in 1993, as otherwise, we would not receive the loans and credits from them” (from the interview with KG9).

These findings indicate two aspects of Kyrgyzstan’s adoption of this neoliberal agenda. First, Akaev was already predisposed to test new theories on economic development in Kyrgyzstan. It could be explained by his worldview, which included his previous experience as a scientist: a new theoretical model was proposed that offered a better solution to the republic's current economic problems, which could then be tested. Second, he was also under the persuasion of the IMF and other Western countries, who insisted that neoliberal reforms were the most effective and faster route to prosperity. After all, they had unrivalled expertise in how markets worked, while Kyrgyzstan only had limited exposure to capitalism. Their insistence was also backed by the financial provisions that Akaev could not ignore, considering that Kyrgyzstan did not possess oil and gas resources that could be the source of future revenues. Therefore, these two main factors shaped Kyrgyzstan’s embrace of neoliberal policies.

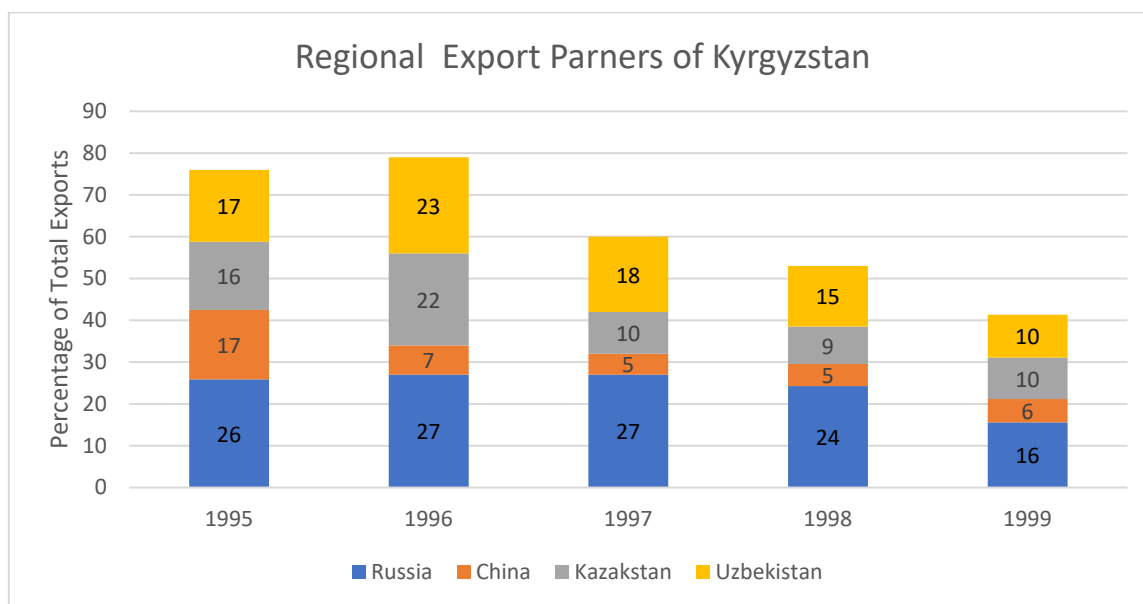
In external trade liberalisation, Kyrgyzstan was swift in lifting import and export licensing agreements by early 1994 (EBRD, 1996, p. 158) and eliminated most export taxes by May 1994 (EBRD, 1998, p. 174). Moreover, by joining the WTO in December 1998, the Republic continued the liberal trade regime with a uniform tariff rate of 10 per cent on all imports (EBRD, 1999, p. 234). Consequently, the WTO membership led to the diversification of the republics' trade partners, seen in the increase of other regions' trade shares after 1998 (illustrated in chart 3.11). On the other hand, by joining the organisation, Kyrgyzstan broke the Agreement on the CU with regional partners, which caused other members to impose tariffs on the Kyrgyzstani goods to protect their markets from WTO producers (Igamberdiev, 2016, pp. 76-77). This has restricted the intra-regional



trade between Kyrgyzstan and post-Soviet republics: CIS trade decreased from 65.5 per cent of total trade in 1995 to 45.7 per cent in 2002, while trade with WTO members increased from 37.9 per cent in 1997 to 52.9 per cent in 2002 (Omarov, 2005, p. 76). Consequently, the trade flows between Kyrgyzstan and its most significant regional partners show a steady decline in the post-Soviet republics' share from the second half of the 1990s (seen in charts 3.9, 3.10 and 3.11).

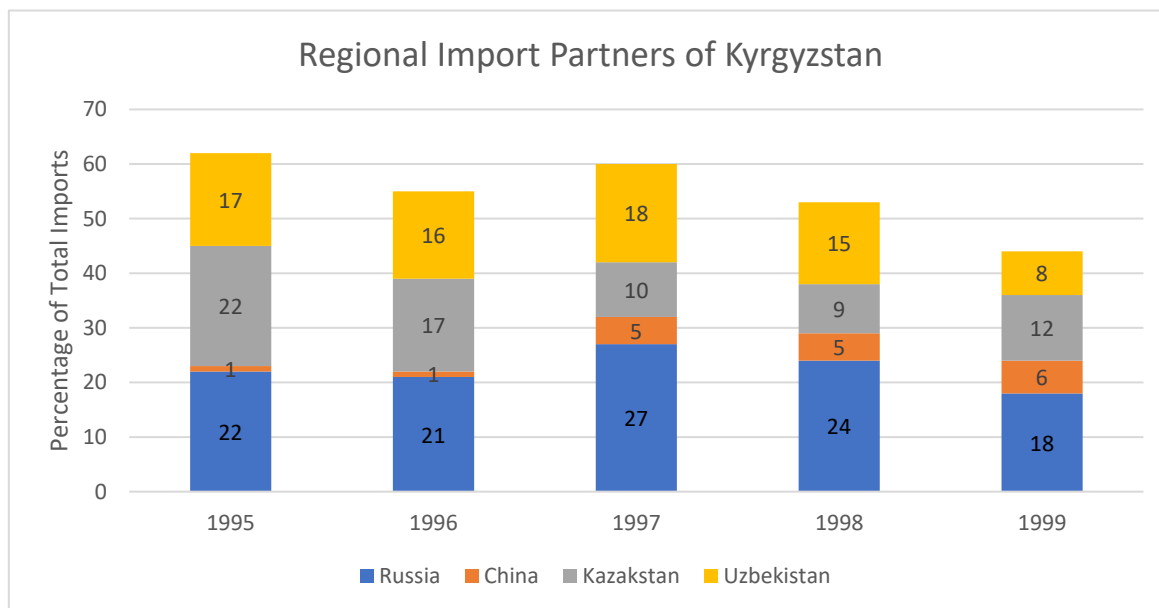
Looking at Kyrgyzstan's exports and imports, the statistics show that the republic lost its export share in the CIS space much quicker than imports by 1999. That could be explained by the tariff policies of the CIS partners, as noted earlier and the lower competitiveness of the Kyrgyzstani exports resulting from de-industrialisation and simplification of production. These developments will be explained in further detail below. Kyrgyzstan's trade with its CA neighbours shows an overall downward trend in imports and exports. At the same, Russia's role as a significant import partner continued to be present throughout the 1990s. China's share in exports increases in the meantime. This trade distribution indicates that the non-complementarity of the CA economies continued to reduce trade between Kyrgyzstan and other republics. At the same time, Russia continued its role as a significant trade partner from the Soviet era, reflecting Kyrgyzstan's dependence on Russia's products.

Chart 3.9



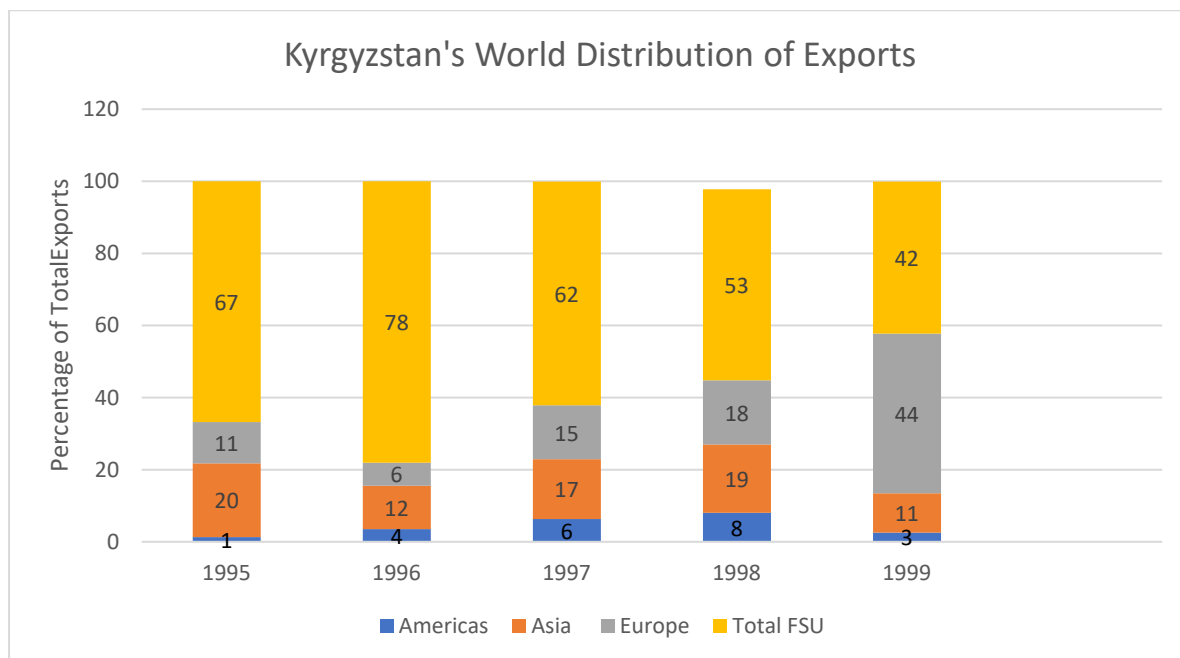
Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 540-541).

Chart 3.10



Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 540-541).

Chart 3.11



Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 540-541).

Similarly, the country quickly launched the de-nationalisation of state assets through privatisation. The sales of small-scale enterprises began in December 1991; by the beginning of 1999, 97 per cent of SMEs were privatised (EBRD, 1999, p. 234). However, bigger state assets such as telecommunications, energy, and national airlines were yet to be de-nationalised by the end of 1998 (EBRD, 1999, p. 234). Overall, by the end of the 1990s, 70 per cent of the GDP was in the hands of the private sector in Kyrgyzstan (EBRD, 1999, p. 236, p. 232). Consequently, the privatisation programme resulted in the swift creation of a representative private sector in the Republic.

However, the privatisation programme and internal liberalisation of prices and trade liberalisation reduced the industrial base in the Republic, causing manufacturing output simplification. First, price liberalisation eliminated the subsidies that capital goods enjoyed during

Soviet times. Second, the low savings rates, hyperinflation and resulting high-interest rates made borrowing for investment unaffordable (Abdymalikov, 2007, p. 9). Consequently, the capital stock degraded, and the enterprises struggled to find funds to replace and upgrade the manufacturing base. More specifically, the speedy privatisation of industry in Kyrgyzstan failed to create competitive national producers because the new owners were pursuing the short-term objectives of economic rent generation, causing the unnecessary closure of the industrial enterprises (Igamberdiev, 2016, p. 55; Abdymalikov, 2007, p. 41). Concurrently, the agricultural sector underwent a similar de-industrialisation and fragmentation process. The proliferation of small-scale farms, losses of mechanisation and specialised knowledge, along with the punitive high-interest rates and scarce credit, have significantly reduced the efficiency and capacity of the agricultural sector (Musaeva, 2008, p. 86). Therefore, privatisation altered the economic structure, significantly reducing capital stock in industry and agriculture, thus reducing national producers' productivity and competitiveness.

In sum, under the influence of international donors and natural resource limitations, Kyrgyzstan employed swift internal and external liberalisation. Price liberalisation and privatisation led to the private sector creation, but they failed to arrest the de-industrialisation of the national economy. The closure of industrial units and lost capacity in the agricultural sector meant that the Kyrgyzstani enterprises could no longer efficiently produce merchandise traditionally exported to the rest of FSU. This simplification of the economy resulted in the reduction of trade between Kyrgyzstan and the FSU. Moreover, the trade liberalisation policies concluded with the WTO membership started re-orienting the republics' economy away from its traditional FSU partners towards the WTO members. Therefore, the transition policies weakened

the trade links that Kyrgyzstan built in the 20th century but opened the country to other trade partners in return.

### *3.3.2 Kazakhstan*

In the meantime, Kazakhstan opted for gradual market reforms, maintaining state control in the vital sectors of the economy, especially in the mining sector (Aslund, 2007, p. 28). Republic's leadership under Nazarbaev did not support the forced market transition, arguing the mistakes were made during the "acceleration" phase of Gorbachev's plan and instead initiated slower liberalisation and privatisation (Nazarbaev, 1992b, pp. 184-185). He favoured the policies of newly industrialised countries (NICs), such as South Korea and Singapore (Nazarbaev, 1992a, p. 43), utilising an export-oriented economic growth model. The distinctive features of their economies, South Korea's in particular, were the interventionist state, large, diversified business groups, an abundant supply of low-cost, well-educated labour and competent salaried managers (Amsden, 1989, p. 5). South Korea's support for export maximisation also built on the argument that exports would generate the foreign exchange necessary to repay the external debt (Collins and Park, 1988, p. 14). This export-oriented model of NICs with strategic planning as an instrument of state management of the economy appealed to Kazakhstan (Nazarbaev, 2006, p. 43). The Republic's substantial deposits of hydrocarbon resources and metals would become the primary sources of export revenues, subsequently generating foreign exchange earnings for the fiscally strapped Republic. Therefore, Kazakhstan's economic ideology centred on gradual reforms and a significant state presence in the economy. The emphasis was on the mining sector and its export orientation. Kazakhstan's approach

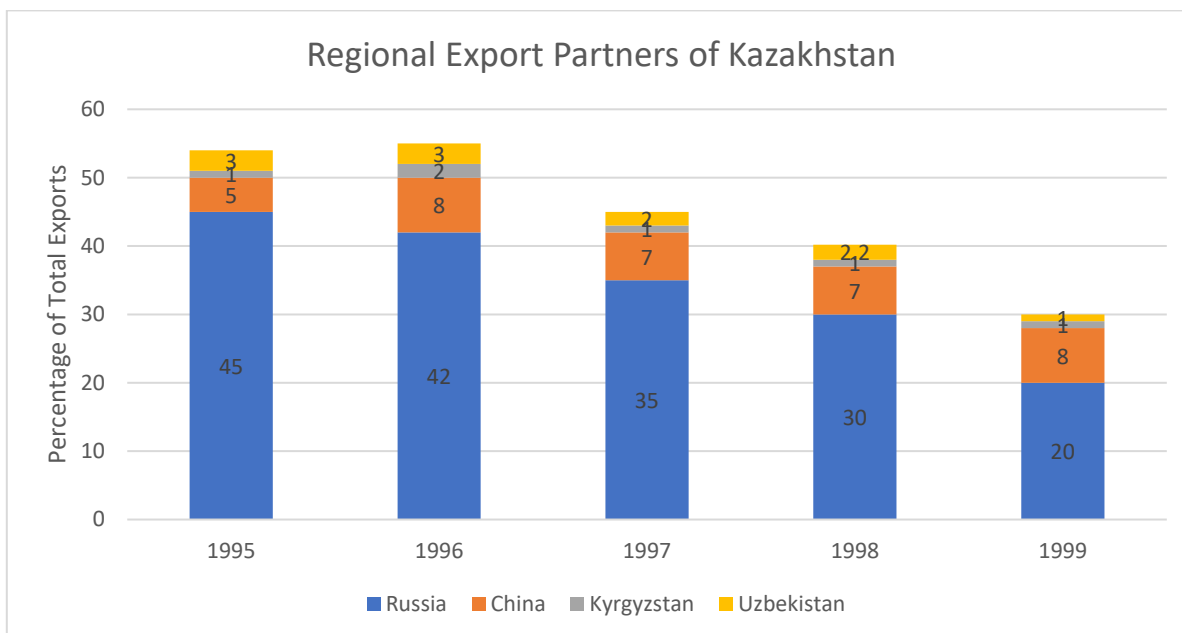
towards transition differed from Kyrgyzstan's neoliberal focus on the private sector's development, which meant the deterioration of the Republic's industrial and economic links with the FSU was much slower.

In external trade liberalisation, Kazakhstan abolished all export quotas and most export and import licensing requirements, prohibiting barter trade in 1995 (EBRD, 1996, p. 156). However, by early 1999, the country went back to trade liberalisation. It imposed an import ban on some Russian products and 200 per cent tariffs on similar merchandise from Kyrgyzstan and Uzbekistan (EBRD, 1999, p. 230). Unlike Kyrgyzstan, which joined WTO in 1998, Kazakhstan started the accession negotiations in 1995, which only concluded with its full membership in 2015. Instead, following its policy of gradual restructuring, the Republic's leadership supported maintaining trade links with the post-Soviet states. In particular, the government under Nazarbaev and ministries responsible for foreign economic policy (the Ministry of Economy and the Ministry of Foreign Affairs) ardently supported REI in the post-Soviet space (Darden, 2009, p. 207, Kassenova, 2013, p. 159).

This preference was partially dictated by the Republic's infrastructural dependence on the Russian oil and gas pipelines, resulting from the Soviet allocation of resources and the geographical imbalance between energy production and consumption. For example, the country's biggest refineries in Pavlodar operated mainly on imported Russian crude oil (World Bank, 1993a, p. 106). At the same time, the Russian routes dominated the natural gas network (Pomfret, 2010, p. 247). However, Kazakhstan was no longer a secluded Soviet republic; the preference towards REI with FSU did not stop it from pursuing other trade partners. The trade statistics from 1995-1999 indicate that Russia continued to be Kazakhstan's leading trading partner, although it also showed a decreasing share in both imports and exports over the last half of the 1990s (seen in charts 3.12 and

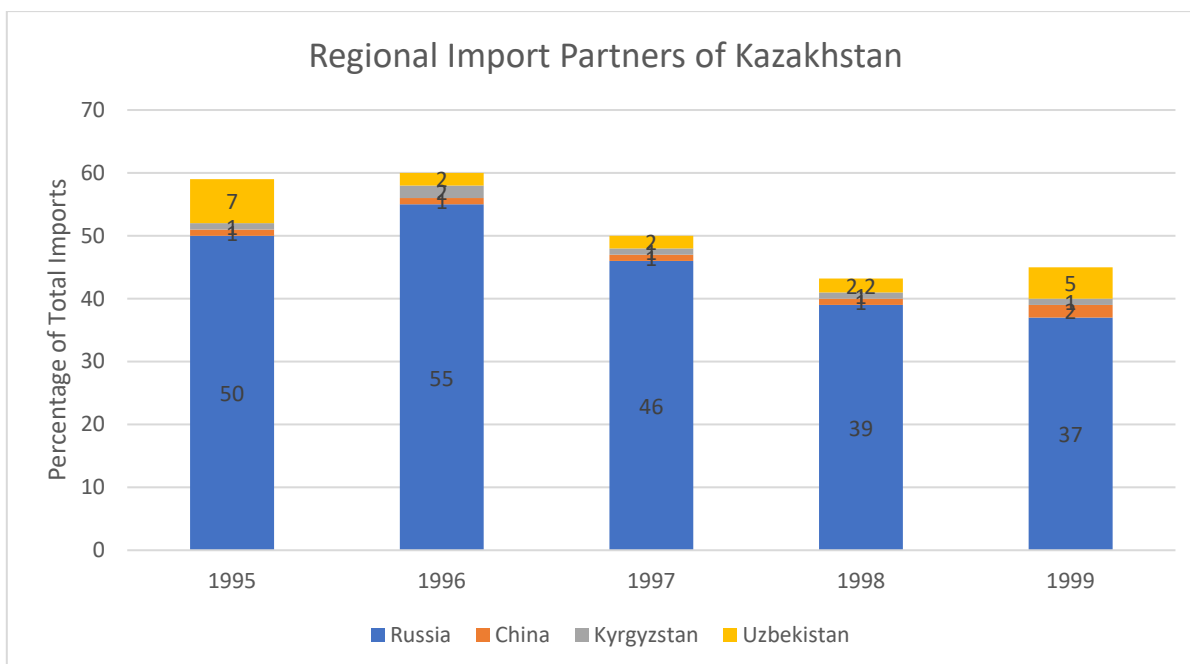
3.13). Although imports from Russia continued to be more substantial than exports, this trend is similar to the one seen in Kyrgyzstan. Overall, trade with the CA republics shows a decline, indicative of the CA republics' non-complementary. This trend of trade diversification away from the PSS is explained by oil and oil products' dominance in Kazakhstani exports (Kalyuzhnova, 1998, p. 141). The Republic was utilising its export-driven growth model by seeking new destinations for its commodities: the shares of European, Asian and American trade partners increased steadily in the 1990s. In contrast, the FSU share saw a significant decline, as shown in chart 4.14 below. Therefore, following its export orientation model, emphasising commodities, Kazakhstan diversified its trade partners, aiming to maximise foreign exchange revenues from the oil and oil products; however, Russia remained the Republic's largest trading partner throughout the 1990s.

Chart 3.12



Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 506-507).

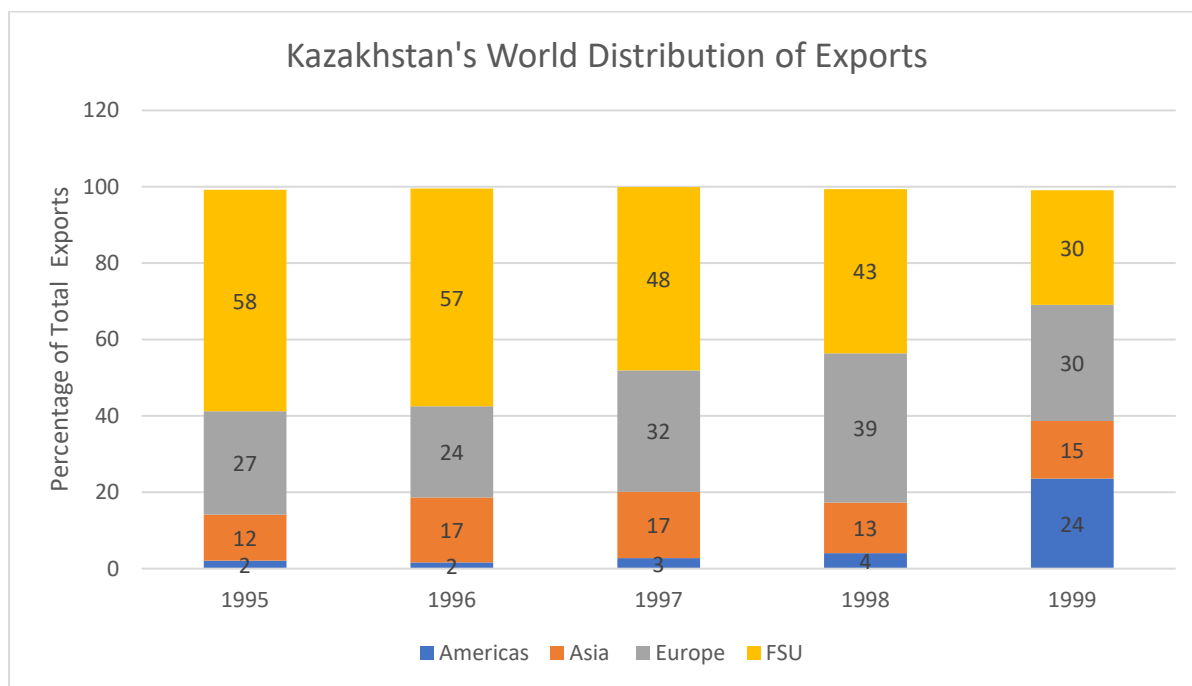
Chart 3.13



Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 506-507).



Chart 3.14



Source: Author's calculations based on the statistics by UN COMTRADE (1999, pp. 506-507) (Europe includes the European Union, Eastern Europe, Rest of Europe; Americas includes Central American Common Market, Caribbean, Northern America, Latin American Integration Association).

Kazakhstan's privatisation journey began later compared to Kyrgyzstan's. The sale of enterprises was launched in 1994 (EBRD, 1995, p. 45) and officially completed in 1997 (EBRD, 1998, p. 172). However, the large-scale privatisation proceeded unevenly. For example, in 1998, 330 large enterprises in the oil sector, the domestic pipeline system, the national power grid and the railways, which accounted for roughly one-third of GDP, remained under state control (EBRD, 1999, p. 230). Consequently, by 1998, only 55 per cent of the country's GDP was in the private sector's hands, which was lower than 70 per cent in Kyrgyzstan (EBRD, 1999, p. 236, p. 232). Therefore, the privatisation programme in Kazakhstan resulted in the state retaining significant

ownership among medium-sized and large enterprises, reflecting the government's gradual transition and inclination towards more active state management of the economy.

In sum, Kyrgyzstan and Kazakhstan chose the transition policies based on their economic structure and resources. Moreover, it was also aligned with their leadership's views on the extent of the state's active role in economic management. Kyrgyzstan's embrace of a neo-liberal approach led to the swift de-nationalisation of the Republic's industries and broad trade liberalisation. However, the ensuing de-industrialisation simplified the structure of manufactured merchandise. Consequently, the loss of industrial capacity and the Republic's WTO membership led to decreased trade with the FSU; nevertheless, Russia was still prominent in the Republic's trade flows. On the other hand, Kazakhstan's gradualism adoption emphasised the state's presence in the economy, especially in the country's mining sector. That meant the Soviet-era links would not be dismantled quickly, which resulted in the republics favouring the preservation of the FSU trade links. Similarly to Kyrgyzstan, Russia continued to be a significant trade partner of Kazakhstan, especially in imports. The Republic concurrently expanded the geography of its exports, aiming to capitalise from sales of its commodities to new destinations. Overall, the transition policies of Kyrgyzstan and Kazakhstan illustrate that Kazakhstan preferred to maintain links with the FSU, specifically Russia to the WTO membership, while Kyrgyzstan was prepared to open its economy to other non-FSU regions, diversifying away from the FSU region.

### 3.4 Conclusion

To conclude, this chapter examined the industrialisation policies, economic structure and transition impact on trade flows of the CA republics. The overall purpose of this chapter was to show how the SU industrialisation policy shaped the CA republics' economic and trade structure and industrial linkages within the SU. They are vital in the republics' preferences towards REI with some countries over others because they frame the republics' economic interests. The main argument this chapter advanced was that the CA republics exhibited unusually high rates of transactions with Russia, while within the CA region, their trade flows were much lower, indicating the non-complementarity of their economies. That resulted from Soviet industrialisation policies of the 1920s and 1930s and the unexpected capital inflows during the Great Patriotic War in the 1940s. That meant the republics became deeply integrated into the economic fabric of the Soviet economy; they were its integral parts. The economies of Kyrgyzstan and Kazakhstan were designed to serve the objectives of the overall Soviet, not the regional economy of CA.

After the SU dissolution, the implications of this inherited economic structure for Kazakhstan and Kyrgyzstan were that they had to seek economic agreements with the republics with whom they shared the most profound linkages and geographic distance. It is explained by the necessity to maintain their supply chain and production to prevent the total collapse of their economies. Kyrgyzstan and Kazakhstan's economies were not structured or prepared to function as independent economic entities. Therefore, they had to consider membership in the initial post-Soviet integration attempts to guarantee some economic output. The creation of the CIS was their first step in that direction. The other REI attempts in which the CA republics participated also included post-Soviet republics and were led by Russia, except for the CAEU. The following two

chapters will build on these economic linkages. They will delve deeper into how these dependencies between the CA republics themselves and Russia drove their preferences for REI within the CAEU and the EAEU.

The initiated transition policies liberalised the CA republics' external trade and opened new doors for them that were firmly shut during the Soviet era. If the economic linkages drove the CA republics back to integration in the FSU, then the CA economies' internal and external liberalisation was diluting their traditional trade links. Transition launched the economic changes in the republics seen in de-industrialisation and greater domination of the primary sector. These changes meant that the traditional Soviet links weakened. Instead, the CA republics increased trade with the non-FSU countries. Their natural resource endowment opened doors for them to the world economy. Consequently, the CA countries were no longer limited by trade within the FSU. They could diversify their trade partners. The ramifications of the transition policies for republics' integration preferences were that they now had choices. As their economic and trade structure started changing, integration within the FSU was no longer the only option to preserve economic output. They have found new sources of imports and new destinations for their exports. At the same time, even though the CA republics' transactions with the FSU showed a decline, their trade with Russia remained substantial, especially on the imports side. Kazakhstan continued to emphasise its focus on maintaining links with Russia. At the same time, Kyrgyzstan embraced more external liberalisation through WTO membership. Therefore, in the 1990s, the CA republics, saddled with Soviet-era economic dependencies, embarked on a new journey as independent economies. In this process, they had to balance the benefits of their traditional links with the new opportunities the world economy offered. Building on this chapter's insights on the CA republics' economic and trade structure and their linkages with Russia, this thesis examines further how these

factors drove Kyrgyzstan and Kazakhstan's preferences for REI in two post-Soviet integration endeavours of the CAEU and the EAEU and the SCO.

## **CHAPTER FOUR**

### **THE CENTRAL ASIAN INTEGRATION INITIATIVES**

#### **4. Introduction**

This chapter is the first of three case studies that explore Kazakhstan and Kyrgyzstan's main interests in pursuing REI. It assesses the republics' motivations in CA integration initiatives of the Central Asian Economic Union (CAEU) and the Central Asian Economic Community (CAEC) in the 1990s. The subsequent two chapters will examine the republics' interests in the Eurasian Economic Union (EAEU) and Shanghai Cooperation Organisation (SCO). The objectives of the chapter are to identify the main factors instrumental in Kyrgyzstan and Kazakhstan engaging in REI initiatives in CA. Specifically, it examines the countries' public economic and geopolitical interests, the impact of leadership's considerations on the process, and the external environment's effect on the republics' REI momentum.

Three main arguments are made. First, it is argued that both Kyrgyzstan and Kazakhstan were driven primarily by the necessity to support their industrial sector, which was declining rapidly following restructuring in the aftermath of the SU dissolution and transition. Therefore, REI in CA presented an opportunity for the republics to rely on and utilise the regional resources while other REI initiatives stagnated. However, the same factors considered to aid the republics' economies became significant impediments to their path to integration in the CA region. In particular, the regional economy was not designed first, to function as a separate economic entity as discussed in the previous chapter; second, it was too small to absorb the republics' specialisation in commodities as their economic structure shifted away from manufacturing to the extractive

sector; third, following the restructuring the regional economy was not capable of satisfying the republics' needs with industrial goods and consumer goods; lastly, the water and energy sector, integration of which would benefit all the republics became the contentious issue, which revealed that the republics were pursuing their national interests and were unwilling to sacrifice them.

Second, in their geopolitical concerns, the republics' conflicts on demarcation and resulting mistrust became primary to their consideration of external threats from the region's southern borders. That, in turn, was to become another significant obstacle to REI in CA.

Third, the leadership of Kyrgyzstan and Kazakhstan were unwilling to constrain their republics to the CA region exclusively; their vision embraced a much broader region of Eurasia. Both countries did not consider themselves only belonging to the CA region. They had more ambitious plans of harnessing the Eurasian space and capitalising on the investment and transit potential of substantial flows of goods between Asia and Europe. In the 1990s, both presidents proposed their visions of the republics as Eurasian countries: Nazarbaev in 1994 and his idea of the Eurasian Economic Union and Akaev with his doctrine of the “Silk Route Diplomacy” in 1998. That meant Kyrgyzstan and Kazakhstan's leadership was keen to keep the republics open to cultivating economic relations with their much bigger neighbours of Russia and China.

The arguments contained in this chapter proceed as follows. The first section describes the creation of the leading integration initiatives emerging in the PSS. The second section identifies and examines the central CAEU institutions and their functions. The third section first describes the economic size and complementarity of the CA republics during the transition; second, it unpacks the impact of transition on the republics, economic structure, imports and exports; third, it examines Kyrgyzstan and Kazakhstan's economic interests in the Treaty on the creation of Common Economic Space (CES) 1994; fourth, it considers the republics motivations in the design

of the CA Common Energy Market and concludes with the overall challenges. The fourth section examines the role of regional security threats in the republics' CA integration and the impact of the border tensions on the process. Finally, the fifth section considers the impact of the republican leadership's views on the CA integration. Overall, the findings in this chapter indicate that in an attempt to support their economies and minimise external threats, Kyrgyzstan and Kazakhstan were willing to engage in the CA REI as an alternative option. However, it was not their primary choice; it was costly, and they utilised this mechanism while waiting for their main trading partners, mainly Russia, to offer a more viable alternative.

#### **4.1 Post-Soviet Integration Initiatives**

The post-Soviet region witnessed a myriad of integration and cooperation agreements and organisations after the dissolution of the SU. Kyrgyzstan and Kazakhstan actively participated in almost every integration initiative involving the wider post-Soviet region, specifically CA. This subsection outlines the leading frameworks in which both countries participated with the FSU republics. The post-Soviet integration originates from the "Belavezha Accords" signed by the Slavic republics on 8 December 1991, creating the CIS consisting of the Slavic republics only. Following this development, the CA leaders gathered in Ashgabat on 12 December 1991 to discuss their options. Consequently, the CA republics decided not to form their own "Turkic Union"; instead, the leaders of other republics were invited to Almaty to determine the future post-Soviet relations of the eleven republics (Toktomushev, 2001, p. 24). This resulted in the consequent Almaty Declaration on 21 December 1991, which expanded the membership and included all



republics except the Baltic States and Georgia (the latter joined the organisation in December 1993) (CIS, 2022a).

Their economic interests dictated the CA republics' determination not to be excluded from the initial CIS. As discussed in the previous chapter, both republics' economies were firmly embedded in the SU economy, and linkages with Russia and Ukraine were especially prominent. Therefore, Kyrgyzstan and Kazakhstan could not afford to be left outside the CIS, considering their extensive intra-union dependence on raw materials, final consumer items and capital inflows. That would significantly disrupt their leading industries. Their preference towards maintaining ties within the SU was also evident at the beginning of 1991 before the dissolution. In particular, in both republics, at the referendum on 17 March 1991, the support for the new Union Agreement was overwhelmingly in favour of maintaining the SU: in Kazakhstan, 94.1 per cent were in favour (Nazarbaev, 1991 cited in Nazarbaev, 2009 p. 429), while in Kyrgyzstan, it was similarly at 94.6 per cent (Pravda, 21 March 1991 cited in Esengul, 2009, p. 134).

Moreover, the CA republics did not expect or want the SU dissolution (Pomfret, 2009. p. 60). It is evident in the CA republics organising their meeting only four days after the original CIS proclamation and extending the invitation to other republics to discuss future arrangements for the post-Soviet region. The republics' unpreparedness could also explain this hastiness in joining the CIS for the SU dissolution. Specifically, by 1991, the CA republics did not have fully formed institutions to carry out independent foreign economic policy, as historically, it was within the jurisdiction of the Union (USSR Constitution, 1977, Article 73). This position was reinforced in the 1990 Law on the Economic Relations between the Union and the Republics (USSR Law 1990, Article 1). Therefore, by signing the CIS Almaty Declaration in 1991, the republics would halt the

total collapse of production and trade in the region while they adapted and sought opportunities for trade and investment elsewhere.

These opportunities occurred when the CA republics initiated parallel integration processes with the selected ex-Soviet republics outside and inside the CA region. The former could be seen through the creation of the CU on 20 January 1995 (Russia, Belarus, Kazakhstan) with the inclusion of Kyrgyzstan on 29 March 1996, the EurAsEC on 10 October 2000, the CES on 19 September 2003, concluding with the Treaty on the creation of the EAEU on 29 May 2014 (please see the timeline in the appendix). This regional framework is discussed in greater detail in the next chapter.

CA's biggest economies launched regional integration. It started with Kazakhstan and Uzbekistan signing the Treaty on Friendship, Cooperation and Mutual Assistance on 24 June 1992, followed by a similar Treaty between Kazakhstan and Kyrgyzstan on 8 June 1993. The Treaty creating the CES was signed on 10 January 1994, including Kyrgyzstan, on 30 April 1994, thus creating the Central Asian Union (CAU) (CIS, 2022b). Tajikistan's civil war of 1992-1997 delayed the republic's involvement in regional affairs, while Turkmenistan's isolationist position has limited its participation in REI. Tajikistan joined its neighbours on 26 March 1998, creating the Central Asian Economic Community (CAEC) on 17 July of the same year (Rahmatulina, 2004, p. 93). On 28 February 2002, the heads of member states decided to create the Central Asian Cooperation Organisation (CACO) (Omarov, 2005, p. 136). Russia joined the organisation as a member in 2004 (Protocol, 2006), which marked the beginning of the end of the CA integration. In 2006, the CACO merged with the EurAsEC (Protocol, 2006), signifying the end of CA integration.

From the beginning, Kyrgyzstan and Kazakhstan have actively participated in the post-Soviet integration frameworks. The main factors explaining it stem from the republics belonging to the SU unitary economy. The following subsections will focus on the republic's participation in

the CA integration endeavours and examine their primary interests. This discussion describes the institutions formed to aid REI in CA.

## **4.2 Institutions**

The Agreement on the Interstate Council signed by Kazakhstan, Kyrgyzstan and Uzbekistan in 1995 defined the leading institutions of the CAU and their role. The Intergovernmental Council (IC) became the highest body representing the CA republics' heads of state and governments (Agreement 1995, Article 1). Its responsibility was to consider the main questions relating to REI. The republics underlined that the IC activities were based on the principles of recognition and respect for the state sovereignty, principles of equality and non-interference in internal affairs, renunciation of the use of force, territorial integrity and inviolability of existing borders, peaceful dispute resolution (Agreement, 1995, Article 1). This clear statement of the principles indicates republics' concerns about their newly gained independence and their attempt to protect it within a new REI framework. The IC included the Council of Prime Ministers, the Council of Ministers of Foreign Affairs, and the Council of Defence Ministers (Agreement 1995, Article 2). The latter's inclusion is not surprising as it reflected the regional security concerns of all republics considering the Civil War in Tajikistan and its proximity to Afghanistan. The Executive Committee functioned as a secretariat and was responsible for the coordination, consultation, analytical work and control over the execution of the IC decisions. These institutions were similar to the CIS bodies (CIS Charter, 1993, Section VI), effectively emulating the structure of the CIS. Each republic had one vote in the IC; the decisions were made based on consensus, the official languages were the

republics' state languages, while Russian retained its status as a working language (Agreement 1995, Article 5).

The newly formed CAU did not waste any time and set up the Intergovernmental Bank – the Central Asian Bank of Cooperation and Development (CABCD) in July 1994 (Agreement, 1994). The CABCD was initially located in Almaty and was supposed first, to organise and implement multilateral interstate settlements for trade and other operations provided for by intergovernmental agreements; second, assist in creating joint ventures; third, provide credit for the republics' strategic programmes and financing for the regional projects; and lastly, to generate analytical work and recommendations for the republics' economies (Agreement, 1994, Article 3).

However, from the onset, the investment activities of the CABCD would be limited by the size of the initial capital (only 9 million US dollars) and by the scale of the structural changes in the republics and competing demands for financing republican and regional projects. Thus, the bank's real support in aiding the development projects in CA was limited. It is explained by substantial differences in the republics' economies (explained further in the next section), a significant difference in industrial composition and the size of the required investment in each republic. Therefore, establishing the regional development bank was an ambitious attempt to foster a collaborative approach to regional economic development. However, in reality, its ability to do so was substantially constrained.

The CAU established the basic institutional infrastructure for the CA states to initiate and engage in regional cooperation and integration discussions. However, the agreements first did not indicate creating a body with supranational powers that could drive REI; second, the CABCD resources were limited to finance regional projects. Therefore, the created institutional infrastructure was in the early stages of development and was not equipped to deliver real progress

in integrating CA states. The following section examines the republics' economic intentions in pursuing integration in the region; the focus is on the countries' economic size, the impact of transition policies on their industrial structure and trade, and the CA energy and water system.

### **4.3 Public Economic Interests**

This section identifies and examines the national economic interests of Kazakhstan and Kyrgyzstan in pursuing CA integration. The main argument advanced here is that both republics were driven primarily by the need to support their industrial sector, which deteriorated rapidly after privatisation, internal price liberalisation and external liberalisation policies. The CA integration offered a chance to aid their economies at a time when other broader CIS integration attempts were not succeeding. However, the challenges to the CA integration stem first from the size and capacity of the regional economy to satisfy the republics' demand for industrial and consumer goods; second, the divisions between republics on the natural resources management, economic models and pursuit of national interests at the expense of the regional economy. These challenges made CA integration costly for the republics, resulting in dismal progress.

#### *4.3.1 Transition and Economic Structure*

##### Economic size and complementarity of economies

Kazakhstan and Uzbekistan were the biggest economies in the CA region, and they first signed the Treaty, to which smaller economies of Kyrgyzstan and Tajikistan were invited later.

This invitation order was expected since Kazakhstan and Uzbekistan were more on equal footing: the production level, the natural resources endowment, and the population size (please see 4.1 table below). On the other hand, Kyrgyzstan and Tajikistan's economies were considerably smaller. This asymmetry in economic size creates challenges for REI because the producers in smaller countries will not have the capacity to satisfy the needs of a bigger country. Therefore, the states will find it harder to achieve policy harmonisation (Mukhametdinov, 2020, loc. 1694). Moreover, the differentials in the GDP size were exacerbated by the non-complementary nature of the CA republics' economies, resulting from their economic structure set in the Soviet times (as discussed in the previous chapter). The CA republics' leading trading partner was Russia, not the fellow CA republics. Therefore, by the beginning of the transition, the CA republics produced a similar line of industrial and consumer products, effectively making them competitors. That would significantly impede REI because they could not satisfy each other's demand for consumer and industrial products. The following paragraphs expand on the transition effects on the republic's industrial structure, imports, and exports and the resulting need for REI.

Table 4.1 Main Economic Activities of Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan

1990	<b>Kazakhstan</b>	<b>Uzbekistan</b>	<b>Kyrgyzstan</b>	<b>Tajikistan</b>
Population (millions)	16.7	20.5	4.4	5.3
GDP (million current rubles)	46, 322	32, 430	8,320	7112
Main industrial activities	Metallurgy, heavy machinery and tools, machine tools, petrochemicals, food processing, and textiles.	Cotton harvesters, textile machinery, chemicals, metallurgy.	Metallurgy, agricultural machinery, electronics, textiles, sugar refineries.	Agro-processing, machinebuilding, labour-intensive industries
Main agricultural products	Grain, wool, meat	Cotton, grain, vegetables, fruit, silk cocoons	Livestock, cotton, wool	Long staple cotton, fruit, grapes, wheat

Source: World Bank (1992, p. 165; p. 193; p. 417; p. 333).

#### Impact of Transition on Imports, Exports and Industrial structure

Economic policies launched under the transition programme liberalised internal prices and external trade and initiated simplification of the republics' economic structure. As a result of these policies, internal and external demand, mainly from within the SU, for the republics' merchandise altered substantially (Umetova, 2004, p. 17). Kyrgyzstan lost the external market for one-third of its industrial production (Kyrgyzstan Development Strategy until 2000, Section 1). Therefore, the republics' structure of imports and exports started changing: between 1995 and 1999, exports became less processed, resulting from de-industrialisation. In Kazakhstan, mining quarry and metals dominated the overall structure, increasing from 64 per cent in 1996 to almost 75 per cent of all exports in 1999. On the other hand, in Kyrgyzstan, the traditional food and light industry, which includes textiles and food and beverage production, saw a significant decline from almost 25 per cent of all exports in 1996 to around 7 per cent in 1999, as shown in Table 4.2 and 4.3.

These findings indicate that both republics' economic output simplified, and the economy started re-structuring towards the primary sector.

At the same time, import figures show that both republics continued to depend on the inflows of consumer goods, food products, industrial supplies, transport and machinery, and fuels. Kyrgyzstan showed higher fuel needs than Kazakhstan, indicative of the republic's lower oil and natural gas endowment: 36 per cent of all imports compared to Kazakhstan's 24.8 per cent in 1995 and 20.1 per cent in 1999 versus 9.3 per cent in 1999. Nevertheless, the requirements for machinery and industrial supplies increased in both republics, more so in Kazakhstan between 1995 and 1999: from 12.8 per cent to 26.8 per cent in Kyrgyzstan and from 18 per cent to 29.7 per cent in Kazakhstan, as shown in Tables 4.2 and 4.3 below.

Moreover, the overall industrial structure in Kazakhstan between 1990 and 1999 also confirms the shifts in the republic's production away from processed intermediate and final goods toward oil and oil refining, ferrous and non-ferrous metallurgy, as shown in chart 4.4. As for Kyrgyzstan, the republic has undergone a similar trend: light and machine-building industries saw a significant decline. At the same time, metallurgy and electricity production became the leading industrial producers in Kyrgyzstan, as shown in chart 4.5.

In sum, the transition initiated structural changes, simplifying both republics' economies. It led to the decline of processing industries' output, such as the light industry and machine-building. Instead, the production of commodities dominated the economy. Consequently, the republics needed to import these processed goods since they no longer manufactured them in the same quantity. As the republics witnessed the decline of the Soviet-era industries, they attempted to slow down the process. Participation in the CIS was an attempt to preserve the existing economic ties. However, as the CIS became less effective in serving the republics' trade needs, they resorted to



other integration initiatives within the FSU and CA. The participation in CA REI was an attempt by the republics to minimise the disruption from the post-Soviet restructuring and rely on intra-regional trade and resources (Rahmatulina, 2004). The following sub-section examines the CA Treaty on CES and identifies the main aims the republics pursued by signing the Treaty.

Table 4.2 Imports by broad economic categories

Kyrgyzstan				Kazakhstan		
	1995	1996	1999	1995	1996	1999
Food and beverage	17.5	20.3	11.7	8.7	10.4	8.7
Processed	13.9	16.3	5.5	7	8.4	6.5
Industrial supplies	21.2	18.7	21.8	28.8	30.3	26.5
Fuels	36	28.4	20.1	24.8	18.9	9.3
Machinery	12.8	20.6	26.8	18	16.7	29.7
Transport	6.1	6.2	7.1	10.2	13.3	16.1
Consumption goods	6.4	5.6	12.4	9.3	10.2	9.7

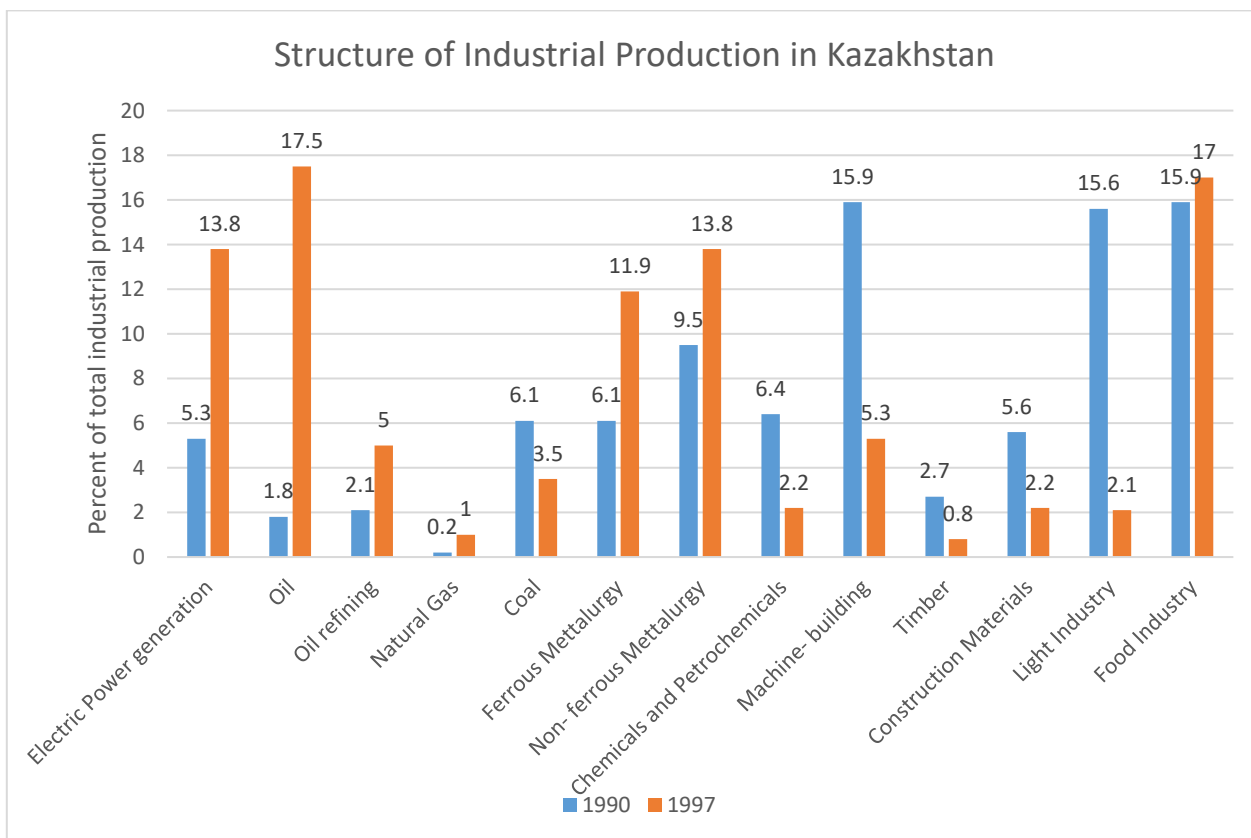
Source: As a percentage of the total value, UN COMTRADE (1999, p. 546; p. 512).

Table 4.3 Exports by industrial origin

Kyrgyzstan				Kazakhstan		
	1995	1996	1999	1995	1996	1999
Agriculture	19.3	17.9	16.9	8.6	10.1	7.6
Mining quarry	1.2	1.1	0.6	26.3	32.2	44.1
Manufacturing						
Food, beverage, tobacco	12.3	20.5	4.6	4	4.9	1.9
Textiles	12.4	7.8	2.5	1	0.8	0.3
Chemicals	14.2	14.4	4.4	13.1	13.8	7.7
Non-metal minerals	2.7	4.1	1.4	0.7	0.6	0
Basic metals	10.8	4.8	1.1	37.9	28.9	30.8
Metal manufactures	16	14	14.9	7.7	8.2	7
Other Manufactures	10.8	15	53.4	0.5	0.3	0.4

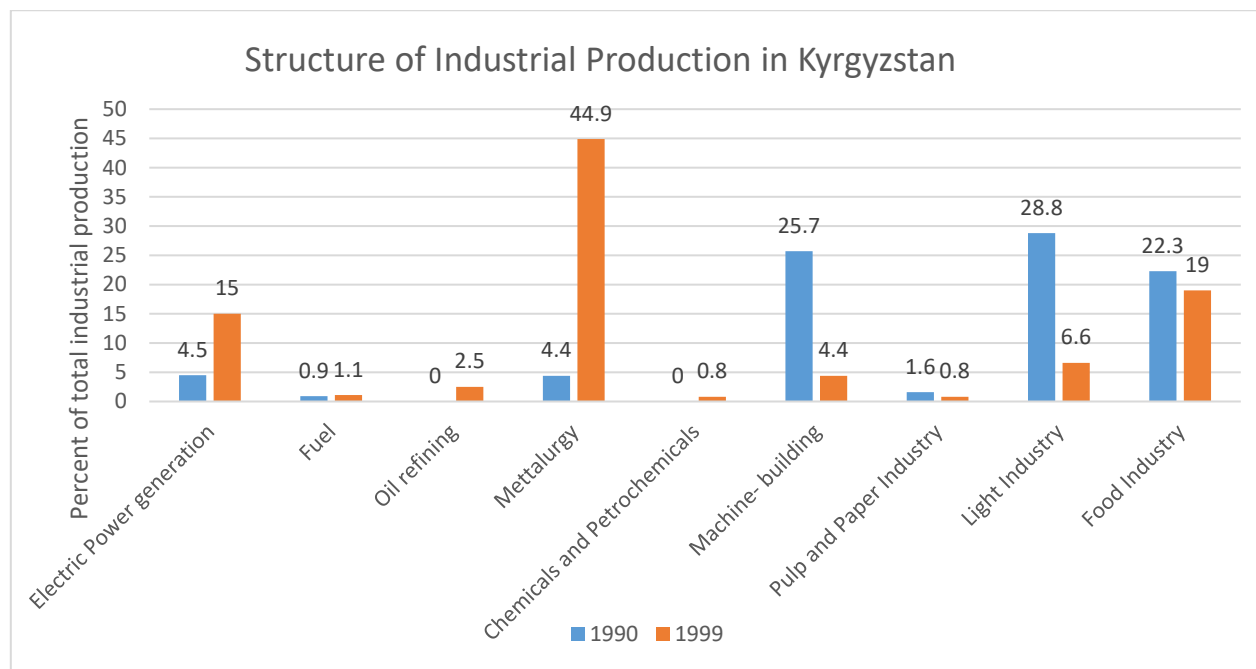
Source: As a percentage of the total value, UN COMTRADE (1999, p. 546; p. 512).

Chart 4.4



Source: In per cent, Statistical Committee Kazakhstan (1998, p. 21).

Chart 4.5



Source: Industrial production of Kyrgyzstan by sector in 1990, as a percentage of the total value of industrial production in 1982 constant rubles, author's calculations based on World Bank (1992, p. 213) (Food industry includes food processing, meat and dairy products, fish; light industry includes textiles, clothing, leather and shoes). 1999 figures are the authors' calculations based on the "The volume of industrial production by type of economic activity", Statistical Committee Kyrgyzstan (1999), (machine building includes the production of machinery and equipment and production of electrical and electronic equipment).

#### 4.3.2 *The Treaty on the creation of Common Economic Space 1994 and the Programme of Economic Integration of 1995-2000*

The Treaty on the CES signed by Kazakhstan and Uzbekistan and then by Kyrgyzstan indicated that the CA republics decided to utilise intra-regional resources to aid economic growth for their economies. The Treaty aimed to deepen economic integration between the original members of Kazakhstan and Uzbekistan in 1994. It envisioned a free flow of goods and services, capital, labour, provision of coordinated payment and settlement, fiscal, tax, price, customs and exchange rate policies (Treaty, 1994). In particular, the Treaty underlined the following five

priorities during the formation of the CES. First, the creation of the economic and legal framework for the free flow of capital and labour. Second, coordinated policy in transportation and communication. Third, the creation of market economy conditions: fair competition, Anti-Monopoly regulation and liberalisation of prices in trade and elimination of unilateral trade restrictions. Fourth, the provision of conditions for industrial cooperation and the formation of joint ventures in the priority sectors. Lastly, the creation of conditions for mutual investment and coordinated FDI policy in the sectors of mutual interest (Treaty, 1994, Article 3). These priorities identified the republics' main economic challenges after the SU dissolution. Therefore, it is unsurprising that the CA countries outlined the main areas where they needed the most cooperation and integration to generate economic growth.

Having identified the priorities, the republics outlined the challenges for integration and proposed measures to address them. First, in an attempt to facilitate free trade, since the republics applied protectionist measures against each other, the following actions were proposed in the Treaty: elimination of customs duties and subsequent decrease of taxes and other restrictions; simplification of customs procedures, harmonisation of tax legislation, the unification of documentation for customs statistics; phased convergence of transportation tariff (Treaty, 1994, Article 4). These suggested measures were the republics' efforts to jumpstart regional trade following trade barriers in CA and broader PSS. By 1994, the CA republics introduced and practised various tariff and non-tariff barriers (export and import licence) as a way to control the outflow of natural resources and budget revenues. For example, in February 1993, Kazakhstan issued a lengthy list of export items subject to licencing, including consumer, industrial products, raw materials, and intermediate and final goods (Decree Kazakhstan, 1993). Therefore, by proposing trade liberalisation, the republics aimed to reduce trade barriers between themselves

since it would be easier to achieve in the region between three countries instead of a much bigger membership in the form of the CIS.

Second, the Treaty addressed the convertibility, payment, and clearing challenges the republics faced as they introduced their currencies following a unified monetary system break-up (Treaty 1994, Articles 6, 7). The CA republics had to introduce national currencies expediently to minimise the inflationary pressures of the ruble zone. Thus, Kyrgyzstan issued some in May 1993, Kazakhstan – a tenge in November 1993 and Uzbekistan – a sum in January 1994 (EBRD, 1999, p. 230, p. 234, p. 282). Therefore, in addition to the protectionist measures, regional trade faced complications in the form of the new currencies' exchange rates and convertibility.

Third, the Programme of Economic Integration 1995-2000 between Kyrgyzstan, Kazakhstan and Uzbekistan identified the most critical industries for the republics and determined the direction and timeline of the proposed projects. These industries were Fuel and Energy, Metallurgy, Chemical industry, Machine-building, Building Materials, Geological Exploration, Light Industry, Agro-Industrial Complex, Transport and Communication. The Programme focused on creating joint ventures between the republics' enterprises (Programme, 1995). Therefore, the Programme reflected, first, the pressing needs of the CA republics to reduce the imports of processed goods as discussed in the previous sub-section on transition; second, to re-invigorate their industrial capacity by pooling the resources within the region, consequently making the region self-sufficient. Surprisingly, the Programme only focused on joint projects between the republics' industrial units. This points to the republics' intentions to support their industrial base; effectively, they suggested only developing and financing joint industrial and infrastructural projects without any specific proposals on reducing tariff and non-tariff barriers for intra-regional trade.

Furthermore, the Programme did not include the timeline and measures for trade liberalisation of goods and services, standards and legislation harmonisation. The following factors could explain this emphasis: first, the republics' plants and factories operated using Soviet technology; consequently, cooperation could be achieved more easily; second, the territorial proximity would reduce the transportation costs for the enterprises' inputs and outputs. Therefore, the Programme indicates that the priority for CA republics in this REI was specifically supporting industrial production rather than trade barrier elimination in the region.

This analysis shows that the 1994 Treaty reflected the economic challenges the CA republics of Kazakhstan and Kyrgyzstan encountered and their strategic goals. For Kyrgyzstan, which lost 67 per cent of industrial production between 1991 and 1995 compared to 1990, creating a competitive industrial sector was one of the priorities in the republic's economic development (Indicative Social and Economic Plan 1996- 1998 Section 1; Section 3.5). At the same time, Kazakhstan, recognising the deficiencies in producing final goods, envisioned modernisation of the economy by prioritising processing industries such as consumer goods, construction materials, machine-building, and light industries in 1991-1995 (Nazarbaev, 1992b, p. 135). These challenges made republics seek other avenues beyond the CIS to generate economic growth. By forming the CES in CA, the republics aimed to create conditions: first, to aid their main industries to regenerate complex production through industrial cooperation FDI; second, to facilitate the movement of goods inside the region by upgrading and developing transportation and communication system; third, by liberalising intra- regional trade and creating an efficient payment and clearing system, the CA producers aimed to generate external demand from within the region and increase or restore their capacity lost following the SU dissolution. However, the limitations of the Programme were that it only targeted industrial cooperation and development; the republics did not address the other

two aims. Therefore, the CA republics saw REI in CA as a means to support their manufacturing base following the disruptions of the Soviet industrial ties' breakdown. Doing so regionally would be, first, cost-effective, considering the territorial proximity of the CA republics and resulting transportation costs for the prospective industrial enterprises; second, coordinating industrial cooperation in the region would also be easier achieved compared with other destinations outside the CA region. Moreover, the Soviet economic system created an interlinked energy system in the CA region, which could ease industrial cooperation. The following sub-section examines its impact on the republics' interest in the CA REI.

#### *4.3.3 Central Asian Energy System and Common Energy Market*

The energy system of CA was built during the SU and was highly integrated (Vinokurov, Libman and Maqsimchuk, 2010, p. 3), as well as other sectors of their economies; the republics had to cooperate to ensure access to water and fossil fuels. The energy system reflected the republic's natural endowment of resources. Kazakhstan, Uzbekistan and Turkmenistan generated energy using fossil fuels, while Tajikistan and Kyrgyzstan specialised in hydroelectric power. The latter two countries controlled 86 per cent of water resources in the CA region (Omarov, 2005, p. 140). The distribution of water resources was intricate and dictated by the republics' location. Kyrgyzstan and Tajikistan were positioned upstream so they could accumulate water in dams and generate electricity; however, they had to release water to downstream-positioned Uzbekistan, Kazakhstan and Turkmenistan for irrigation purposes. Consequently, the upstream republics had to be compensated for fossil fuels in return for the loss of electricity. In Soviet times, this power-sharing arrangement was enforceable. However, the dissolution made the republics rely on their



resources, consequently leading to water conflicts (Olcott, Aslund, Garnett, 1999, pp. 164-165). Therefore, creating the CES in the CA region would be the means for the republics to deal with water and energy issues, which could be resolved by creating the Common Energy Market.

For Kyrgyzstan, which was seeking a solution to the water-sharing arrangement and security of energy supplies (Umetova, 2004, p. 15), the idea of the Common Energy Market had strong merits. The country depended on coal from Kazakhstan, natural gas from Uzbekistan and oil from Russia (Umetova, 2004, p. 24). Moreover, the republic had to balance the accumulation of water at the Toktogul hydroelectric dam to generate electricity and release it to neighbours to irrigate crops, which meant a lower capacity for electricity generation in the republic. Thus, by participating in the Common Energy Market, Kyrgyzstan would ensure an adequate supply of hydrocarbon resources to generate electricity through thermal and hydroelectric power plants. At the same time, Kazakhstan would guarantee, first, water flows for its agricultural sector in the vegetation season; second, supply of cost-efficient electricity for its southern regions, which the Kyrgyzstani and Tajikistani suppliers could provide instead of using coal (Ashimbaev *et al.*, 2004, p. 78; p. 84).

Moreover, creating the CA Common Energy Market would not only serve the internal energy needs of each republic. It would also attract FDI into the region, resulting from its increased capacity and diversity of resources (Vinokurov, Libman and Maqsimchuk, 2010, p. 4; Gleason, 2001; Akiner, 2007, pp. 199-200). Therefore, the CA integration would provide the mechanism for Kyrgyzstan and Kazakhstan to facilitate efficient water and energy exchange to satisfy the agricultural sector's needs, which were substantial in each CA republic and to provide reliable and cost-efficient energy sources for the industrial and consumer sectors.

However, the integrated energy market would also suggest that the republics had to transfer some control over their resources to the Central Asian Union/ Community institutions. The republics were reluctant to do so. The following factors could explain it: first, Kyrgyzstan and Kazakhstan had control over their resources for the first time in the 20th century. They could make independent decisions on the production and distribution of republican resources. Second, the republics relied on the revenues from the sale of commodities to pay for imports and support the fiscal budgets.

As a result, Kyrgyzstan signed bilateral agreements with Uzbekistan and Kazakhstan on the exchange of water resources for fossil fuels (Koichuev, 2007, p. 34), which would increase the efficiency of the energy system by reducing power outages and increasing the electricity flows across the borders. However, even the bilateral agreements between the republics on exchanging fossil fuel and water resources were not always fulfilled (Ashimbaev *et al.*, 2004, p. 84). For example, in the spring of 1999, Kyrgyzstan shut off the supply of irrigation water to Southern Kazakhstan as a result of the latter failing to deliver coal; Uzbekistan cut off natural gas to Southern Kazakhstan in the spring of 1999 for non-payment and regularly did so to Kyrgyzstan (Rumer, 2000, pp. 12-13). Therefore, even though it was beneficial for the CA republics to create a Common Energy Market based on the Soviet linkages, the republics failed to achieve that. Instead, the signed agreements between the republics point to cooperation in the energy and infrastructure sector and limited attempts at integration: the Agreement (1996) on the use of fuel, energy and water resources, construction, and operation of gas pipelines in the CA region; the Agreement (1996) on the implementation of coordinated policy in the field of transport and communications; the Agreement (1998) on the use of water and energy resources in the Syrdarya river basin; the Agreement (1998) on the joint and integrated use of water and energy resources of the Naryn-

Syrdarya cascade of reservoirs; the Agreement (1999) on the parallel operation of the energy systems of the CA states (Agreement Energy, 1996; Agreement Transport, 1996; Agreement Water, 1998a; Agreement Water, 1998b; Agreement Energy, 1999).

The findings in this chapter show that the energy system created in the SU could serve as the foundation for creating the Common Energy Market in the CA region. This common energy system could serve as one of the pillars of REI, benefiting all CA republics. Kyrgyzstan, a smaller country with an abundant water supply but fewer hydrocarbon resources, saw gains in energy security in the Common Energy Market. For Kazakhstan, the supply of irrigation water for its agricultural sector and the provision of electricity to the southern parts were crucial factors. However, the republics hesitated to engage in REI fully because it would require them to give up control over the republic's resources; instead, they relied on bilateral agreements and minimal cooperation in water and energy exchange. The following sub-section elaborates further on the main economic obstacles the republics faced in the CA REI.

#### *4.3.4 Challenges*

Integration in the region would allow the republics to generate economic growth relying on regional resources. However, simultaneously, the countries faced sizeable obstacles in taking REI off the ground, eventually becoming responsible for REI in CA coming to a halt.

First, the difference in the republics' chosen economic models and the regional economy' size placed limits on REI. As discussed in Chapter 3, Kazakhstan favoured an export-oriented commodity-based approach. Consequently, hydrocarbon and metals-rich republics such as Kazakhstan started exporting these resources, and their main trading partners were outside the

region (Omarov, 2005, p. 138). Doing so could generate foreign exchange revenues to pay for the imports and generate rapid growth. The trade statistics on exports of Kazakhstan and Kyrgyzstan show that the transactions with the neighbours were minimal for Kazakhstan. As for Kyrgyzstan, a much smaller economy, regional trade was more significant but still much lower than other destinations (see tables 4.6 and 4.7). Overall, the size of the regional economy was too small to allow for the intra-regional specialisation of the republics (Bohr, 2004, p. 497). Therefore, they could not rely on the CA market as the leading destination for their exports.

Second, as the republics underwent the transition, they required sizable FDI to support their rapidly developing mining sector and maintain manufacturing industries (Kyrgyzstan Development Strategy until 2000, Section 5.6; Nazarbaev, 1992a, p. 44). Regional financial resources were limited because the republics had low savings resulting from budget deficits and private savings eroded by hyperinflation (Kyrgyzstan Development Strategy until 2000, Section 1), as discussed in the previous chapter. Therefore, since the regional resources were constrained, the republics depended on the FDI flows outside the CA region.

Third, the differences in economic size meant the republics were expected to generate asymmetric benefits. Smaller economies, such as Kyrgyzstan, would benefit more from a bigger market; however, they will struggle to absorb the demand from their bigger neighbour, Kazakhstan, which has become the largest economy in the CA region. Moreover, smaller economies felt their interests were not considered due to their small size (Ushakova, 2003; Zhambekov, 2015). Therefore, the benefits of trade openness tend to be more significant for smaller countries (Alesina, Spolaore and Wacziarg, 2005, p. 1513), while it disincentivises the bigger economies.

Fourth, protectionist trade policies were initiated by republics to protect their economies instead of the regional economy; they were following the national economic interest instead of the

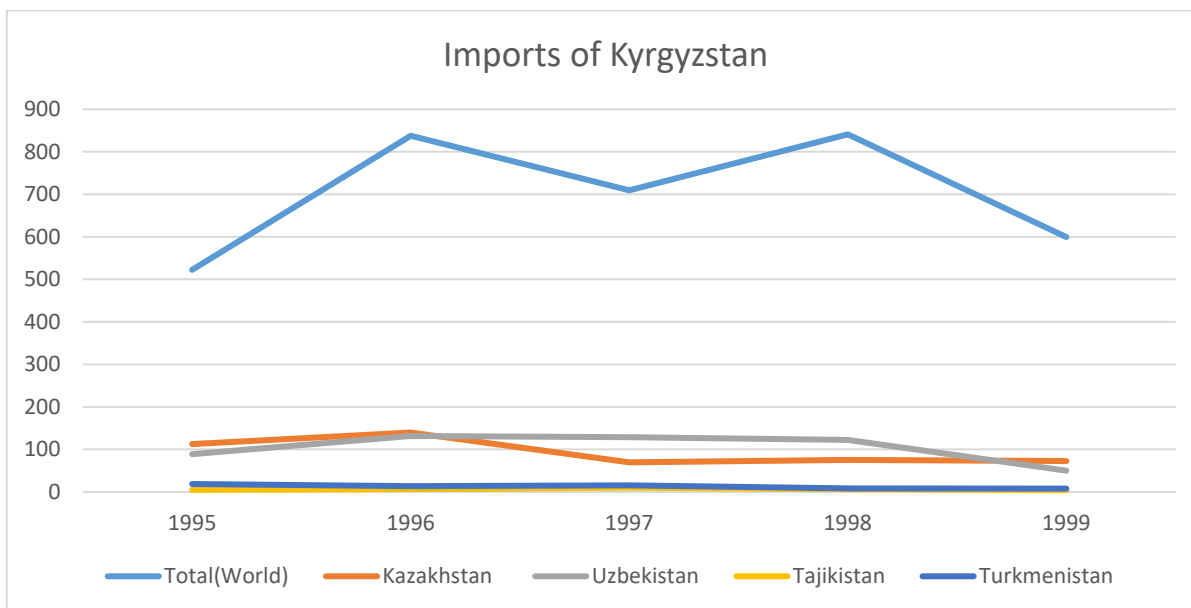
regional economy. For example, the Treaty of 1994 stated that one of its objectives was the creation of a free flow of goods and services (Treaty, 1994). However, the subsequent Free Trade Agreements signed were bilateral, not multilateral, which were also replete with exemptions: between Kazakhstan and Uzbekistan in 1997; Kyrgyzstan and Uzbekistan in 1996; Kazakhstan and Kyrgyzstan in 1995 (Agreement Free Trade, 1995; Agreement Free Trade 1996; Agreement Free Trade, 1997). Moreover, following the Russian crisis of 1998, the republics engaged in unilateral trade restrictions aiming to protect the domestic producers; for example, Uzbekistan introduced trade barriers against Kazakhstani and Kyrgyzstani imports in February 1999 (EBRD, 1999, p. 282), while Kazakhstan placed restrictions on Russian, Kyrgyzstani and Uzbek imports in January 1999 (EBRD, 1999, p. 230). Therefore, the subsequent trade policy of the CA republics does not indicate the republics' commitment to the free flow of goods and services as stated in the 1994 Treaty on the CES. Instead, it shows that the republics have used the trade barriers as a tool to protect the domestic producers, aiming to serve the individual needs of their economies rather than the whole regional economy.

The initial reaction of the CA republics to the USSR's dissolution was the CIS membership, the prime goal of which was to minimise the demise of production and distribution links. However, the CA location and CIS republics' restructuring and trade redirection weakened the traditional ties between the CA republics and the CIS. Therefore, Kazakhstan, Uzbekistan and Kyrgyzstan attempted to launch the intra-CA integration to support their industrial sectors. However, Soviet economic development created competing instead of complementary economies. The Soviet economic system did not envision the CA region as an independent economic entity. Consequently, even though the CA republics shared the energy and water system, the countries' industrial

composition was insufficient for the region to function independently. Energy security was very important for Kyrgyzstan because the country lacked hydrocarbon resources; therefore, creating the Common Energy Market, where the country's water resources could be exchanged for hydrocarbon resources, would be beneficial in generating energy security. For Kazakhstan, the common energy market would also be beneficial because it would generate electricity for its southern regions; furthermore, the country could support its agricultural sector. However, as a bigger economy, Kazakhstan could afford to be out of REI. As a small economy, Kyrgyzstan could not afford to be out of the REI because it was more dependent on the regional economy.

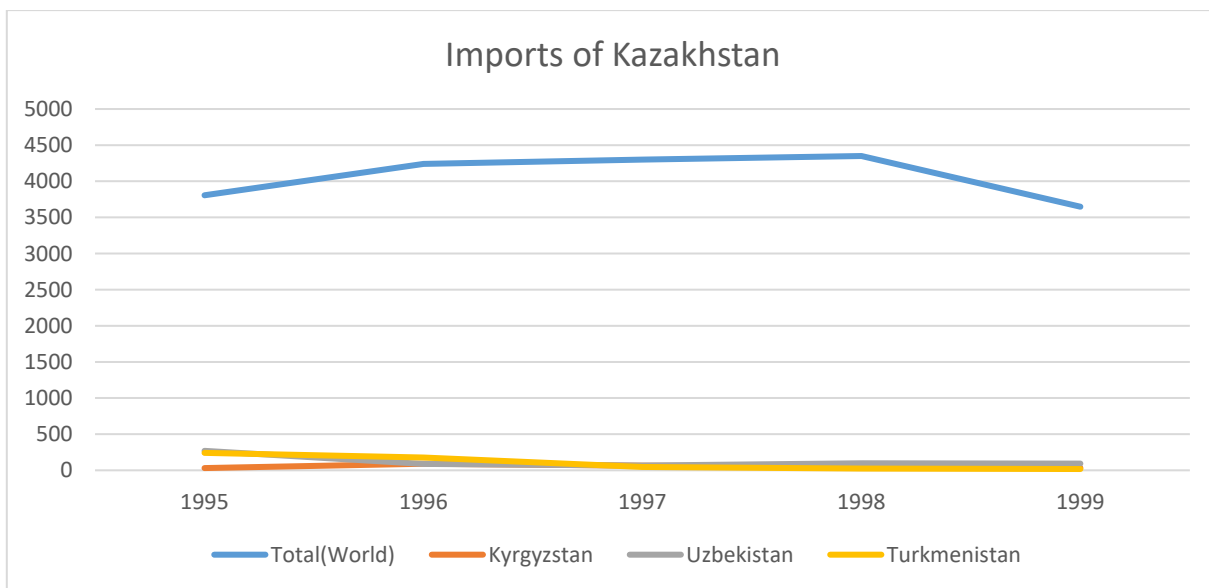
This inherited economic structure (as discussed in the previous chapter) fiscal and trade deficits were the main factors against the CA integration. The republics had to find external markets and generate foreign exchange since the regional market could not absorb all the commodities the republics were now producing. Additionally, the republics faced many structural changes in production, fiscal and monetary systems, while their economic interests did not converge. Consequently, the Treaty, subsequent legislative acts, and trade policies of the CA republics reveal the declaratory nature of the CAU at the time and its limited commitment to integration in the region. At the same time, their broad embrace of regional cooperation allowed freedom and flexibility to choose more relevant trading partners, serving the needs of the republican economies better. Having discussed the economic motivations, the following section turns to the republics' geopolitical concerns.

Table 4.6



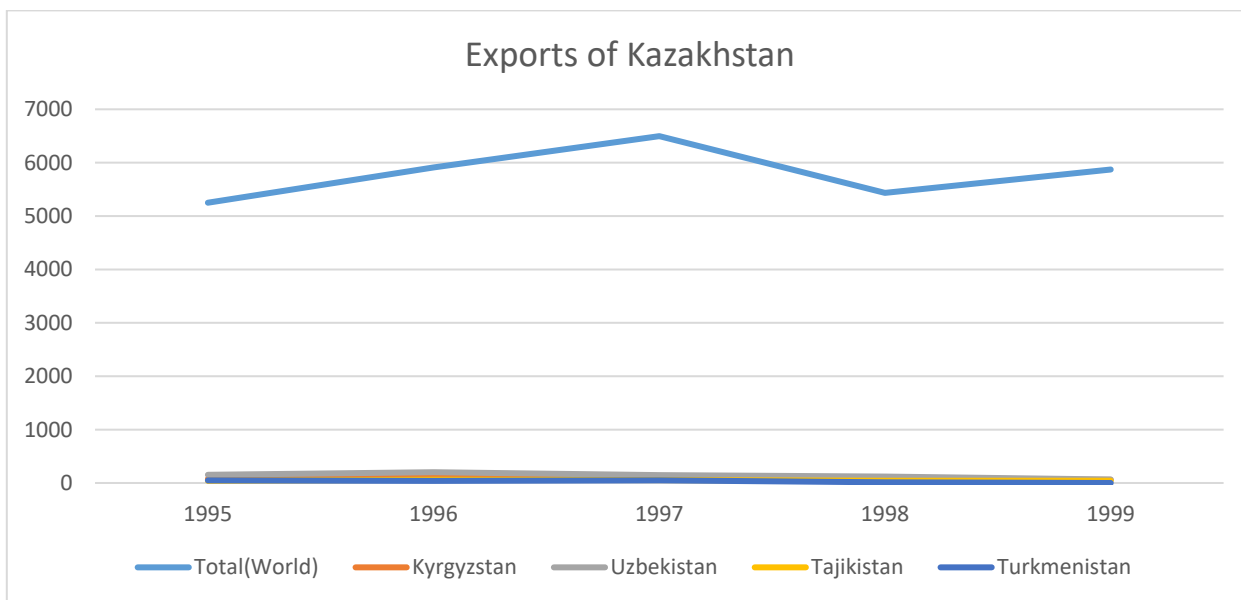
Source: UN COMTRADE (1999, p. 540).

Table 4.7



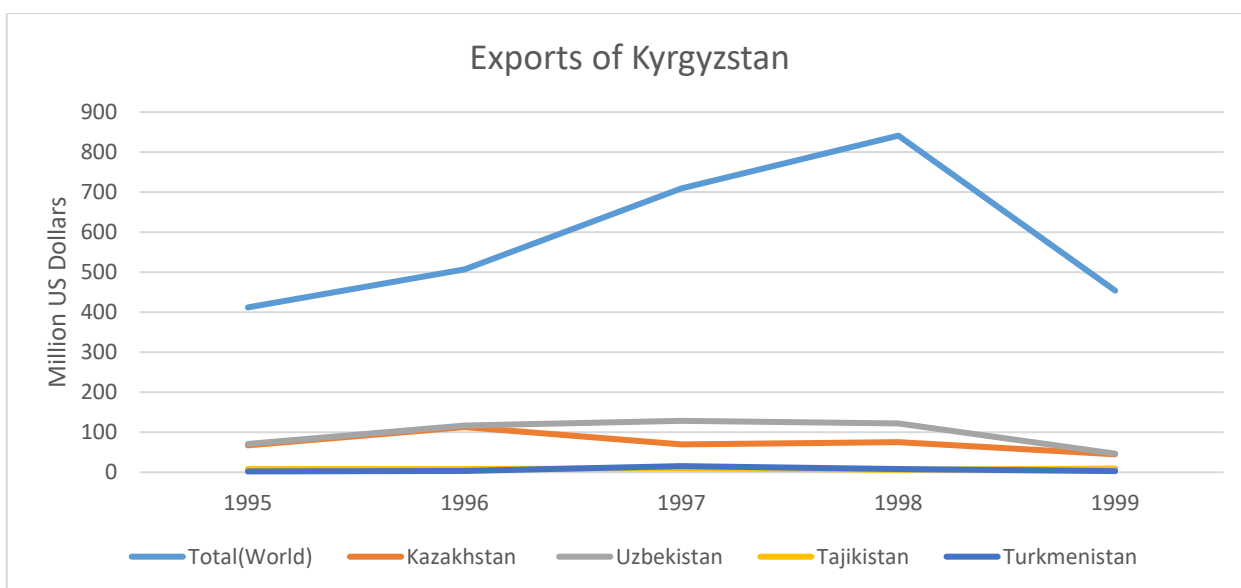
Source: UN COMTRADE (1999, p. 506).

Table 4.8



Source: UN COMTRADE (1999, p. 507).

Table 4.9



Source: UN COMTRADE (1999, p. 541).



## 4.4 Public Geopolitical Interests

### *4.4.1 External Threats*

The regional security and stability considerations were prominent in the external policy of CA republics and played an essential role in initiating CA integration. The threats presented by the 1992-1997 war in neighbouring Tajikistan and potential incursions of the military groups from Afghanistan could destabilise the newly created sovereign nations. In 1995-1996, the emergence of the Taliban in Afghanistan added to the volatility of the situation, increasing transborder criminal cooperation, smuggling of drugs and arms and inflows of refugees (Akiner, 2007, p. 201). For Kyrgyzstan, these threats became real in the 1999 Batken incident: the Islamic Movement of Uzbekistan fighters entered the Batken province from Tajikistan, took hostages, engaged in a fight with the Kyrgyzstani troops and then started attacks on Uzbekistan, which was their initial target (Matveeva, 2007, p. 5). Therefore, for the CA republics, the questions of regional security and stability were pressing following the dissolution of the SU.

In June 1993, Kazakhstan and Kyrgyzstan signed the Treaty on "Friendship, Partnership and Mutual Assistance". The signed document reflected the republics' initial concerns for their newly gained sovereignty and the potential threats to it. In particular, the Treaty Articles emphasised: "the principles of sovereignty, equality and non-intervention in the domestic affairs; strengthening regional stability and collective security; coordinated defence policy to guarantee peace and regional security; recognition and respect for the territorial integrity and existing borders of the republics and cooperation in the fight against organised crime, terrorism, drugs and arms trafficking" (Treaty, 1993, Articles 1, 2, 3, 6, 22).

Following the 1994 Treaty on the CES, on 10 January 1997, Kyrgyzstan, Kazakhstan and Uzbekistan signed the multilateral Treaty on "The Eternal Friendship". The document emphasised the historical ties of the CA states, the necessity of political stability and interethnic accord as the foundation for economic development and nations' revival. Unlike the 1993 bilateral Treaty between Kyrgyzstan and Kazakhstan, the document underlined the need for deepening economic cooperation between the three countries within the CES framework. Similarly, the 1993 Treaty stressed support for threats to independence, sovereignty, and territorial integrity (Treaty, 1997, Article 2). To address these potential threats in the region, the CA republics were developing cooperative security arrangements: the CA Battalion was formed on 15 December 1995 at a meeting of the presidents of the CAU in Jambyl in Kazakhstan. The battalion took part in multinational military exercises in the region in 1997 and 1998, encouraging the CA republics to cooperate (Olcott, Aslund and Garnett, 1999, p. 162)

In sum, security matters were pressing for the republics; they could not be ignored. The republics had to pool the resources to guarantee collective security. They had to protect their independence and sovereignty from the neighbours but, at the same time, seek each other's support to counteract external threats. This consideration specifically applies to smaller countries, such as Kyrgyzstan, with limited financial and military resources. On the other hand, Kazakhstan, with much more substantial resources, would also benefit from regional security, minimising threats to the republic's southern borders.

#### *4.4.2 Challenges: Border Tensions*

However, despite the common security threats the CA countries faced, the republics' border relations were tense and divided over their approaches to border demarcation and dispute resolutions. It was counter-productive to the building of their collective security. Moreover, these disputes created substantial challenges to the cross-border movement of goods, hampering REI. The origin of the conflicts stemmed from the border delineation in the Soviet period, which was not well surveyed or marked. Moreover, none of the CA states existed in their current borders until the Soviet era. For example, in early 2000, Uzbekistan initiated a unilateral survey of its borders with Kazakhstan, and only after the latter's objection was the bilateral commission formed (Gleason, 2001, p. 1090). Between Bishkek and Tashkent, excluding the Uzbek enclaves on Kyrgyzstan's territory, 400 km of the border remained in dispute by 2011 (Beshimov, 2011 cited in Laruelle and Peyrouse, 2012, p. 33). Kyrgyzstan's relations with Tajikistan included frequent border conflicts on the water and land usage between local populations (Laruelle and Peyrouse, 2012, p. 33). The borders were especially tricky in the Fergana Valley because most of it lies in Uzbekistan, but Kyrgyzstan borders it in the north, east and south, and Tajikistan in the southwest. Kyrgyzstan's border with Uzbekistan is 1300 km, and with Tajikistan, it is 990 km (Gleason, 2001, p. 1091). Therefore, the inter-republican border tensions created obstacles to REI, slowing it down substantially, especially seen in the difficulties for the cross-border movement of goods.

The SU dissolution exposed the CA republics to the threat from the southern borders. By initiating the intra-regional integration through the CES, the CA republics warranted each other's military support in case of hostile actions from outsiders. Kyrgyzstan's security was much weaker than Kazakhstan's, as seen in the 1999 events. Economic integration in the region could also be

seen as generating security benefits, considering the region faced threats from its southern borders. At the same time, the republics were not willing to part with the newly found sovereignty after decades of central decision-making from Moscow. The disagreements about border demarcation and delimitation have sown distrust and were the cause of limited economic exchanges for the CA republics. Thus, these contradictions between recognising that the republics needed to deal with the external threats collectively and disagreements on the border's demarcation have become obstacles to REI.

## **4.5 Private Interests**

### *4.5.1 Distrust and Competition for Regional Leadership*

One of the factors responsible for slow progress in REI was distrust and the competition for regional leadership between the largest economies in the region: Kazakhstan and Uzbekistan. As the republics embraced their independence and sovereignty after almost seventy years under the umbrella of the SU, they found it hard to part with it: “A lot of integration initiatives did not survive in CA because of absolutisation of sovereignty, the presidents were not ready to give it up” (from the interview with KZ6). It was exacerbated by the personal rivalry between Kazakh and Uzbek presidents, returning to the perestroika years (Laruelle and Peyrouse, 2012, p. 33): “...the CA integration did not work because of the regional leadership ambitions of Kazakhstan and Uzbekistan” (from the interview with KZ7). The personal relations were characterised by distrust between the leadership of the two republics (Matveeva, 2007, p. 6). This relationship between the two leaders of the biggest CA economies mattered for REI because the republic's foreign policies

were presidential-driven (Laruelle and Peyrouse, 2012, p. 33), and without the participation of the largest regional economies, this integration project would not succeed.

The following factors could explain the reasons for distrust. First, ethnic conflicts in the Ferghana Valley in the late 1980s and early 1990s (Bohr, 2003, p. 264). Second, border and water distribution tensions and disagreements arose from upstream countries such as Kyrgyzstan, willing to use water resources for energy generation, while downstream countries needed them for the agricultural sector:

...there was no political will to solve the water problems in the region. Uzbekistan did not want to change its position towards hydropower and irrigation. Uzbekistan thought that big dams were ecologically dangerous in the case of earthquakes. The dams will have a long-term effect on the irrigation potential. The elites under Karimov did not want to discuss this issue of irrigation vs dams with each other (from the interview with KG13).

Third, protectionist policies were chosen by the republics to defend their economies. Kazakhstan was concerned about Uzbekistan's regional domination and subsequent dependence of the republic on the latter (Bohr, 2003, p. 265). At the same time, Kyrgyzstan had reservations that its interests were not taken seriously because of its relatively smaller size, and the republic did not want to be dominated by its bigger neighbours (Zhambekov, 2015). Therefore, this distrust resulted in the republics following their national interests instead of considering the overall interests of the regional economy. The republics were not united by a joint vision for the region; it was absent (Umarov, 2022). Consequently, they were unwilling to sacrifice their national interests in favour of REI in the CA (Toktomushev, 2016, p. 74), leading to hardly any REI between the CA republics.

#### *4.5.2 Kazakhstan and Kyrgyzstan's Leadership's vision as "Eurasian bridges."*

Following the independence, Kyrgyzstan and Kazakhstan started positioning themselves as Eurasian rather than CA countries, envisioning themselves as the bridge between the East and the West. Under Askar Akaev, Kyrgyzstan rolled out the "Silk Route Diplomacy" doctrine in September 1998 (Omarov, 2005, p. 43). He positioned the country in the centre of the Eurasian continent, "at the junction of a few civilisations", and ultimately envisioned the republic as the "bridge of friendship and cooperation" between countries in the region of the Silk Route (Akaev, 1998). Meanwhile, under Nursultan Nazarbaev, Kazakhstan underlined the geostrategic location of Kazakhstan between Russia and China (Nazarbaev, 1992a, p. 50). This positioning is seen in their multi-vector external policies. Both republics claimed to prioritise the CA region, CIS and the relationship with Russia. However, Nazarbaev recognised the importance of traditional ties with the CA neighbours, also highlighting the greater importance of cooperation with Russia (Nazarbaev, 1994 cited in Nazarbaev, 1997, p. 36; Nazarbaev, 1992a, p. 50). Nazarbaev had to select the most beneficial initiative for the Republic: "There were different alternative groupings which would take the resources away; thus, Kazakhstan had made its choice rationally" (from the interview with KZ7). At the same time, Kyrgyzstan indicated the need for a closer relationship with the neighbouring countries (Akaev, 1998) and similarly underlined the relationship with Russia as the priority in the republic's external policy (Akaev, 2004, p. 296). Thus, even though the republics declared their commitment to the CA region, the evidence points to the republics first prioritising Russian bilateral relationship or Russia-led initiatives (Kazakhstan and Kyrgyzstan joined the CU initiative in 1995 and 1996, respectively) over CA integration.

Moreover, they saw themselves as a part of the much bigger region, Eurasia, instead of tying themselves exclusively to the CA region. The Kazakhstani leadership continuously underlined the republic's uniqueness as a state with "Asian and European roots" and its geopolitical position in the heart of the Eurasian continent between Russia and (Nazarbaev, 1994 cited in Nazarbaev, 1997, pp. 27-28; Nazarbaev, 1992a, p. 34; p. 49). Kazakhstan expected Russia to be the locomotive of Eurasian integration (Nazarbaev, 1996, cited in Nazarbaev, 1997, p. 275). The republics understood the importance of fostering close ties in the CA region; at the same time, they realised the importance of belonging to a much bigger structure that would give them more access to more affluent and rapidly developing markets in Asia and Europe. Therefore, by pursuing their multi-vector policies and positioning as Eurasian countries, both republics followed their economic objectives of maximising economic growth.

In the 1990s, Russia's position towards the CA region and integration was not coherent (Ushakova, 2003). During the liberal government of Egor Gaidar in 1992-1993, the Russian elites focused on the West, expecting swift integration into European space (Laruelle and Peyrouse, 2015, p. 10). Thus, the republics had to solve their economic and geopolitical aims by themselves (Nazarbaev, 1995, cited in Nazarbaev, 1997, p. 236). Russia's return to the region was seen in the 2000s when it gained observer status in the CACO in 2004. Two years later, the EurAsEC absorbed the CA integration initiative. Both republics' preference towards strengthening the relationship with Russia is unsurprising, considering Kazakhstan's extensive linkages with its northern neighbour (discussed further in Chapter 5) in the energy, military sector and infrastructure. As for Kyrgyzstan, in the 1990s, Russia continued to be the republic's most significant trade partner (Kyrgyzstan Development Strategy until 2000, Section 5.5). Russia was also willing and capable of providing military support for its much smaller partner (Treaty, 1992, Articles 3, 4; Declaration, 1996), which

Kyrgyzstan utilised in 1999-2000 when the military groups entered the republic in the south. Both republics continued cultivating their bilateral relations with Russia concurrently with their participation in the CA integration since the gains from doing so could not be neglected by the CA republics.

In addition to the public economic and geopolitical interests, the CA leadership views on CA integration had a decisive impact. Kazakhstan and Kyrgyzstan declared CA cooperation and integration priorities in their foreign policy. In reality, the leadership never abandoned the national interests in favour of the regional ones. Two factors explain this approach. First, as Kazakhstan and Kyrgyzstan established their independence, they were wary of any attempts to circumvent it, and any actions by the fellow CA republics to threaten it sown the seeds of distrust. Second, the republics saw opportunities beyond the CA region; they did not limit themselves exclusively to the CA region and continued cultivating their relationship with Russia. The CA republics' leadership position indicates that CA integration was never a priority in their vision of REI. Instead, it was an intermediate stage, where they waited for their more prominent neighbour, Russia, to take a leading role in post-Soviet integration.

This case study of Kyrgyzstan and Kazakhstan's participation in the CAU/CAEU/CAEC/CACO helps understand better a broader theoretical question of why countries engage in international economic cooperation. More specifically, this chapter addresses the question of why countries choose integration with some countries but not others and the main factors that influence this decision. The findings shed light on the dominant factors necessary for REI.



The findings in this chapter support the expectations of the economic interests set out in the conceptual framework in Chapter 2. Kyrgyzstan and Kazakhstan's economic interests would be in favour of REI if this proposed scheme offered export and industrial development opportunities and access to energy and transport infrastructure for the republics. The findings in this chapter contribute to the literature on comparative and post-Soviet regionalism by arguing that Kyrgyzstan and Kazakhstan's membership in the CAU/CAEU/CAEC/CACO was initially driven by their considerations of shared economic linkages in the CA region. This chapter's findings are distinctive in showing that the CA republics' intra-regional economic interdependencies were much weaker compared to Kyrgyzstan and Kazakhstan's linkages with Russia, as argued in the previous chapter. Moreover, the chapter identifies the sources of non-complementarity of the CA economies, which made these linkages weaker: the inherited Soviet economic structure, the transition policies, the differences in the resource endowment, de-industrialisation and the size of a regional economy.

Additionally, the analysis augments the current research on the CA republics' regionalism by showing that these CA republics' approach to integration was not just the solution to the common economic problems of re-invigorating regional trade, increasing production levels, and sharing water resources as the literature suggested. This chapter's findings are distinctive in revealing that the republics aimed to address their specific economic problems as well as common regional issues when they pursued integration within the CA region. The analysis shows that first, they needed to support finished goods industries, thus regenerating industrial production. Second, they had to solve their energy and water resources distribution problems, which arose due to the SU disintegration. As a republic with limited oil and gas resources but abundant water supplies, Kyrgyzstan was especially in a challenging position, aiming to generate a fair trade-off in the form of hydrocarbons for its water resources. At the same time, Kazakhstan had to guarantee water for

its agriculture and electricity and natural gas delivery for its Southern regions. Third, they needed investment in their priority sectors.

Current literature on CA regionalism suggests that major economic obstacles to REI in CA were the size of the regional economy and the non-complementarity of the CA economies. The analysis confirms these assertions and expands on them, arguing that the economic size of the CA region provided too few benefits for the republics to pursue integration. The findings are distinctive in showing the transition effects on the limited ability of the CA economy to satisfy Kyrgyzstan and Kazakhstan's needs for industrial products. Their production was simplified as the republics underwent a transition. That meant their exports' economic complexity decreased while the requirements for the imports of processed goods increased. The regional economy could neither absorb increased production of agricultural and mining commodities nor guarantee imports of machinery and industrial supplies. Consequently, REI in CA offered too little compared to what Kyrgyzstan and Kazakhstan could achieve by joining other REI initiatives with much bigger economic partners or pursuing multilateralism.

The chapter's findings contribute to the literature on post-Soviet and specifically on CA regionalism by arguing that implementing the Common Energy Market was too costly for the CA republics, albeit promising. The republics were unwilling to give up control over the energy sector that generated most export revenue items after relinquishing their control to Moscow's authority during the SU. As the republics' economies recovered from the 1990s recession in the second half of the decade, the limitations of the CA regional economy became more apparent in the republics. The potential benefits of REI started decreasing proportionately with the growth of commodities exports.

The findings in this chapter support the expectations of geopolitical interests set out in the conceptual framework in Chapter 2. The CA republics will join REI with the regional hegemon that maximises their economic as well as security benefits. The findings show that the CAEU did not maximise the CA republics' security. The analysis confirms insights of the literature on CA regionalism, arguing that border tensions and disagreements between the CA republics explain their reluctance to advance REI.

The findings in this chapter support the expectations of private interests set out in the conceptual framework in Chapter 2. 1. If political leadership views the proposed REI as having the potential to generate a positive legacy of their time in office, then they will favour it; 2. CA presidents will favour integration with this country if the latter's support maximises or does not threaten their chances of political survival and holding power. The analysis shows that in their private interests, presidents Akaev and Nazarbaev did not view REI within CA as vital to maintaining power in the office or generating a positive legacy of their time in office. The analysis confirms the insights from the literature on CA regionalism, arguing that personal animosity between the leaders of the biggest economies in CA is one of the factors working against REI. The animosity and rivalry resulted in mistrust, which became a significant obstacle to REI. This analysis expands on the private interests of leadership playing a vital role in the republics' REI endeavours. These findings are distinctive in arguing that the presidents of Kazakhstan and Kyrgyzstan envisioned the republics as Eurasian countries instead of just having a CA identity. That meant their aspirations of leaving their legacy went beyond the constraints of the CA region; their priority would not be integration in the CA region.

## 4.6 Conclusion

This chapter has examined Kyrgyzstan's and Kazakhstan's national economic and geopolitical interests and their leadership's private interests in creating the CAEU/CAEC in the 1990s. The main arguments advanced are as follows. The CAEU could not fulfil the republics' economic growth and development objectives by supporting mutual exports and the industrial sector and providing investment. Both Kyrgyzstan and Kazakhstan's considerations of the industrial revival were the dominant factors in their pursuance of REI in the CA region. As discussed in the previous chapter and re-iterated in the sections earlier, the transition has led to inevitable restructuring and significant loss in the republics' industrial capacity, seen in the simplification of exports and shifting of the economy towards the extractive sectors. The republics intended to utilise the CA integration to slow the industrial decline and support their manufacturing sector, relying on the intra-regional resources since CIS integration was stalling. As discussed in the previous chapter, the inherited regional economic structure was not complementary; the transition weakened the ties even further. The republics' underlying economic relations were not equipped to satisfy each other's demand for consumer and industrial products. Therefore, these economic fundamentals were against REI in CA. The same factors the republics relied on to drive REI became obstacles. First, the size of the regional economy was too small to absorb their increased production of commodities as they embraced their new economic models. Second, the region could not generate FDI the republics required to support their manufacturing and extractive sectors. Third, the energy sector, which was the most integrated during the Soviet times and could become the nucleus of the CA REI, became the source of conflicts. It is explained by the republics pursuing their national interests and being unwilling to share control over the resources.

In geopolitical interests, the republics were driven to CA integration by external threats emanating from the region's southern borders. However, this common threat was insufficient to persuade the republics to embrace REI fully. Instead, the border conflicts surrounding the demarcation process became the main obstacles and were overwhelmingly more vital considerations for the republics than the external threats they faced collectively, creating a disintegrative impetus. These border tensions were not conducive to developing neighbourly relations between the republics' leadership. Instead, they fed mistrust and made the republics focus on their national interests, foregoing a joint regional economic development vision.

Kyrgyzstani and Kazakhstani leadership had ambitious plans that extended beyond the CA region; they envisioned themselves as a part of a much bigger region of Eurasia. That vision implied that the CA integration was not their priority, and they preferred to seek economic relations with Russia and China.

Both Kyrgyzstan and Kazakhstan, guided by their national objectives of generating economic growth and increasing collective security, were willing to engage in the CA REI initiatives. They viewed it as an alternative option available to them while other integration attempts with their more significant trade partner, namely Russia, were stalling. The analysis of Kyrgyzstan and Kazakhstan's public and private interests indicates that CA REI led to much higher costs than benefits, resulting in its declaratory nature and subsequent absorption into the EurAsEC in 2006. The next chapter will continue the discussion of the CA republics in their next integration endeavour – the EAEU.

## **CHAPTER FIVE**

### **THE EURASIAN ECONOMIC UNION**

#### **5. Introduction**

This chapter is the second of three case studies that explore Kazakhstan and Kyrgyzstan's main interests in REI. It focuses on the republics' interests in the Eurasian Economic Union (EAEU). The objectives of the chapter are to identify the main factors instrumental in Kyrgyzstan and Kazakhstan engaging in REI with Russia. Specifically, it examines the countries' public economic and geopolitical interests and the impact of leadership's considerations on the process.

Three main arguments are made in this chapter. First, primarily, Kyrgyzstan and Kazakhstan sought REI with Russia because of the Soviet-era transactions and dependencies. Trade with Russia continued to be substantial despite the republics' trade diversification. Both countries' landlocked positions determined their dependencies on the Russian infrastructure to reach new export destinations. Kyrgyzstan's re-exports model was only functional because of its preferential access to Russia and Kazakhstan's markets. Moreover, Kyrgyzstan's weak economic performance led to significant labour outflows from the republic to Russia and Kazakhstan. Their remittances strengthened Kyrgyzstan's dependency on the Russian economy. Therefore, REI in the EAEU would allow Kazakhstan and Kyrgyzstan preferential access to Russia's infrastructure and market. The contribution of the chapter is that it argues that republics intended to use the EAEU membership beyond just supporting the current economic exchanges. They aimed to utilise the EAEU to push for economic modernisation in both republics. In the case of Kyrgyzstan, the

republic needed significant financial assistance, and Russia could provide that. For Kazakhstan, the EAEU membership was aligned with its plans for re-industrialisation and its vision as a Eurasian transportation hub.

Second, the expected geopolitical benefits from the EAEU reinforced the economic benefits for the CA republics. The chapter argues that republics' primary concerns were about the external security provision. Russia's capabilities would be able to fulfil their needs. That was desirable for Kyrgyzstan, especially considering its limited economic resources. Moreover, the republics had secondary considerations as well. Kyrgyzstan successfully received special concessions on the transitional arrangements, as seen in the delays in implementing the CU procedures and financial support. The republic also aimed to generate energy security by utilising Russian investment and mediation in disputes with the CA neighbours. For Kazakhstan, REI meant the republic could rely on Russia to defend its territorial integrity. The threats to it were of an internal and external nature: the separatists in the North of the republic and the regional neighbours in the South and the East.

Third, the leadership in both republics favoured REI with Russia. The chapter argues that the presidents differed in their motivations. Kyrgyzstan's Atambaev was driven by the holding office objective. To achieve that, he cultivated a relationship with the Russian leadership to secure its support for his presidency. Nazarbaev's rationale differed from Kyrgyzstan's president. His objective was to ensure the legacy of his time in office. The EAEU membership was the cornerstone of his vision. After all, he was the initiator of the idea.

The arguments contained in this chapter proceed as follows. The first section examines Kyrgyzstan and Kazakhstan's economic structure and transactions with the leading regional partners in the 2000s and 2010s. It further identifies and explains the republics' main economic motivations and challenges in the EAEU. The second section identifies and examines their

geopolitical interests. The third section explains Atambaev and Nazarbaev's private interests. Finally, the fourth section outlines Russia's main interests in the EAEU.

Overall, this chapter's findings indicate that both republics' private and public interests are aligned. Geopolitical benefits strengthened the economic advantages the CA republics expected from REI with Russia. The private interests of the CA leadership were firmly in favour of the EAEU membership. Therefore, this compatibility of Kyrgyzstan and Kazakhstan's national and private interests led to the republic's membership in the EAEU.

## **5.1 Public Economic Interests**

This section explains the main economic interests instrumental in the republic's decision on EAEU membership. The main argument advanced here is that Kyrgyzstan and Kazakhstan knew that REI with Russia would incur costs in the short term. However, the expectations were that in the long term, the strategic benefits of the membership would outweigh these costs. For Kyrgyzstan, the strategic considerations were the advantages of maintaining access to its main export markets, guaranteeing investment to modernise the economy, and ensuring migrants' rights and transfers. Kazakhstan aimed to deliver its industrial development strategy within the protection of the EAEU, where its producers had a competitive advantage. Moreover, the membership was conducive to guaranteeing access to the Russian infrastructure. Kazakhstan needed it for its energy exports and the realisation of its Eurasian hub vision.



### *5.1.1 Economic Structure in the 2000s and 2010s*

This sub-section examines the republics' economic structure in the 2000s. This examination of the republics' main industries is important because it indicates how the needs of their economies could be met by the republics' participation in REI within the EAEU. Following the transition, Kyrgyzstan developed a particular economic model based on the re-exports. That meant that in the economic structure, wholesale and retail trade had become the major sector of the economy. This implication is crucial because it shows Kyrgyzstan's dependence on trade. Moreover, it resulted in the country becoming dependent on its biggest trading partners' markets, Russia and Kazakhstan. On the contrary, Kazakhstan continued developing the extractive sector model, which resulted in the republic diversifying its trade partners. The subsections below elaborate on the factors instrumental to developing the republics' economic models.

#### **Kyrgyzstan**

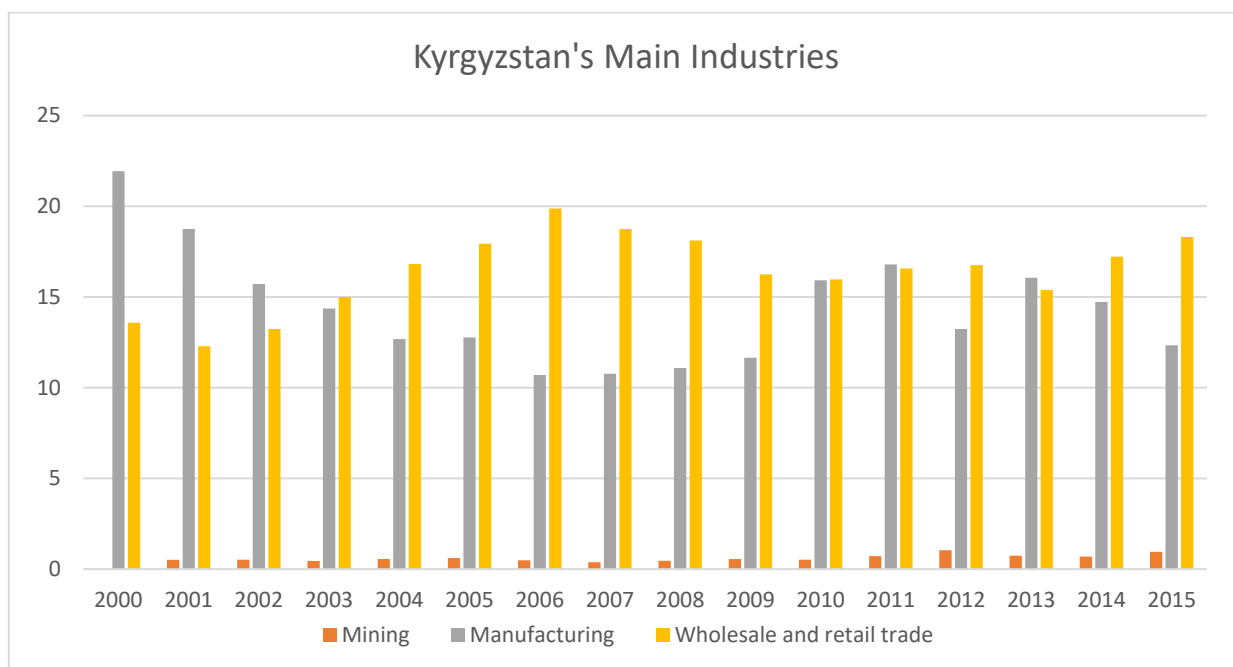
As discussed in the previous chapters, Kyrgyzstan initiated swift economic reforms in the 1990s, which laid the foundation for developing the re-exports model. Two main factors were crucial in the republic's specialisation in re-exports. First, the republic's extractive sector could not absorb all the labour surplus freed from the manufacturing closures resulting from de-industrialisation. Therefore, this labour surplus was absorbed by the privatised and deregulated wholesale and retail sector, which specialised in re-export activities and became the leading provider of employment in the republic (Kyrgyzstan Strategy of Complex Development, 2003, Section 279). Second, the external trade liberalisation concluded with the 1998 WTO membership,

which allowed the republic low-cost access to imports, while the bilateral trade agreements with Kazakhstan, Russia, and Uzbekistan provided markets for re-exports.

Moreover, China's membership in 2001 made imports even more affordable for the Kyrgyzstani traders, resulting from the country's geographic proximity. Third, the Kyrgyz government policy was also conducive to re-export proliferation. This policy benefited individual traders by specifying the tax base as the weight of the merchandise instead of the CIF value (cost, insurance, freight) and simplifying the tax treatment using tax patents (Mogilevskii, 2012b, p. 7). Therefore, the trade and domestic policies initiated in the 2000s have resulted in a different economic structure of the republic. Specifically, wholesale and retail trade indicative of the re-exports became the dominant industry in the republic, as shown in chart 5.1 below. The functional structure of imports and exports also confirms the re-exports model (see charts 5.2 and 5.3). In the structure of exports, the interim and consumer goods dominated. However, the republic could only re-export these items, considering the decline of its manufacturing sector.

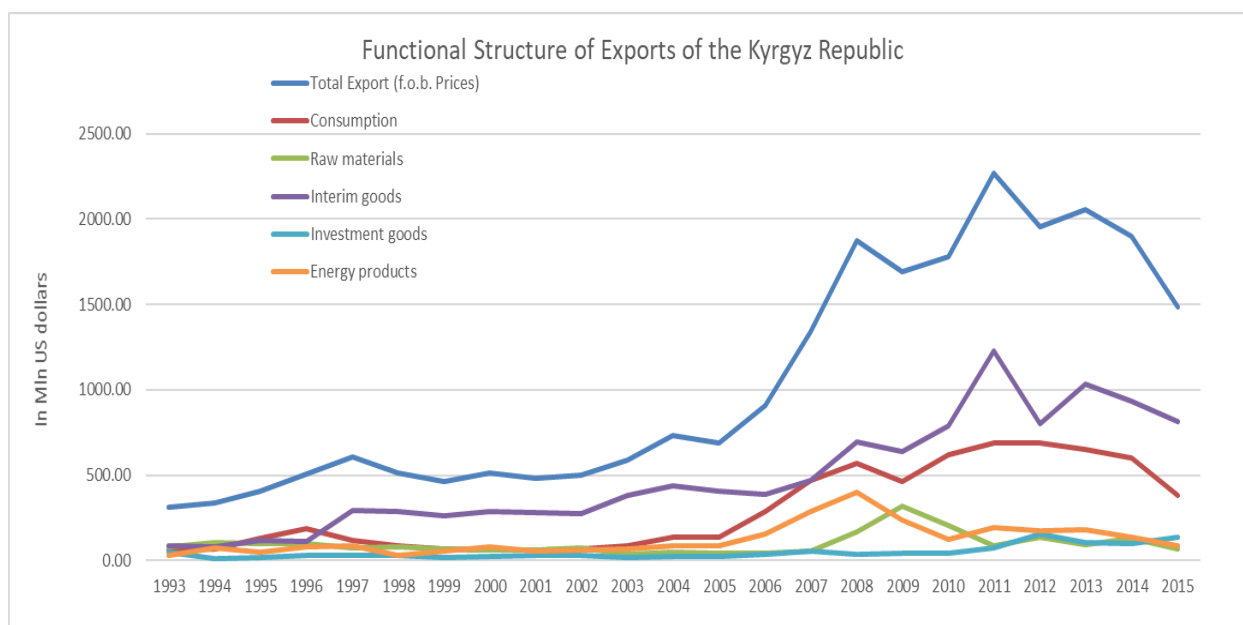
In the 2000s, the republic's economy became significantly dependent on trade. For example, the openness index indicates this significance, as shown in Table 5.4. The republic was able to do that following unfettered access to the Chinese market and preferential bilateral trade agreements with its most prominent FSU neighbour. The implication of the republic's dependence on the re-exports was that REI within the FSU would make this economic model impossible. That would increase the prices and costs of intermediate goods for the Kyrgyzstani economy, jeopardising export revenues. Therefore, FSU REI would be expected to be highly costly for the republic's wholesale and retail industry.

Chart 5.1



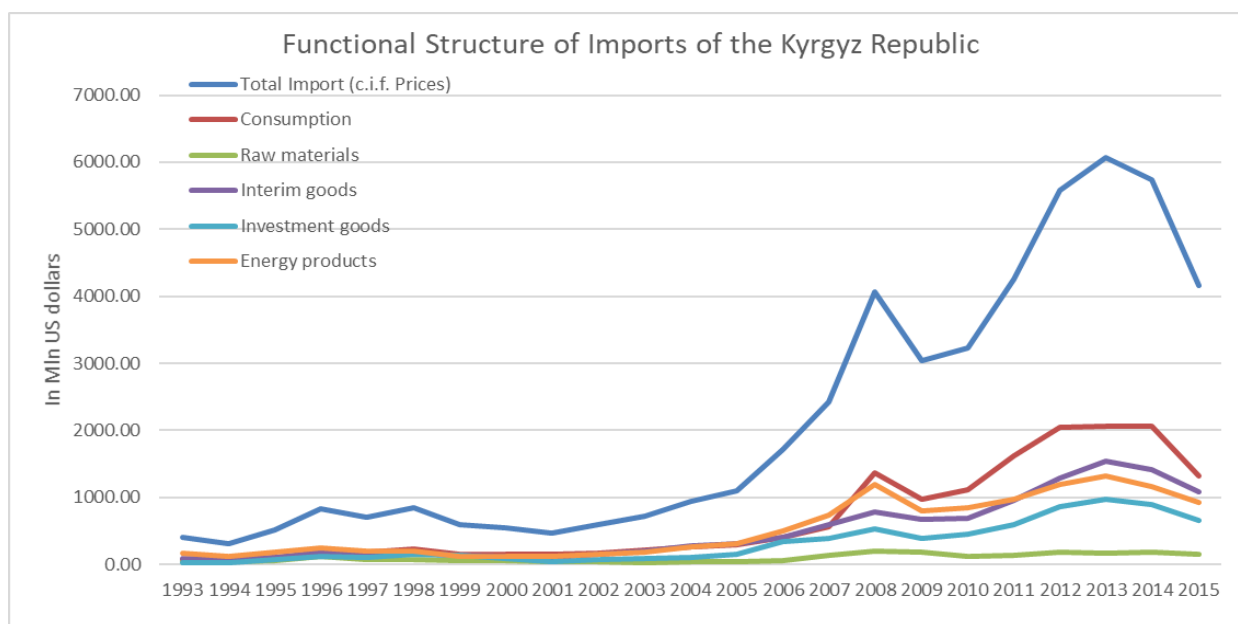
Source: GDP by industrial origin in percentages, author's calculations based on GDP by industrial origin at previous years' market prices, ADB Data Library Kyrgyzstan (2018).

Chart 5.2



Source: National Bank Kyrgyzstan (2019) (FOB valuation).

Chart 5.3



Source: National Bank Kyrgyzstan (2019) (CIF valuation).

Table 5.4 Kyrgyzstan's Index of Openness

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
89	74	83	84	94	95	121	137	146	133	133	136	140	134	125	111

Source: Author's calculations based on Expenditure on GDP, Exports and Imports at current market prices in a calendar year, ADB Data Library Kyrgyzstan (2018), Index of Openness= (Imports + Exports)/GDP.

## Kazakhstan

Kazakhstan, unlike Kyrgyzstan, continued with its model of developing the extractive sector (Muzaparova, 2011, p. 30) with predominantly low value-added activities. Similarly, in Kyrgyzstan, the share of the manufacturing sector has steadily declined (see table 5.6), resulting from the strong dependence on the inputs' imports (around 90 per cent of the components and

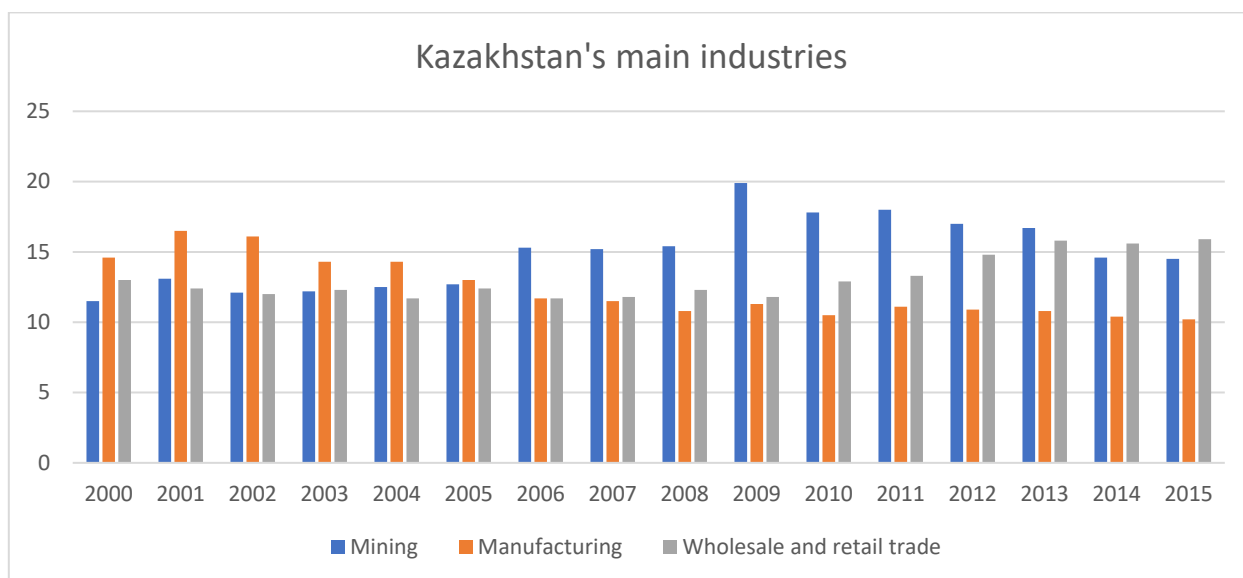
intermediate goods) (Kalabaeva, 2011, p. 38). Like its small neighbour, the trade sector has also grown over the years, resulting from the emerging demand for the new services necessary to support the private sector within the country (Kalabaeva, 2011, p. 36). Thus, the republic's economic structure continued to shift from manufacturing to the extractive sector and services, following the 1990s trend. Furthermore, the rising commodity prices in the 2000s (shown in chart 5.7) were also conducive to the republic increasing its extractive capacity. By promoting commodities exports, the republic aimed to gain access to the world markets and technology and attract inward FDI. These generated export revenues, in turn, would support the import-competing domestic processing industries (Muhamedzhanova, 2011, p. 40). Therefore, like Kyrgyzstan, Kazakhstan became more integrated with the world economy, as seen in the openness index (see table 5.5), although less so than Kyrgyzstan and the structure of exports differed. These findings show that as commodities dominated exports, the Kazakhstani economy diversified its trade partners and became less dependent on the FSU republic for its leading exports. Thus, the republic had fewer incentives to pursue REI within the FSU as long as it could count on the rising export revenues from the commodities.

Table 5.5 Kazakhstan's Index of Openness

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
106	93	94	91	96	98	91	92	94	76	74	73	74	65	65	53

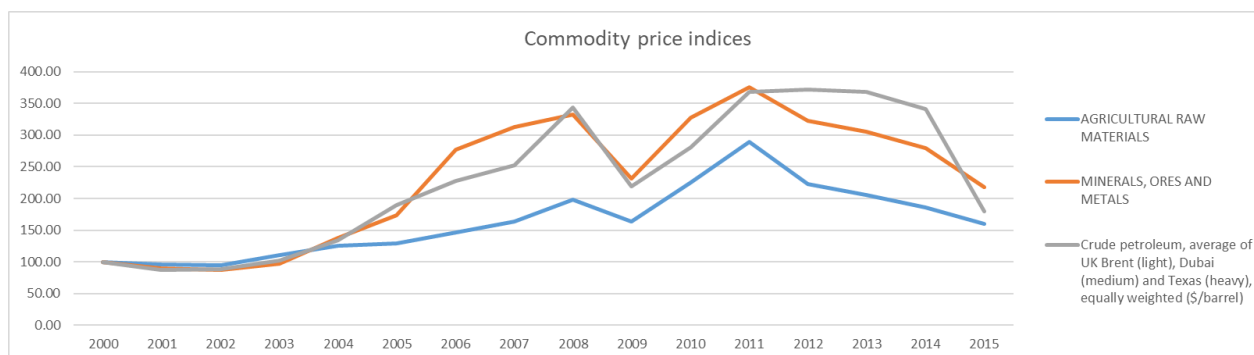
Source: Author's calculations based on Expenditure on GDP, Exports and Imports at current market prices in a calendar year, ADB Data Library Kazakhstan (2018), Index of Openness= (Imports + Exports)/GDP.

Chart 5.6



Source: GDP by industrial origin in percentages, author's calculations based on GDP by industrial origin at previous years' market prices, ADB Data Library Kazakhstan (2018).

Chart 5.7



Source: UNCTADSTAT Database. Free market commodity price indices, annual, the year 2000 is a base year.

In sum, both economies diverged significantly during the 2000s. These differences were in the prominence of re-exports in Kyrgyzstan and the extractive sector in Kazakhstan. Interesting development occurs while the economies are building their current models. REI within FSU does not appear to benefit Kyrgyzstan because it would make imports dearer with the CU membership. That meant the republic would not be able to re-sell at a markup, affecting the livelihoods of a significant number of households. However, at the same time, the republic needed access to the markets of Russia and Kazakhstan for its re-exports, which it could secure through bilateral PTAs. Therefore, findings indicate that for Kyrgyzstan, free trade with China and regional partners (Kazakhstan, Russia, Uzbekistan) was preferred. The republic would be reluctant to join the REI scheme unless other factors, such as security concerns, development funds, and investment, come into play. These additional considerations will play a significant role in the republics' decision on the EAEU membership and will be discussed further in the subsequent subsections. Similarly, REI does not seem to be a priority for Kazakhstan in the 2000s. Instead, the republic focused on generating export revenues from commodities, continuing the trend set in the 1990s. This model benefitted Kazakhstan as long as the world prices were high to maximise their export revenues. Consequently, the FSU region was no longer the leading destination for their commodities. The republic continued diversifying its trade partners. These findings show that in the 2000s and 2010s, the republics continued on their path of expanding trade with new partners. Still, at the same time, their economic relations with Russia – the significant Soviet-era trade partner – continued to be substantial. The following sub-section examines the nature and volume of the republics' transactions with Russia in the 2000s and 2010s. This analysis offers insight into Kazakhstan and Kyrgyzstan's economic rationale for pursuing REI with Russia within the EAEU.

### *5.1.2 Rate of Transactions with regional partners*

This subsection examines Kyrgyzstan's labour outflows, the trade flows between Kyrgyzstan and Kazakhstan, and their main regional economic partners, Russia and China. The main argument advanced here is that the CA republics continued demonstrating significant trade dependence on Russia despite the external trade liberalisation initiated in the 1990s. Moreover, in the case of Kyrgyzstan, the republic's migrants and their remittances augmented its dependence on Russia. These developments would prove to be crucial in Kyrgyzstan's decision on the EAEU membership.

#### Trade: Bilateral Imports and Exports Structure

As discussed in the previous subsection, the trade partners of Kyrgyzstan and Kazakhstan diversified in the 2000s and 2010s, reflecting their economic strategies. Most importantly, China is emerging as one of the biggest trade partners of both republics. At the same time, Russia's share declined, albeit still substantial, in the new decades following the transition, as shown in charts 5.8, 5.9, 5.10 and 5.11. This outcome was expected as the reorientation of trade was happening due to the trade policies, transportation costs and economic structural changes in the republics. Examining the republics' trade structure is necessary because it identifies their producers' capacity to compete in the neighbouring markets and, consequently, the republics' export potential. These factors were vital considerations in the CA republics' economic interests, impacting their REI preferences.



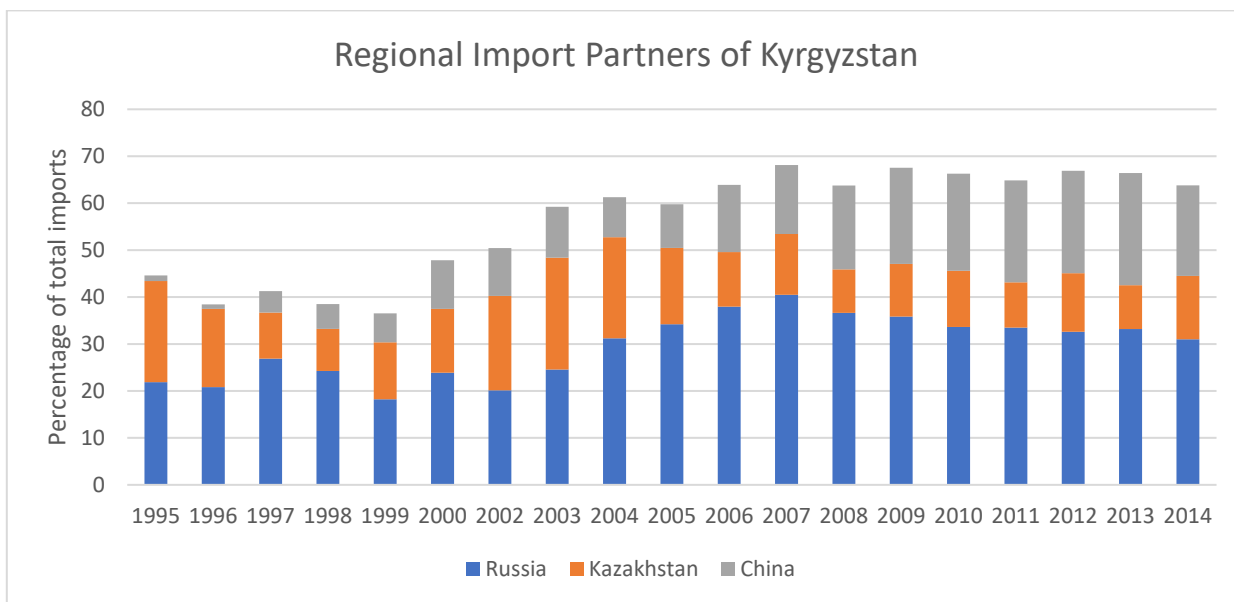
Trade between Kyrgyzstan, Kazakhstan, and Russia reflects republics' economic structure and endowment of resources. Kazakhstan imports consumer, intermediate and capital goods from Russia (shown in chart 5.16). At the same time, Kyrgyzstan's imports include predominantly consumer items followed by fuels and intermediate goods (shown in chart 5.15). On the export side, Kyrgyzstan exports more consumer items to Russia than Kazakhstan, which indicates the republic's re-exports model (shown in charts 5.14). The latter's exports to Russia are mainly raw materials and intermediate goods (shown in chart 5.17).

Similarly, the trade flows of the CA republics with China resemble their trade patterns with Russia. Both republics import consumer, intermediate and capital goods from their biggest neighbour (shown in charts 5.18 and 5.13). As discussed in the previous subsection, Chinese imports have become the backbone of re-exports for Kyrgyzstan and the source of manufactured and consumer goods for Kazakhstan. At the same time, the republics' exports to China comprise mainly raw materials, fuels, intermediate goods and, to a lesser extent, processed goods, as seen in charts 5.12 and 5.19.

These statistics show that trade flows between the CA republics and Russia remain significant. Most importantly, the CA producers do not just export commodities, which indicates some level of competitive advantage the CA companies have in the Russian market. On the contrary, the trade structure with China illustrates that Kyrgyzstani and Kazakhstani producers do not have this advantage, thus becoming mainly exporters of commodities. As discussed in the next section, these trade links and the relative competitiveness of manufactured exports in the Russian market would become vital in the countries' subsequent industrialisation and economic development strategy. This analysis of the trade structure is crucial because it shows which industries will favour more trade liberalisation with either China or Russia. Thus, it will form the

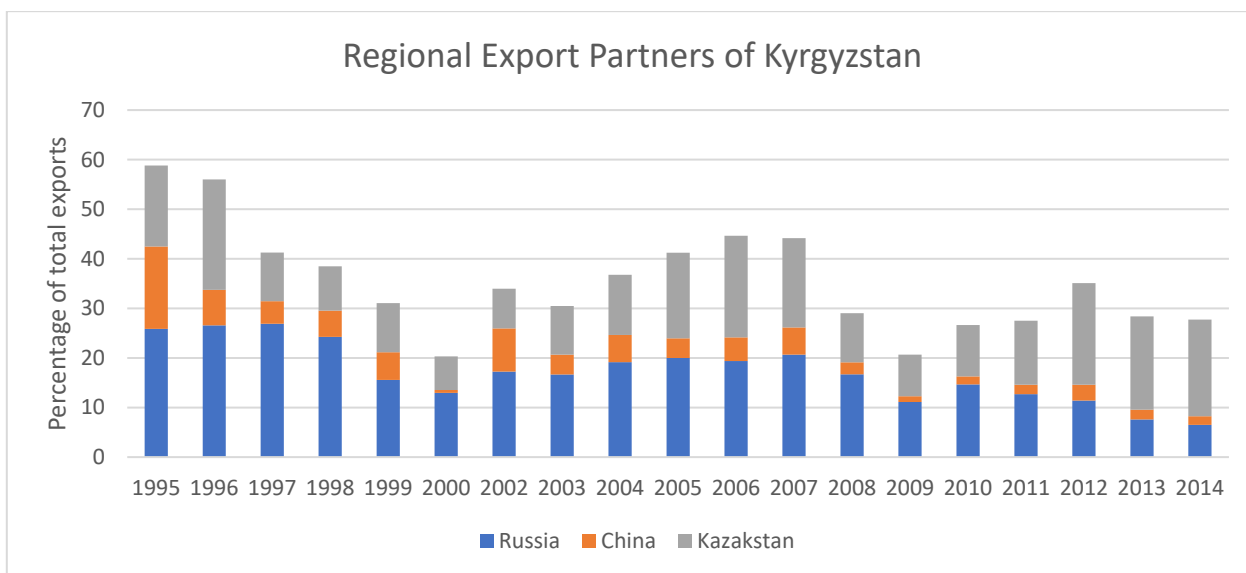
basis of the republics' economic interests that will be in favour or not of REI that involves these countries. Having addressed the trade flows, the following sub-section elaborates on the labour flows between Kyrgyzstan and Russia, emerging in the 2000s and 2010s. These flows have become integral to the republic's decision on EAEU membership.

Chart 5.8



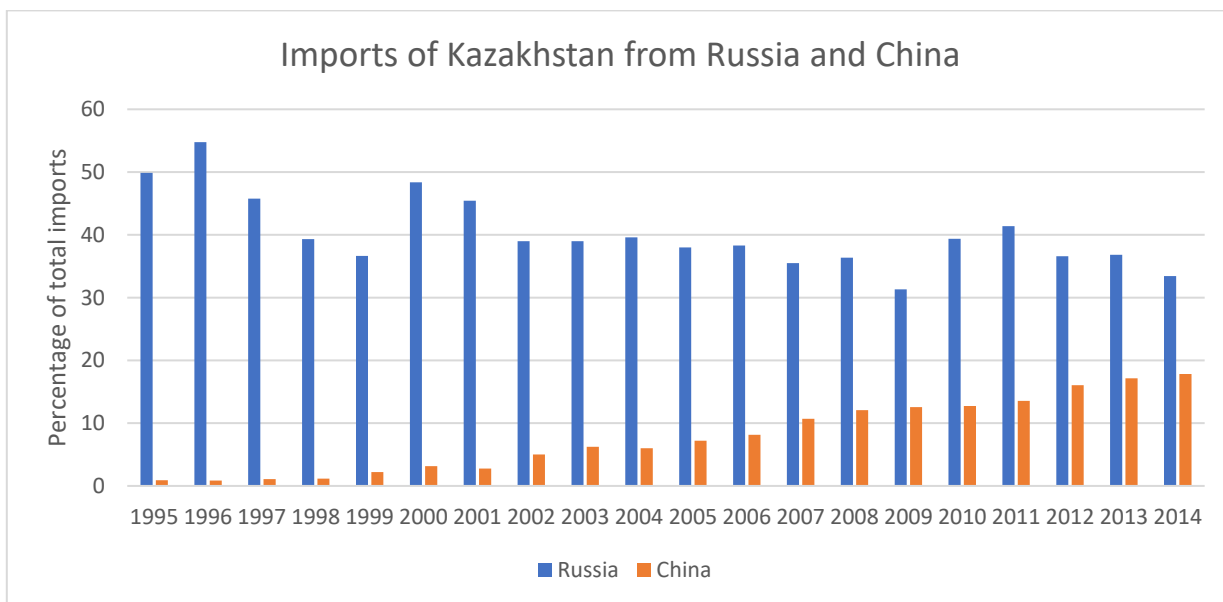
Source: Author's calculations based on the statistics by UN COMTRADE (1999), (2003), (2004), (2008); Statistical Committee Kyrgyzstan (various years).

Chart 5.9



Source: Author's calculations based on the statistics by UN COMTRADE (1999), (2003), (2004), (2008); Statistical Committee Kyrgyzstan (various years).

Chart 5.10



Source: The author's calculations are based on the statistics by UN COMTRADE (1999), (2003), (2004), (2008); Statistical Committee Kazakhstan (2012- 2016).

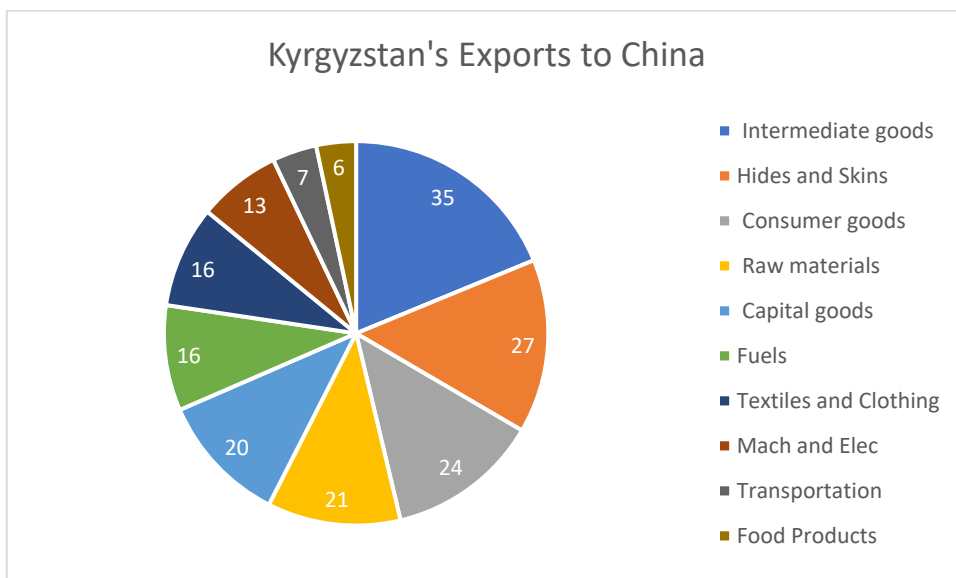
Chart 5.11



Source: The author's calculations are based on the statistics by UN COMTRADE (1999), (2003), (2004), (2008); Statistical Committee of Kazakhstan (2012- 2016).

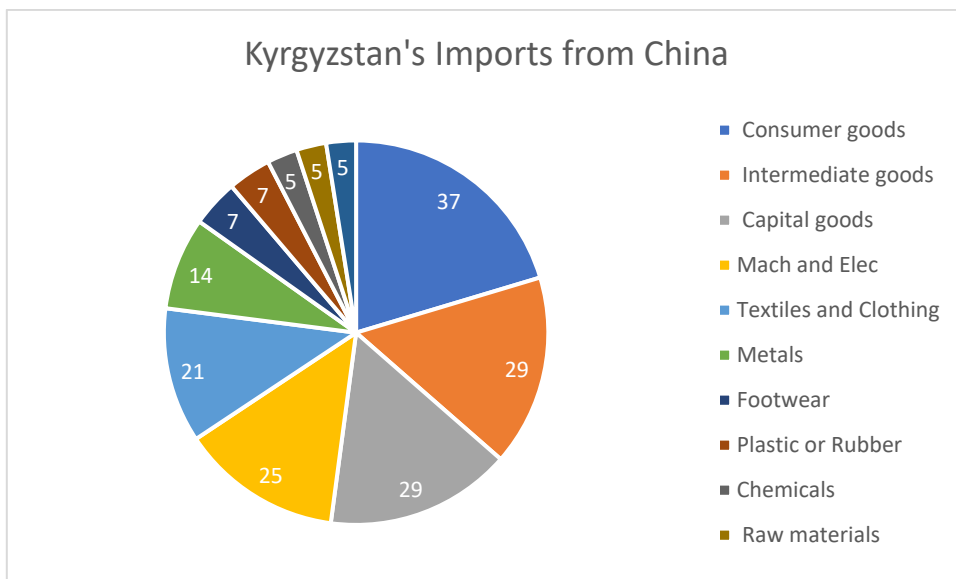
## Kyrgyzstan and China

Chart 5.12



Source: WITS Kyrgyzstan (2015), figures in percentages.

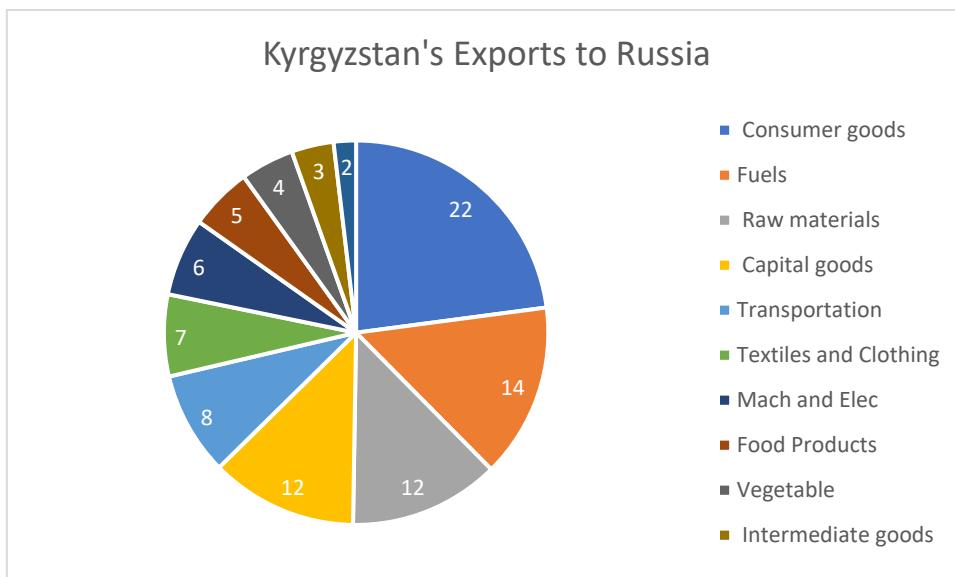
Chart 5.13



Source: WITS Kyrgyzstan (2015), figures in percentages.

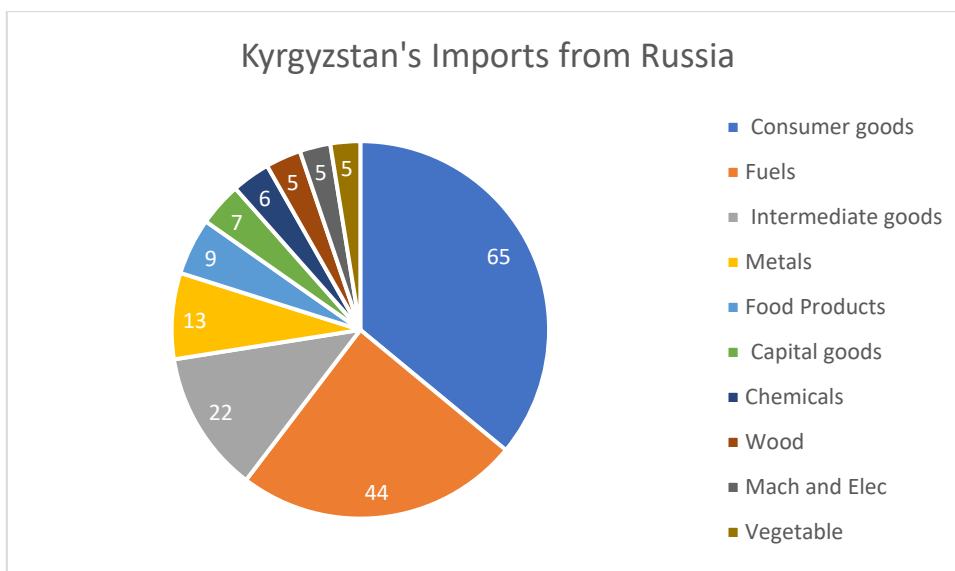
## Kyrgyzstan and Russia

Chart 5.14



Source: WITS Kyrgyzstan (2015), figures in percentages.

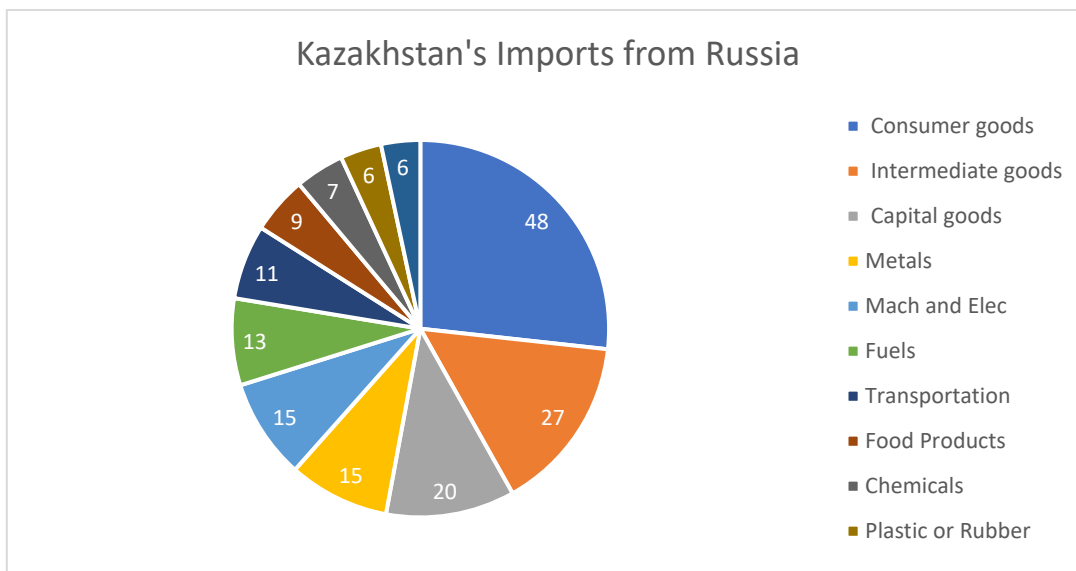
Chart 5.15



Source: WITS Kyrgyzstan (2015), figures in percentages.

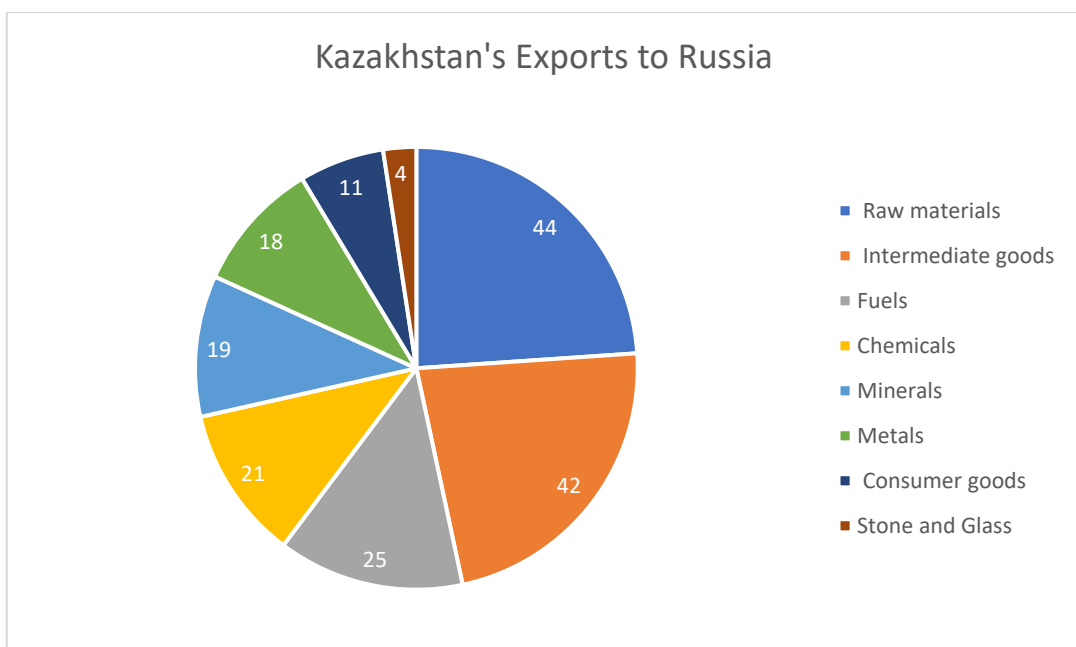
## Kazakhstan and Russia

Chart 5.16



Source: WITS Kazakhstan (2015), figures in percentages.

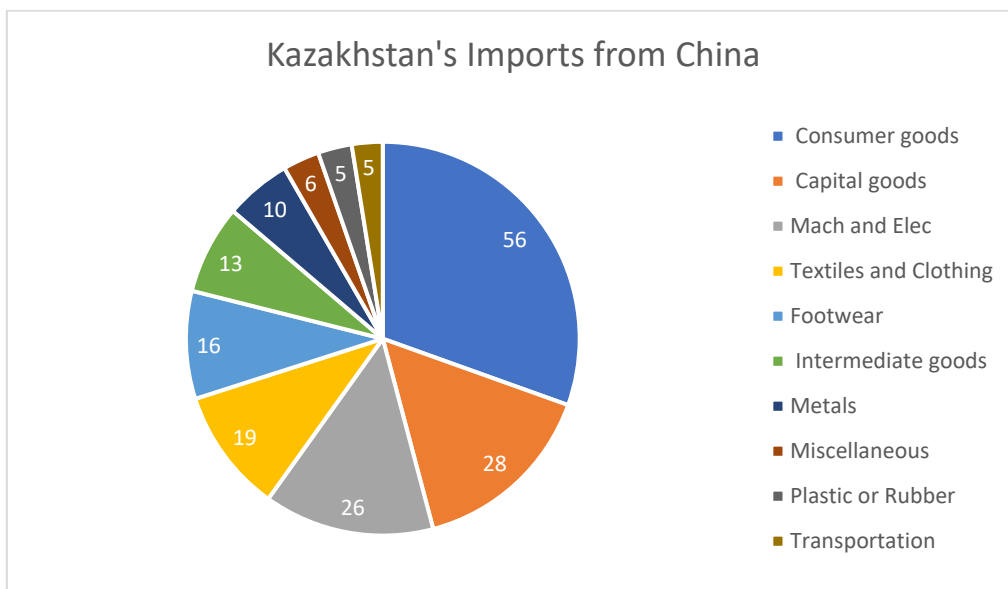
Chart 5.17



Source: WITS Kazakhstan (2015), figures in percentages.

## **Kazakhstan and China**

Chart 5.18



Source: WITS Kazakhstan (2015), figures in percentages.

Chart 5.19



Source: WITS Kazakhstan (2015), figures in percentages.



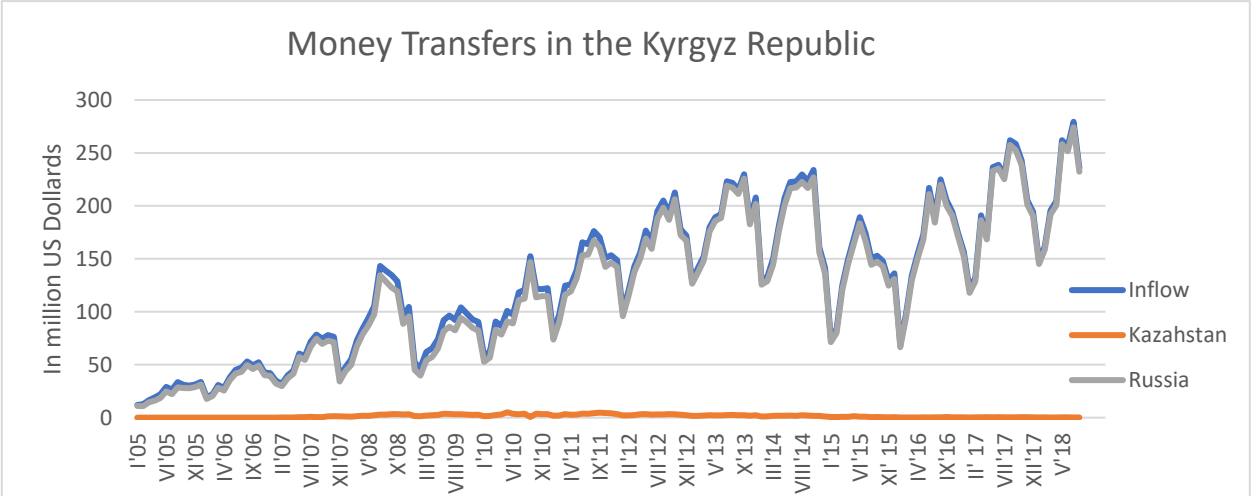
## Labour Flows: Kyrgyzstan

Labour outflows from Kyrgyzstan in the 2000s became another indicator of the republic maintaining and intensifying its economic transactions with Russia. These were seen not only in trade but also in the factors of production flows. The migration flows in the 1990s and 2000s were caused by disruptive political events and resulting economic hardship. In the 1990s, the SU dissolution led to the forced movement of the Russian-speaking population. Economic disintegration, reduction in industrial production, and privatisation created unemployment and poverty (Musabaeva, 2015, pp. 14-16). This underutilised labour force has chosen to leave the republic in favour of employment in the neighbouring countries, which shared cultural and language proximity. In the 2000s, the migration outflows intensified again, caused by the "Tulip revolution" on 24 March 2005 and the resulting political instability. The higher level of economic development in Russia and Kazakhstan attracted migrants. Russia has become the largest destination for Kyrgyzstanini migrants, attracting around eighty per cent of all migrants (Musabaeva, 2015, p. 12; Emilbekova, 2007, p. 13). Therefore, the worsening economic situation in Kyrgyzstan was the leading cause of the Kyrgyzstani migrants coming to Russia, the biggest economy in the FSU region.

The consequences of the labour outflows from republics were that they reduced the pressure on the domestic labour market and provided the economy with sizeable remittances. Every year, the size of the labour force in the republic increased by one hundred thousand people, while the formal sector only created ten thousand new places. This surplus of the labour force joined the informal sector or had to leave the republic, looking for job opportunities elsewhere (Akeneev,

Djakypov and Ibraimov, 2019). The estimates showed that this number varied from three hundred thousand to one million people (Kyrgyzstan National Strategy 2013-2017, p. 11). In addition, these migrants transferred their earnings abroad back to Kyrgyzstan, which has become the source of significant remittances in the country. The latter were substantial flows, representing at least a quarter of GDP in the 2010s, as shown in charts 5.20 and 5.21. Therefore, the economic migration from Kyrgyzstan to Russia had two significant implications: first, it generated substantial current transfers into the country, supporting the domestic economy; second, it entrenched the dependence of Kyrgyzstan's economy on Russia.

Chart 5.20



Source: Money transfers by physical persons, National Bank Kyrgyzstan (2018).

Table 5.21 Transfers as a percentage of GDP

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
12.1	16.6	18.1	23.5	20.6	26.1	27.3	30.6	30.9	29.9	25.2

Source: The author's calculations are based on the Money Transfer figures by the National Bank Kyrgyzstan (2018) and IMF Nominal GDP in US dollars (2019).

The migrants' question has become one of the crucial factors impacting Kyrgyzstan's decision to enter the EAEU (from the interviews with KG3; KG5; KG8; Baktygulov, Nogoibaeva and Umurzakov, 2014, p. 19; Dragneva and Wolczuk, 2017, p. 9). The EAEU membership was expected to legalise the work status, provide access to healthcare and housing, and improve the conditions for the Kyrgyzstani migrants (Malahov *et al.*, 2015, pp. 40-42). Therefore, on the one hand, the intensification of the migrants' flows to Russia has aided the domestic economy. However, on the other hand, it created a dependency on Kyrgyzstan. That meant the republic had to consider the impact of the EAEU membership on the migrants and the broader effects on the whole economy.

In sum, in the 2000s and 2010s, the rate of transactions of the CA republics with Russia continued to be high. The Russian Federation's dominance in exports and imports was still substantial despite its share greatly diminished since 1991. In the case of Kyrgyzstan, the Russian market continued to be the primary destination for its re-exports industry. Moreover, a new development is emerging that enhances the economic links between Kyrgyzstan and Russia: migrant outflows from the former. This development has significant implications for the smaller CA republic. It became more dependent on the Russian economy because the migrants' transfers generated considerable contributions to the GDP. Therefore, these maintained trade and emerging labour flows provided the economic foundation for Kyrgyzstan and Kazakhstan to pursue REI with Russia within the EAEU. The following section examines the CA republics' specific considerations concerning the EAEU membership and resulting challenges.

### *5.1.3 Republics' Economic Strategy and Regional Integration in the EAEU*

As discussed earlier, the transition has caused capital stock losses and the manufacturing sector's decline, causing Kazakhstan to rely on the exports of commodities and Kyrgyzstan – on the re-exports. However, these economic models were not conducive to sustainable economic growth. In the case of Kazakhstan, the volatility of the commodity prices left the economy vulnerable to the swings of the markets and the world economy. The 2008-2009 economic crisis revealed the weaknesses of the resource-dependent economy. At the same time, Kyrgyzstan's re-export model could only function because of the republic's preferential access to the Kazakhstani and Russian markets. Thus, with the introduction of the CU of Russia, Kazakhstan and Belarus, the republic faced the cut-off from its main markets.

As a result, in response to the economic restructuring of the 1990s, both republics started formulating long-term economic growth and development strategies beginning in the late 1990s. Both countries emphasised developing the processing industries with high value-added outputs, diversifying the economy, and attracting FDI. Kyrgyzstan introduced the "Strategic Economic Development of Kyrgyzstan until 2010" in 2003 and subsequently in 2013 – "The Programme of Kyrgyzstan's transition to sustainable development 2013-2017". In turn, Kazakhstan announced its vital programme, "Kazakhstan 2030", in 1997 and subsequently, "Kazakhstan 2050" in 2012. In these strategic programmes, re-industrialisation and the development of value-added industries emerged as focal points. For example, in Kyrgyzstan, both programmes emphasised the development of the processing industries in food and consumer goods, mining, energy, and tourism (Kyrgyzstan Strategy of Complex Development, 2003; Kyrgyzstan National Strategy 2013-2017).

In Kazakhstan, the message was similar: development of secondary production in the agricultural sector, mining and metallurgy, and the energy sector (Kazakhstan Strategic Plan 2025, pp. 114-115, pp. 117-118). Faced with the economic challenges of re-industrialising and modernising their economies, REI within the EAEU gave the republics the means to achieve that. The following subsection examines Kyrgyzstan and Kazakhstan's specific aims for EAEU membership.

## Kyrgyzstan

### Market access and migrants

Kyrgyzstan's argument for joining the EAEU centred on the republic's main industries losing access to the main export markets and the migrants' conditions in Russia and their remittances. The consequences of abstaining from the EAEU membership for exports could be summarised as follows. First, the republic's exports would decline, facing higher tariff duties in their most significant market. Second, the republic's exports were not competitive enough outside the CIS market (Umetova, 2004, p. 26). Thus, by excluding itself from the Russian and Kazakhstani markets, Kyrgyzstan faced the threat of isolation. That was exacerbated by the country's exports not being competitive enough to penetrate the Chinese market – the republic's other leading trade partner (Sultanov, 2016). At the same time, the manufacturers of the finished products (processed milk and overall food products, women's clothing and jewellery) were expected to receive the most advantages from the tariff-free access to the area in the case of the membership (Baktygulov, Nogoibaeva and Umurzakov, 2014, p. 18; Ponomarev, 2016). Third, the border trade was essential for Kyrgyzstan, and with the removal of the border controls, the region was expected to gain from

the trade activities (Kyrgyzstan National Strategy 2013-2017, p. 129). Moreover, the social and economic conditions of the migrants, such as healthcare, pension provision, working conditions and, housing, opportunities for formal employment, were expected to improve substantially (from the interview with KG3; KG5; Mogilevskii, Thurlow and Yeah, 2018, p. 13). Therefore, the trade and labour flow that were the backbone of the transactions between Kyrgyzstan, Russia, and Kazakhstan since the 1990s became the primary reason for the republic to seek membership in the EAEU.

#### The modernisation of the economy

In addition to guaranteeing export markets and securing the migrants' rights, Kyrgyzstan aimed to utilise REI to modernise the economy. The economy of Kyrgyzstan has become significantly dependent on formal and informal re-exports. The latter contributed to the rise of the informal sector, estimated at around 39 per cent of the GDP in 2013, which limited long-term economic growth. In particular, it undermined the fiscal policy and budgetary contributions, created an unfair competition environment, distorted the official statistics, and, most importantly, discouraged domestic and foreign investment and aided corruption (Kyrgyzstan National Strategy 2013-2017, p. 13). The EAEU membership would result in Kyrgyzstan becoming the external border of the EAEU. The republic would be responsible for carrying out the border checks on the non-member goods entering the Union. Kyrgyzstan was expecting to receive financial funds from the members of the EAEU to aid the republic in equipping its borders in accordance with the EAEU standards (from the interview with KG2). Therefore, the implications for the republic were that its

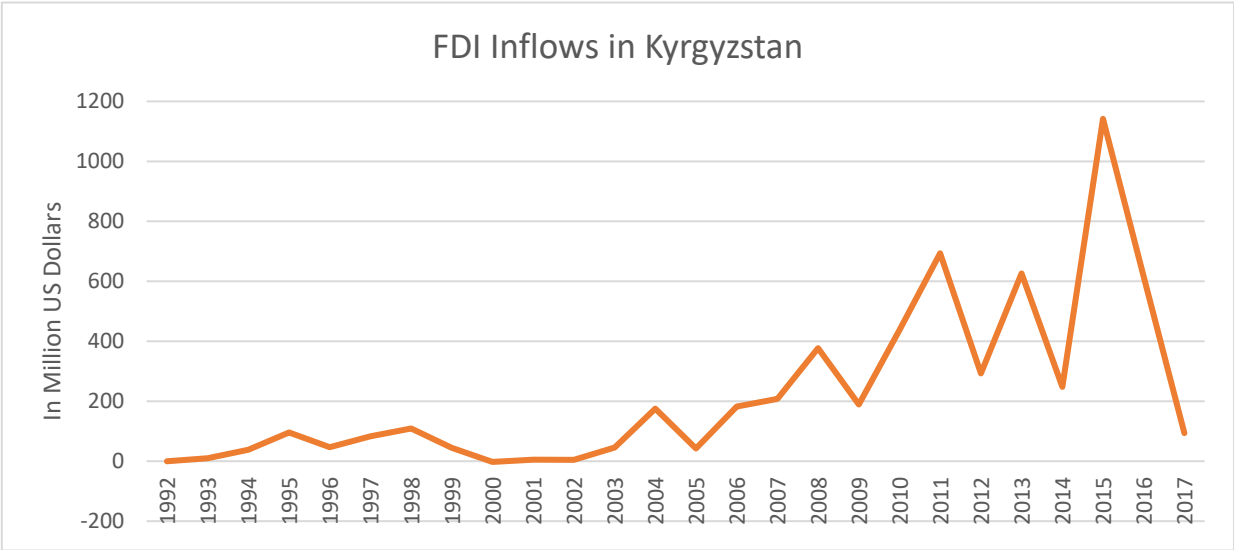
borders would be better equipped to control the flow of goods. That would substantially reduce grey exports and the overall informal sector, thus formalising the economy.

Moreover, following its economic strategy of developing the high-value-added processing industries, the republic intended to utilise its membership to attract FDI from the members and outside to develop its strategic sectors (EABD, 2011, p. 16): “I thought the EAEU would be a bridge, hub for the investment from China into Kyrgyzstan and then to the rest of the EAEU, mainly Russia” (from the interview with KG10). Specifically, the Russian and Kyrgyzstani governments established the Kyrgyz-Russian Development Fund, with an initial capital of 500 million USD and further loans for the same amount. The Fund focused on financing agricultural, manufacturing, and machine-building projects (RKDF, 2014a; 2014b). That meant the republic's economy would shift away from the “bazaar economy” that consisted of low-value re-exports and informal economy towards more value-generating manufacturing: “Dordoi is an informal economy, the economy of survival. Now we are at the different stage – formal economy, export, technology. The process of moving towards the formal economy is initiated” (from the interview with KG3).

The FDI inflows into the republic have been modest, as shown in chart 5.22. It was caused by the small size and resource base of the economy, the frequent changes in the legislation, the unstable domestic political environment, the weak communication infrastructure and the unstable transportation policies of neighbours (Emilbekova, 2007, p. 12). Additionally, the instability of the domestic political environment seemed to have an effect on internal investors as well: “...There internal investors, but they are afraid of the growth, as this will attract the attention of the politicians, criminal elements and inspection bodies. The entrepreneurs in Kyrgyzstan state that the problem number one is political instability, followed by corruption” (from the interview with KG5). Therefore, membership in the EAEU was viewed by the republic as an opportunity first to

formalise the economy and reduce the size of the informal sector and second, to develop and upgrade the strategic industries: the agricultural sector, light industry, the hydroelectric power stations, infrastructure and the mining industry.

Chart 5.22



Source: UNCTADSTAT, FDI database (various years).

### Subsidised imports of strategic products

Kyrgyzstan aimed to guarantee low-cost oil and petroleum products from its prospective partners in the EAEU. The republic's limited carbon resources determined its dependence on exports from its CA neighbours and Russia. In the SU, the republic received oil products, natural gas, grain, chemical products, ferrous and non-ferrous metals and wood products at subsidised prices. After the dissolution of the Union, the republic continued to receive these inputs from Russia at lower prices. However, with the creation of the CU in 2010, the republic faced the threat



of rising energy prices, resulting from Russia's policy toward non-domestic producers (Baktygulov, Nogoibaeva and Umurzakov, 2014, p. 19): “they made us enter the union, twisted the arm and drove into the union; otherwise, oil and other vital commodities would be sold at the market process” (from the interview with KG15). Therefore, the membership would allow the republic to buy these inputs at domestic prices, ensuring the country's energy security.

In sum, on the one hand, the prospect of non-membership would be a costly endeavour for the republic, considering its high transaction rates with Russia and Kazakhstan. The exporters and migrants would feel the negative consequences. That would result in the republic no longer having its significant sources of revenues generated by its producers and remittances. On the other hand, the EAEU membership presented Kyrgyzstan with opportunities to modernise the economy. The republic aimed to utilise the membership to achieve its strategic objectives of economic growth: the development and expansion of manufacturing, energy and mining sectors, the attraction of FDI, and subsidised strategic inputs.

## Kazakhstan

### Re-Industrialisation

Following its national programmes of Kazakhstan 2030 and 2050, the republic aimed to utilise the EAEU membership to target the strategic goals of developing the high value-added industries. That was the reaction to the republic's substantial de-industrialisation in the 1990s. For example, in 2017, the republic's Index of Economic Complexity was negative 0.52 compared to

positive 0.21 in Russia and 1.08 in Malaysia (Kazakhstan Strategic Plan 2025, p. 5). Kazakhstan was also spurred to action in response to the potential threat of protectionism to its export-oriented economic model (Kazakhstan Strategic Plan 2025, p. 19) and the volatility of commodity prices. Therefore, Kazakhstan emphasised the development of the value-added base industries in agriculture, mining and metallurgy, the oil sector, the machine-building industry, engine production and the chemical industry (Kazakhstan Strategic Plan 2025, pp. 119-120) as essential to the republic's economic development. Consequently, membership in the EAEU would foster the competencies of the national producers in the processing industry (Sanaubaev, 2014) and shield them from the global trade downturn. Thus, Kazakhstan envisioned import-substitution re-industrialisation behind the EAEU protective barriers to support the country's national producers.

#### The Effect of the 2008-2009 Global Recession

The 2008- 2009 crisis was instrumental in revealing Kazakhstan's excessive reliance on the commodities' prices and initiated plans to use REI as a way to protect the domestic economy. In 2008, exports contributed almost 58 per cent of the country's GDP. Commodities dominated the export structure: 74 per cent were mineral products, and around 15 per cent were metals (Dodonov, 2011a, pp. 72-73). The 2008-2009 recession led to a substantial decline in the demand for commodities, affecting their prices and volume. That resulted in diminished export revenues and a GDP decline in the republic. Additionally, the stock market and FDI registered a negative trend as well. Consequently, Kazakhstan's stock market went through a significant decrease in market capitalisation from 100 to around 30 billion US dollars. At the same time, the outflows of foreign

investment exacerbated the downturn in the country's financial sector, showing a negative 4.8 billion US dollars in 2008 (Dodonov, 2011a, pp. 72-74). Therefore, REI offered a way to mitigate the adverse effects of the 2008 financial crisis (Dodonov, 2011b) by relying on regional resources.

### Access to Infrastructure

REI within the EAEU promised to guarantee uninterrupted and low-cost access to the main transportation routes for the republics' goods and energy products. As discussed in the earlier chapter, Kazakhstan was highly dependent on Russian transport and energy infrastructure. Due to its landlocked position, the republic's goods had to cross its neighbour's territory, using its infrastructure before reaching Russian seaports for further transit. The republic's geographical location and logistics made it vulnerable, creating dependence on Russia: "Kazakhstan is a victim of geographic fatalism: Kazakhstan must cooperate with the neighbours... 7500 km of the joint border with Russia (from the interview with KZ7); "Russia is a window to Europe for Kazakhstan, because of the republic's extensive dependency on Russia's infrastructure (from the interview with KZ2). Therefore, the EAEU membership served the following purposes for the republic. First, Kazakhstani products will be subject to much lower transit fees, making them more competitive. That would increase the transit potential of Kazakhstan's energy producers (Kazakhstan Strategic Plan 2025, pp. 144-145). The transit fees for Kazakhstani oil exports were twice as high as for Russian oil producers (Rahmatulina, 2009, p. 127). Second, the republic envisioned itself as a logistics hub within China's BRI, linking China and Southeast Asia through Kazakhstan to Europe (Kazakhstan Strategic Plan 2025, p. 120). Therefore, considering the current political will of the leadership for the BRI and EAEU to work in tandem (from the interview with KZ9), that would

aid the country's diversification strategy to develop transportation and other complementary services. Thus, Kazakhstan expected the EAEU membership would be instrumental in mitigating its geographical location and logistics weakness through access to the Russian infrastructure.

In sum, the 2008 crisis underlined the weaknesses of the Kazakhstani economy. The restructuring of the economy initiated in the 1990s led to the dominance of the energy sector in Kazakhstan. That was further solidified under high commodity prices prevalent in the 2000s. The drawback of the model was the decline of the manufacturing sector. The latter tends to be the source of higher value-added production, making the economy more diversified and less affected by the volatility of commodity prices. Moreover, the position of Kazakhstan was further weakened by its dependence on the Soviet – infrastructure and, subsequently, Russian control. Therefore, REI with the country's most significant economic partner, was an attempt to use the regional resources to redirect the economy to developing value-added industries and re-industrialisation. The previous sub-sections examined both republics' economic interests in the EAEU membership. The following sub-section focuses on the challenges Kyrgyzstan and Kazakhstan's producers voiced regarding the republic's membership in the EAEU. These challenges became essential parts of the republics' membership discourse as well as the benefits.

#### *5.1.4 Challenges in Regional Integration*

##### Kyrgyzstan

However, despite the potential benefits and fulfilment of the republic's strategic objectives, Kyrgyzstan faced significant challenges that could jeopardise its overall advantages. These challenges could be seen at the macro level and concerning individual industries. The former was caused by the republic's lower economic development and capacity than the economies of Russia, Kazakhstan or Belarus. The latter was about the distributional effects on the republic's producers resulting from opening the Kyrgyzstani market to the prospective member states.

#### Macro-level challenges

The promise of membership revealed structural problems within the economy. First, the domestic market's size reduced the Kyrgyzstani firms' capacity to serve larger markets: “We have processing factories producing tomato paste, jam, honey, but they are too small... The farms are too fragmented to satisfy Russia’s demand (from the interview with KG8); “On the supply side, there is low capacity, Kyrgyzstan cannot produce large quantities, for example, the demand from Russia is for 100 thousand tonnes, we can only produce 5 thousand tonnes” (from the interview with KG3). Second, Kyrgyzstan offered a narrow range of products to benefit fully from access to Russian and Kazakhstani markets. Third, the exporters had to comply with new technical regulations on phytosanitary, sanitary and veterinary certifications, which increased their costs substantially. The limited training offered to the entrepreneurs and the lack of domestic laboratories equipped and capable of producing necessary certification presented further obstacles and costs for the entrepreneurs. Fourth, the under-development of the logistics centres, essential for storing and transporting goods, has reduced the export potential for domestic producers. Fifth, high transportation costs, depreciating infrastructure and under-developed railway system within the

republic, transit time and delays resulting from the cross-border checks added to the producers' costs (from the interview with KG2). Consequently, the current economic development of the republic has significantly reduced the export capacity of the domestic producers, potentially limiting the full benefits of REI for the country.

#### Micro-level challenges

These macro-level obstacles could be traced to the effects on the republic's industries: import-competing, export-oriented and wholesale trade. First, the import-competing producers of the republic have voiced their concerns about the EAEU members' companies outcompeting them (Kyrgyzstan National Strategy 2013-2017, p. 130). These industries were in the agricultural sector, both primary and secondary production, textile and clothing. The main concern was that the smaller-scale Kyrgyzstani producers were not at a level playing field because the textile companies of Belarus, wheat producers of Kazakhstan, and egg producers from Kazakhstan and Russia had better access to finance and low-cost inputs and were more capital-intensive. Therefore, these companies were most cost-competitive, which could drive out the local producers from the market (from the interview with KG2; KG5; Ponomarev cited in Sarabekov, 2015).

Second, the rising cost of imports would undermine the competitive advantage of the leading exporters and the republic's wholesale industry. For example, the clothing industry depended heavily on imported inputs – sixty per cent of fabric and equipment came from China and the rest from other countries (Sarabekov, 2015). Therefore, these producers could be disadvantaged by rising input costs from the unified external tariff. Moreover, the increase in tariffs on Chinese products would negatively affect the wholesale trade centres of Dordoi and Karasuu,

reducing re-exports (Kyrgyzstan National Strategy 2013-2017, p. 129). The entrepreneurs of the Association of Suppliers and Trade Union of Dordoi had concerns about continuing their business model. The biggest markets of the republic were expected to generate fewer revenues and employment due to the EAEU membership (Uskenbaeva, 2015).

These above-discussed challenges indicate that Kyrgyzstan expected losses in the short run from the EAEU membership. These effects could be two-fold. First, the republic would fail to realise its strategic objective of supporting processing industries. Both import-competing and export-oriented producers would become less competitive due to increased import costs and rivalry from the member countries' companies. Second, the wholesale industry of Kyrgyzstan – the most significant employer- would be expected to generate much lower revenues from implementing the external tariff on Chinese imports.

## Kazakhstan

At the macro level, Kazakhstan did not face the challenges Kyrgyzstan faced. It is explained by the republic's much bigger economic size and membership in the CU since 2010. However, at the micro-level, the Kazakhstani producers shared similar concerns with their Kyrgyzstani counterparts. The import-competing producers were concerned about Russian and Belarusian producers dominating the market. Consequently, the smaller food producers would face more robust competition from Russia and Belarus and eventually bankruptcy, according to Nikolai Radostovec, the president of the Union of Merchandise Producers and Exporters of Kazakhstan (Popova, 2012). These concerns mirrored the potential challenges the Kyrgyzstan producers raised.

Consequently, both countries' manufacturers feared Russian and Belarusian companies would outcompete them due to their economies of scale and government support.

Export-oriented producers were concerned about the impact of the external tariff on the company's costs. The Vice-President of the Independent Association of Kazakhstan, Timur Nazhanov, stressed that an increase in the import duties would increase the price of the final product made in Kazakhstan, reducing the competitiveness of the national producers (Nazhanov, 2009). Moreover, the small businesses in the trade sector and services would also face increased import duties on Chinese goods, which would consequently cause a downturn in trade and re-exports (Yakubov, 2010), affecting their livelihoods (Kassenova, 2013, pp. 154-155). These concerns similarly mirrored the issues of Kyrgyzstan. However, in Kazakhstan, the wholesale trade share was substantially smaller than that of its southern neighbour. Therefore, the overall impact on the economy would also be smaller compared to the case of Kyrgyzstan.

Unlike Kyrgyzstani businesses, Kazakhstan had another set of obstacles in non-tariff barriers since it has been a CU member since 2010. The entrepreneurs in the Association of Kazakhstan Producers of Alcohol have complained about the inaccessibility of the Russian market. They stressed the additional barriers emerging for the Kazakhstani producers, such as the special register of importers, which entails extensive documentation and a hefty fee (Zakon.kz, 2010). The executive director of the Karaganda Association of Entrepreneurs, Serik Sanaubaev, underlined the divergence in the technical standards as another trade impediment (Sanaubaev, 2014).

These findings show that neither republic did expect the EAEU membership to be cost-free. As discussed in the previous subsection, these costs had to be weighed against the potential benefits this REI could bring to both republics. The import-competing producers in Kazakhstan, like



Kyrgyzstan, expected increasing competition from Belarus and Russia. That could be explained by the economies of scale the producers from these member states would have over their CA counterparts. Kyrgyzstan expected even more competition for its industries than Kazakhstan. At the same time, the republics' exporters' challenges were two-fold. On the one hand, the CU external tariff would increase their import costs. On the other hand, the CU membership meant the Kazakhstani producers were no longer subject to the tariff barriers, but the non-tariff barriers would emerge instead. The analysis of Kyrgyzstan's challenges indicates the following dilemma for the republic. In the case of the membership, on the one hand, the integration was expected to aid the processing industries and guarantee access to the main markets. However, on the other hand, it would increase the costs of import for the republic's exporters and exert competitive pressure on the import-competing producers. In the case of non-membership, the republic risked losing these markets altogether.

In sum, Kyrgyzstan and Kazakhstan had to consider both the economic benefits and costs of their potential membership in the EAEU. Kazakhstan aimed to utilise the EAEU as a tool to serve the needs of the domestic economy, building on the current trade and infrastructural linkages with Russia and making it a major infrastructural hub in Eurasia. The 2008 financial crisis highlighted the limitations of Kazakhstan's resource-based model. Consequently, the republic prioritised diversifying the economy by focusing on processing industries and infrastructure development. The republic aimed to utilise the EAEU to push forward with the re-industrialisation programme and to protect its processing industries behind the protective barriers of the CU and the EAEU. Kazakhstan had a vision of an infrastructural hub in Eurasia. This vision was dependent on

infrastructural access to Russia's transportation network. Therefore, EAEU membership was seen as a means to achieve the objectives of the domestic economy.

Kyrgyzstan had similar aims of developing a domestic economy, building on the republic's current transactions with Russia. The country's migrants added another layer to Kyrgyzstan's dependence on Russia's economy and impetus for REI. They generated substantial contributions to the republic's GDP through remittances. However, the difficulty for the republic in accepting the EAEU membership was its re-exports model and its dependence on Chinese imports. On the one hand, abstaining from the EAEU meant the republic would not have access to its main export markets, substantially reducing its export revenues. On the other hand, the membership would increase import duties for domestic industries. That would negatively impact its wholesale sector and make its exports less competitive. Consequently, the republic had to consider additional factors that swayed it towards accepting membership. Kyrgyzstan has used the opportunity of REI with Russia to modernise its economy and benefit its sizable number of migrants. In return for accepting membership, the republic expected to legalise its migrants' position. Most importantly, it negotiated financial funds to support the transition and investment for its strategic sectors and subsidised access to strategic inputs. This section explains republics' public economic interests in the EAEU membership, and the next section elaborates on their geopolitical considerations.

## **5.2 Public Geopolitical Interests**

This section examines the republics' geopolitical interests in the EAEU membership. The main argument advanced here could be summarised as follows. Kyrgyzstan pursued three

objectives. First, the republic's limited capacity to pay for the Armed Forces drove its military alignment with Russia. The EAEU membership promised to generate external security benefits for the republic using Russia's military base. Second, Kyrgyzstan has used the EAEU membership to negotiate better accession conditions and bilateral debt write-offs with Russia. Third, the republic was seeking the security of energy supplies. The EAEU membership was expected to generate Russian investment in the republic's energy sector and act as a bulwark in the energy disputes with the CA neighbours. For Kazakhstan, REI with Russia was seen as a guarantee of its support for the republic's territorial integrity. This support was considered necessary in the presence of a potential secessionist threat from a sizable Russian minority in the North of the republic. Moreover, China's growing presence in the CA region made it even more relevant.

### *5.2.1 Kyrgyzstan*

For Kyrgyzstan, membership in the EAEU offered several benefits relating to the provision of external and energy security and preferential economic benefits.

First, for Kyrgyzstan, as a much smaller economy, the provision of external security has been costly. The Kyrgyzstani Army has been in a state of turmoil since the SU dissolution (Toktomushev, 2016, p. 100). The republic was dependent on the military-technical cooperation provided by the Russian Federation: "The nuclear umbrella of Russia reduces the burden of external security. Kyrgyzstan gets on a priority basis and pays Russian domestic prices for military-technical equipment and ammunition" (from the interview with KG15). It was done based on the Russian air base in Kant, formed in 2003 within the CSTO Agreement and extended in 2009 (Dzholdosheva, 2012). Kyrgyzstan entrenched its dependence on Russian security provisions after

it closed the US Transit Centre in 2014, which has been operating since 2001 (Shambetov, 2016). Therefore, in the presence of potential regional threats and limited by its military capabilities, the republic has chosen to depend on the support of its biggest security partner with greater capabilities to provide military support.

Second, while joining the EAEU membership, the republic bargained with Russia for preferential economic incentives and overall transitional concessions on the membership accession. In 2012, Kyrgyzstan signed the Agreement with Russia on a gradual write-off of 488.9 million US dollars of the main debt and 110.1 million of interest due in 2049 (Musabaeva, 2016). Moreover, Kyrgyzstan was promised a grant of 0.2 billion US dollars to equip the borders with the necessary infrastructure for customs control (Mogilevskii, Thurlow and Yeah, 2018, p. 13). Additionally, the republic negotiated special transitional arrangements for its industries and consumers. For example, the republic received postponement between six months and four years when switching to the EAEU regulations; until 1 January 2020, cars were allowed to be imported into Kyrgyzstan at the usual rates; the republic was allowed to import sugar cane duty-free for five years; the republic received an exemption from duties on military import for the needs of the Armed Forces until 31 December 2022 (Mineconom, 2018, pp. 43-46). Therefore, besides the economic benefits discussed in the previous sections, Kyrgyzstan has targeted particular economic advantages from the most prominent EAEU members.

Third, the republic aimed to generate energy security by guaranteeing investment in the energy sector and using Russia as an intermediary in the energy disputes. For example, in 2013, Kyrgyzstan sold KyrgyzGas to Gazprom for 1 US dollar (Azattyk, 2013). The objectives were to attract investment in the natural gas infrastructure and solve disputes with Uzbekistan, which have been prominent since the 1990s (Toktonaliev, 2014). At the same time, in 2013, Russia confirmed

support for building the Kambarata-1 hydroelectric station (Sultanbekova, 2013). However, in 2015, Kyrgyzstan signed the denunciation agreement citing Russia's difficulties in financing the project (Kloop, 2015). Therefore, it indicates the republic bargained for specific economic benefits for its strategic sector and an intermediary in dealing with its bigger CA neighbours of Kazakhstan and Uzbekistan.

These findings indicate that Kyrgyzstan was seeking additional guarantees and benefits from its perspective of EAEU membership. For the republic, it was not just the economic benefit calculation arising from joining the EAEU. It was also about Kyrgyzstan reinforcing its external security by entering into a close economic relationship with Russia. In this case, the Republic aimed to secure greater military assistance from its “big brother” by being in the EAEU. Moreover, Kyrgyzstan sought to offset the negative implications of the membership and use the momentum to generate additional funds for its economic development. The country was able to negotiate concessions on the later introduction of external tariffs for some of its imports and additional financial support to initiate its economic modernisation.

### *5.2.2 Kazakhstan*

For Kazakhstan, the question of national security, sovereignty and territorial integrity was critical in the country's strategic development (Strategy of Formation 1992, Kazakhstan 2030, Kazakhstan 2050) and, subsequently, its participation in the EAEU. The republic saw the preservation of national security as the foundation upon which it intended to build further growth and development for the country. It was vital not just to “win freedom and independence” for the

republic but to maintain and defend its sovereignty to ensure future generations' use of land and strategic resources (Nazarbaev, 2012a, p. 29). Therefore, the country's national interest was foremost focused on guaranteeing the republic's sovereignty and minimising threats to its national security and territorial integrity.

Kazakhstan identified two threats that could destabilise the country: external and internal. The causes of external threats were, first, the countries with substantial armed forces that could be based near the borders with Kazakhstan and countries that were building up military potential. Second, unstable domestic political situations and military conflicts between countries would represent further challenges to the republic's external security (Nazarbaev, 1992a, p. 53; Nazarbaev, 1999, cited in Nazarbaev, 2012a, p. 79). These identified threats to the republic's national security and territorial integrity point to Kazakhstan's biggest neighbours, Russia and China, and the continuing instability emanating from Afghanistan. Speaking of the internal threat, internal societal contradictions were the leading causes of internal political instability. Fed by political ideology and the opposition of religious, ethnic, and class interests, they would represent a significant challenge to the country's development (Nazarbaev, 2012a, p. 34-35). The main objective for Kazakhstan in the political-military and economic union participation was to guarantee the security and sovereignty of the republic (Nazarbaev 1992a, p. 34). Therefore, to ensure its stability, Kazakhstan aimed to utilise integration to manage its relations with Russia and China and collectively manage the precarious situation arising from Afghanistan.

Foremost, the republic's main geopolitical interest in the EAEU was primarily driven by seeking integration with Russia to garner its support for its national security and territorial integrity. The republic shared the longest border with its Northern neighbour. Kazakhstan aimed to reduce the secessionist threat from the republic's multi-ethnic population and ensure Russia's continuing

support for its independence. This threat was the result of the Imperial and Soviet migration policies. In particular, the Tsarist regime's colonial policy and the Turkestan region's development initiated the first wave of immigration to CA. The collectivisation of the 1930s, the relocation of the minorities in 1941-1945, and the 1950s Virgin Lands' development further increased the presence of the non-titular nations in the region (Nazarbaev, 1992a, p. 5). By 1990, the titular nation only represented 40 per cent of Kazakhstan's population (World Bank, 1992, p. 165; p. 193). Moreover, a large proportion of the Russian population resided in the northeast, close to the border with Russia, creating a credible secessionist threat (Pomfret, 2009, p. 6). By 2012, the republic was still significantly diverse: 140 ethnic groups and 17 religious denominations (Nazarbaev, 2012b). Therefore, membership in the EAEU ensured the continuation of Russia's guarantees that it would not support the secessionist calls and threaten the republic's territorial integrity.

Moreover, the Chinese economic presence in the region has translated into occasional anti-Chinese sentiment and security concerns. These concerns stem from the more visible presence of Chinese workers in the republic and fears about land being sold to Chinese nationals (from the interview with KZ7). Consequently, China was considered "alien to the region"; both the public and the politicians demonstrated anti-Chinese sentiment (Dadabaev, 2014). Additionally, the CA republics were concerned about China's rising military power, as seen in military reforms and technology investment (Peyrouse, 2016, pp. 19- 20). Therefore, membership in the EAEU could be viewed as a policy to balance China in the region. The relations of Kazakhstan and Kyrgyzstan with China within the framework of the Shanghai5 and the SCO are discussed further in the next chapter.

In sum, REI with Russia had the potential to generate positive security externalities for both republics. Security was a costly endeavour for Kyrgyzstan as a much smaller economy. Russia's

military support in case of external threats was the advantage the republic would find too costly to ignore. Kyrgyzstan aimed to maximise the geopolitical benefits further by strengthening its energy security through Russian investment and as an intermediary in its disputes with the CA neighbours. Kazakhstan was not as financially restricted as Kyrgyzstan and envisioned its geopolitical benefits differently. The republic needed Russia's support for its national security and territorial integrity in light of possible secessionist threats and the growing economic presence of China in the region. REI with Russia was instrumental in achieving this objective. The following section focuses on the Kyrgyzstani and Kazakhstani leadership's private interests in REI within the EAEU.

### **5.3 Private Interests of Kyrgyzstan and Kazakhstan's Leadership**

This section discusses the personal motivations of Presidents Atambaev and Nazarbaev for their pursuit of EAEU membership. The main argument advanced here is that Almazbek Atambaev needed Russia's support to retain office. The mistakes made by the previous administration in disregarding Moscow's interests were taken into account by Atambaev. He also needed to be seen as securing benefits from the republic's closer alignment with Russia. That would build his political capital beyond his presidential six-year term should he want to stay in Kyrgyzstani politics. On the contrary, Nazarbaev had different aspirations. He had a grand vision of leaving his legacy that could be shown in the history books. His presidential term was close to three decades. Unlike Atambaev, he had the time and capacity to present and implement this vision. For both of them, the EAEU membership provided the means to achieve these personal objectives.



### *5.3.1 Atambaev and Russia*

The 2010s in Kyrgyzstan marked a strengthening phase in the republic's relationship with the Russian Federation. The departure of Kurmanbek Bakiev in April 2010 led to the formation of a new government under the interim leadership of Roza Otunbaeva in 2010, followed by Almazbek Atambaev in December 2011. In April 2011, Kyrgyzstan launched the process of joining the CU and the CES of Belarus, Kazakhstan and the Russian Federation (EAEU, 2022). During the 2000s, the republic hosted American and Russian military bases. However, in 2013, Kyrgyzstan denounced the bilateral agreement on the US transit centre in Manas (Lang, 2013), leading to its closure in July 2014. At the same time, Kyrgyzstan signed an agreement with Russia on the military base in the republic in September 2012 for fifteen years with subsequent five-year extensions (Jamankulova, 2020). Two main factors indicate the republic's pivot towards its most significant partner. First, Russia's soft and hard power was instrumental in destabilising Bakiev's regime (Cooley, 2012, pp. 164-165). The Russian media launched a narrative against him, accusing him of corruption, nepotism and repression. Moreover, Russia cancelled its fuel subsidies, leading to substantial price increases in April of that year. That mobilised a lot of anti-Bakiev sentiment and demonstrations (Cooley cited in Pannier, 2011; Sarabekov, 2015). Second, the new government was in search of new economic opportunities. The republic needed investment in its energy sector, was indebted to Russia, and required subsidised oil products. Therefore, reeling from the domestic political instability of the 2010 events, the republic's leadership prioritised the strategic relationship with Russia in the new decade.

The strengthening relationship with Russia became the cornerstone of Atambaev's presidency. During his premiership before the presidency, he received substantial political, moral and financial support from Moscow. The Russian leadership agreed to supply the republic with duty-free oil products, financial grants to cover the budget deficit and Gazprom's support in oil and gas exploration (Knyazev, 2012, p. 376). Between 2011 and 2013, there was an intensification of contact between Russian and Kyrgyzstani leadership. Atambaev's first visit occurred in February 2012, where he met with President Medvedev and Prime Minister Putin. The interesting part of the visit was that during the opening of the Manas monument, Atambaev implied he was "ethnic Russian". His statement stemmed from the historical origin of Kyrgyz people in Western Siberia and Altai (Musabaeva, 2016). These findings indicate that Atambaev aimed to cultivate a strong relationship with the Russian leadership to secure its support for his position in the office. The following factors could explain this calculus. First, the withdrawal of the Russian leadership's support for Bakiev's regime was a significant factor in its demise. Atambaev has learnt from his predecessor that having Russia's support is vital in ensuring his time in office. Second, securing financial aid, investment and concessions in the EAEU membership strengthened his political standing at home. That meant he would build political capital, which would be an advantage should he decide to stay in politics after completing his six-year term. Therefore, for Atambaev, strengthening the relationship between Kyrgyzstan and Russia was about the republic's national interests and maximising the strategic partner's support for his time in office.

### *5.3.2 Nazarbaev and Legacy*

Nazarbaev has been at the helm of the republic's leadership for almost three decades since its independence. It was vital for him to leave a significant and positive legacy in the history of independent Kazakhstan. In his addresses to the nation, seen mainly in the Strategy of Formation and Development of Kazakhstan in 1992, Kazakhstan 2030 in 1997, and Kazakhstan 2050 in 2012 and other speeches, it is possible to observe that for him, it was important to leave his imprint on the future of Kazakhstan. The analysis of his speeches indicates he felt he was responsible for ensuring that future. In 1997, in Kazakhstan 2030 Strategy, he highlighted that: "We must remember every day that in addition to the task of the present period, our generation has a huge task before future generations: the responsibility of fathers and mothers, grandfathers and grandmothers before their children and grandchildren." (Nazarbaev, 1997, p. 7 cited in Nazarbaev, 2012a). In 2001, at Kazakhstan's tenth independence anniversary, he expressed his gratitude "...for history and fate for giving me such an honour and responsibility in the most difficult years for the country." (Nazarbaev, 2001, cited in Nazarbaev, 2012a, p. 280).

His worldview could explain his position on the importance of accountability to future generations. His educational and professional experiences as a bureaucrat in the SU shaped it. The customs and traditions of his native Kazakhstan have also had an impact on his worldview. According to it, he had to leave a meaningful legacy in the country's history, honouring Kazakhstan's previous generations of statesmen who contributed to current Kazakhstan's statehood. He was the first Kazakh leader of independent Kazakhstan, a country that did not exist before. That meant, for the first time, the republic could chart its course of development and manage its natural

resources and land. It was no longer under the control of the Russian Empire or the planners of the SU. Nazarbaev's speeches indicate that he, as the first president of the Republic of Kazakhstan, felt responsible for the fate of the country that has finally become independent (Nazarbaev, 2001, cited in Nazarbaev, 2012a, p. 258-259; Nazarbaev, 2002, cited in Nazarbaev, 2012a, pp. 284-285). The Kazakhstani parliamentarians likened Nazarbaev to other historical figures such as George Washington, Mustafa Kemal Ataturk and Mahatma Gandhi, prolific statesmen who remained in the memories of their country's people. They argued that Nazarbaev held a "special role in Kazakhstan's national psyche" and served as the foundation for bestowing the title of "Elbasy" in 2010 (Lillis, 2010). Therefore, the analysis indicates that for Nazarbaev, his role as the leader and his legacy in the history of Kazakhstan mattered substantially. He wanted to be seen as the one who was instrumental in establishing and defending the republic's independence in the turbulence of the 1990s and leading the country to prosperity in the 21<sup>st</sup> century.

His vision of legacy could be traced to the three primary outcomes for the country: economic, geopolitical and social. First, an economic outcome is seen in the Kazakhstani citizens generating higher levels of income resulting from a market-based economy, industrially developed and ranked among the thirty largest economies of the world by 2050 (Nazarbaev, 1997, cited in Nazarbaev, 2012a, pp. 6-28; Nazarbaev, 2012b). Second, the geopolitical position of Kazakhstan as a Eurasian country with a unique history and future (Nazarbaev, 1997, cited in Nazarbaev, 2012a, p. 40) would allow it to become a strategic link between Europe, CA and Asia Pacific region (Nazarbaev, 1992a, p. 34). That would result in the republic becoming a recognisable player in the world arena: "In 2030, our descendants will live in a country that will no longer be in the background of world events... Their Kazakhstan, being the centre of Eurasia, will play the role of an economic and cultural link between three rapidly growing regions – China, Russia and the

Muslim world" (Nazarbaev, 1997, cited in Nazarbaev, 2012a, p. 25-26). Third, the social outcomes focused on health and education provision, environmental quality, social care and patriotism (Nazarbaev, 1997, cited in Nazarbaev, 2012a, pp. 24-25; pp. 50-54). Therefore, Nazarbaev identified a particular, measurable vision for the country through these outcomes. Geopolitical and economic outcomes are directly relevant to Kazakhstan's membership in the EAEU.

The project of Eurasian integration was one of the pillars of Nazarbaev's vision for Kazakhstan to become this vital link between the East and the West. As argued in the previous section, the economic benefits expected from the EAEU membership would contribute to the country's prosperity and economic outcomes specified above. In addition, the geopolitical benefits of belonging to a much bigger economic block would increase Kazakhstan's prominence in the world area. He was the first one to offer the idea of the Eurasian Union in 1994 (Nazarbaev, 1994 cited in Nazarbaev, 1997, pp. 38-50). Nazarbaev had to finish what he started (from the interview with KZ4; Satpaev, 2018). Therefore, by succeeding in creating the EAEU, Nazarbaev would leave his legacy even more prominent.

It is important to underline the evolution of Nazarbaev's views on the depth of integration within the Eurasian Union. In 1994, his views at the time indicated he was ready to embrace political and economic integration. In the project document on the Eurasian Union, he envisioned a union that included the following permanent bodies: the Council of Heads of States, the Council of Heads of Governments, the Parliament and the Executive Committee. He also identified economy, science, culture, education, defence and ecology as the main areas for integration with the necessary supranational institutions (Nazarbaev, 1994 cited in Nazarbaev 1997, pp. 38-50). In 2003, he continued with the idea of economic integration and proposed introducing a single currency, "altyn", in the common space of Russia, Kazakhstan, Belarus and Ukraine, provided the

FTA, and the CU formed first (Niyazov, 2003). By the time of the EAEU's creation in 2014, he insisted on economic integration only, without indication for the single currency introduction: "Economic interests, not abstract geopolitical ideas and slogans, are the main engine of integration processes. Therefore, the fundamental basis of the future Eurasian Union is the CES as a large-scale area for the successful joint development of our peoples" (Nazabaev, 2011). This analysis shows that Nazarbaev realised the necessity and benefits of economic integration with Russia. However, simultaneously, he strived to preserve Kazakhstan's independence. Kazakhstan reinforced its position as an independent nation as the republic benefited from exploring its natural resources and built its economic capacity in the second half of the 1990s and the 2000s. Entering a political union with Russia would jeopardise this position and not align with Kazakhstan's national interests. Therefore, to ensure a positive legacy, he had to navigate the EAEU membership and insist on economic integration only.

In sum, Presidents Atambaev and Nazarbaev differed in their personal motivations. For Atambaev, the EAEU membership offered Russia's support for his presidency. Nazarbaev aimed for a more long-term outcome in the shape of the overall legacy of his time in office. These differences in approaches could be explained by their political longevity. After all, Nazarbaev was the Soviet-era leader and the first president of independent Kazakhstan. He had the time and capacity to create his legacy. On the contrary, Atambaev did not have these advantages. He only had a six-year term following Kyrgyzstan's tumultuous 2005-2010 period. Therefore, his motivations were based on short-run political survival, unlike Nazarbaev's.

## 5.4 Russia's Interests

Russia's interests in the EAEU were mainly of a geopolitical nature. The country's ruble crisis of 1998 revealed Russia's limitations and the necessity to rely on its resources. In the 1990s, Russia had to deal with economic restructuring, privatisation and liberalisation. Consequently, the country was closer to integrating with its Western neighbours than its CIS counterparts (Bordachev and Scriba, 2014, p. 17). However, the crisis of 1998 led to a rapid devaluation of the ruble and a swift recovery. This experience made Russia distrust international economic agencies. Moreover, it renewed the country's interest in deeper integration in the region with the partners who shared the same view on the benefits of integration (Cooper, 2013, p. 83). The partners who would gain from mutually beneficial exchanges, specifically, regional trade, and multilateralism and diplomacy in the EAEU inner workings (Molchanov, 2018, p. 410). Thus, Russia envisioned the creation of the EAEU as a way of re-orienting from Western markets (Malle, Cooper and Connolly, 2020) and developing its own economic space.

In the creation of the EAEU, Russia pursued geopolitical as well as economic interests. The country considered the EU and NATO's enlargement to the East in the 2000s economically, politically, and in terms of security as detrimental to its interests. The leadership became deeply concerned about the EU's influence in post-Soviet Eurasia (Cadier, 2014). The EU's Eastern Partnership Initiative was viewed as a danger of being pushed out of the European part of the PSS and relegated to the EU's junior partner position (Bordachev and Scriba, 2014, pp. 17-21; Libman and Obydenkova, 2018). The country reacted to the EU Association Agreements (Adomeit, 2012) and the perceived changes in the international system at the time when the power of the West was questioned (Krickovic 2014, p. 523). Consequently, Russia initiated the EAEU to minimise

external actors' influence on the region and defend its interests: "Russia had to expand the EAEU and include Kyrgyzstan and Armenia, it is necessary to get it to 500 million people, to make the union a geopolitical player and to increase the geopolitical space and to preserve the status of the superpower "(from the interview with KG16); "It is important for Russia to have projects to preserve the geo significance and the institutional way of preserving of the interests requires a form and the EAU is that form" (from the interview with KZ4). These findings indicate that with the acceptance of smaller states such as Kyrgyzstan and Armenia, Russia pursued its geopolitical objectives because these economies' much smaller sizes did not offer the same economic opportunities as Kazakhstan or Belarus.

This case study of Kyrgyzstan and Kazakhstan's membership in the EAEU contributes further to the understanding of the theoretical question of why countries choose integration with some countries but not others and the main factors that influence this decision. In this thesis, the findings highlight the combination of economic, geopolitical and political leadership's private interests favouring REI with Russia in the EAEU.

The findings in this chapter support the expectations of the economic interests set out in the conceptual framework in Chapter 2. The CA republics' economic interests would be in favour of REI if this proposed scheme offered export and industrial development opportunities and access to energy and transport infrastructure for the republics. This analysis augments the current literature on comparative and PSS regionalism by arguing that the Soviet era linkages maintained and extended to other areas, from trade and infrastructure to the labour market. Thus forming the foundation for the CA republics' economic interests favouring REI with Russia. The findings are



distinctive in showing that the linkages between the CA republics and Russia were not just maintained through trade transactions and infrastructural access as expected, but they also extended to labour flows and migrants' remittances in the case of Kyrgyzstan. The chapter argues that the latter factor played an important role in the trade opportunities REI in the EAEU offered. Therefore, both republics' primary economic interests in REI with Russia stem from their Soviet-era dependencies, which were maintained throughout independence.

Additionally, the analysis in this chapter contributes to the literature on economic regionalism in the PSS and comparative regionalism by arguing that both republics aimed to utilise the EAEU membership to advance their strategic economic objectives of industrial development and economic modernisation. This chapter's findings are distinctive in illustrating how the CA republics built on Soviet linkages to extract additional financial support and concessions to modernise their economies by pursuing REI in the EAEU. The analysis reveals that Kyrgyzstan faced a choice of higher import costs in the case of membership or lost export opportunities in abstaining from membership. Therefore, in an attempt to maximise the benefits, the republic was pragmatic in negotiating concessions, financial grants and investment to support the economy in preparation for the EAEU membership. At the same time, Kazakhstan, following its economic strategies of Kazakhstan 2030/2050, aimed to create conditions for re-industrialisation and guarantee access to the Eurasian infrastructure.

Moreover, this chapter's findings are distinctive in examining both the benefits and costs of EAEU membership to the republics' economies at the macro and the industry levels. This analysis contributes to the literature on economic asymmetry and regionalism by identifying the challenges the smaller economies face in economic integration with much bigger countries and how they can mitigate them. The findings show that Kyrgyzstan's issues at the macro-level stemmed from its

lower economic development compared to other EAEU members. Its micro-level issues were the result of its smaller economic size. At the same time, Kazakhstan's challenges were at the micro-level. The findings show that despite the Kazakhstani economy being much bigger than Kyrgyzstani, the producers in both republics had the same concern about stronger competition from Russia and Belarus. The CA producers were less competitive than the Russian and Belarusian manufacturers, explained by the smaller domestic economy size, illustrating the problems of economic asymmetry between member states. What is more interesting is how these smaller countries can turn the challenges into opportunities for economic development. In the case of Kyrgyzstan, the republic managed to negotiate delays to the unified external tariff introduction on some of the imports and financial support to develop processing industries. Therefore, the case of Kyrgyzstan illustrates how smaller countries could use economic asymmetry in REI to their advantage.

The discussion of economic interests does not fully show why the CA republics engaged in the EAEU. It only presents a partial picture. The republics' geopolitical interests are a vital component. The neorealists' predictions hold in the case of the EAEU. Kyrgyzstan and Kazakhstan bandwagon with Russia, the regional hegemon, in the EAEU membership, aiming to boost external security. The analysis in this chapter contributes to the existing scholarship on economic regionalism in the PSS by arguing that the CA republics aimed to generate specific concessions from Russia in return for their membership, not just to strengthen regional external security. In the case of Kyrgyzstan, limited by its economic size, the country has chosen to rely on Russia's military capacity. The EAEU membership offered economic as well as security benefits to the republic: substantial loan forgiveness, a special transition arrangement in the EAEU accession and Russia's role as an intermediary in its disputes with the CA neighbours. For both republics, the EAEU

membership offered a balancing tool against China's growing economic presence in CA (this aspect is discussed further in the next chapter on the SCO). Kazakhstan was after Russia's support in defending its territorial integrity, and the EAEU membership was instrumental in that. The CA republics did not bandwagon with Russia in the EAEU passively; they followed their specific national security objectives. The EAEU membership presented them with opportunities to maximise them.

The CA republics' leadership's personal considerations played a significant role in their membership decision. This analysis contributes to the literature on the CA regimes, demonstrating a new angle in the republic's leadership's private interests and identifying the differences in the presidents' motivations in their preferences for the EAEU membership. The findings are distinctive in discussing the impact of external pressures on Atambaev's capacity to hold power and the prestige of leaving a positive legacy in Nazarbaev's motivations. Atambaev was driven by the consideration of holding office and needed Russia's support to do that. This finding aligns with the public choice literature that argues that the countries' leaders are primarily driven by the self-interest of preserving their political position. However, the case of Nazarbaev was different. After many years in office, he was more concerned with leaving his legacy in the country's history books. For Nazarbaev, the dominant consideration was the question of a long-lasting legacy. The EAEU membership would strengthen his legacy. The findings do not indicate that the proposed REI with Russia would threaten the rent-seeking capacity in both republics.

## 5.5 Conclusion

This chapter has examined Kyrgyzstan's and Kazakhstan's national economic and geopolitical interests and their leaders' private interests in creating the EAEU in 2015. All three interests in both republics showed that they favoured REI within the EAEU. The main arguments advanced here are as follows. The economic interests of Kyrgyzstan and Kazakhstan in the EAEU build on Soviet-era transactions in trade, transportation, and energy infrastructure. The findings contribute to the literature on comparative and economic regionalism in the PSS by arguing that the CA republics maintained their economic linkages in trade and infrastructure with Russia, creating the foundation for their REI. In the case of Kyrgyzstan, the republic's dependence on Russia increased through labour outflows and migrant remittances in the 2000s. These findings show that the basis for the republics to pursue REI in the EAEU was these maintained economic linkages.

In addition, the CA republics viewed the EAEU membership as a means to advance their industrial development and economic modernisation. The analysis contributes to the literature on economic regionalism by arguing that the CA republics used the EAEU membership as an opportunity to push for the development of processing industries and economic modernisation. For Kyrgyzstan, this consideration was more vital compared to Kazakhstan. The republic utilised the EAEU membership with much bigger states to negotiate financial funds and subsidised strategic inputs to modernise its economy away from the re-exports model. Kazakhstan's dependence on commodities exports was revealed in the aftermath of the 2008-2009 Global Recession. Therefore, for Kazakhstan, which was more economically advanced, the objective was to re-industrialise the

economy behind the protective walls of the CU and then the EAEU and rebalance the economy away from the extractive sector.

These economic factors were not the only considerations. The republics took into account the geopolitical implications of the EAEU membership. The findings show that the republics were after economic as well as security benefits from the EAEU. This chapter argues that both republics expected security provisions from Russia in light of Afghanistan threats and the growing economic presence of China. For Kyrgyzstan, which was limited in its military capabilities, security provision by Russia was cost-effective, and the latter's influence could be used in disputes with the CA neighbours.

Lastly, the leadership's private position on REI could not be disregarded in the context of CA political regimes. The case of the CAEU illustrated that the animosity between leaders and their personal views were the factors that played against REI in CA. In the context of the EAEU, Presidents Atambayev and Nazarbaev firmly favour REI with Russia. The chapter argues that their motivations differed. For Atambayev, it was about maximising his chances of retaining power. Atambayev, who only had one six-year term, had to persuade the domestic audience of the EAEU benefit. He also had to secure Russia's support for his time in office, learning from his predecessor's mistakes. That was necessary to build his political capital should he return to the frontline politics in Kyrgyzstan. On the contrary, Nazarbaev, who had led independent Kazakhstan since its inception, was focused on the legacy he was leaving. For him, the EAEU was the legacy he created; after all, he was its most ardent supporter. Both republics' membership in the EAEU resulted from all three interests being aligned. Economic and geopolitical benefits from the membership reinforced public interest in favour of REI. In its turn, private interests did not contradict public

interests. The leadership also favoured integration. That led Kyrgyzstan and Kazakhstan to pursue REI actively with Russia in the EAEU.

## **CHAPTER SIX**

### **SHANGHAI COOPERATION ORGANISATION**

#### **6. Introduction**

The CA republics of Kyrgyzstan and Kazakhstan have participated in several REI initiatives within CA and the wider CIS region, as the previous chapters discussed. The case of the CA republics in the Shanghai Cooperation Organisation (SCO) is interesting. This regional organisation was envisioned to primarily generate security for its member states, with a secondary focus on economic cooperation. Some members were willing to advance economic cooperation further, China specifically, by proposing free trade within the SCO, while the CA republics were not enthusiastic. However, they were willing to pursue economic cooperation in the areas that mattered to them where China's economic capacity could be utilised. Therefore, this chapter addresses the question of why Kyrgyzstan and Kazakhstan were unwilling to engage in REI with China within the SCO but viewed economic cooperation with the country as still vital. This chapter's findings offer a better understanding of which factors drive the CA republics to seek REI. It adds empirical insights to the previous two cases of the CAEU and the EAEU.

This chapter's contribution underlines the effect of substantial economic asymmetry on the CA republics' preferences for REI. This asymmetry led to the emergence of fear of economic domination by China on the part of Kyrgyzstan and Kazakhstan. This fear was the foundation for the republics favouring cooperation with China in the SCO but economic integration with Russia in the EAEU.

It is argued that Kyrgyzstan and Kazakhstan did not view the SCO as a REI initiative but as an additional mechanism for developing transit trade, energy and transportation infrastructure. The following factors explain the republic's position. First, due to the economic asymmetry between China and the CA republics, they feared the former's economic domination. In this case, the looser framework of cooperation, where they could have more control over trade and still utilise China's economic resources, served their needs better. The membership in the SCO allowed the republics to gain direct access to China, which had the most financial capacity to fulfil their economic aims of attracting FDI, upgrading infrastructure and utilising transit potential. Second, Kyrgyzstan and Kazakhstan needed China's resources to maximise their external security. At the same time, their fears about China's economic domination meant they also viewed the country as a threat. Therefore, they aimed to minimise external threats by pursuing cooperation with China in the SCO. At the same time, their balancing strategy with maintaining and upgrading economic relations with Russia in the EAEU was meant to mitigate this threat. Third, the political leadership in both republics did not have private incentives to join integration schemes with China in the SCO. It is explained by China not representing a threat to their hold on power or generating a positive legacy of their time in office. They opposed it because of the domestic economies' weaknesses: their manufacturing sectors would not be able to compete with their Chinese counterparts.

The argument contained in this chapter proceeds as follows. The first section explains the main interactions between the CA republics and China in the 1990s that led to the creation of the Shanghai5. The findings highlight the CA republics' need to expand trade and build additional infrastructure following the SU's dissolution. The concluded border negotiation agreements created the Shanghai5 mechanism, which opened a new chapter in the relations between the CA republics and China. The second section examines the challenges in SCO economic cooperation



that led to the CA republics exploring bilateral ties with China. This section explains Kyrgyzstan and Kazakhstan's main economic and geopolitical interests in pursuing closer economic cooperation with China, highlighting concerns and fears of the republics. China's interests are also examined here, showing the country's perspective towards the CA republics. This section also includes the examination of the republics' leadership perspectives on cooperation and integration with China.

### **6.1 Background Conditions in the 1990s: Central Asia – China relations and the emergence of the Shanghai Five**

This section shows the origin of the CA republics' bilateral relations with China and explores the main developments that have led to the emergence of the Shanghai5. It is essential to examine the economic and geopolitical interests of Kyrgyzstan and Kazakhstan towards China in the 1990s because it sheds light on why these CA republics needed to engage with China and how it led to the creation of the Shanghai5 in 1996 and, subsequently, the SCO in 2001. Understanding the economic relations between China and the CA republics in the 1990s helped illuminate the foundation for their bilateral trade and investment flows, which became even more prominent in the 2000s and 2010s. This knowledge is vital in showing how the CA republics viewed regional cooperation and integration with China, which will help answer the main research question of why the CA republics pursued economic integration with Russia in the EAEU but not China in the SCO.

Two main factors were responsible for the creation of the Shanghai5. First, following the SU dissolution, the republics had to establish bilateral relations with China quickly to initiate

border negotiations to protect their new sovereignty since they were no longer under the Soviet troops' protection. Second, Kyrgyzstan and Kazakhstan realised the economic benefits of China's territorial proximity and economic growth. Initially, republics needed to satiate their consumer markets that suffered from the disruption of the SU supply chain, as discussed in the previous chapters. Later, as the CA republics were seeking additional sources of investment, their priorities turned to attracting China's finance in the critical sectors of their economies. The following two sub-sections on public economic and geopolitical interests will elaborate further.

#### *6.1.1 Public Economic Interests of Kyrgyzstan and Kazakhstan*

This subsection examines the CA republics' economic interests towards China in the 1990s. It is essential to do that because it offers insights into how important these exchanges were for the republics' economies. The depth and extent of these economic exchanges determined the CA republics' preference towards integration. In the 1990s, Kyrgyzstan and Kazakhstan adopted a pragmatic but cautious approach towards China because they recognised that China had become their second-largest neighbour after Russia. That meant China could become a natural trade partner for the republics, considering its proximity and capacity to satisfy the CA republics' demand for goods. Both republics recognised China's potential for economic cooperation, especially in the energy and mining sectors. However, they were not rushing to embrace Chinese investment; agreements in the resource sector were concluded following the border negotiations resulting in the Shanghai5.

## Trade

Following the declarations of independence and the imminent collapse of the Soviet supply chain, as discussed in Chapters 4 and 5, the republics had to ensure imports of basic consumer necessities (Nazarbaev, 1992a, p. 42; Kembayev, 2020, p. 206). China's growing economy, producers, and geographic proximity were conducive to initiating trade between the CA republics and their Eastern neighbour. Trade relations between the CA republics and China were rooted in Sino-Soviet trade in the 1980s. Familiarity with Chinese products and the swift establishment of full diplomatic relations between China, Kyrgyzstan, and Kazakhstan on 5 January and 3 January 1992, respectively (Syroezhkin, 2002, p. 178), accelerated trade relations between CA and China. Between 1991 and 1993, China's significance in Kazakhstan's imports increased substantially. China filled the gap left by the collapse of the centralised import allocation, reducing the acute deficit of consumer items felt in the country. However, it is essential to note that Chinese merchandise flowing into CA was affordable but of subpar quality; it became known as the "shirpotreb" (Syroezhkin, 2010, pp. 44-46; MOFCOM, 98/99, p. 471). These fake and shoddy items ("shirpotreb") cost Chinese firms their reputation for consumer items, though this reputation was regained mainly in the 2000s. The return of confidence in Chinese goods is seen in the proliferation of the re-exports model in Kyrgyzstan, as discussed in Chapter 5. The CA republics prioritised trade in consumer items in their initial economic relations with China. The realities of the SU collapse dictated this preference.

## Trade: Challenges

As the republics started trading with China, they encountered obstacles restricting trade flows between CA and China. These obstacles were mainly the result of the economic restructuring of the 1990s. The 1990s statistics on Kazakhstan and Kyrgyzstan's trade with China show that although transactions increased, volume was modest compared with the trade volumes in the 2000s and 2010s (charts 6.1 and 6.2 below display this dynamic). The first group of issues related to payment for Chinese imports. The break-up of the SU unified payment system, abandonment of the rouble zone, and introduction of national currencies meant that sub-standard modes of trade had to be implemented. That was mainly cash trade, barter trade and compensation trade (MOFCOM, 93/94, p. 457). This simplification of trade transactions could be explained by the incompatibility of their letters of credit with international trade norms (MOFCOM, 98/99, p. 471).

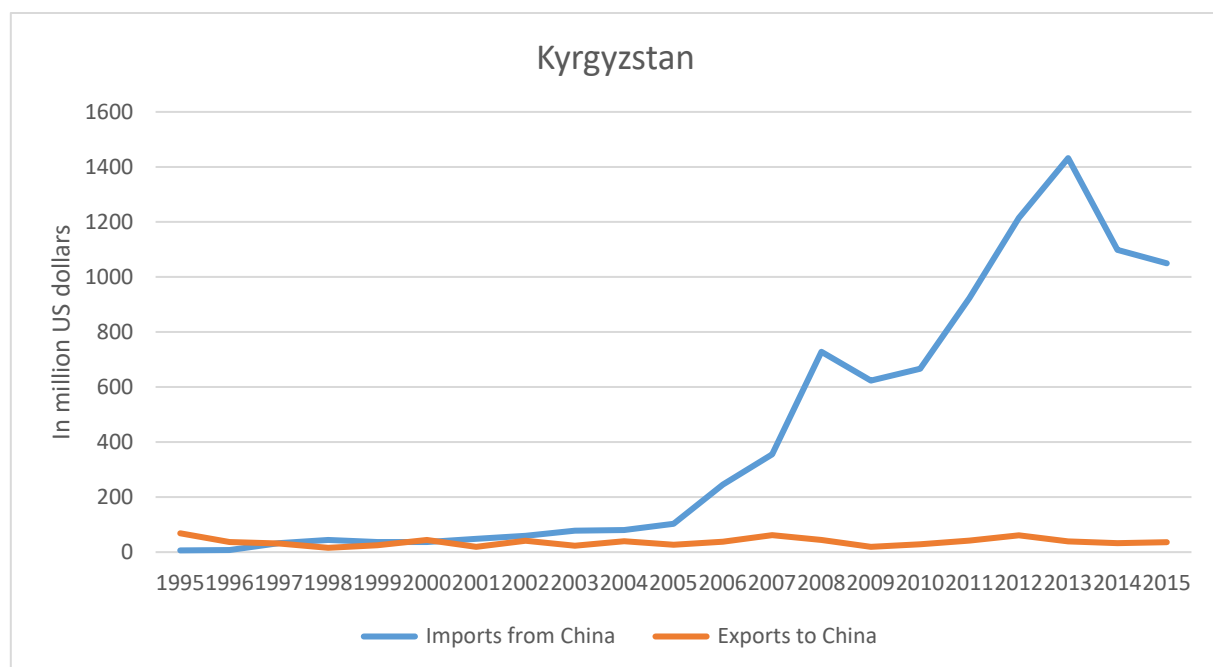
The second group of issues was caused by China's concerns about weak payment capabilities on the part of CIS enterprises and legal uncertainty in the new republics. That made the operating environment and investment climate in the republics unfavourable. Lastly, as noted earlier, Chinese exports were light textile products and foodstuffs, while imports were raw material commodities (MOFCOM, 98/99, p. 471). Consequently, this unvaried composition of trade commodities restricted the trade potential between CA and China. These problems were unsurprising because they resulted from the SU dissolution and ensuing transition. In addition, the republics had to overhaul their monetary system while undergoing hyperinflation and creating a new legislative base in line with international standards. The evidence suggests that as the CA republics liberalised their external trade and needed to boost trade beyond the post-Soviet space, the economic restructuring constrained their trade transactions with China in the 1990s.

Chart 6.1 Kazakhstan's trade with China 1995- 2015



Source: Exports are from WITS (1995-2015); Imports 2002-2015 are from WITS (1995- 2015); Imports 1995-2001 are from UN COMTRADE (1999), (2003).

Chart 6.2 Kyrgyzstan's trade with China 1995- 2015



Source: Statistical Committee Kyrgyzstan (various years).

## Economic development and investment

At the same time, both republics recognised China's market and investment potential early on (Nazarbaev, 1992a). Once the market system was established in the second half of the 1990s, both republics emphasised China as a priority partner in their development strategies: Nazarbaev in the "Kazakhstan 2030" and Akaev in the "Silk Route Diplomacy" doctrine (the private interests' section will elaborate on these policies). Kazakhstan highlighted the necessity of maintaining beneficial, friendly relations with China. The country was the key to Kazakhstan's aspirations of becoming the "bridge" between the Pacific and Bosphorus in the transportation and telecommunications network (Nazarbaev, 1992a, p. 45; p. 49). Moreover, as the republic determined the importance of energy resources to Kazakhstan's overall development and stability

(Nazarbaev, 2012a, p. 46), China emerged as an additional investor in the energy sector among other Western multinationals. That increased China's role in Kazakhstan's economy. Therefore, it was not surprising that in 1997, Kazakhstan and China signed a cooperative agreement in the field of oil and natural gas: the agreement on oil field exploration and the building of pipelines for oil transportation from Atyrau in West Kazakhstan to Alashankou in Xinjiang (MOFCOM, 98/99, p. 429). Following the initial expansion in bilateral trade in the second half of the 1990s, Kazakhstan saw the benefit of developing economic cooperation with China in the energy sector.

Like Kazakhstan, Kyrgyzstan was also interested in trade, infrastructure development, and natural resources exploration (Kyrgyzstan Development Strategy until 2000, Sections 5.4; 5.5; 5.6). China's potential as an investor and a trade hub was to be harnessed to guarantee the republic's long-term economic growth and development envisioned via "Silk Route Diplomacy". This approach was introduced in 1998 and positioned Kyrgyzstan as an inherent part of the region that connected the East and the West. In this vision, the Kyrgyzstani leadership under Akaev demonstrated similar aspirations to Kazakhstan, positioning Kyrgyzstan as a Eurasian country. Consequently, the republic, envisioning itself as a connecting link between the East and the West, prioritised the relations with neighbouring countries, particularly Europe and East and Southeast Asia. A significant part of the doctrine was the expectation and wishful thinking that the Silk Route region would effectively become a common market with a "free flow of goods, services, capital and labour" (Akaev, 1998). The doctrine illustrates Kyrgyzstan's optimism about globalisation and the republic's opportunity to benefit from it. This thinking arose from the republic being the first post-Soviet economy to join the WTO. Entry negotiations started in February 1996, concluding with membership in December 1998 (WTO, 1998). Kyrgyzstan expected that it could reach other major export markets, including China, through this route. At the same time, by 1998, China was

also undergoing WTO accession talks and joined in December 2001 (WTO, 2001). For Kyrgyzstan, China's attractiveness rose in the second half of the 1990s since it expected to benefit more fully from its WTO membership.

However, unlike Kazakhstan, Kyrgyzstan did not possess sizable oil, natural gas, and coal resources. It could only offer viable hydro-resources sector, and its economy was significantly smaller. China's lower engagement in Kyrgyzstan is seen in fewer sessions of the Joint Commission. For example, in 1996, China and Kyrgyzstan held two sessions of the Joint Commission on Economic and Trade Cooperation, while the Kazakh-Chinese Commission managed to have three (MOFCOM, 96/97, p. 510; MOFCOM, 97/98, p. 436). In addition, China and Kyrgyzstan signed the Economic and Trade Cooperation Agreement in 1998, while a similar Agreement between China and Kazakhstan was signed a year earlier. This development implies that China was more interested in Kazakhstan's energy sector than Kyrgyzstan, based on its size and capacity to satisfy China's demand for commodities.

More interestingly, China and Kyrgyzstan have developed a new angle in their economic relations. China was becoming a significant creditor for the small CA republic. That made the Kyrgyzstani economy dependent on China's credit. In 1998, both countries signed the Agreement on providing 100 million yuan in government loans to Kyrgyzstan and the Exchange of Notes on providing 5 million yuan in grants (MOFCOM 98/99, p. 470). This development was not surprising. The republic had limited tax-collecting capacity and needed to cover the budget deficits through international loans and grants (see Chapter 3). The republic's debt to China continued to grow in the next two decades, as the subsequent section discusses. The problem with this debt was that it had to be repaid. The republic could not continue to rely on loan forgiveness. For example, it had negotiated a new debt settlement with Russia (see Chapter 5). The republic's small economy



and modest energy sector did not have the capacity to generate enough revenues to repay the debt either. Therefore, Kyrgyzstan found itself in a much weaker position than Kazakhstan. Its economic relations were based not on the ability of the Kyrgyzstani economy to attract China's FDI but to raise debt.

In sum, at the beginning of the 1990s, both republics faced a deficit of consumer goods and disruption of the Soviet economic ties, turning to China to satisfy the population's needs. Their primary economic interests towards China at the time were to boost bilateral trade and foreign investment in their critical economic sectors. This emphasis is unsurprising because the Soviet-era supply chain links were disintegrating while CIS was yet to deliver, as discussed in the previous chapters. Therefore, the republics had to resort to their neighbourhood and seek new trade partners to prevent the complete collapse of the republics' economies. During the same period, Kyrgyzstan and Kazakhstan actively participated in REI efforts with the post-Soviet republics within the CA region and wider CIS, as discussed in the previous two chapters.

However, at the same time, neither Kazakhstan nor Kyrgyzstan suggested engaging in some economic integration effort with China. The findings show that the CA republics and China's bilateral trade in the 1990s could not offer the prospect of growth and long-term gains to the CA republics if REI were to be pursued. The CA republics envisioned the negative effect Chinese manufacturers could have on their struggling domestic producers in the transition climate. Therefore, the CA republics were not prepared to open their economies fully to China, even though they needed export markets and reliable import partners beyond the Soviet space. Instead, Kyrgyzstan and Kazakhstan needed to interact with China on a bilateral basis to guarantee trade flows and energy sector investment without committing to REI. The republics needed a structure

that would allow them to achieve their objectives of increasing trade and attracting investment while retaining economic sovereignty. Shanghai5 and, subsequently, the SCO became these means for the CA republics to accomplish that. The subsection below elaborates on Kazakhstan's and Kyrgyzstan's geopolitical concerns in their relations with China and the subsequent emergence of the Shanghai5.

#### *6.1.2 Public Geopolitical Interests of Kyrgyzstan and Kazakhstan and the emergence of Shanghai Five*

This subsection shows how the CA republics had to negotiate border agreements with China in the earlier years of independence, eventually leading to the creation of the Shanghai5. Examining the geopolitical interests of Kyrgyzstan and Kazakhstan concerning cooperation with China is vital. It demonstrates the concerns and worries the republics had towards China because they had never interacted with China before 1991 since the SU's foreign policy was done centrally from Moscow. This section illustrates that both Kyrgyzstan and Kazakhstan had to establish trust towards China before they embarked on fostering close economic ties. It was developed through the successful resolution of the border issues. These border negotiations became a stepping stone in their considerations for closer economic cooperation in the subsequent Shanghai5 Forum and the SCO.

#### **Borders**

On the eve of independence, Kyrgyzstan and Kazakhstan found themselves in a position of negotiating and cementing border agreements with China and other neighbours. The main issue

both republics faced was that they had to lead challenging negotiations previously undertaken by Moscow while having limited geopolitical experience. The potentially contentious issues with the Chinese side originated from the Sino-Soviet disagreements in the 1950s and 1960s. China complained about territories annexed in the 19<sup>th</sup> century, which involved vast areas in Russia's Far East and Kazakhstan (Syroezhkin, 2002, p. 181-182). The border negotiations between the PRC and the USSR re-started in 1989 following Gorbachev's visit to China. The countries initiated the "Agreement between the USSR and PRC concerning the Eastern section of the Sino- Soviet State border", agreeing to reduce the military presence near the Sino-Soviet border (Baizakova, 2013, p. 60).

However, the SU dissolution changed the format of the negotiations, resulting in a joint delegation of all former republics that shared a border with China in 1992. The working group consisted of delegations from Russia and other CA republics to deal with the complexity of border issues (Liang and Troyakova, 2018, p. 25). The inclusion of Russia in the joint delegation was unsurprising for two reasons. First, the republics lacked a fully formed diplomatic corps since the external policy of the SU was carried out at the Union level in Moscow. Second, the previous negotiations were carried out in Moscow during the Gorbachev administration. This multilateral format of the talks involving Russia, China and CA republics benefited Kyrgyzstan and Kazakhstan. It signalled their biggest neighbour in the East that Russia intended to stay in the region, and the republics could rely on its support. Consequently, by 1997, the process of defining the borders between CA states and China had mainly been completed (Syroezhkin, 2002, p. 181-182). The success of these border negotiations could be seen in the signed agreements in the second half of the 1990s. The importance of these agreements was that once the border questions were settled, it gave way to confidence to develop cooperation in other spheres beyond security.

## Shanghai Five

On 26 April 1996, the CA republics, China, and Russia signed an agreement on the “Strengthening Confidence in the Military Field in the Border Area”, establishing the forum of the Shanghai5. The members of the Forum were China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. This Agreement provided for mutual reductions of troops, the holding of joint military exercises, and the exchange of information about plans for military operations and the movement of additional military units along a 100 km contiguous border zone (Syroezhkin, 2002, p. 180). The second half of the 1990s was productive for the Forum members. In 1997, they signed a further agreement on mutual force reductions in the region. In 1998 and 1999, the Forum’s activities expanded to discussions on the development of politico-military and trade and economic relations on a bilateral and multilateral basis. In 2000, the Dushanbe Declaration introduced the members’ initiative to convert the forum into a regional organisation (Toktomushev, 2001, pp. 43-45).

The emergence of the Shanghai5 Forum was a significant policy achievement for both Kyrgyzstan and Kazakhstan and created a foundation for the CA republics to engage with China in the next two decades. First, they eliminated the imminent threat to their sovereignty from their Eastern neighbour by locking it in the agreement with three CA republics (Kazakhstan, Kyrgyzstan, and Tajikistan), as well as with Russia: “Territorial regulation, the border issues- the result was positive, the borders were demarked. These border questions were crucial since the 1960s to provide stability and security” (from the interview with KZ7). Second, they could expand cooperation into the economic realm once border relations were solved (Omarov, 2005, p. 175). The CA republics were interested in China’s potential as an investor and envisioned themselves as a transit hub between the East and the West. Therefore, economic cooperation with China would

allow them to achieve these objectives. Third, the unexpected success of the Shanghai5 translated into creating a regional organisation with a much broader scope for political, security and economic cooperation. Kyrgyzstani and Kazakhstani officials saw widespread value in the nascent organisation: “The SCO was created to regulate the border issues. Since the organisation has been functioning well- it successfully resolved the border issues substantially, it was decided to continue with the organisation” (from the interview with KZ6). “During the Shanghai5, a working group was formed, the confidence emerged, a good mechanism developed, and the little rationale in losing this framework” (from the interview with KG13). The analysis shows that Kyrgyzstan and Kazakhstan were pragmatic in their views on cooperation with China. They needed assurances that China was not a threat to their territorial integrity. At the same time, they required additional sources of investment and trade opportunities. Therefore, the unexpected success of the Shanghai5 was a positive development for these CA republics because they could use China’s proximity to advance their economic interests.

To conclude, in the 1990s, protecting the newly found sovereignty was a priority in the republics’ relations with China. To do that, they had to ensure that the border issues with their most prominent neighbour in the East were resolved successfully. This emphasis is not surprising. For the first time, they had to defend their territories, which in the past were the SU external borders and were now disputed by their most populous neighbour. Moreover, it is worth noting that in their dealings with China, the republics relied on Russia’s support and participation in regional affairs, as seen in the 1996, 1997, 1998, and 1999 “Shanghai Five” Agreements. Russia was also a participant in all Shanghai5 Forums. This reliance is explained by the CA republics’ extensive ties and security dependence on Russia, especially in the case of Kyrgyzstan, as discussed in Chapters

4 and 5. It also indicates that the CA republics faced more uncertainty in their relations with China than Russia and, consequently, were less trusting of the country in the 1990s. These perceptions of mistrust could be explained by the CA republics having more interactions with Russia within the SU than with China. That meant they had learnt the behaviour of Russia from the past, and on that basis, they could form plausible expectations of Russia's actions in the future. Given their minimal interactions in the past, they were less able to use this approach with China. This process of learning and willingness to build trust was initiated by the Shanghai5 and continued in the SCO. The following section expands on the republics' interactions with China within the SCO, examining the organisation's main economic cooperation challenges and the economic and geopolitical interests.

## **6.2 The Shanghai Cooperation Organisation and the Central Asian republics' relations with China**

Successful resolution of border negotiations in the previous decade opened a new chapter in the relations between Kyrgyzstan, Kazakhstan and China. The formation of the SCO with the inclusion of Uzbekistan in 2001 expanded the organisation's activities beyond the security realm. Now, the objectives of the organisation included the encouragement of "efficient regional cooperation in such spheres as politics, trade and economy, defence, law enforcement, environmental protection, culture, science and technology, education, energy, transport, credit and finance, and also other spheres of common interest." (SCO Charter, 2002, Article 2).

The section advances the argument that the CA republics did not intend to pursue REI within the SCO; instead, they viewed membership as an additional source of trade and investment opportunities to develop domestic economies. Three main factors explain their concerns about REI with China. First, it was about their economies' inability to withstand competition from Chinese producers. Second, they were fearful of Chinese expansion in the region and extensive dependency on the country. Third, the republics were already participating in Russia-led integration initiatives. Russia's lukewarm reaction to the SCO Free Trade Agreement meant the republics would align with the country in the EurAsEC and subsequently in the EAEU. The consequences of doing otherwise could result in losing access to the economy with whom they shared extensive linkages, as discussed in Chapter 5.

Both CA republics saw the SCO as a means to cultivate closer economic cooperation with China. The SCO membership opened channels for the CA republics to directly approach China to boost bilateral trade, investment and infrastructural projects with the country to achieve their domestic economic growth policies. Kazakhstan was more successful than Kyrgyzstan in harnessing this economic relationship with China thanks to its economic size and substantial energy sector. This section outlines the public economic interests of the CA republics in their dealings with China, followed by their public geopolitical interests.

#### *6.2.1 Public Economic Interests of Kyrgyzstan and Kazakhstan*

This subsection identifies and examines the national economic interests of Kazakhstan and Kyrgyzstan in pursuing economic cooperation within the SCO. At the beginning of the 2000s, the CA republics faced stagnating REI between themselves and the wider CIS region. The CAEU

failed to become a REI mechanism. At the same time, the EurAsEC had yet to be transformed into the CU and the EAEU. Within these circumstances, the emergence of the SCO allowed the CA republics to explore other options outside the CIS space to boost trade, secure investment, and develop transport and energy infrastructure. CA, as a landlocked region sandwiched between Russia and China, is expected to benefit substantially from the cooperation of both countries within the SCO. It would allow CA to become the transit hub in Eurasia, placing it at the heart of significant trade flows and investment. China's growing economy made it an important economic partner for the republics since it could develop and invest in its energy sector. The SCO had the potential to fulfil the CA republics' domestic economic growth objectives. However, the disagreement between China and Russia on the nature of cooperation in the SCO led to the failure to create the SCO Development Fund. That resulted in a lack of multilateral economic cooperation between the SCO members. Consequently, the CA republics sought to fortify bilateral relations with China to achieve their economic growth objectives instead of relying on and waiting for the SCO multilateral economic projects. This subsection identifies the nature of the problems that prevented the SCO multilateral cooperation, followed by an explanation of the main economic interests the CA republics pursued in their bilateral relations with China.

#### SCO economic cooperation challenges

SCO multilateral economic cooperation faced obstacles resulting from its member's views on the extent of cooperation between them. That led the member states to expand the bilateral relations instead of focusing on the multilateral format. In 2003, to boost economic cooperation, the SCO introduced the Programme of Multilateral Trade and Economic Cooperation (SCO



Declaration, 2003). Further, in 2006, the SCO Business Council was established to facilitate the economic exchanges between the business communities of the SCO members. In 2008, the Council of Prime Ministers confirmed the plan of the measures to implement this Programme of Multilateral Trade and Economic Cooperation. However, the plan to create the SCO Development Bank/Fund did not succeed. The importance of the Bank/ Fund would be in providing funding for multilateral projects in the SCO. The member states' contribution would form the capital base of the Bank/Fund. China, the biggest economy of all members, did not hesitate to provide funding for the Bank/Fund. That raised concerns on the Russian side that China would dominate the projects in the SCO due to its vast financial resources (Lukin, 2019, p. 3). Therefore, the disagreements on the funding resulted in the absence of this institutional structure capable of financing economic projects and limited multilateral economic cooperation.

Although the SCO was keen on advancing common economic interests, as shown above, real progress in multilateral cooperation was yet to be demonstrated. It was seen in the lack of projects involving all SCO members and unclear focus of multilateral economic cooperation: "...within the SCO framework only Chinese and Russian projects are realised and even then, slowly (from the interview with KG2); "It is not clear in the SCO: multilateral or bilateral relations" (from the interview with KG5). The stalling of SCO multilateral cooperation in the economic domain resulted in the proliferation of bilateral cooperation between SCO member states. The lack of multilateral cooperation indicated that the members were not aligned on the extent and areas of cooperation. Its most prominent members, Russia and China, did not share the same view on the purpose of the SCO and were competing in the CA region: "SCO is a strong embrace of rivals" (from the interview with KG16); "Moscow and China cannot reach an agreement: Russia is not ready to give up the economy to China, whilst China does not want to push out Russia from the

SCO” (from the interview with KZ6). Russia viewed the SCO as the platform for political and economic cooperation. Russia was unprepared for China’s growing economic presence in CA (Lukin, 2012, p. 38): “Russia is resisting the economic cooperation and focuses on the military-political element, but China insists...” (from the interview with KZ7). At the same time, China considered economic cooperation necessary for this regional organisation (Dadabaev, 2014, p. 116).

For the CA region, the implications of this dynamic between Russia and China were that each republic focused on fostering bilateral relations with China. As for Russia, the CA republics had other REI initiatives (the CU and the EAEU) to build on to strengthen their economic ties with Russia, as discussed in Chapter 5. The SCO membership was the platform that allowed CA republics to get direct access to China, the biggest economy in the region. For Kyrgyzstan, a much smaller economy with limited hydrocarbon resources, membership in the SCO was even more crucial: “SCO is necessary for Kyrgyzstan from the point of an image- the access to the big player and access to the bank of investment” (from the interview with KG16). Therefore, the dismal progress in SCO multilateral economic cooperation activated bilateral relations between the CA republics and China.

Both CA republics aimed to engage in economic cooperation with China, not economic integration. The reaction of Kyrgyzstan and Kazakhstan towards the SCO free trade proposal by the Chinese side in 2003 was lukewarm (from the interviews with KG8, KZ3; Lukin, 2019, p. 3). This reluctance is not surprising. The CA republics’ producers were not cost-efficient enough to withstand the competitiveness of the Chinese manufacturers, which is evident in the rising re-exports in the region. The removal of the barriers to trade with China had the risk of driving out the existing CA producers of finished goods, further simplifying the economy: “... the cheap

Chinese goods do not allow the development of Kazakh producers (from the interview with KZ7)”. At the same time, in the 2000s, both republics were already participating in the CIS and EurAsEC. Russia was the biggest economy in these integration initiatives and was not keen to pursue free trade with China. Therefore, the republics had to choose between REI schemes with Russia or China. They shared extensive economic linkages with the former, as explained in Chapters 3, 4 and 5. These linkages would make it costly for the CA republic to pursue integration with China unless Russia was onboard. At the same time, on their doorstep, China’s large economy offered substantial opportunities for transit and investment. Consequently, the CA republics chose the option that maximised their economic well-being. They pursued REI with Russia, as discussed in Chapter 5. Simultaneously, they engaged in closer economic cooperation using bilateral relations. The purpose of it was to generate benefits from China that Russia could not provide investment in transport and energy infrastructure and access to low-cost imports and transit. The following subsections explain in greater detail the economic objectives Kyrgyzstan and Kazakhstan targeted in their bilateral relations with China.

## Kyrgyzstan

Between 2000 and 2015, Kyrgyzstan signed a series of agreements with China. They indicate two periods in the relations between the countries. The first one was between 2000 and 2013 and included the following agreements: the Comprehensive Plan of Cooperation for 2000-2003 in 2000, the Treaty on Good-neighbourliness, Friendship and Cooperation in 2002, and the Cooperation Programme 2000-2014 in 2004. The second period is from 2013 until the present time. It comprises the following Agreements: The Declaration of Strategic Partnership in 2013, The

Declaration on deepening the Strategic Partnership in 2014 and the Programme 2015-2025 in 2015. These Cooperation Programmes targeted the priority areas of the Kyrgyzstani economy, specifically the increase in bilateral trade, cooperation in production technology and investment aimed at the energy and fuel sector, transport and communication, mining industry, agriculture, food and processing industry (Kyrgyzstan Cooperation Programme 2004-2014, Sections II, IV). In addition, these areas of cooperation reflect the long-term development strategies of the republic: the Kyrgyzstan Development Strategy until 2000, the National Strategy of Poverty Reduction 2003-2005, and the Kyrgyzstan National Strategy 2013-2017.

The importance of distinguishing these two periods is that it was mainly under Askar Akaev that Kyrgyzstan signed the main documents in the first period. These documents set the foundation for the republic and China to cooperate in the key sectors of the republic. The departure of Akaev and Bakiev's tenure from 2005 until 2010 marked political instability in Kyrgyzstan. The policies of Bakiev on stationing the American base at "Manas" made China uneasy. It is explained by the country's concerns about strengthening NATO and the US military infrastructure in CA. Consequently, China was no longer considering Kyrgyzstan as "a window to the CIS", as it was during the times of Akaev, and there was less emphasis on bilateral cooperation (Imanaliev, 2015, pp. 33-34). The arrival of Atambaev in 2011 and President Xi in 2013 was meant to open up a new chapter in their relations. Kyrgyzstan was signalling that the tumultuous times were behind and was ready to deepen the bilateral ties. At the same time, China, with a new president at the helm, was also announcing a new project of BRI, "the Belt and Road Initiative," which would involve infrastructural development in Eurasia: "BRI was a visit card of President Xi in the international arena" (from the interview with KZ9). BRI signalled to the rest of the world that China intended

to have global economic leadership, not just regional. This project would benefit the CA republics substantially because it promised to develop regional infrastructure, increasing its trade potential.

## Trade

For Kyrgyzstan, the development of bilateral trade with China was vital. The country became one of the leading trading partners of the republic. The trade statistics show the acceleration of imports from China from 2005, indicative of the re-exports model the republic developed during that period, as shown in Chart 6.2 earlier. The republic pursued three main objectives by focusing on bilateral trade with China. First, access to relatively cheap Chinese imports during the 2000s became the backbone of the country's re-export activities and the development of its clothing industry, as discussed in the previous chapters. Guaranteeing access to these imports was necessary to ensure the republic's re-exports. As discussed in Chapter 5, the re-exports industry became the leading provider of employment and later the foundation for the republic's clothing industry. Therefore, trade relations with China were necessary to continue access to low-cost imports.

Second, the fostering of border trade between Kyrgyzstan and China had the capacity to develop the transit potential for the whole CA region. This opportunity arose due to China's emphasis on developing its West and creating special economic zones in Xinjiang: Kashgar and Khorgos in the 2000s (Osmonaliev, 2012). China's plans for the BRI in 2013 further boosted the border trade potential between the countries. Provided the infrastructure in CA is upgraded, it would link it better with China and CIS. That would further expand opportunities for Kyrgyzstan's participation in the transit of goods. However, these plans have not come to fruition. China shifted its focus to other CA republics of Kazakhstan and Tajikistan. The former was becoming an

economic powerhouse in the region, while the latter's prominence rose due to the beginning of the Anti-terrorist operations in Afghanistan (Imanaliev, 2015, p. 31). Consequently, Kyrgyzstan became a lower priority partner for China: "China dominates in the region; however, Kyrgyzstan is out of China's trend; China invests in Uzbekistan and Kazakhstan, around \$15-20 billion per contract" (from the interview with KG5). The FDI inflow statistics in Kazakhstan and Kyrgyzstan show a substantial disparity between the two countries, indicative of Kazakhstan's much greater economic capacity, as shown in Charts 6.3 and 6.4. Therefore, expanding border trade had the potential to increase transit through the territory of Kyrgyzstan, benefiting its economy, but it would only be possible if China included Kyrgyzstan in its infrastructural plans.

Third, following its development strategies, the republic needed to upgrade its industries towards more value-added sectors. To do so, it is required to rebalance its exports to China from primary commodities to more manufactured products (Kyrgyzstan Cooperation Programme 2004-2014, Sections II, IV). However, Kyrgyzstan's export potential was limited: "the republic does not have any possibilities in China, the Kyrgyzstani producers cannot break into the Chinese market. Kyrgyzstan does not have products it could offer China" (from the interview with KG3). As discussed in Chapter 5, Kyrgyzstan mainly exported intermediate goods, hides and skins, raw materials and some consumer items to China (shown in Chart 5.12). That showed a low value-added of the Kyrgyzstani merchandise. The small size of Kyrgyzstan's economy also meant the republic could not satisfy China's demand. Furthermore, limited knowledge of the Chinese market coupled with the language barriers, barriers for the Kyrgyz trucks to enter China resulting from limited access rights and challenges of compliance with the veterinary and phytosanitary regulations further reduced the Kyrgyzstani exporter's access to China's market (Mogilevskii,

2019, p. 20). Therefore, in pursuing its trade with China, the republic aimed to continue its re-exports model and utilise the transit potential arising from border trade development.

### Infrastructure Investment and Debt

The republic needed to upgrade its current transport infrastructure and lay out new routes to become the transit hub in Eurasia. Kyrgyzstan relied on China's financial support through credits, grants and foreign investment to realise these projects. This emphasis on investment strengthened the foundation for bilateral cooperation between the countries. For example, in the 2000s, Kyrgyzstan required funds to complete a highway linking Kashgar in China with Irkeshtam, Osh in Kyrgyzstan, Andizhan and Tashkent in Uzbekistan. This project would generate benefits for Kyrgyzstan through immediate revenues and future prospects from the transit route (Maksutov, 2006, p. 22). The republic also needed to upgrade the border point in Torugart to facilitate more accessible transit of goods between the Chinese and Kyrgyzstani sides (Kyrgyzstan Cooperation Programme 2004-2014, Section III). That would result in less transit time and lower costs for the traders, making the transit through Kyrgyzstan more viable.

Kyrgyzstan, a low-income, landlocked country with mountainous terrain, relied on more prominent countries' investment in railway development. The republic viewed China as a source for such investment. The railway project connecting the West of China, Kyrgyzstan and Uzbekistan has been a part of negotiations throughout the 2000s and 2010s (Kyrgyzstan Cooperation Programme 2004-2014, Section III). The problem with the project was the countries' railway differences, which increased the financial cost of building the project: "The railway project (China-Kyrgyzstan- Uzbekistan) is not fully profitable, as it is being built on the narrow gauge, we need

to integrate with our railway (wide gauge) system, and it requires much financial capital which is quite a lot for Kyrgyzstan” (from the interview with KG3). The differences between the countries in determining the route delayed the construction of the railway further. Kyrgyzstan was seeking to upgrade its railway infrastructure that it would otherwise find challenging to do on its own: “The cheap route is through a non-populated locality; however, it is not beneficial to Kyrgyzstan as there will be fewer revenues for the transit; additionally, there is no multiplying effect of the project on the economy. Kyrgyzstan wants a railway linking the North and the South of the republic (from the interview with KG3). However, for the Chinese side, the development of the Kyrgyz domestic infrastructure did not add any additional value to the proposed railway; on the contrary, it would increase the construction costs: “China is against it as it makes the project more expensive.” (from an interview with KG13). “China wants the railway to go through Irkeshtam, then Uzbekistan to shorten the transportation route” (from the interview with KG 16). These prolonged negotiations resulted in China seeking other ways to increase its transportation access to the region: “Kyrgyzstan was playing with China for quite some time about the investment, and now China has lost interest” (from the interview with KG14). For Kyrgyzstan, it meant that the railway was still not constructed. Therefore, building the railway would serve the domestic infrastructural needs and aid in realising its transit potential. Although protracted discussions aimed to maximise benefits for Kyrgyzstan, the railway project was yet to be implemented in 2015.

Kyrgyzstan’s precarious public finances meant the republic relied on debt and grants to pay for its infrastructure. China became one of the main providers of grants and credits: “China invests in Kyrgyzstan mainly through projects, and it is mainly in the form of the credits” (from the interview with KG5). For example, in 2014, the republic used them to upgrade the road network and irrigation system in Bishkek (Mineconom, 2014). Consequently, Kyrgyzstan was accumulating



substantial debt with China. By 31 December 2013, the republic's debt owed to the Export-Import Bank of China was 527.5 million USD, representing 17.4 per cent of total external debt and the highest amount amongst the bilateral debt (Minfin, 2013). This rising amount of debt was of concern in the republic: "Kyrgyzstan owes a lot to China – 4.7 billion US dollars, whilst the reserves at the National Bank are only 2.8 billion US dollars; how are we going to pay for it?" (from the interview with KG15). These large borrowings showed that the republic was becoming dependent on China. The resulting concern was about the implications of the inability to pay the loans back. These fears stem from not knowing what China could demand in return for the debt or how China would react if Kyrgyzstan defaulted on its debt. China became a significant creditor of the republic, entrenching Kyrgyzstan's dependence on the country.

## Kazakhstan

Similarly to Kyrgyzstan, the republic signed the Treaty on Good-neighbourliness, Friendship and Cooperation in 2002, followed by the Cooperation Programme 2003-2008 in 2003, the Declaration of Strategic Partnership in 2013 and the Programme of Trade and Economic Cooperation until 2020 in 2013. In the Cooperation Programmes, Kazakhstan identified the priority sectors that were also key to the "Kazakhstan 2030" economic strategy: increasing and developing bilateral and border trade, investment, energy sector and pipelines, processing industries, transport and customs cooperation, agriculture (Kazakhstan Cooperation Programme 2003-2008; Kazakhstan Programme of Trade and Economic Cooperation until 2020).

Both republics signed the Good Neighborliness and Friendship Treaty after the SCO's creation in 2001. Kyrgyzstan and Kazakhstan signed a similar Treaty on Friendship and

Cooperation between themselves a decade earlier in 1993. The main difference between the Treaties signed amongst CA republics and China was the “Good- neighbourliness” concept. This concept was introduced by China and had the origins in its foreign policy of “five principles of peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression and non-interference in each other’s internal affairs, equality and mutual benefit and peaceful coexistence” (Zemin,1992, Section III). The Treaty’s timing could be explained by the preparedness and need of CA countries to engage in more meaningful economic cooperation with their bigger neighbour after the creation of SCO. Now, they could do that once the border issues were resolved, macroeconomic stability was achieved, and the areas for mutual benefits were identified. Kyrgyzstan and Kazakhstan could not ignore China's economic growth rates if they were to benefit from its proximity to the world’s booming economy.

## Energy Sector

For Kazakhstan, the development of the energy sector and its infrastructure were the key factors in their cooperation with China. The republic counted on China’s investment in the energy sector. It was the economy’s main driver and the key element to the country’s prosperity as determined in the “Kazakhstan 2030” and “Kazakhstan 2050” strategies. The republic needed to diversify its energy infrastructure away from Russia-owned oil and gas pipelines to maximise its energy sector’s capacity: “We have to move away from the strong influence of Russia. Kazakhstan has to diversify economically and politically, using China, Europe, and the U.S.” (from the interview with KZ5). China’s growing economy had the capacity to absorb and invest in

Kazakhstan's hydrocarbon resources. Therefore, the republic aimed to utilise China's energy demand to advance its economic objectives.

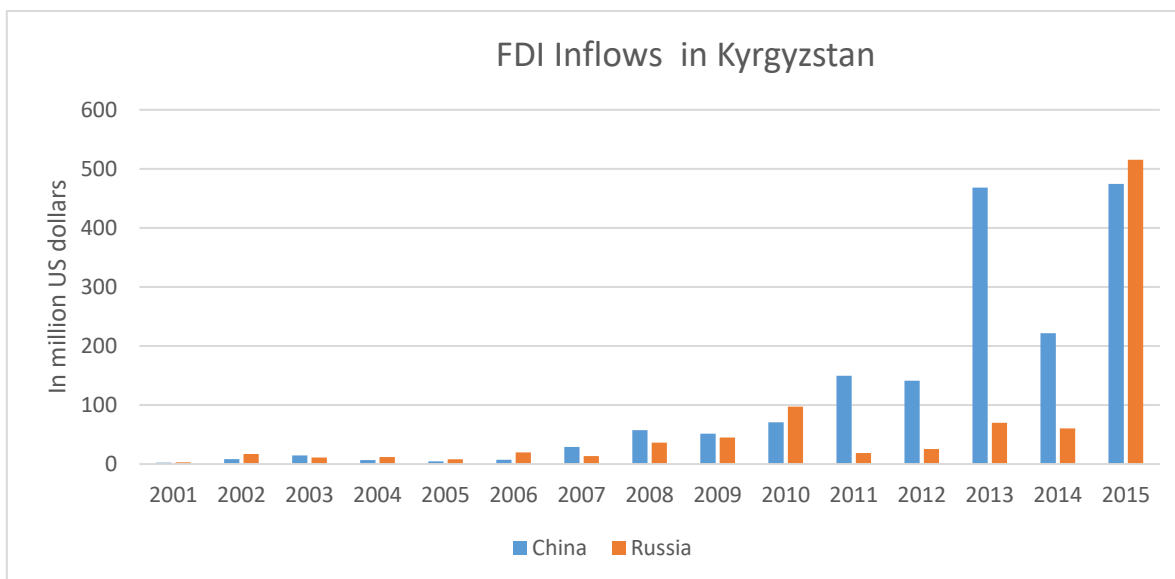
The focus on energy cooperation between the two countries is seen in the signed Cooperation Agreements in 2003 and 2013. The main difference between the programmes is that in the latter document in 2013, concrete projects were named instead of general declarations of increasing trade and economic cooperation. For example, the programme stated the following objectives: the target volume of bilateral trade at 40 billion USD by 2015; the construction of the second stage of the Kazakhstan-China oil pipeline, the second part of the China-Kazakhstan gas pipeline, the Kazakhstani part of Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline; production, transportation and export of wheat (Kazakhstan Programme of Trade and Economic Cooperation until 2020). The statistics on FDI flows in Kazakhstan show that China's investment grew steadily after 2001 and started accelerating after 2010, overtaking investment from Russia, as shown in chart 6.4 below. These concrete measures indicate that the Kazakhstani government was ready to harness China's increasing need for energy and diversify its energy sources to exploit its Caspian resources. The republic needed to build additional energy infrastructure to utilise the full potential of its energy sector, and China was a willing partner.

#### “Nurly Zhol”

In 2014, Kazakhstan announced a new programme of infrastructural development – “Nurly Zhol”. The programme targeted the country's domestic needs, and by doing so, it was improving Kazakhstan's transit potential within Eurasia. “Nurly Zhol” aimed to continue the economic structural changes in the republic by building and upgrading the republic's infrastructure. It was

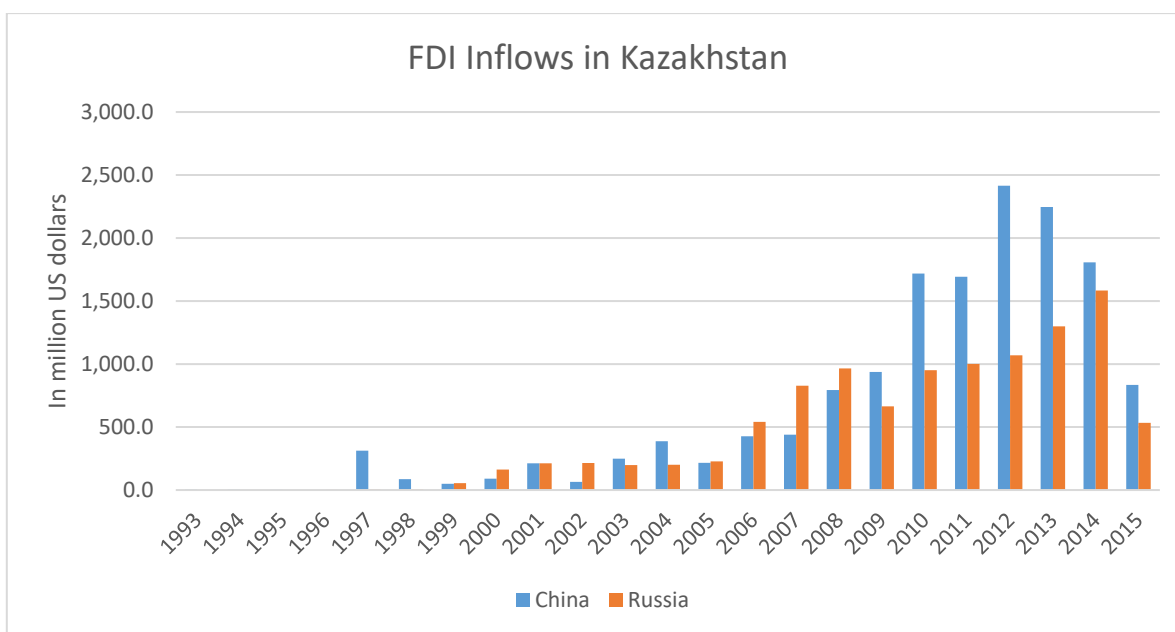
meant to be a countercyclical policy to generate long-term growth for the country (Nazarbaev, 2014). The essence of the programme was to integrate the country's macro-regions (Almaty, Astana, Aktobe, Shymkent and Ust'-Kamenogorsk) into one unified economic entity using the hub system. These biggest cities of the republic had to be connected better to become the centres of economic activity and growth for the republic in the long run. The programme targeted developing, strengthening and modernising transport, industrial, energy, social and housing infrastructure; exports; domestic machine- building and agro-industrial complex (Nurly Zhol 2015-2019). Implementing "Nurly Zhol" linked the republic closer to China's BRI programme. The creation of the special economic zone (SEZ) "Khorgos-Eastern Gates" coupled with the development of the "Zhetygen-Korgas" railway was envisioned to be linked with the "West Europe-West China" transport corridor. That would create a potent industrial-transportation hub on the territory of Kazakhstan that would allow the fastest route to Europe and Asia (Nurly Zhol 2015-2019). In doing so, the Republic will get closer to realising its long-term strategic objective of serving as a transit area for trade flows between Europe and Asia (Kassenova, 2017, p.111). Therefore, "Nurly Zhol" was envisioned to work in tandem with China's BRI. That meant Kazakhstan was closer to realising its long-term plan of becoming a major transit hub in Eurasia.

Chart 6.3



Source: Statistical Committee Kyrgyzstan (2006), (2009), (2013), (2017).

Chart 6.4



Source: National Bank Kazakhstan (1993-2004), (2005-2015).

In sum, Kyrgyzstan and Kazakhstan had similar objectives in cooperating with China. Both countries had to develop the sectors vital to their long-term economic growth. They had to overcome the weaknesses of being landlocked countries by developing infrastructure linking the CA region with Europe and Asia more extensively. Both republics viewed the development of transport infrastructure as critical in establishing them as the main transit hubs in Eurasia. China was viewed as a key partner in fulfilling these objectives. However, the republics' economic potential set limits on the extent of cooperation between them and China. It also indicated the republics' economic vulnerabilities: Kyrgyzstan was accumulating debt with China rapidly, continuing this trend from the 1990s, unlike its bigger CA neighbour. Kazakhstan was a much more attractive destination for China's investment than Kyrgyzstan. It was seen in the amount of investment and projects both countries undertook that Kazakhstan outperformed Kyrgyzstan substantially. For Kazakhstan, China's role in the economy rose as the republic aimed to increase energy infrastructure to increase exports of hydrocarbon resources. The republic needed to diversify its energy infrastructure away from Russia-owned pipelines to harness the capacity of its energy sector. In the case of Kyrgyzstan, the Republic relied on trade with China to support its reexports industry. It also hoped to develop transit trade and attract Chinese investment into its railway and road network infrastructure. After discussing the economic rationale behind the CA republics' interactions with China, the following section focuses on their geopolitical concerns.

#### *6.2.2 Public Geopolitical Interests of Kyrgyzstan and Kazakhstan*

The CA republics viewed the SCO as the additional layer for providing regional security and stability. In the new century, the regional security threats of potential terrorism and religious

extremism did not reduce but became more potent. The 1999-2000 incursions of the terrorist groups in the south of Kyrgyzstan (Sultanov, 2001) and the 11 September 2001 events demonstrated the security weaknesses of both republics. In addition, the region became a transfer point for the narco-traffic from Afghanistan (Trenin, 2011, p. 129). The CA republics viewed China's SCO membership China's role as a buffer against Islamic extremism (Suyunbaev, 2005, p. 46; Chung, 2006). The country was generally considered a significant military partner against "the three evils of terrorism, separatism and extremism" (Imanaliev, 2015, p. 48).

In addition to recognising China's presence as stabilising, both republics were uneasy about the country's entrenched position in CA and were fearful of its potentially expansionist power (Akiner, 2010): "The Chinese are making a way into CA with perseverance" (from the interview with KZ5). The underlying causes for these concerns were driven by their fears of becoming economically dependent on China and the potential threat of China's migration into the region. In Kazakhstan, the protests in 2006 involved Members of Parliament who demanded that the share of Chinese companies in the energy sector be limited to below 40 per cent (Dadabaev, 2014, p. 108). Moreover, Nazarbaev's proposal to allocate one million hectares of land to Chinese firms for agricultural purposes initiated two days of protests in December 2009 (Pannier, 2009).

In Kyrgyzstan, these fears resulted from intensified Chinese economic activity in the region, which the local businesses sometimes regarded as threatening their livelihoods. In 2002 and 2004, anti-Chinese protests emerged in the republics' most prominent markets, Dordoi and Karasu. The local businesses were against allocating space for trading to Chinese nationals (Dadabaev, 2014, p. 108). These protests show that the local producers saw the increasing presence of China as damaging to the overall economy. Chinese traders and manufacturers could outcompete the local businesses, driving them out of the market: "the cheap Chinese goods do allow the development of

Kazakh producers” (from the interview with KZ7). That meant the republic would have hardly any domestic firms left, extending the republic’s dependence on China. China’s credit and investment policy further strengthened these fears. The country was willing to invest in CA as long as the Chinese companies were to benefit from these projects (Syroezhkin, 2011, pp. 337-341). The rising debt of Kyrgyzstan to China contributed further to its uneasiness about China’s growing presence and the republic’s reliance on its credits, as discussed earlier. In Kazakhstan, even though it had a low level of official public debt, there were also concerns about the consequences of Chinese loans (Kassenova, 2021, p. 210).

Kazakhstan and Kyrgyzstan also had issues with potential migration from China. This concern about China’s demographic expansion stemmed from the Chinese practice of bringing their workers and the number of migrant workers and settlers increasing over recent years (Dadabaev, 2014, p. 109): “There are many more Chinese enterprises and higher representation of Chinese, that frightens the population” (from an interview with KZ7). For China, the CA market was the opportunity to absorb its labour surplus (Syroezhkin, 2011, p. 339). Consequently, the Kyrgyzstani government adopted a law in 2007 that restricted the number of foreign workers in the country (Dadabaev, 2014, p. 109). This fear of Chinese migration was influenced by Soviet-era propaganda stating that China was a historical enemy (Peyrouse, 2016, p. 21). Building on that was the mistrust about China’s possible “hidden” agenda towards republics’ territory and suspicions that China could present additional claims (Peyrouse, 2016, p. 19; Kassenova, 2021, pp. 209-210). Both CA republics were receiving a similar message from Russia as well, which was also concerned about Chinese migration: “the Russian media carries this message of the “yellow threat” to Kazakhstan” (from an interview with KZ7).



These concerns about China's growing economic footprint and the necessity of its stabilising influence in the region meant the CA republics had to find a solution to this dilemma. Russia's membership in the SCO was one of the ways they could balance the Chinese presence in the region (Troitskiy, 2007). Participation of the republics in the REI processes was another way for them to mitigate this threat (Syroezhkin, 2011, p. 353): "It is necessary not to leave the umbrella of Russia in order to contain China" (from the interview with KG16). Their subsequent EAEU membership was expected to generate additional impetus for long-term economic growth, especially in the case of Kyrgyzstan, as discussed in the previous chapter. That could potentially reduce their dependency on China and balance their economic relations.

In sum, both Kyrgyzstan and Kazakhstan seem to have this dual vision of China: "panda vs dragon" (from the interview with KZ 9). Were they to fear their biggest neighbour in the East and protect themselves from it or welcome and embrace it? On the one hand, they were concerned about becoming too dependent on the country and migration, which could result in losing economic sovereignty and territory. On the other hand, they could not ignore the extra security and economic benefits China was bringing to the region. Kyrgyzstan's position was more vulnerable compared to Kazakhstan. The republic's debt and ability to pay for it exacerbated its economic dependence. The CA republics opted for the middle ground in light of these potential threats and opportunities that cooperation with China offered. They employed a pragmatic approach to mitigating these potential threats emanating from China. They aimed to cultivate cooperation with China and Russia onboard. Russia's presence in the SCO and the republics' participation in the EAEU were crucial to balancing China's influence in the region.

### *6.2.3 Private Interests of Kyrgyzstan and Kazakhstan's Leadership*

#### Akaev and the "Silk Route Diplomacy"

For Akaev, the first president of Kyrgyzstan, membership in the SCO offered the realisation of the "Silk Route Diplomacy" Doctrine introduced by him in 1998 and his vision of Kyrgyzstan as a Eurasian country. This doctrine determined the republic's multi-vector policy and its chance to capitalise on the benefits of its geographic location: being in the middle of trade, transportation, and communication flows between the "West" and the "East" and the "North" and the "South" (Akaev, 1998). This emphasis on promoting relations with the biggest economies in Eurasia was determined by the republic's limited economic resources and the necessity to generate economic development as an independent country, as discussed in Chapters 4 and 5. Another factor that contributed to the promotion of the multi-vector policy was the Russian crisis in 1998, which reduced trade and investment from Russia and made the republic question its dependence on the country (Pastor and Damjanovic, 2001, pp. 10-12). This crisis and dwindling foreign aid made Kyrgyzstan consider other avenues for boosting the economy (Sander, 2017, p.55). The introduced multi-vector policy aimed to achieve these objectives of developing trade and investment relations with the bigger economies.

In the "Silk Route Diplomacy" Doctrine, Akaev identified a few strategic directions for the republic: the CA region and CIS, Islamic countries, Europe, and East and Southeast Asia (Akaev, 1998). These countries were originally a part of the original Silk Road and had sizable investment, industrial and natural resources potential. In the 2000s, Akaev elaborates on Kyrgyzstan's foreign policy, determining four main directions for the republic: "Kyrgyzstan and Russia", "Western

vector”, “Asian gravitation”, and “Regional Brotherhood” (Akaev, 2002; Akaev, 2004). Although the foreign policy aimed to be multi-vector, Akaev continuously emphasises the priority of the Russian vector: “Kyrgyzstan and Russia – a friendship forever” (Akaev, 2002, p. 310); “Russia has always been, and so shall remain, the principal link of the foreign policy of Kyrgyzstan” (Akaev, 2004, p. 287). This emphasis is not surprising since Kyrgyzstan has substantial dependencies on Russia in economic and security matters, as elaborated in the previous chapters.

However, if in 1998 Akaev included China in the aggregate group of East and Southeast Asian countries (Akaev, 1998), then in 2002, China featured distinctively first in the “Asian gravitation” strategic direction for the republic (Akaev, 2002, p. 335). This development indicates that Akaev started considering China as an additional source for the republic’s economic development. Political and economic considerations influenced his inclination towards China. Reduced democratisation of Kyrgyzstan and elections after 1998 increased tensions with the United States, which pushed Akaev to closer cooperation with China (Sander, 2017, p. 55). China’s policy of non-interference in countries’ internal affairs channelled in the SCO inaugural Declaration (SCO Declaration, 2001) and respect for “specific features of the political structures” (Kembayev, 2020, p. 209) was appealing to Akaev in light of tensions with the U.S. He could rely on China’s financial funds in addition to Russia’s cooperation instead of the U.S. This focus on China is further seen when Akaev noted that resolving the border issues with Chairman Jiang Zemin in the 1990s opened a new chapter in Kyrgyz-Chinese relations (Akaev, 2004, p. 298). These negotiations were concluded within the remit of the Shanghai5, as discussed in the previous sections. He also highlighted China’s economic potential:

In our interstate relations, we were guided and are being guided at present, not only by current affairs but by the anticipation of our future cooperation. While visiting this brotherly

neighbouring country, one can physically feel that it is seven miles into the future. In terms of dynamism and progress, no state can equal China (Akaev, 2004, p. 299);

“... Akaev used to say: “there is access to the gigantic ocean - China” (from the interview with KG16). Therefore, for Akaev, China is becoming another significant strategic partner in the 2000s in Kyrgyzstan’s multi-vector policy framework. For Akaev, China has strong advantages over other Western partners: the country could be a substantial source of investment and trade flows without interference in the republic’s internal affairs.

With the introduction of the “Silk Route Diplomacy”, Akaev brought cooperation with China to the forefront of Kyrgyzstan’s foreign policy during his presidency. The resolution of the border issues through the Shanghai5 Forum and the creation of the SCO allowed for introduction of China as a partner with viable economic resources. For Akaev, China plays a role in his vision of the Silk Route, but it is not the leading role. In his view, China still did not replace Russia’s position in Kyrgyzstan’s external strategic considerations. For instance, in 2003, when the Chinese side offered to establish the SCO FTA, Kyrgyzstan, under Akaev’s leadership, was not enthusiastic about the proposal, as discussed in the previous sections. Instead, the republic participated in Russia-led REI endeavours, such as the EurAsEC, the predecessor of the EAEU. Therefore, Akaev continued to stress Kyrgyzstan’s strong bonds with Russia, aware of the republic’s dependencies on the country. At the same time, he realised China’s importance as an economic power and promoted Kyrgyzstan’s multilateral cooperation in the SCO and on a bilateral basis. That shows that Akaev recognised China’s significance for the republic’s economy; however, he did not view exclusive cooperation or integration with China as a strategic direction for the country. That would undermine the republic’s multi-vector stance. Instead, it was one of the vectors the republic decided to pursue to maximise its economic welfare and external security: “Akaev was the first one who

suggested the Silk Route. For our small country, this is the only way to navigate between the neighbours” (from the interview with KG 9).

Akaev’s exit from Kyrgyzstan’s politics in 2005 brought new leadership and changes in the republic’s external policy. Under Kurmanbek Bakiev, between 2005 and 2010, the multi-vector policy was maintained by inertia (from the interview with KG 11). However, from 2011, under Almazbek Atambaev, Kyrgyzstan pursued the route of Eurasian integration, thus emphasising Russia's direction in the republic’s external policy, as discussed in the previous chapter.

#### Nazarbaev and the “Eurasian Union”

As discussed in the previous chapter, the creation of the EAEU was a cornerstone of Nazarbaev’s vision for Kazakhstan as a Eurasian country. From the very beginning, Nazarbaev emphasised the republic’s place as a Eurasian country located between two large countries, Russia and China (Nazarbaev, 1992a, p. 49). He highlighted Kazakhstan’s uniqueness as “a state in Asia, in which European and Asian roots are intertwined (Nazarbaev, 1994 cited in Nazarbaev, 1997, p. 27). In his earlier introduction of Kazakhstan’s strategy (Strategy of becoming and developing Kazakhstan as a sovereign state) in 1992, he stressed Russia and the CIS space as the priority areas, followed by the Asia Pacific region, which included China, South Korea and Japan, Asia, Europe and the US (Nazarbaev, 1992a, pp. 51-55). This ranking is similar to the one communicated by Akaev in 2002; both presidents prioritised the Russian direction. However, for Kazakhstan, Asia came second, while Kyrgyzstan gave its second preference to the Western vector. That shows Nazarbaev’s earlier recognition of the Asia Pacific region’s economic potential to be harnessed to develop the republic’s economy: “this direction is significant because this is the region of advanced

technology, source of credit and investment, and potentially a market for our goods and the source of the labour market for the realisation of projects in Kazakhstan” (Nazarbaev, 1992a, p.55).

In 1997, in the “Kazakhstan 2030” strategy, he continued to emphasise the importance of Russia and China in the republic’s strategic interests. He argued that for Kazakhstan to strengthen sovereignty and security, the republic must maintain mutually beneficial relations with these two countries (Nazarbaev, 2012a, p. 30). Moreover, in the “Kazakhstan 2030” strategy, he identified specific areas for cooperation with China: transit flows, infrastructural projects and pipelines between the countries (Nazarbaev, 2012a, pp. 56-57; p. 60; p. 70). Similarly to Akaev, in 1997, Nazarbaev singled out China from the Asia Pacific region, recognising the country’s economic potential. In the new century, he maintained this consistent position on Kazakhstan having strategic relations with Russia and China, communicated in the “Kazakhstan 2050” strategy in 2012 (Nazarbaev, 2012b).

The Shanghai5 and the SCO allowed Nazarbaev to set his vision of Kazakhstan as a Eurasian country in the middle of the world’s largest economic flows in motion. As discussed in the previous sections, the trade, energy and infrastructure agreements signed with China in the aftermath of the Shanghai and the SCO were instrumental in harnessing Kazakhstan’s natural resources and transit potential. By accelerating economic cooperation with China, Kazakhstan was preparing the ground to implement Nazarbaev’s vision of the republic as a vital connecting link in the trade flows between the East and the West, specifically China and Europe. However, he positioned Kazakhstan as a Eurasian country, which meant he sought economic integration with Russia based on the extensive linkages and dependencies built during the SU (discussed in previous chapters). Consequently, Kazakhstan under Nazarbaev did not envision REI with China, as evidenced by the republic’s decline of the SCO FTA proposal in 2003. In these considerations,

China's economic size and its producers' competitiveness were the factors ruling against integration, as discussed in the previous sections. Consequently, for Nazarbaev, cooperation with China was the extension of his vision of Kazakhstan as a Eurasian country, but not the primary focus: a link between the world's biggest economic centres, maximising the benefits of trade and investment for the republic.

#### *6.2.4 China's Interests*

The previous subsection examined the CA republic's relations with China on a bilateral basis and within the SCO. As discussed earlier, the CA republics utilise the SCO framework to engage with China to promote their economic interests. Therefore, examining China's interests concerning the CA republics allows for painting a complete picture of to what extent the CA republics' interests were aligned with Chinese projects and policies. It also will enable us to examine how China's main economic projects were compatible with the CA republics' plans for transit trade, investment in infrastructure, and energy from China. That will illuminate further to what extent the CA republics' calculations in pursuing cooperation instead of integration with China were justified.

#### *The SU dissolution and Xinjiang*

The SU fall presented China with both a geopolitical threat and an opportunity. On the one hand, the emergence of independent CA states on its doorstep heightened China's concerns about Xinjiang's separatism. The province was mainly populated by the Uighurs but also comprised sizeable Kazakh and Kyrgyz minorities and shared neighbourhoods with the independent CA

states. Their emergence increased Xinjiang's potential for separatism. It was further bolstered by the penetration of Islamist extremists, weapons, and religious teachings from neighbouring Pakistan and Afghanistan into Xinjiang, supporting the Uighur movement and encouraging its demands for the secession of Xinjiang from China (Rumer, 2000, p. 27). For China, "ethnic contradictions, territorial disputes and religious conflicts" were the main factors contributing to the turbulence of the international environment (Zemin, 1992, Section III; Zemin, 1997, Section 9). Therefore, sharing a border with the CA republics, which, after the SU dissolution, were free to pursue independent foreign policies and might have harboured sympathies towards Uighurs' independence, would be considered a threat to China's territorial integrity.

On the other hand, this situation was also an opportunity for China to establish itself in the region closed off during the SU. China sought assurances from the CA governments not to support the Uighur case. The country was successful in generating the CA leaders' support for its position. They declared they would oppose "any separatism and would not permit separatist activities on their territories by any organisations and forces directed against the other party" (Diplomaticheskii kur'er, 1996, cited in Syroezhkin, 2002, p. 179). Therefore, in engaging with the CA republics following the SU demise, China pursued its primary objective of minimising support for Xinjiang's separatism. At the same time, in the 1990s, China was in the second decade of economic transformation and deeper integration with the world economy. Following the domestic reforms in the 1980s, the country focused on opening to international markets. In particular, the government's objectives were to expand external trade in commodities and services, optimise the import and export mix, lower the general level of tariffs and encourage imports of advanced technologies and critical equipment (Zemin, 1997, Section V). Consequently, cooperation with the CA region offered economic opportunities, allowing the country to utilise the region's natural resources. In



doing so, China would maximise its security and economic benefits. The following subsection elaborates on how the country utilised the Shanghai5 and the SCO framework to achieve these strategic priorities of minimising support for Xinjiang and harnessing the CA energy resources for domestic economic growth.

### Shanghai Five and Shanghai Cooperation Organisation

China's introduction to the region was consolidated with the creation of the Shanghai5 and the subsequent creation of the SCO. As discussed earlier, the concluded agreements solved the border issues for China. This unexpected success of the Shanghai5 paved the way for creating the SCO and cooperation beyond borders and security. For China, the economic domain in the SCO mattered as much as the geopolitical aspect. It resulted from its wider internationalisation strategy to increase trade and investment. Earlier in 1997, at the 15<sup>th</sup> Party Congress, Jiang Zemin stated the objectives of expanding external trade in commodities, deepening the reform of the system of trade and economic relations with foreign countries, and actively participating in regional economic cooperation and the global system of multilateral trade (Zemin, 1997, Section V). China viewed the SCO as a regional economic cooperation framework similar to the APEC and ASEAN (MOFCOM, 2002, p. 41). Successful negotiations of the Shanghai5 Forum opened the doors for China to engage in economic projects utilising the SCO framework following its "Going Global" strategy.

Jiang Zemin introduced the policy of developing China's West, particularly Xinjiang. That resulted in China seeking closer economic cooperation with CA republics (Ashimbaev *et al.*, 2004, pp. 117-120) using the SCO framework. China's Central and Western regions were less advanced

than the South–Eastern provinces but were endowed amply with natural resources. Therefore, it was vital to open up these regions to other parts of the country and the outside world and to utilise infrastructural projects to support their development (Zemin, 1992, Section II; Syroezhkin, 2011, p. 339). China pursued the following objectives by promoting the border trade between the province and the CA republics. First, it would boost the province's and CA's economic activity, potentially increasing incomes. That would increase Xinjiang's economic growth and potentially reduce separatist sentiment. Second, increased trade between CA and China would require upgrading the transport infrastructure linking the West of China and CA, which was neglected during the SU. This improved infrastructure would reduce the transportation costs of the Chinese exporters and ease their access to the broader CIS market through the gates of CA. By participating in the SCO, China aimed to provide an additional boost to the development of its West through border trade with CA and the wider CIS region.

China's growing economy required energy resources; the SCO members were the primary energy producers. The SCO membership opened the CA region and its resources to China. The country could gain entry into the region traditionally under Russia's control without "irritating" its biggest neighbour, and the key was the SCO (Syroezhkin, 2010, p. 214). The proximity of the energy-rich CA republics meant China could tap into their hydrocarbon resources (Maduz, 2018, p. 14; Bailes and Dunay, 2007, p. 13) and diversify its energy inputs. The region's proximity allowed for the reduction of dependency on sea routes for oil transport, especially considering the vulnerability of the Malacca Strait (Marketos, 2009, p. 17). The following factors also heightened the preference for the region's energy resources: the Iraq war that limited the delivery of energy from the Middle East; the demise of YUKOS and its unrealised delivery of the oil contracts to China; and the programme of developing China's West, that mainly targeted the cooperation with

the CA region as noted above (Syroezhkin, 2010, pp. 253-254). In the 2000s and 2010s, China's strategy in energy cooperation with the CA republics, especially Kazakhstan, was seen in the construction of gas and oil pipelines. They linked CA and the West of China: China-Kazakhstan oil pipeline starts at Atasu in the West of Kazakhstan and ends at Dushanbe in China's Xinjiang; the gas pipeline initiates in Turkmenistan, passes the territories of Uzbekistan and Kazakhstan and at Khorgos in China's Xinjiang (Movkebaeva, 2013, p. 82); Therefore, the SCO membership allowed China to enter the CA region to obtain energy resources. The country had to guarantee and diversify its energy partners to deliver its economic growth.

#### Belt Road Initiative

The "Belt Road Initiative" announcement by China in 2013 in Astana showed that the country was no longer willing to rely on the SCO to deliver economic cooperation with the CA republics. SCO has fulfilled its role by allowing the country to establish its presence in CA. Building on the SCO membership, China developed strong bilateral relations with the CA republics, especially Kazakhstan. In 2013, China, under the new leadership of Xi Jinping, had to address the slowdown in economic growth. China was under pressure to counteract the detrimental effects of the world recession in 2008-2009. Consequently, its economic growth decreased significantly from a peak of 14.3 per cent in 2007 to 7.8 per cent in 2013 (IMF, 2019). The BRI was the answer to the country's economic problems and was driven by the domestic economy's requirements to sustain growth rates. This infrastructural proposal placed the CA region as a potential market and a transit area (Lukin, 2019, p. 7): "...the Chinese looked with enthusiasm on the BRI; they are interested in big projects "(from the interview with KG3). For China,

infrastructural connectivity in CA guaranteed quicker and less costly transit to Europe: “China pays for the initiative because it is in their interests to seek another shorter and quicker route of reaching Europe. For example, from Shanghai and Shenzhen, the boat travels 19-20 days (there are factors such as weather that will affect the journey). Whilst using the roads, the truck will only take 10-15 days from Xinjiang to Western Europe” (from the interview with KZ2). The emergence of BRI shows China’s bold attempt to lead the infrastructural projects in Eurasia to benefit the domestic economy, building on the legacy of the SCO and bilateral relations with the CA republics.

In sum, following the SU dissolution and its internationalisation and “Go Global” policy, China accelerated its rate of transactions with both Kyrgyzstan and Kazakhstan in 2000-2015. The establishment of SCO was mainly viewed as a regional economic cooperation framework driven by the domestic economy's aims of securing land route access to raw materials, stability, and development of Xinjiang. As the country continued its economic transition in the 1990s, it focused on expanding exports and imports. The emergence of the independent CA republics endowed with substantial hydrocarbon resources on China’s doorstep was a positive development for the country. China could now negotiate directly and build new bilateral relations with each state. Its bargaining power was significant, considering the economic size that the country had used in the border discussions. On the other hand, the proximity of Xinjiang to the independent states of CA could re-ignite the separatist movement in the province. China had to ensure the support of its neighbours against it. Therefore, by fostering closer economic and security cooperation in the region, China guaranteed stability in the near abroad to ensure its economic development strategy could proceed as planned. The country’s membership in the SCO and initiation of the BRI were instrumental in achieving its objectives.

This case study of Kyrgyzstan and Kazakhstan's membership in the SCO contributes further to the understanding of the theoretical question of why countries pursue economic integration with some countries but not others and the main factors that influence this decision. In this case, the findings highlight the combination of the CA republics' public and private interests that did not favour forming closer economic relationships in the form of REI within the SCO.

The findings in this chapter support the expectations of the economic interests set out in the conceptual framework in Chapter 2. The CA republics' economic interests would be in favour of REI if this proposed scheme offered export and industrial development opportunities and access to energy and transport infrastructure for the republics. This analysis augments the current literature on comparative and PSS regionalism by generating a nuanced explanation for why the CA republics of Kyrgyzstan and Kazakhstan did not view REI within the SCO as a viable option. This chapter's findings are distinctive in examining the development of the CA republics' economic exchanges with China throughout their independence years and identifying specific factors that explain their reluctance to embrace REI with China. These factors were the economic asymmetry between China and the CA republics and the resulting fear of economic domination by China. The findings show that the offer of trade liberalisation with the world's second-largest economy was an insufficient driver for Kyrgyzstan and Kazakhstan. They needed trade opportunities that would support their manufacturing sector, allowing for the restoration of their processing industries and aiding their economic modernisation. The economic asymmetry between China and the CA republics was so prominent that it became a deterrent for the CA republics to pursue REI. It was due to the threat of much stronger Chinese manufacturers who had the capacity to outcompete the domestic producers and dominate their markets and economies. Moreover, these fears were increasing with the CA republics' growing indebtedness to China, especially in the case of

Kyrgyzstan and possible labour outflows from China. Both republics saw this growing economic dependence on China as detrimental and worrisome to their long-term economic growth prospects.

What is interesting about this economic asymmetry and the republics' resulting fears of economic domination is that despite their substantial asymmetry with Russia, they still pursued REI within the EAEU but not the SCO. The analysis in this chapter shows that not only the economic asymmetry but its size will determine the preferences for integration. The findings in this chapter are distinctive in identifying that the size of economic asymmetry will impact REI, thus contributing to the literature on the economic asymmetry in post-Soviet regionalism. China's substantial FDI and infrastructural development offer were insufficient to offset the republics' fears about economic asymmetry. These fears stemmed from their minimal exposure to dealing with China directly as independent states. Consequently, they lack the experience to predict the country's future behaviour. Therefore, this uncertainty in predicting China's future actions was the main foundation for their fear of economic domination by China. At the same, even though Russia's economy was also substantially larger, the findings indicate that the CA republics did not have that fear. That is explained by the CA countries learning Russia's behaviour through centuries of interaction under Imperial rule and within the SU. As a result of this asymmetry, Kyrgyzstan and Kazakhstan, realising China's economic benefits, chose the cooperation route instead of REI with China. In doing so, the republics aimed to achieve their long-term objectives of attracting the country's energy and infrastructure resources, realising their transit potential without relinquishing control over trade with China.

The findings in this chapter support the expectations of geopolitical interests set out in the conceptual framework in Chapter 2. The CA republics will join economic integration with the regional hegemon that maximises their economic as well as security benefits. Kyrgyzstan and

Kazakhstan were unwilling to pursue economic integration with China because it neither maximised their economic nor security benefits. The findings in this chapter reveal an interesting perception of China by the CA republics. On the one hand, they viewed cooperation with China as a vital bulwark against the regional external threats emanating specifically from Afghanistan. On the other hand, they also considered China a potential threat to themselves based on its economic size and the resulting fears discussed above. These findings contribute to the literature on post-Soviet regionalism by arguing that the CA republics pursued a looser framework of cooperation with China within SCO to bring the country on board to maximise their external security. At the same time, they resisted REI because they considered it a threat to their economies due to its size. In order to minimise this threat from China, the CA republics employed a balancing strategy, thus confirming the neorealists' predictions. Kyrgyzstan and Kazakhstan simultaneously continued participation in Russia-led integration initiatives that eventually resulted in the creation of the CU and EAEU. In doing so, they aimed to dilute their dependence on China's resources, thus mitigating the threat.

The findings in this chapter support the expectations of private interests set out in the conceptual framework in Chapter 2. If political leadership views the proposed REI as having the potential to generate a positive legacy of their time in office, then they will favour it; CA presidents will favour integration with this country if the latter's support maximises or does not threaten their chances of political survival and holding power. The analysis shows that in their private interests, presidents Akaev and Nazarbaev did not view REI with China as vital to maintaining power in the office or generating a positive legacy of their time in office. These findings are in line with the public choice policy predictions. This chapter's findings are distinctive in showing how political leadership's private considerations impacted the CA republics' REI choices. In this case, the lack

of enthusiasm on the part of presidents Nazarbaev and Akaev were the contributing factor to Kyrgyzstan and Kazakhstan choosing not to pursue REI with China. These findings augment post-Soviet and comparative regionalism literature by identifying the interests of holding power and the desire to leave a positive legacy as the main components of the CA presidents' private interests, not just the rent-generation motive. The analysis in this chapter shows that both presidents did not view China as threatening their political survival. They did not think China had the capacity to influence the domestic electorate, unlike in the case of Russia. Therefore, the non-participation in REI with China did not risk their ability to hold office. Moreover, both Akaev and Nazarbaev looked at China as secondary to Russia in their Eurasian visions of Kyrgyzstan and Kazakhstan's future. Consequently, economic integration with China did not promise to generate a positive legacy of their time in office.

### **6.3 Conclusion**

This chapter identified and examined Kyrgyzstani, Kazakhstani and China's primary interests in cooperation in the Shanghai5 and the SCO and identified the factors that explain why these CA republics preferred cooperation to REI. First, the economic asymmetry between them and China was substantial. These findings align with the literature on the economic asymmetry that identifies the differentials in the economic size that impede REI. The findings are distinctive in showing that the size of economic asymmetry was the determining factor in the economic preferences of the CA republics against integration with China in the SCO. That was the foundation for the CA republics' fears about China's economic domination. Pursuing REI with China within the SCO would subject their processing industries to competition they could not withstand, thus



negatively affecting the republics' long-term economic growth strategy. Kyrgyzstan's economic dependence on China was more significant due to its growing indebtedness. Therefore, REI with China would make the republics more dependent on the country, which they aimed to escape. Consequently, economic cooperation would give them more control over a trade policy, and they could still harness China's FDI to develop their energy sector and infrastructure. Their membership in the SCO served this purpose: despite the organisation's dismal progress in multilateral cooperation, Kyrgyzstan and Kazakhstan could access China directly and pursue bilateral projects.

Second, these fears about economic domination result in the republics employing a balancing strategy to minimise the exposure, thus confirming the neorealists' predictions. On the one hand, the republics viewed China as a stable force against external threats. On the other hand, China's growing economic dominance in the CA region was viewed as threatening to the CA republics. Consequently, Kyrgyzstan and Kazakhstan aimed to maintain and develop economic relations with Russia by participating in the CU and the EAEU. In the meantime, having China in the SCO meant the republics could rely on the country to minimise external threats: regional challenges of separatism, religious extremism, crime and narco-traffic arising from the proximity to Afghanistan. Therefore, cooperation with China in the SCO allowed the republics to guarantee external security, while integration with Russia was their balancing strategy concerning China.

Third, the private interests of CA presidents did not indicate they saw REI with China as instrumental to holding power or generating a positive legacy of their time in office. They did not view China as having the capacity to impact their political survival. For them, cooperation with China was sufficient; their focus was on integration with Russia. In the case of Nazarbaev, the question of leaving a positive legacy of his time in office is more prominent than Akaev's. Therefore, promoting the Eurasian Union, which entailed economic integration with Russia, was

vital for him. In his view, integration with China did not offer the same benefits to Kazakhstan as the Eurasian Union. Thus, it would not generate this positive legacy of his time in office. Consequently, by pursuing cooperation with China, Kazakhstan could still benefit from the neighbour's resources, but the main legacy will be generated through the Eurasian Union.

## **CHAPTER SEVEN**

### **CONCLUSION**

#### **7. Introduction**

In the introduction to this thesis, it was noted that in the multiple cases of post-Soviet economic regionalism, only one could be classified as a case of fully functioning REI to date - the EAEU. The CA republics of Kazakhstan and Kyrgyzstan have actively participated in almost every regionalism initiative in the FSU. They were the only ones who always participated in all PSS regionalism endeavours except for Russia. The literature tends to emphasise particular factors over others as the explanatory drivers of regionalism in Eurasia: economic needs to expand or preserve trade or access to infrastructure and investment, geopolitical considerations for external security or the impact of domestic political regimes. However, the current theoretical insights do not satisfactorily explain why some regionalism initiatives failed to become REI frameworks as intended, and only one succeeded. Consequently, the interaction between these factors is under-illuminated, and it could hold the key to answering the question of why countries in the FSU prefer REI with some member states and economic cooperation with others. This dissertation has sought to overcome the current limitations in the literature by utilising a conceptual framework that analyses all three factors and their interaction: economic interests, geopolitical interests and private interests of political leadership, based on the cases of the CA republics of Kyrgyzstan and Kazakhstan. After outlining the building blocks in the conceptual framework in Chapter 2, the study has formulated theoretical expectations concerning these three groups of interests. The empirical chapters on three case studies, the CAEU, the EAEU and the SCO, aimed to assess

expectations set in the conceptual chapter. This short chapter offers concluding thoughts on the approach utilised in this study, highlights its strengths and limitations, and discusses important implications for the study of post-Soviet and Eurasian regionalism.

## **7.1 Empirical and Theoretical Findings**

This thesis builds on the conceptual framework that includes public and private interests to explain the CA republics' preferences for REI and advances the following argument. Both the public and private interests of Kyrgyzstan and Kazakhstan determine these republics' decisions to engage in REI. Public interests are countries' national interests that comprise their calculations of national concerns for their external security and considerations for long-term economic growth. The latter is not just about more trade and investment. The republics aimed to utilise REI to generate opportunities for the republics' economic modernisation, as seen in the re-industrialisation and development of high-value-added processing industries. The private interests are about the republican leadership's personal considerations in REI. Two main factors determine their preferences in favour of integration. One is about the ability to hold office or power and whether it could be jeopardised due to the republic participating in regionalism. Another was about the leadership aspirations of leaving a positive legacy of their time in office. The economic interests are the most dominant in the structure of these interests, followed by the geopolitical and private interests of the republics' leadership, which carry equal weight. This ratio is expected to prevail if the countries are not facing greater security threats or the regimes become more authoritarian. In

this case, the weight of these two interests will increase, reflecting the concerns for the countries' sovereignty and power-retaining motives.

This conceptual framework was tested on the three cases of regionalism: the CAEU, the EAEU and the SCO. For the following reasons, these cases were good candidates to demonstrate the republics' national and private interests in CA and the broader Eurasian space. The CAEU was meant to be the case of REI in CA, but it did not succeed and merged with the EurAsEC. The EAEU is the only integration initiative that evolved from a CU into an economic union. The SCO, originally envisioned as a security organisation, had aspirations to advance multilateral economic cooperation further, but these plans also failed. All three cases counted Kyrgyzstan and Kazakhstan as their founding members (except for the CAEU, Kyrgyzstan joined later), and the last two also included Russia and China – the regional hegemons.

The conceptual framework outlined the following expectations concerning economic interests. 1. The CA republics will pursue REI as long as there are export opportunities for domestic producers, they will have preferential access to energy and transport infrastructure, and the labour flows from CA will not be restricted. 2. The CA republics are expected to participate in integration if the potential membership helps develop and increase domestic processing industries' export capacity and fosters FDI inflows. The findings from the three case studies seem to support the outlined theoretical expectations. The analysis in the empirical chapters shows that the depth of trade and infrastructural dependencies between the former Soviet republics sets the foundation for the countries in the FSU to pursue REI. The important distinction here is that the members' economies must be complementary in trade; otherwise, it does not generate sufficient economic benefits for the prospective member states. For example, the case study on the CAEU illustrated

that the CA republics' trade linkages and complementarity were weaker than those between them and Russia, reducing the potential for economic gains in CA REI. The more extensive these economic dependencies, the more beneficial it is for the countries to join a REI scheme to generate gains for the sectors that share the most dependencies. The case study on the EAEU demonstrated that Kyrgyzstan maintained and entrenched its dependency on Russia after 1991, while Kazakhstan's reliance on Russia's infrastructure for its exports remained substantial. In the case of Kyrgyzstan, the republic's economic model of re-exports was entirely reliant on the re-exports of Chinese products to Russia mainly and to other CA republics to a lesser extent. Additionally, dismal economic growth in Kyrgyzstan led to substantial outflows of labour to Russia, which resulted in the republic becoming substantially dependent on its migrants' transfers.

The analysis of the three cases of regionalism shows that the countries' economic preferences are determined not just by potential higher trade flows but also by the type of trade that matters to them. The findings illustrate that the countries will favour the economic regionalism schemes where they can have the capacity to develop their processing or higher value-added industries to aid economic modernisation and development. For example, the EAEU case study demonstrates that for Kazakhstan, it was necessary to diversify its economy away from commodities exports. Therefore, participation in the CU and the EAEU was an opportunity to develop its industrial sector behind its protective walls. At the same time, Kyrgyzstan also needed to modernise its economy, moving it away from the re-exports model developed in the 2000s, developing its processing industries and attracting investment in its energy and transport infrastructure. The case studies on the CAEU and the SCO reveal that they did not offer the same opportunities to Kyrgyzstan and Kazakhstan. The former is because of the non-complementary nature of the smaller size of the regional economy in CA. In the case of the latter, the Chinese

manufacturers were so competitive that the CA producers did not have a chance to withstand this competition.

These findings reveal interesting observations about the effects of economic asymmetry between the prospective member states in REI. What matters the most is the size of economic symmetry. Economic symmetry is not always an impediment to REI. For smaller countries, entering economic agreements with bigger economies is beneficial. They could use prospective membership to negotiate additional financial funds to prepare the economy for accession, support the manufacturing sector, and offset the losses to the industries due to REI. The case of Kyrgyzstan in the EAEU displays that the country negotiated financial funds from Russia to set up the Russian-Kyrgyz Development Fund to provide investment for domestic manufacturing firms in the strategic sectors; negotiated concessions for the late introduction of external tariffs on some of its imports, subsidised strategic inputs (oil and gas products) and writing off some of its bilateral debt. On the contrary, the same conditions were unavailable to Kyrgyzstan in the CAEU or the SCO.

However, the larger the difference between the economies of prospective members and the more competitive these countries' producers are, the less advantageous the smaller economies will find upcoming trade liberalisation. Their concerns are about bigger countries' manufacturers benefiting from the economies scale resulting from much larger domestic economies. The implications for smaller countries are that their domestic producers are less cost-competitive, and their manufacturers cannot fulfil demand from these bigger countries. The case studies on the EAEU and the SCO illustrate these points. For example, the entrepreneurs from Kyrgyzstan and Kazakhstan were concerned about the companies from Russia and Belarus out-competing them in the agriculture and light industries. In the case of the SCO, as noted in the previous paragraph, both Kyrgyzstani and Kazakhstani producers were concerned about opening up the market to the

Chinese manufacturers because they knew they would be unable to compete with them. Between the EAEU and the SCO, the competition from Chinese producers appeared to be a bigger threat for Kyrgyzstani and Kazakhstani manufacturers in the case of an FTA than it was from the EAEU producers. The latter could be offset by some negotiated concessions, as mentioned above, thus reducing the costs for the economy.

The conceptual framework outlined the following expectations concerning geopolitical interests. The republics will join economic integration with a regional hegemon that will maximise their economic as well as security benefits. The findings from the three case studies broadly support these expectations. The analysis illustrates that the external security benefits of smaller countries could be maximised when they are in REI with the bigger economies. In this case, the security benefits maximise the economic benefits arising from REI. These much larger economies can provide military support and reinforce the external stability of smaller economies.

These three case studies illustrate an interesting observation that smaller economies are prepared to enter REI agreements with a much larger economy, provided that they have had long-term experience in negotiating or dealings in the past. This position of smaller countries is linked to the countries' assessment of whether this bigger country with substantial economic and military resources is a threat to them. The experience of dealings with the bigger countries in the past allows these smaller countries to learn their partner's behaviour, which allows them to formulate rational expectations of the country's behaviour in the future, mitigating their threats. Therefore, the smaller countries will enter REI agreements with this bigger country as long as it boosts their external security and does not threaten them.



The case studies on the EAEU and the SCO illustrate these points. The findings demonstrate that Kyrgyzstan and Kazakhstan had fears of economic domination by China resulting from the country's growing presence in CA: investment in energy and infrastructure, labour migration and growing indebtedness. This growing economic dependence and substantial economic asymmetry between them and the world's second-largest economy made them consider the country a potential threat. These fears could be explained to some extent by the CA republics' limited exposure to China before 1991 and the resulting uncertainty in interpreting China's present and future behaviour. On the contrary, in the EAEU, despite the existing asymmetry between Russia and CA republics, the same fears did not seem to be present. The possible explanation for this is that Kyrgyzstan and Kazakhstan had centuries of exposure to Russia, first under Imperial rule and in the SU. Therefore, they have learnt about the potential behaviour of Russia. In the case of the CAEU, the independence in 1991 left the CA republics more exposed to external threats. In theory, providing collective security would be a dominant factor in entering REI. In reality, the border demarcation disagreements and reliance on Russia for their security outweighed this argument, becoming a source of disintegration instead.

The conceptual framework outlined the following expectations for the private interests of political leadership. 1. CA presidents will favour integration with this country if the latter's support maximises or does not threaten their chances of political survival and holding power. 2. If the incumbents view the proposed REI as having the potential to generate a positive legacy of their time in office, then they will favour it. The findings from the three case studies broadly support these expectations. The analysis of the private interests of the political leadership of Kyrgyzstan and Kazakhstan illustrates that their preferences for REI will be reduced due to personal animosity

between leaders. For example, the findings on CAEU illustrated that Nazarbaev and Karimov's dislike of each other was instrumental in the dismal progress of integration in the CAEU. The distrust and competition for regional leadership meant the republics' presidents had concerns that their authority to control their respective republics' natural assets could be jeopardised, thus reducing their preferences for integration.

The findings show that political leaders will favour integration if, in their minds, this REI promises to bring overall economic benefits. In this case, this integration scheme must have the capacity to generate a positive legacy of the president's time in office. In this scenario, presidents will favour integration. The analysis also demonstrates that the length of the president's tenure will affect his/ her capacity to leave a positive legacy after them. The longer the political leader stays in power, the more chances they will have to implement their vision and generate the legacy of their time in office. For example, the CAEU, the EAEU, and the SCO case studies show that both Akaev and Nazarbaev did not see Kyrgyzstan and Kazakhstan exclusively as the CA countries; their visions extended beyond the CA region. They intended to leave their legacy by presenting the republics as integral parts of a more prominent and influential region - Eurasia. Therefore, they focused on integration with Russia in the EAEU instead of the SCO and the CAEU.

For Nazarbaev, it was the long-term vision as a founder of the Eurasian Union and the resulting legacy he aimed to leave behind him. The political regimes formed in Kyrgyzstan and Kazakhstan in the independence era could explain these differences in private interests. After all, Nazarbaev had the luxury of contemplating his legacy, considering his time at the country's helm. Therefore, he could implement his vision to realise the legacy. Akaev and Atambaev did not have this chance in Kyrgyzstan, considering the tumultuous 2005-2010 period and Atambaev's single six-year term.

The analysis of external pressures' impact on the private interests of political leadership illustrates that the deeper the country's dependencies and the larger the capacity of other members to affect the domestic electorate, the more exposed political leaders are to this external pressure of these particular bigger countries. In this case, the incumbents will favour membership in this particular integration scheme because otherwise, they face risks of losing power since this bigger country could retaliate by supporting other political candidates or creating obstacles for trade. For example, the case study on the EAEU shows that for the Kyrgyzstani president, Atambaev, it was about retaining his position as president and securing Russia's vital support by supporting the country's membership in the EAEU.

These three cases of regionalism support the earlier argument that economic interests play a dominant role in the structure of public and private interests. Findings show that they were the dominant consideration between 1991 and 2015 in the republics' approaches towards REI. Both Kyrgyzstan and Kazakhstan supported the REI initiatives with Russia throughout their independence. Through this economic partnership, they could mitigate their economic weaknesses and increase their capabilities more effectively than with other CA republics in the CAEU or China in the SCO. Their landlocked position from the outset made the exports less competitive due to higher transportation costs. Moreover, these exports accessed the seaports through the Russian infrastructure. Because of the Soviet-era linkages and transition policies, these two CA republics continued to count Russia as a main trading partner in imports and exports. For Kyrgyzstan, the dependencies on the country were more extensive compared to Kazakhstan, seen in the substantial flows of remittances of migrants in the country, as well as subsidised energy products and loan forgiveness. The REI with Russia in the EAEU offered uninterrupted access to transport and energy

infrastructure, opportunities for economic modernisation and development of processing industries, investment, subsidies and loan forgiveness (more so for Kyrgyzstan). On the contrary, in the 1990s, the regional economy in CA did not have the capacity to provide these opportunities through the CAEU. At the same time, REI with China had the potential to wipe out the national producers who could not compete with the low-cost Chinese manufacturers.

The geopolitical interests play a secondary role in the republics' considerations. The findings show they were not entering the REI agreement to generate security benefits primarily. Rather, the geopolitical benefits re-enforced the economic benefits. Kyrgyzstan and Kazakhstan's membership in the CSTO could provide security guarantees if needed. Kyrgyzstan housed the Russian air base in Kant, which was formed in 2003 within the CSTO framework. For example, in January 2022, the CSTO forces were deployed at the request of President Tokaev (Putz, 2022). Additionally, both republics could request military support from Russia directly on a bilateral basis. For instance, Kyrgyzstan did so in 1999 after the incursions of Islamic militants in the south of the republic (RFERL, 1999). And again, in 2010, interim President Roza Otunbaeva asked for Russia's help in ending the ethnic riots (Harding, 2010). China's membership in the SCO also generated substantial security guarantees for all CA republics. At the same time, China was feared to be the source of threat to the republics due to its economic and population size. Consequently, the external security China could provide to the region was insufficient to outweigh the fears of potential economic domination, resulting in Kyrgyzstan and Kazakhstan refusing to accept China's FTA suggestion.

Private interests also play a secondary role to economic interests in the structure of these interests. Political leadership's legacy depends directly on the success of the REI schemes in which the republics participate. That means the political leadership has to consider the economic prospects

of the potential REI to ensure their legacy. Presidents Akaev and Nazarbaev imagined Kyrgyzstan and Kazakhstan primarily as the Eurasian countries. Nazarbaev's role was special as he was considered the main architect behind the idea of the Eurasian Union. For him, Kazakhstan was better placed in REI with Russia as an equal partner, not as a subordinate in the Soviet times. His consistent support for the EAEU, seen in numerous speeches and policy documents (as discussed in the empirical chapters), indicates the understanding of the potential economic benefits of the Union, built on Soviet-era linkages. Therefore, his legacy would directly depend on whether these benefits are realised. This is all to say that Nazarbaev had to consider the national economic interests of Kazakhstan in the EAEU first to determine the impact of the membership on his legacy. In the case of Kyrgyzstan, the private interests of the leadership also played a second role in the economic interests. The findings show that the calculus here was different compared to Kazakhstan. It was about retaining power and office. In case of non-participation in the EAEU, the republic could face economic penalties in the form of lesser financial assistance, non-subsidised energy products, and restrictions on trade and access to transport infrastructure. For the incumbents, it meant a potential public backlash, which could result in the loss of office. This threat of losing office became stronger with more political pluralism introduced in the republic between 2010 and 2020.

These findings lead us to conclude that in the choice of REI between 1991 and 2015, the CA republics of Kyrgyzstan and Kazakhstan were motivated primarily by the calculations of the economic benefits of the prospective membership. At the same time, the geopolitical and private interests re-enforced their economic interests.

However, the geopolitical situation in the post-Soviet region changed dramatically with Russia's policy towards Ukraine in February 2014 and February 2022. The implications of these events were that the calculus of public and private interests of Kyrgyzstan and Kazakhstan changed. The section below examines these republics' economic, geopolitical and private interests since 2015 in the aftermath of the changes in Russia's policy.

CA has seen significant changes and developments in the region since 2015. Kyrgyzstan and Kazakhstan welcomed new leadership. Sadyr Japarov came to power in 2020 after violent protests in Kyrgyzstan following parliamentary elections (Walker, 2020). Kassym-Jomart Tokaev took over from Nazarbaev through an orchestrated transition of power in 2019 (Bohr *et al.*, 2019). In January 2022, Kazakhstan was rocked by protests, and Tokaev asked for the CSTO forces to restore stability and order in Kazakhstan (Putz, 2022). At the same time, in Uzbekistan, the death of Islam Karimov led to the new president's tenure, Shavkat Mirziyoyev. That signified a change in the country's economic foreign policy. Uzbekistan became an observer in the EAEU in 2020 (Tolipov, 2022). The withdrawal of the US forces from Afghanistan in August 2021 made the external security situation more precarious for the whole CA region.

The 2022 events relating to Russia's policy towards Ukraine brought tumultuous times for the CA republics. These countries were acutely aware of their vulnerabilities concerning Russia: their geographical isolation and reliance on Russia for export routes, security assistance, and labour markets. These dependencies have made them hesitant to condemn Russian President Vladimir Putin's actions openly. The leaders of CA have tried to navigate a delicate balance to avoid potential repercussions from Moscow. For example, neither Kyrgyzstan nor Kazakhstan formally sided with Russia on 2 March and 24 March UN General Assembly, voting to abstain or not voting at all (Stronski, 2022). Japarov continued this neutrality position, stating, "...we are a small country, and

we lack the influence to stop the conflict, so we must take a neutral position...” (Roziev, 2022). However, in December 2022, Kazakhstan voted in the UN against the resolution demanding Russia's immediate cessation of aggression against Ukraine and the withdrawal of armed forces from the territory of Ukraine, while Kyrgyzstan abstained (Azattyk, 2022). At the same time, at the Saint Petersburg Forum in June 2022, Tokaev refused to recognise the Lugansk and Donetsk Republics but re-iterated the solidity of Kazakhstan’s alliance with Russia (Costa Buranelli, 2022).

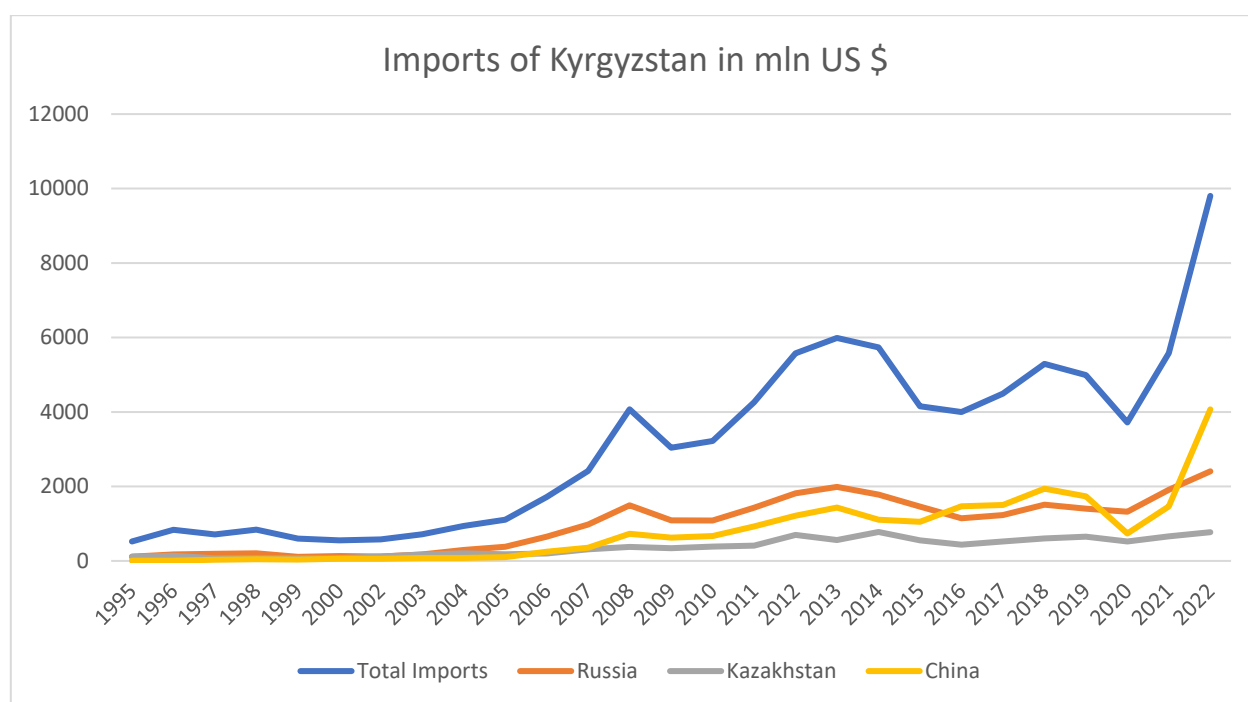
Russia’s actions in 2022 made the CA republics question their internal stability and external security. They feared potential provocations from Russia that could destabilise the countries internally and threaten their sovereignty. These fears also stem from the January 2022 events in Kazakhstan (Mashrab, 2022; Murtazashvili, 2022). Prior statements of Russian legislators also exacerbated them. For instance, in December 2020, the Ministry of Foreign Affairs of Kazakhstan expressed their dissatisfaction with the statement made by State Duma deputy Vyacheslav Nikonov that “the territory of Kazakhstan is a significant gift from Russia.” (Azattyk, 2020).

The sanctions levied on Russia in 2022 have created a chain of adverse effects on the republic’s economies. They faced challenges such as disruptions in the supply chain and transportation of goods, fluctuations in currency exchange rates, high inflation, and the potential return of labour migrants from Russia. An impending food crisis resulting from Russia’s ban on exporting cereals, sugar, and other goods could further exacerbate CA's already challenging socio-economic situation (Mashrab, 2022). Apart from the direct sanctions levied on Russia, Kyrgyzstan and Kazakhstan had to tread carefully to avoid secondary sanctions for aiding Russia’s technology and defence industries. For example, Kyrgyzstan-based companies of LLC RM Design and Development, Kyrgyz ZAO GTME Tekhnologii, and OSOO Kargolayn were placed on the US government sanctions list for selling electronic and telecommunication equipment and parts,

tantalum capacitors and electronic integrated circuits, and foreign-made aviation equipment to Russia (US Treasury, 2023).

At the same time, the sanctions have another unexpected outcome for Kyrgyzstan and Kazakhstan. Both republics observed an interesting trend in their exports in 2022. Kazakhstan reported overall exports increase of 40 per cent and an increase of 29.5 per cent in exports to Russia (Statistical Committee Kazakhstan, 2023), while Kyrgyzstan experienced a 172 per cent increase in exports to Russia (Statistical Committee Kyrgyzstan, 2022). The charts below illustrate this trend. It is explained by Kyrgyzstan utilising its reexport capacity by delivering goods to Russia that the latter cannot freely buy any more. As for Kazakhstan, the sanctions levied on Russia's energy sector created a boom for Kazakhstani energy products.

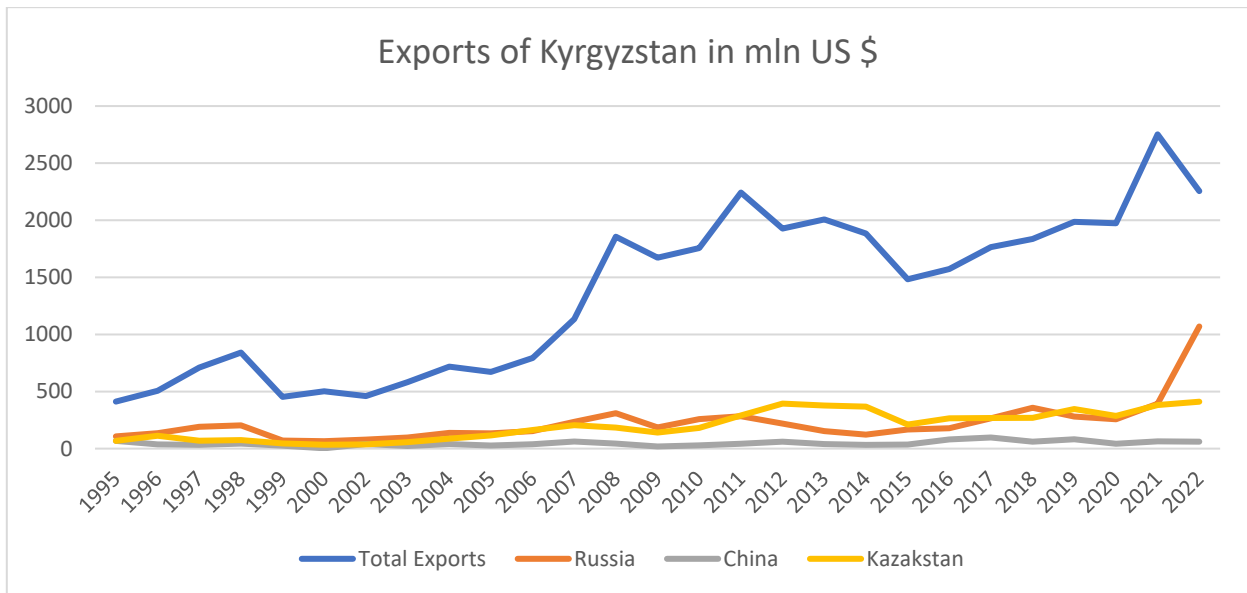
Chart 7.1



Source: Statistical Committee Kyrgyzstan (various years).



Chart 7.2



Source: Statistical Committee Kyrgyzstan (various years).

Chart 7.3



Source: Statistical Committee Kazakhstan (2012-2016), (2017- 2021), (2023).

These new developments have changed how Kyrgyzstan and Kazakhstan viewed REI with Russia in the EAEU. Therefore, it is necessary to revisit the argument this thesis proposed. This study advanced the argument that economic interests will dominate the republics' decision to join

REI, while geopolitical factors and private interests will play a secondary role. The changing economic environment in Russia makes achieving economic development objectives for Kyrgyzstan and Kazakhstan much harder in light of Russia's dwindling financial resources. At the same time, the republics' dependencies on the country have not altered. The implication is that the economic benefits from the EAEU membership are substantially reduced, reducing the dominance of economic interests.

Russia's actions towards Ukraine have changed the republics' expectations about its behaviour, increasing their concerns for their internal stability and sovereignty. In the case of Kazakhstan, this risk is higher due to the presence of the Russian minority in the republic. Additionally, Russia's involvement in Ukraine made it a less likely guarantor of external security since its military resources were under intense pressure. Consequently, these pressing challenges increase the weight of the republics' geopolitical interests.

The leadership change in both republics, especially with the departure of Nazarbaev, makes the application of the legacy argument more challenging. Presidents Tokaev and Japarov have not held office long enough to observe their positions towards legacy. However, the power-retaining argument still holds even more so in the case of Tokaev. His reliance on the CSTO forces in January 2022 shows the dependence of his administration on Russia's support. As for Japarov, his ability to hold power could be threatened by the "punishment" Russia levied by restrictions placed on the migrants or reduction in subsidised energy products in the case of non-alignment with Russia. The political regimes in Kyrgyzstan and Kazakhstan have not transformed substantially between 2015 and 2023. Therefore, private interests are assumed to have the same weight in the structure of private and public interests.

The various cases of regionalism in the world lead to the following conclusions. The purpose behind each regionalism scheme differs and reflects the needs of the countries in each region at a particular period of time. For example, after the WW2, in Europe, regionalism served as a platform to quell nationalism and war through economic and political integration. At the same time, in the Middle East, Asia, Latin America and Africa, regionalism was utilised as a platform for decolonisation and national liberation, as a way to oppose the intervention of great powers and manifestations of cultural identity and autonomy, seen in Pan-Americanism, Pan-Arabism, Pan-Africanism, and Pan-Asianism (Acharya, 2016). Economic development has become another prominent feature in non-Western regionalism, seen in Latin America pushing for structural transformation through ISI (Prebisch, 1959; Soderbaum, 2016) and ASEAN in Asia (Nesadurai, 2003), the ECOWAS and the SADC in Africa (Bruszt and Palestini, 2016).

Preservation of regimes has emerged as another objective of regionalism amongst non-democratic countries. It is also known as “protective integration” (Allison, 2008), “authoritarian regionalism” (Libman and Obydenkova, 2018; Obydenkova and Libman, 2019) and “regime boosting regionalism” (Valborn, 2016). These countries engage in regionalism with similar non-democratic regimes, aiming to strengthen these regimes’ standing internally and externally. This type of regionalism is seen in CA, Eurasia and the Middle East.

A high level of regionalisation does not always lead to formal regionalism, as the examples of the ASEAN, the GCC, the Arab League, and the UAR in the Middle East show. In general, non-Western regionalism appears to have low institutionalisation of regional institutions. However, it does not necessarily mean these regionalism schemes could be considered unsuccessful. They could be specifically “designed to fail” (Barnett and Solingen, 2007), meaning the main objective behind it is not to give up sovereignty but to preserve these states' autonomy, as seen in the GCC

or the Arab League in the Middle East and to counteract the adverse effects of regionalisation (Valborn, 2016). Lower institutionalisation or “soft regionalism” or “regionalisation without regionalism” was also better suited for the needs of the development states in Asia. For them, intergovernmental cooperation offered more flexibility to reach their development goals, as seen in the case of ASEAN (Jetschke and Katada, 2016; MacIntyre and Ravenhill, 2013).

Holding Together Integration is the phenomenon that refers primarily to regionalism in the PSS, including CA. HTI could also be extended to the post-colonial integration projects in West and Central Africa, that became later the West African Monetary Union (UEMOA) and the Economic and Monetary Community of Central Africa (CEMAC) (Libman and Vinokurov, 2012a, p. 17). The defining feature of this regionalism is that the member states belonged to one single economic space and had extensive economic, political and social links. In this case, the purpose is to maintain integration either for a limited time or indefinitely in an attempt to minimise the disintegration costs.

Having reflected on the insights from comparative regionalism, the next step is to look at the narrative that CA regionalism generates and draw conclusions from it. First, regionalism is seen as a way to generate economic development for these landlocked post-Soviet CA republics of Kyrgyzstan and Kazakhstan. They agree to REI only upon following two conditions. First, they pursue REI with the countries with whom they already share historic extensive trade links, energy and transport infrastructure and labour flows. Second, this REI must offer opportunities for modernisation and diversification of the economies away from the resource-dominated and reexports-driven. These could be seen in subsidised energy inputs, investment, non-discriminatory access to energy and transport infrastructure, loan forgiveness and development of processing industries, leading to export diversification. The smaller the economy, the more influential the

aspect of economic development becomes. This focus on economic development is the feature that CA regionalism shares with non-Western regionalism. However, what sets it apart from other cases is that these republics maintained unique and extensive economic linkages with the former imperial centre throughout their independence and entered REI with it. Both CA republics purposefully utilise REI with Russia by building on these linkages, aiming to accelerate economic development.

Second, preserving their independence and autonomy matters for these CA republics in their regionalism preferences. It is important to them because Kyrgyzstan and Kazakhstan became sovereign states for the first time in modern history in 1991. In this motivation, the republics were no different to other states emerging following decolonisation, even though the SU dissolution allowed them to gain independence peacefully. Consequently, these republics were open to the economic union in the EAEU but did not support the creation of the political union, fearful of losing some of their sovereignty. These fears are also seen in the republics' approach towards the economic asymmetry with the member states in the SCO and the EAEU. The size of the economic asymmetry with China and hardly any interactions with the country before 1991 made the republics wary of fully opening their markets to the country. Instead, pragmatically, they preferred to focus on bilateral relations with China in an attempt to attract its FDI and promote their exports.

Third, the political leadership in Kyrgyzstan and Kazakhstan want to leave their mark on the history of independent republics (especially the first presidents) as well as preserve the political regimes in the republics. That meant they would support REI with the most potential to generate overall long-term economic prosperity for the republics. In doing so, they hoped to leave a positive legacy of their time in office and have the nation's respect and recognition for it. They also embraced REI when the non-participation could threaten their position in office and hold on power, thus exhibiting the features of “protective integration” (Allison, 2008), “authoritarian regionalism”

(Libman and Obydenkova, 2018; Obydenkova and Libman, 2019) and “regime-boosting regionalism” (Valborn, 2016).

This research contributes to the fields of comparative political economy and comparative regionalism in the following ways. First, the thesis examines the creation and development of Kazakhstan and Kyrgyzstan’s economic systems and trade relations as Soviet and independent republics. In doing so, the extent of economic linkages and the republics’ economic complementarity are established as the underlying foundation for their REI. Second, this thesis illustrates how landlocked and smaller economies of CA with extensive economic dependencies on one of the biggest economies in the region use regionalism to generate economic modernisation and development for their respective economies. These economies utilise REI to aid the development of strategic sectors in the following ways. First, by creating conditions to advance their processing or high value-added sectors behind the protective walls of a CU. Second, by generating subsidies in the form of financial and technical assistance and access to low-cost energy resources, access to transport and energy infrastructure to aid the promotion of exports. This thesis shows an expected sectoral distribution of costs and benefits arising from membership in the EAEU. It identifies the republic's economic challenges at the macro and micro levels. It highlights the effect of economic asymmetry: despite the bigger economy in Kazakhstan, producers from both republics had similar concerns about more competitive manufacturers from Russia and Belarus.

Second, this thesis advances research on comparative regionalism, focusing on the cases of two CA republics that are landlocked, differ substantially in economic size, have neo-patrimonial regimes, experimented with the planned and market system and share historic, substantial economic linkages with a regional hegemon. The study examines their integration attempts within the CA, post-Soviet and Eurasian regions over twenty-five years of independence. This thesis

identifies the combination of driving factors that explain the REI choices of these two republics: public economic and geopolitical interests and private interests of the leadership. Economic development is the main purpose both Kyrgyzstan and Kazakhstan pursue by signing REI agreements. This thesis shows that they will only agree to membership with the countries with whom they share historic extensive economic linkages and can expect financial assistance, subsidies, loan forgiveness, access to infrastructure and export markets for their processing industries. The private interests of the leadership in leaving a positive legacy of their time in office is another distinctive feature of CA regionalism. The leadership's views on the potential long-term economic benefits of a REI scheme and the resulting legacy will determine their preferences towards membership in this regionalism scheme. They are likely to endorse membership that reinforces their political influence, yielding the potential for a positive legacy.

## **7.2 Areas for Future Research**

This study examined REI from the perspectives of the two CA republics of Kyrgyzstan and Kazakhstan. Due to time constraints and data availability, this research did not consider the perspectives of other CA republics (Uzbekistan, Tajikistan and Turkmenistan). However, this study would benefit from analysing other CA republics because it will reveal a richer and more nuanced picture of all CA economies. The inclusion of Uzbekistan is particularly desirable since it is one of the biggest economies in CA, and it was also a founding member of the CAEU. Moreover, the cases of Uzbekistan and Turkmenistan are interesting for the study of REI because they adopted a more isolationist stance regarding Russia-led integration initiatives. Therefore, including these cases could further illuminate how these countries viewed REI within CA, FSU and wider Eurasia.

The time framework for the analysis in this thesis is from 1991 to 2015, which means this study did not examine the geopolitical effects of 2015 and 2022 on the CA republics' participation in the EAEU. Overall, further examination is needed to illustrate the effects of their EAEU membership since 2015 and the sanctions levied on Russia in 2022 on their economies. This thesis touched on the importance of BRI for the CA republics in Chapter 6. However, this study did not examine the relationship between the EAEU and BRI. This analysis is important to show how the CA republics continued to view their membership in the EAEU and simultaneous participation in the BRI project in light of the 2015 and 2022 events. Therefore, expanding on these areas will further contribute to the study of post-Soviet regionalism, specifically CA regionalism.



## BIBLIOGRAPHY LIST

- Aarts, P. (1999) 'The Middle East: A Region without Regionalism or the End of Exceptionalism?', *Third World Quarterly*, 20 (5), pp. 911-925.
- Abashin, S. (2009) 'Natsiyestroitel'stvo i Natsionalizm: Srednyaya Aziya/ 'Nation- Building and Nationalism: Central Asia', *Central Asia and the Caucasus*, No 3, pp. 105-122. Available at: <https://cyberleninka.ru/article/n/natsiestroitelstvo-i-natsionalizm-srednyaya-aziya/viewer> (Accessed: 6 September 2020).
- Abdymalikov, K. (2007) *Ekonomika Kyrgyzstana na Perehodnom Etape/ The Economy of Kyrgyzstan during the transition*. Bishkek: Kyrgyzskii Gosudarstvennyi Technicheskii Universitet.
- Absemetov, M. and Zinov'ev, V. (2016) 'K Voprosu Ob Osobennostyakh Protsessa Modernizatsii Kazakhstana V 1920-1940-Ye Gg /'On the Issue of the Peculiarities of the Process of Modernization of Kazakhstan in the 1920-1940s', *Vestnik of Tomsk State University*, No 410, pp. 19-23. Available at: <https://cyberleninka.ru/article/n/k-voprosu-ob-osobennostyah-protsessa-modernizatsii-kazahstana-v-1920-1940-e-gg> (Accessed: 21 June 2020).
- Abazov, R. (1999) 'Policy of Economic Transition in Kyrgyzstan', *Central Asian Survey*, 18 (2), pp. 197-223.
- Acharya, A. (2009) *Whose Ideas Matter? Agency and Power in Asian Regionalism*. Ithaca, NY: Cornell University Press.
- Acharya, A. (2012) 'Comparative Regionalism: A Field Whose Time has Come?', *The International Spectator*, 47 (1), pp. 3-15.
- Acharya, A. (2014) *The End of American World Order*. Cambridge: Polity Press.
- Acharya, A. (2016) 'Regionalism beyond EU-Centrism', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 109 – 129.
- ADB Data Library Kazakhstan (2018) *Asian Development Bank: Kazakhstan, Key Indicators*. Data Library. Available at: <https://data.adb.org/dataset/kazakhstan-key-indicators> (Accessed: 22 November 2019).
- ADB Data Library Kyrgyzstan (2018) *Asian Development Bank: Kyrgyz Republic, Key Indicators*. Data Library. Available at: <https://data.adb.org/dataset/kyrgyz-republic-key-indicators> (Accessed: 22 November 2019).
- Adomeit, H. (2012) *Putin's Eurasian Union: Russia's Integration Project and Policies on Post-Soviet Space. Neighbourhood Policy Paper*. Zurich: Center for International and European Studies.
- Agreement (1994) *The Agreement between the Republic of Kazakhstan, the Kyrgyz Republic and the Republic Uzbekistan on the Establishment of the Central Asian Bank for Cooperation and*

*Development*, 8 July. Almaty: The Government of the Republic Kazakhstan. Available at: <http://online.zakon.kz> (Accessed: 27 July 2020).

Agreement (1995) *The Agreement on the Interstate Council of the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Uzbekistan and its Institutions*, 10 February. Available at: <http://online.zakon.kz> (Accessed: 27 July 2020).

Agreement Energy (1996) *The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the use of Fuel, Energy and Water Resources, Construction, Operation of Gas Pipelines in the Central Asian Region*, 5 April. Tashkent. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Energy (1999) *The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic, the Government of the Republic of Tajikistan and the Government of the Republic of Uzbekistan on the Parallel Operation of the Energy Systems of the Central Asian States*, 17 June. Bishkek. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Free Trade (1995) *The Agreement on the Free Trade between the Government of the Republic Kazakhstan and the Government of the Kyrgyz Republic*, 22 June. Bishkek. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Free Trade (1996) *The Agreement on the Free Trade between the Government of the Kyrgyz Republic and the Government of the Republic Uzbekistan*, 24 December. Tashkent. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Free Trade (1997) *The Agreement on the Free Trade between the Government of the Republic Kazakhstan and the Government of the Republic Uzbekistan*, 2 June. Almaty. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Transport (1996) *The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the Implementation of a Coordinated Policy in the Field of Transport and Communications*, 5 April. Tashkent. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Water (1998a) *The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the use of Water and Energy Resources in the Syrdarya River basin*, 17 March. Bishkek. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Agreement Water (1998b) *The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the Joint and Integrated Use of Water and Energy Resources of the Naryn-Syrdarya Cascade of Reservoirs in 1998*, 17 March. Bishkek. Available at: <http://online.zakon.kz> (Accessed: 9 August 2020).

Akaev, A. (1998) *Дипломатия Шелкового пути: Доктрина Президента Кыргызской Республики/ Silk Road Diplomacy: Doctrine of the President*. Bishkek. Available at: <http://kyrgyzstan.sk.uz/politic/silkroad.htm> (Accessed: 26 August 2017).

Akaev, A. (2000) *Perehodnaia Ekonomika Glazami Fizika (Matematicheskaya Model Perehodnoi Ekonomiki)/ Transition Economy through the Eyes of a Physicist (Mathematical Model of A Transition Economy)*. Bishkek: Uchkun.

Akaev, A. (2002) *Pamyatnoye Desyatiletie: Trudnaya Doroga K Demokratii/ Commemorative Decade: The Difficult Road to Democracy*. Moscow: International Relations.

Akaev, A. (2004) *Looking to the Future with Optimism: Reflections on Foreign policy with optimism*. New York: Global Scholarly Publications.

Akiner, S. (2007) *Regional Cooperation in Central Asia*. London: School of Oriental and African Studies, University of London. Available at: <https://www.nato.int/docu/colloq/2001/2001-17e.pdf> (Accessed: 17 April 2022).

Akenev, A., Djakypov, K. and Ibraimov, T. (2019) *Analiticheskoye Issledovaniye "Kyrgyzstan. Desyatiletie Ekonomicheskogo Otstavaniya: Chto Nuzhno Dlya Proryva?"/ Analytical Study "Kyrgyzstan. Decades of Economic Backwardness: What is Needed for a Breakthrough?"*. Available at: <http://center.kg/article/256> (Accessed: 27 July 2019).

Akiner, S. (2010) *The Shanghai Cooperation Organisation: A Networking Organisation for a Networking World*. Global Strategy Forum. Available at: <https://www.globalstrategyforum.org/wp-content/uploads/The-Shanghai-Cooperation-Organisation.pdf> (Accessed: 26 January 2023).

Alesina, A., Spolaore, E. and Wacziarg, R. (2005) 'Trade, Growth and the Size of Countries', in Aghion, P. and Durlauf, S. (eds.) *Handbook of Economic Growth*. North- Holland: Elsevier, pp. 1499-1542.

Allison, R. (2008) 'Virtual Regionalism, Regional Structures and Regime Security in Central Asia', *Central Asian Survey*. 27 (2), pp. 185-202.

Alymbaeva, M. and Sharshenova, G. (2015) 'Razmyshlenie posle 10 let', *Gezitter.org*. 24 March. Available at: <http://inosmi.ru/sngbaltia/20150324/227085237> (Accessed: 01 March 2017).

Ambrosio, T. (2008) 'Catching the "Shanghai Spirit": How the Shanghai Cooperation Organization Promotes Authoritarian Norms in Central Asia', *Europe-Asia Studies*, 60 (8), pp. 1321-1344.

Ambrosio, T. (2014). 'Beyond the Transition Paradigm: A Research Agenda for Authoritarian Consolidation'. *Demokratizatsiya*, 22, pp. 471-494.

Ambrosio, T. (2017) "The Architecture of Alignment: The Russia-China Relationship and International Agreements", *Europe-Asia Studies*, 69 (1), pp. 110-156.

Aminian, N., Fung, K. and Iizaka, H. (2007) *Foreign Direct Investment, Intra-Regional Trade and Production Sharing in East Asia*. Discussion paper. Research Institute of Economy, Trade and Industry (RIETI). Available at: <https://econpapers.repec.org/paper/etidpaper/07064.htm> (Accessed: 25 February 2023).

Amsden, A. (1989) *Asia's Next Giant: South Korea and Late Industrialization*. New York: Oxford University Press.

Aneschi, L. (2010) 'Integrating Domestic Politics and Foreign Policy Making: The Cases of Turkmenistan And Uzbekistan', *Central Asian Survey*, 29 (2), pp. 143-158.

Aneschi, L. (2020) *Analysing Kazakhstan's Foreign Policy: Regime neo-Eurasianism in the Nazarbaev era*. London: Routledge.

Ashimbaev, M., Kurganbaeva, G., Guseva, L., Rahmatulina, G., Dmitrienko, T., Namazbekov., M. and Galyamova V. (2004) *Osnovnye Vneshneekonomicheskie Prioritety Respubliki Kazakhstan Na Sovremennom Etape/ Main External Economic Priorities of the Republic of Kazakhstan During The Current Stage*. Almaty: Kazakhstan Institute of Strategic Studies.

Aslund, A. (2007) *How Capitalism was built: The Transformation of Central and Eastern Europe, Russia and Central Asia*. Cambridge: Cambridge University Press.

Aris, S. (2009) 'The Shanghai Cooperation Organisation: "Tackling the Three Evils". A Regional Response to Non-Traditional Security Challenges or an Anti-Western Bloc?', *Europe-Asia Studies*, 61 (3), pp. 457-482.

Aris, S. (2011) *Eurasian Regionalism: The Shanghai Cooperation Organisation*. London: Palgrave Macmillan UK.

Asylbekov, M. (1993) 'Kazakhstan v Poslevoennye Gody/ Kazakhstan in the Post- War Years, Chapter 4, Section IV "Kazakhstan v Usloviyah Totalitarnoi Sistemy"/ Kazakhstan during the Totalitarian System', in Kozybaev, M. (ed) *Istoria Kazakhstana S Drevneishih Vremen Do Nashih Dnei (Ocherk)/ History of Kazakhstan from the Ancient Times until the Current Times*. Almaty: Deuir Publishing house, pp. 342-355.

Atambayev, A. (2014) *Voyti v Soyuz seychas/ Join the Union Now*. Available at: <https://rg.ru/2014/12/22/atambaev.html> (Accessed: 5 Sep 2019).

Axelrod, R. and Keohane, R. (1985) 'Achieving Cooperation under Anarchy: Strategies and Institutions', *World Politics*, 38 (1), pp. 226-254.

Azattyk (2013) 'Atambayev Zaviziroval Prodazhu "Kyrgyzgaza" "Gazpromu"/ Atambayev Approved the Sale of Kyrgyzgas To Gazprom', *Azattyk*, 24 December. Available at: <https://rus.azattyq.org/a/25210196.html> (Accessed: 1 November 2022).

Azattyk (2020) 'Kazakhstana Prosto Ne Sushchestvovalo. MID Napravit Notu Rossii Iz-Za Vyskazyvaniya Deputata Gosdumy'/ 'Kazakhstan Simply Did not Exist. The Ministry of Foreign Affairs Sent a Note to Russia because of a Statement by a State Duma Parliamentarian', *Azattyk*,

13 December. Available at: <https://rus.azattyq.org/a/30998117.html> (Accessed: 16 November 2023).

Azattyk (2022) 'Kazakhstan Progolosoval Protiv Rezolyutsii S Osuzhdeniyem Deystviy Rossii V Krymu'/ 'Kazakhstan Voted against a Resolution Condemning Russia's Actions in Crimea', *Azattyk*, 17 December. Available at: <https://rus.azattyq.org/a/32180808.html> (Accessed: 16 November 2023).

Baez-Camargo, C. and Ledeneva, A. (2017) 'Where Does Informality Stop and Corruption Begin? Informal Governance and the Public/Private Crossover in Mexico, Russia and Tanzania', *The Slavonic and East European Review*, 95 (1), pp. 49-75.

Bailes A. and Dunay, P. (2007) 'The Shanghai Cooperation Organisation as a Regional Security Institution' in Bailes, A., Dunay, P., Guang, P. and Troitskiy, M. (eds.) (2007) *The Shanghai Cooperation Organization*. SIPRI Policy Paper No. 17. Stockholm: SIPRI. Available at: <https://www.sipri.org/publications/2007/sipri-policy-papers/shanghai-cooperation-organization> (Accessed: 25 September 2017).

Baizakova, K. (2013) 'The Shanghai Cooperation Organization's Role in Countering Threats and Challenges to Central Asian Regional Security', *Russian Politics and Law*, 51 (1), pp. 59-79.

Baktygulov, S., Nogoibaeva, E. and Umurzakov, K. (2014) *Swot Analiz Prisoedinenia/ Neprisoedinenia Kyrgyzstana K Tamozhennomu Soyuzu: Ekonomicheskoe, Social'noe Izmerenie I Bezopasnost'*/ *Swot Analysis of Joining/ Non-Joining Of Kyrgyzstan to the Customs Union: Economic, Social and Security Dimensions*. Bishkek: National Institute of Strategic Studies.

Barnett, M. and Solingen, E. (2007) 'Designed to Fail or Failure to Design? The Origins and Legacy of the Arab League', in Acharya, A. and Johnston, A. (eds.) *Crafting Cooperation: Regional International Institutions in Comparative Perspective*. Cambridge: Cambridge University Press, pp. 180-220.

Beblawi, H. and Luciani, G. (1987) *Nation, State and Integration in the Arab world. Vol II: The Rentier State*. London: Groom Helm.

Belan, P. and Kozybaev, M. (1993) 'Kazakhstan v period Velikoi Otechestvennoi Voiny 1941-1945/ Kazakhstan during the Times of the Great Patriotic War 1941-1945', Chapter 3 of Section IV 'Kazakhstan v Usloviyah Totalitarnoi Sistemy/ Kazakhstan during the Totalitarian System, in Kozybaev, M. (ed.) *Istoria Kazakhstana S Drevneishih Vremen Do Nashih Dnei (Ocherk)/ History of Kazakhstan from the Ancient Times until the Current Times*. Almaty: Deuir Publishing House, pp. 325-336.

Bhagwati, J. (1993) 'Regionalism and Multilateralism: an Overview', in De Melo, J. and A. Panagariya (eds.) *New Dimensions in Regional Integration*. Cambridge: Cambridge University Press, pp. 22-57.



Bianculli, A. (2016) 'Latin America', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 154-177.

Bin, Y. (2015) 'The Shanghai Cooperation Organisation, China and Eurasian Integration', in Dutkiewicz, P. and Sakwa, R. (eds.) *Eurasian Integration – The View from Within*. Abingdon: Routledge, pp. 256-273.

Blomstrom, M. and Kokko, A. (1999) *Regional Integration and Foreign Direct Investment: A Conceptual Framework and Three Cases*. The World Bank Policy Research Working Papers.

Bobokulov, I. (2006) 'Central Asia: is there an Alternative to Regional Integration?' *Central Asian Survey*, 25 (1-2), pp. 75-91.

Bochkareva, I. and Lysenko, Y. (2018) 'Natsional'nyy Vopros i stanovlenie Sovetskoy Vlasti v Turkestane (1917-1921)/ The National Question and the Formation of the Soviet Power in Turkestan (1917-1921)', *Bulletin of Tomsk State University*, No 429, pp. 100–110. Available at: <https://cyberleninka.ru/article/n/natsionalnyy-vopros-i-stanovlenie-sovetskoy-vlasti-v-turkestane-1917-1921-gg/viewer> (Accessed: 22 June 2020).

Bochkareva, I. (2019) 'Natsional'no-Territorial'noye Razmezhevaniye V Sredney Azii.V. 1924 G.: Prichiny I Vliyaniye Na Etnopoliticheskiye Protsessy V Regione/ National-Territorial Delimitation in Central Asia In 1924: Causes and Influence on Ethnopolitical Processes in the Region', *Izvestia of Altai State University. Historical Sciences and Archeology*, No 2 (106), pp. 22-26. Available at <https://cyberleninka.ru/article/n/natsionalno-territorialnoe-razmezhevanie-v-sredney-azii-v-1924-g-prichiny-i-vliyanie-na-etnopoliticheskie-protsessy-v-regione> (Accessed: 22 June 2020).

Bohr, A. (2003) 'Regional Cooperation in Central Asia: Mission Impossible', *Helsinki Monitor*, 14 (3), pp. 254-268.

Bohr, A. (2004) 'Regionalism and the Changing International Order in Central Eurasia', *International Affairs*, 80 (3), pp. 485-502.

Bohr, A., Brauer, B., Gould-Davies, N., Kassenova, N., Lillis, J., Mallinson, K., Nixey, J. and Satpayev, D. (2019) 'Kazakhstan: Tested by Transition', *Chatham House*. Available at: <https://www.chathamhouse.org/2019/11/kazakhstan-tested-transition> (Accessed: 22 November 2022).

Bordachev, T. and Scriba, A. (2014) *Russia's Eurasian Integration Policies*. LSE Ideas, The Geopolitics of Eurasian Economic Integration. Special Report SR019, June 2014. London: LSE.

Borzel, T. (2016) 'Theorizing Regionalism: Cooperation, Integration and Governance', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp.41-63.

Borzel, T. and Risse, T. (eds.) (2016) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press.

Bowles, P. (2000) 'Regionalism and Development After (?) the Global Financial Crises'. *New Political Economy*, 5 (3) pp. 433-455.

Breslin, S., Higgott, R. and Rosamond, B. (2002) 'Regions in Comparative Perspective', in Breslin, S., Hughes, C., Phillips, N. and Rosamond, B. (eds.) *New Regionalisms in the Global Political Economy: Theories and Cases*. London: Routledge, pp. 1-19.

Breslin, S., Hughes, C. W., Phillips, N. and Rosamond, B. (eds.) (2002) *New Regionalism in the Global Political Economy: Theories and Cases*. London: Routledge.

Bruszt, L. and Palestini, S. (2016) 'Regional development governance', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 374-404.

Bryman, A. (2012) *Social Research Methods*. Oxford: Oxford University Press.

Buchanan, J. and Tollison, R. (eds.) (1972) *Theory of Public Choice: Practical Applications of Economics*. Ann Arbor: The University of Michigan Press.

Bueno de Mesquita, B. and Ray, J. (2004) 'The National Interest versus Individual Political Ambition: Democracy, Autocracy, and the Reciprocation of Force and Violence in Militarized Interstate Disputes', in Diehl, P. (ed.) *The scourge of war: New extensions on an old problem*. Ann Arbor: University of Michigan Press, pp. 94-119.

Bueno de Mesquita, B., Smith, A., Siverson, R. and Morrow, J. (2003) *The Logic of Political Survival*. Cambridge, Massachusetts: MIT Press.

Bukkvoll, T. (2004a) 'Astana's Privatised Independence: Private and National Interests in the Foreign Policy of Nursultan Nazarbayev', *Nationalities Papers*, 32 (3), pp. 631-650.

Bukkvoll, T. (2004b) 'Private Interests, Public Policy : Ukraine and the Common Economic Space Agreement', *Problems of Post-Communism*, 51 (5), pp. 11-22.

Cadier, D. (2014) 'Eastern Partnership vs Eurasian Union? The EU-Russia Competition in the Shared Neighbourhood and the Ukraine Crisis', *Global Policy*, 5 (1), pp. 76-85.

Cahill, D. and Konings, M. (2017) *Neoliberalism*. Cambridge: Polity Press.

Cardoso, F. and Faletto, E. (1979) *Dependency and Development in Latin America*. Berkeley, CA: University of California Press.

Chang, H.-J. (2011) 'Hamlet without the Prince of Denmark: How Development Has Disappeared from Today's Development Discourse', in Khan, S. and Christiansen, J. (eds.) *Towards New Developmentalism: Markets as Means rather than Master*. Abingdon: Routledge, pp. 47-57.

Chung, C-P. (2006) 'China and the Institutionalization of the Shanghai Cooperation Organization', *Problems of Post-Communism*, 53 (5), pp. 3-14.

CIS (2022a) *History of the Commonwealth of Independent States*. Available at: <https://e-cis.info/page/3509/80648/> (Accessed: 5 September 2022).

CIS (2022b) *Unified Register of Legal Acts and Other Documents of the Commonwealth of Independent States*. Available at: <https://cis.minsk.by/reestr2/> (Accessed: 5 September 2022).

CIS Charter (1993) *The Charter of the Commonwealth of Independent States*. Available at: <https://cis.minsk.by/reestr2/> (Accessed: 5 September 2022).

Cohen, A. (2006) 'The Dragon Looks West: China and the Shanghai Cooperation Organization', *The Heritage Foundation*, No 961. Available at: <https://www.heritage.org/asia/report/the-dragon-looks-west-china-and-the-shanghai-cooperation-organization> (Accessed: 10 November 2019).

Clift, B. (2014) *Comparative Political Economy States, Markets and Global Capitalism*. Basingstoke: Palgrave Macmillan.

Collins, K. (2009) 'Economic and Security Regionalism among Patrimonial Authoritarian Regimes: The Case of Central Asia', *Europe-Asia Studies*, 61 (2), pp. 249-281.

Collins, S. and Park, W. (1988) *External Debt and Macroeconomic Performance in South Korea*. NBER Working Paper Series, No. 2596. Available at: <https://www-nber-org.ezproxyd.bham.ac.uk/papers/w2596.pdf> (Accessed: 1 May 2020).

Comprehensive Plan for Cooperation 2000- 2003 (2000) *Comprehensive Plan of Measures for Cooperation between the Kyrgyz Republic and the People's Republic of China*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/7603> (Accessed: 5 December 2021).

Constitution (2010) *The Constitution of the Kyrgyz Republic*. The Government of the Kyrgyz Republic. Available at: [www.kenesh.kg/ru/31/article/print/](http://www.kenesh.kg/ru/31/article/print/) (Accessed: 15 June 2019).

Cooley, A. (2012) *Great Games, Local Rules: The New Power Contest in Central Asia*. New York: Oxford University Press.

Cooley, A. and Heathershaw, J. (2017) *Dictators Without Borders: Power and Money in Central Asia*. New Haven: Yale University Press.

Cooley, A., Heathershaw, J. and Sharman, J.C. (2018) 'Laundering Cash, Whitewashing Reputations', *Journal of Democracy*, 29 (1), pp. 39-53.

Cooper, J. (2013) 'Russia and the Eurasian Customs Union', in Dragneva, R. and Wolczuk, K. (eds.) *Eurasian Economic Integration: Law, Policy and Politics*. Cheltenham: Edward Elgar, pp. 81-99.



Costa Buranelli, F. (2021) 'Central Asian Regionalism or Central Asian Order? Some Reflections', *Central Asian Affairs*, 8 (1), pp. 1-26.

Costa Buranelli, F. (2022) 'Kazakhstan and Russia After Ukraine: Does Pragmatism Pay?' *Italian Institute for International Political Studies*. Available at: <https://www.ispionline.it/en/publication/kazakhstan-and-russia-after-ukraine-does-pragmatism-pay-36064> (Accessed: 16 November 2023).

Cummings, S. (2003) 'Independent Kazakhstan: Managing Heterogeneity' in Cummings, S. (ed.) *Oil, Transition and Security in Central Asia*. London: Routledge. Kindle Edition, pp. 25-35 (Downloaded: 10 January 2020).

Cummings, S. (2012) *Understanding Central Asia: Politics and Contested Transformations*. Kindle Edition. London: Routledge (Downloaded: 1 May 2021).

Cummings, S. and Hinnebusch, R. (eds.) (2012) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition (Downloaded: 3 August 2023).

Cummings, S., Juraev, S., Pugachev, A., Temirkulov, A., Tiulegenov, M. and Tursunkulova, B. (2013) 'State, regime, and government in the Kyrgyz Republic (1991–2010): disaggregating a relationship', *East European Politics*. 29 (4), pp. 443-460.

Dadabaev, T. (2014) 'Shanghai Cooperation Organization (SCO) Regional Identity Formation from the Perspective of the Central Asia States', *Journal of Contemporary China*, 23 (85), pp. 102-118.

Daly, J. (2014) 'Kazakhstan and Belarus: Buyer's Remorse?' in Starr, F. and Cornell, S. (eds.) *Putin's Grand Strategy: The Eurasian Union and Its Discontents*, Washington D.C.: Central Asia - Caucasus Institute & Silk Road Studies Program, pp. 82-97.

Darden, K. (2009) *Economic Liberalism and Its Rivals: The Formation of International Institutions among the Post-Soviet States*. Cambridge: Cambridge University Press.

Davididi, R. and Espa, E. (1993) *Regional Trade and Foreign Currency Regimes among the Former Soviet Republics*. 1993EUI European Policy Unit, Working Paper. Florence: European University Institute, Available at: <http://hdl.handle.net/1814/23603> (Accessed: 25 July 2022).

Davies, R. (1998) *Soviet Economic Development from Lenin to Khrushchev*. Cambridge: Cambridge University Press.

Declaration (1996) *The Declaration on Expanding and Deepening Russian-Kyrgyz Cooperation*. 28 March. Moscow. Available at: [https://online.zakon.kz/m/Document/?doc\\_id=30242750&agreement=30242750](https://online.zakon.kz/m/Document/?doc_id=30242750&agreement=30242750) (Accessed: 23 August 2020).

Decree Kazakhstan (1993) *About Quotas and Licencing of Imports and Exports in Kazakhstan*. 16 February. The Government of Kazakhstan. Available at: <http://online.zakon.kz> (Accessed: 8 July 2020).

Delors, J. (1989) *Report on Economic and Monetary Union in the European Community*. European Commission, Committee for the Study of Economic and Monetary Union. Presented 17 April. Available at: <http://aei.pitt.edu/1007/> (Accessed: 21 February 2023).

De Melo, J. and Panagariya, A. (eds.) (1993) *New Dimensions in Regional Integration*. Cambridge: Cambridge University Press.

Diamond, L. (2010) 'Why are there no Arab Democracies', *Journal of Democracy*, 21 (1), pp. 93-104.

Djunushalieva, G. (2012) 'Stanovleniye Gornodobyvayushchey Promyshlennosti v Kyrgyzstane/ Formation of the Mining Industry in Kyrgyzstan', Bishkek: Kyrgyz Russian Slavic University. Available at: <https://cyberleninka.ru/article/n/stanovlenie-gornodobyvayuschey-promyshlennosti-v-kyrgyzstane> (Accessed: 23 June 2020).

Djunushalieva, G. (2013) 'Ekonomika Kirgizskoy SSR v gody Velikoy Otechestvennoy Voyny 1941-1945 gg, Avtoreferat Dissertatsiina Soiskaniye Uchenoy Stepeni Doktora Istoricheskikh Nauk / The Economy of the Kirghiz SSR in the Years of Great Patriotic War 1941-1945'. Autoreferat of the PhD Dissertation. Kyrgyz Russian Slavic University. Available at: <https://viewer.rsl.ru/ru/rsl01005058034?page=1&rotate=0&theme=white> (Accessed: 4 August 2022).

Dodonov, V. (2011a) *Mirovoy Krizis i Tendentsii Ekonomicheskogo Razvitiya Kazakhstana/ World Crisis and Trends in the Economic Development of Kazakhstan*. Almaty: Kazakhstan Institute of Strategic Studies.

Dodonov, V. (2011b) 'Formirovaniye Ekhanizma Antikrizisnogo Sotrudnichestva Kazakhstana i Rossii kak Faktor Integratsionnykh Protsessov na Yevraziyskom Prostranstve/ Formation of a Mechanism for Anti-Crisis Cooperation Kazakhstan and Russia as a Factor of Integration Processes in the Eurasian Space', in Sultanov, B., Muzaparova, L., Chufrin, G. and Seidin, N. (eds.) (2012) *Ekonomicheskoye I Politicheskoye Sotrudnichestvo Kazakhstana i Rossii (1991—2011 Gg.): Sostoyaniye i Perspektivy in the Eurasian Space/ Economic And Political Cooperation of Kazakhstan and Russia (1991-2011): Status and Outlook*. Materials of the II meeting of the Kazakh-Russian Expert Council, 14 February. Almaty: Kazakhstan Institute of Strategic Studies.

Doolot, A. and Heathershaw, J. (2015) 'State as a Resource, Mediator and Performer: Understanding the Local and Global Politics of Gold Mining in Kyrgyzstan', *Central Asian Survey*, 34 (1), pp. 93-109.

Downs, A. (1957) 'An Economic Theory of Political Action in a Democracy', *Journal of Political Economy*, 65 (2), pp. 135-150.

Dragneva, R. and Wolczuk, K. (2012) *Russia, the Eurasian Customs Union, and the EU: Cooperation, Stagnation, or Rivalry?* Briefing Paper REP BP 2012/01 London: Chatham House. Available at:

[https://www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0812bp\\_dragnevawolczuk.pdf](https://www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0812bp_dragnevawolczuk.pdf) (Accessed: 14 April 2020).

Dragneva, R. and Wolczuk, K. (2013) 'Commitment, Asymmetry, and Flexibility: Making Sense of Eurasian Economic Integration', in Dragneva, R. and Wolczuk, K. (eds.) *Eurasian Economic Integration: Law, Policy, and Politics*. Cheltenham: Edward Elgar, pp. 204-221.

Dragneva, R. and Wolczuk, K. (2017) *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*. London: Chatham House. Available at: <https://www.chathamhouse.org/sites/default/files/publications/research/2017-05-02-eurasian-economic-union-dragneva-wolczuk.pdf> (Accessed: 21 May 2019).

Dzholdosheva, K. (2012) 'Srok Prebyvaniya Rossiyskoy Aviabazy V Kante Sokrashchen Vtroye/ The Term Of Stay Of The Russian Air Base in Kant Has Been Reduced Three Times', *Kloop*, 17 August. Available at: <https://kloop.kg/blog/2012/08/17/srok-preby-vaniya-rossijskoj-aviabazy-v-kante-sokratilsya-vtroe/> (Accessed: 12 November 2022).

EABD (2011) *The Eurasian Bank Of Development, Otsenka Ekonomicheskogo Effekta Prisoedineniya Kyrgyzskoi Respubliki K Tamozhennomu Soyuzu/ Evaluation of the Economic Effect of the Kyrgyz Republic Joining the Customs Union, Resume of The Project*. Available at: <https://eabr.org/analytics/integration-research/cii-reports/otsenka-ekonomicheskogo-effekta-prisoedineniya-kyrgyzskoy-respubliki-k-ts/> (Accessed: 25 December 2018).

EABD (2013) *The Eurasian Bank of Development, Eurasian Integration Yearbook*. Almaty: EABD.

EABD (2015a) *The Eurasian Bank Of Development, Trudovaya Migratsiya I Trudoyemkiye Otrastli V Kyrgyzstane I Tadzhikistane: Vozmozhnosti Dlya Chelovecheskogo Razvitiya V Tsentral'noy Azii/ Labor Migration and Labor-Intensive Industries in Kyrgyzstan and Tajikistan: Opportunities for Human Development in Central Asia*. Saint Petersburg: EABD. Available at: <https://eabr.org/analytics/integration-research/cii-reports/trudovaya-migratsiya-i-trudoemkie-otrasli-v-kyrgyzstane/> (Accessed: 25 December 2018).

EABD (2015b) *The Eurasian Bank Of Development, Otsenka Vliyaniya Netarifnykh Bar'yerov V Yaeas: Rezul'taty Oprosov Predpriyatiy/ Impact Assessment of Non-Tariff Barriers in the EAEU: Results of Surveys of Enterprises*. Saint Petersburg: EABD. Available at: <https://eabr.org/analytics/integration-research/cii-reports/otsenka-vliyaniya-netarifnykh-barerov-v-eaes-rezultaty-oprosov-predpriyatiy/> (Accessed: 25 December 2018).

EAEU (2022) *The Eurasian Economic Union Timeline*. Available at: <http://www.eaeunion.org/?lang=en#about-history> (Accessed: 3 September 2022).

EBRD (1995) *The European Bank of Reconstruction and Development, Transition Report 1995: Investment and Enterprise Development*. London: EBRD.

EBRD (1996) *The European Bank of Reconstruction and Development, Transition Report 1996: Infrastructure and Savings*. London: EBRD.

EBRD (1998) *The European Bank of Reconstruction and Development, Transition Report 1998: Financial Sector in Transition*. London: EBRD.

EBRD (1999) *The European Bank of Reconstruction and Development, Transition Report 1999: Ten Years of Transition*. London: EBRD.

Emilbekova (2007) *Kyrgyzskaya Respublika v Sisteme Yevraziyskogo Ekonomicheskogo Soobshchestva/ Kyrgyzstan in the System of the Eurasian Economic Community*. Autoreferat of the Dissertation for the Degree of Candidate of Economic Sciences. Saint Petersburg State University of Economy and Finance. Available at: <https://www.dissercat.com/content/kyrgyzskaya-respublika-v-sisteme-evraziiskogo-ekonomicheskogo-soobshchestva> (Accessed: 5 January 2018).

Engvall, J. (2014) 'Kyrgyzstan and Tajikistan: Next in Line', in Starr, F. and Cornell, S. (eds.) *Putin's Grand Strategy: The Eurasian Union and Its Discontents*, Washington D.C.: Central Asia - Caucasus Institute & Silk Road Studies Program, pp. 110-121.

Engvall, J. (2018) 'From Monopoly to Competition: Constitutions and Rent Seeking in Kyrgyzstan', *Problems of Post-Communism*, 65 (4), pp. 271–283.

Esenbaeva, A. (2017) 'Problema Sootnosheniya Gruppy "A" I Gruppy "B" v Strukture Promyshlennosti Kyrgyzstana v Dovoyenny Period Sovetskoy Istorii/ The Problem of Relationship of Group "A" And Group "B" in the Structure of Kyrgyzstan Industry in the Pre-War Period of Soviet History', *Problems of Modern Science and Education*, 22 (104), pp. 45-49. Available at: <https://www.elibrary.ru/item.asp?id=29312263> (Accessed: 4 August 2022).

Esengul, C. (2009) *The Politics of Regionalism in Central Asia*. Bishkek: Kyrgyz National University.

Ethier, W. (1998) 'The New Regionalism', *Journal of Political Economy*, 106 (6), pp. 1214-1245.

Fawcett, L. (1995) 'Regionalism in Historical Perspective' in Fawcett, L. and Hurrell, A. (eds.) *Regionalism in World Politics: Regional Organization and International Order*. Oxford: Oxford University Press, pp. 9-36.

Fawcett, L. (2012) 'The Middle East after Empire: Sovereignty and Institutions', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 157-177 (Downloaded: 3 August 2023).

- Fawcett, L. (2013) 'Alliances and Regionalism in the Middle East', in Fawcett, L. (ed.) *International Relations of the Middle East*. Oxford: Oxford University Press, pp. 185-204.
- Fawcett, L. (2015) 'History and Concept of Regionalism: A Call for a Post-Revisionist Synthesis'. *The International Studies Association Conference*. New Orleans, 18–21 February.
- Fawcett, L. and Hurrell, A. (eds.) (1995) *Regionalism in World Politics: Regional Organization and International Order*. Oxford: Oxford University Press.
- Feils, D.J. and Rahman, M. (2011) 'The Impact of Regional Integration on Insider and Outsider FDI', *Management International Review*, 51 (1), pp. 41-63.
- Felgenhauer, P. (2011) 'SCO Fails to Turn Into an 'Eastern NATO'', *Eurasia Daily Monitor*, 16 June, 8 (116) Available at: <https://jamestown.org/program/sco-fails-to-turn-into-an-eastern-nato/> (Accessed: 10 June 2022).
- Fioramonti, L. (ed.) (2012) *Regions and Crises: New Challenges for Contemporary Regionalisms*. Basingstoke: Palgrave Macmillan.
- Franke, A., Gawrich, A. and Alakbarov, G. (2009) 'Kazakhstan and Azerbaijan as Post-Soviet Rentier States: Resource Incomes and Autocracy as a Double 'Curse' in Post-Soviet Regimes', *Europe-Asia Studies*, 61 (1), pp. 109–140.
- Freire, M. (2018) 'The Shanghai Cooperation Organization' in Tsygankov, A. (ed.) (2018) *Routledge Handbook of Russian Foreign Policy*. London: Routledge, pp. 400-409.
- Gallo, E. (2021) 'Globalisation, Authoritarianism and the Post-Soviet State in Kazakhstan and Uzbekistan', *Europe-Asia Studies*, 73 (2), pp. 340-363.
- Gast, A. (2020) 'The Eurasian Economic Union – Keeping up with the EU and China', *Post-Communist Economies*, 33 (2-3), pp. 175-199.
- Genkina, E. (1944) 'Iz Istorii Industrializacii SSR/ From the History of the USSR's Industrialisation', *Istoricheskii Zhurnal*, Issue 10, pp. 23-36.
- George, S. (1991) *Politics and Policy in the European Community*. Oxford: Oxford University Press.
- George, A. and Bennett, A. (2005) *Case Studies and Theory Development in the Social Sciences*. Cambridge, MA: MIT Press.
- Gerschenkron, A. (1962) *Economic Backwardness in Historical Perspective: a Book of Essays / Alexander Gerschenkron*. Cambridge, Mass: London: Belknap Press of Harvard University Press.
- Gilpin, R. (1987) *The Political Economy of International Relations*. Princeton, NJ: Princeton University Press.

- Gilpin, R. (2001) *Global Political Economy, Understanding the International Political Order*. Princeton: Princeton University Press.
- Gleason, G. (1997) 'Independence and Decolonization in Central Asia. *Asian Perspective*, 21 (2) pp. 223-246.
- Gleason, G. (2001) 'Inter-State Cooperation in Central Asia from the CIS to the Shanghai Forum', *Europe-Asia Studies*, 53 (7), pp. 1077-1095.
- Gourevitch, P. (1986) *Politics in Hard Time: Comparative Responses to International Economic Crises*. Ithaca: Cornell University Press.
- Gourevitch, P. (2012) 'Domestic Politics and International Relations' in Carlsnaes, W., Risse, T. and Simmons, B. (eds.) *Handbook of international relations*. London: Sage Publications, pp. 309-328.
- Grainger, S. (2012). 'The Shanghai Cooperation Organization (SCO): Challenges Ahead and Potential Solutions'. Proceedings of *Annual International Conference on Business Strategy and Organisational Behaviour*, (pp. 28-37). Bali, Indonesia: Global Science & Technology Forum. Available at: <https://ro.ecu.edu.au/ecuworks2012/160/> (Accessed: 9 March 2023).
- Grieco, J. (1997) 'Systemic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas', in Mansfield, E. and Milner, H. (eds.) *The Political Economy of Regionalism*. New York: Columbia University Press, pp. 164-187.
- Grossman, G. and Helpman, E. (1994) 'Protection for Sale', *American Economic Review*, 84 (4), pp. 833-50.
- Guang, P. (2007) 'A Chinese Perspective on the Shanghai Cooperation Organisation' in Bailes, A., Dunay, P., Guang, P. and Troitskiy, M. (eds) (2007) *The Shanghai Cooperation Organization*. SIPRI Policy Paper No. 17. Stockholm: SIPRI. Available at: <https://www.sipri.org/publications/2007/sipri-policy-papers/shanghai-cooperation-organization> (Accessed: 25 September 2017).
- Haas, E. (1958) *The Uniting of Europe: Political, Social and Economic Forces 1950-57*. Stanford, CA: Stanford University Press.
- Haas, E. (1961) 'International Integration: The European and the Universal Process', *International Organisation*, 15 (3), pp. 366-392.
- Haas, E. (1964) *Beyond the Nation-State: Functionalism and International Organization*. Stanford CA: Stanford University Press.
- Haas, E. (1970) 'The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorising', *International Organisation*, 24 (4), pp. 607-646.



Haas, E. (1976) 'Turbulent Fields and the Theory of Regional Integration', *International Organisation*, 30 (2), pp. 173-212.

Haas, E. and Schmitter, P. (1964) 'Economic and Differential Patterns of Political Integration: Projections about Unity in Latin America', *International Organization*. 18 (4), pp. 705-737.

Hale, H. (2005) *Why not Parties in Russia? Democracy, Federalism, and the State*. Cambridge: University Press.

Hancock, K. (2009) *Regional Integration: Choosing Plutocracy*. Basingstoke: Palgrave Macmillan.

Harding (2010) 'Kyrgyzstan Calls for Russian Help to End Ethnic Riots', *Guardian*, 12 June. Available at: <https://www.theguardian.com/world/2010/jun/12/kyrgyzstan-russia-help-ethnic-riots> (Accessed: 15 November 2023).

Hartmann, C. (2016) 'Sub-Saharan Africa', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 271-294.

Heathershaw, J. and Cooley, A. (2015) 'Offshore Central Asia: an Introduction', *Central Asian Survey*, 34 (1), pp. 1-10.

Herbst, J. (2007.) 'Crafting Regional Cooperation in Africa', in Acharya, A. and Johnston, A. (eds.) *Crafting Cooperation: Regional International Institutions in Comparative Perspective*. Cambridge: Cambridge University Press, pp. 129-144.

Hettne, B., Inotai, A. and Sunkel, O. (eds.) (1999) *Globalism and the New Regionalism*. Basingstoke: Palgrave Macmillan.

Hinnebusch, R. (2012) 'Empire and State Formation: Contrary Tangents in Jordan and Syria', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 263-281 (Downloaded: 3 August 2023).

Hoffmann, A. (2016) 'Inter- and Transregionalism', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 600-618.

Hoffmann, S. (1966) 'Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe', *Daedalus*, 95 (3), pp. 862-915.

Hurrell, A. (1995) 'Regionalism in Theoretical Perspective' in Fawcett, L. and Hurrell, A. (eds.) *Regionalism in World Politics: Regional Organization and International Order*, Oxford: Oxford University Press, pp. 37-73.

Igamberdiev, B. (2016) *Ekonomicheskaya Politika Kyrgyzstana v 1991-2010 gg: Opyt i Resultyati, / Economic Policy of Kyrgyzstan in 1991- 2010: Experience and Results*. Bishkek.

Imanaliev, M. (2015) *Ukreplyayushchiyesya Otnosheniya Mezhduraznamiy Tsentral'noy Azii I KNR: Aspekty I Potentsial Dvustoronnego Sotrudnichestva Mezhduraznamiy Kyrgyzskoy Respublikoy I Kitayskoy Narodnoy Respublikoy/ Strengthening Relations Between the Countries of Central Asia and China: Aspects and Potential of Bilateral Cooperation Between the Kyrgyz Republic and the People's Republic of China*. Bishkek: National Institute of Strategic Studies.

IMF (2019) *International Monetary Fund, World Economic Outlook Database*. Available at: <https://www.imf.org/en/Publications/WEO/weo-database/2019/October> (Accessed: 17 February 2021).

Indicative Social and Economic Plan 1996- 1998 (1996) *About the Project of Strategic Economic Development of the Kyrgyz Republic Until 2005 and Indicative Social- Economic Plan 1996-1998*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/35234> (Accessed: 2 April 2021).

Isakova, A. and Plekhanov, A. (2012) *Customs Unions and Kazakhstan's Imports*. Case-Network Studies and Analyses paper No. 442/2012, Warsaw, Poland: Center for Social and Economic Research (CASE). Available at: [http://www.case-research.eu/sites/default/files/publications/CNSA\\_2012\\_442.pdf](http://www.case-research.eu/sites/default/files/publications/CNSA_2012_442.pdf) (Accessed: 23 December 2020).

Ismailbekova, A. (2021) 'Informal Governance, "Clan" Politics and Corruption,' in Isaacs, R. and Marat, E. (eds.) *Routledge Handbook of Contemporary Central Asia*. Abingdon, Oxon: New York, NY: Routledge. Kindle Edition pp. 87-100 (Downloaded: 12 December 2021).

Jamankulova, A. (2020) 'Glava MID: Kyrgyzstan Gotov Rassmotret' Predlozheniya O Rasshirenii Rossiyskoy Aviabazy V Kante/Foreign Minister: Kyrgyzstan is Ready to Consider Proposals to Expand the Russian Air Base in Kant', *Kloop*, 25 October. Available at: <https://kloop.kg/blog/2020/10/25/glava-mid-kyrgyzstan-gotov-rassmotret-predlozheniya-o-rasshirenii-rossijskoj-aviabazy-v-kante/> (Accessed: 23 November 2022).

Jandosov, O. and Sabyrova, L. (2011) *Indicative Tariff Protection Level in Kazakhstan: Before and After the Customs Union (Part I)*. Rakurs Discussion Paper 5.3 (March). Almaty, Kazakhstan: Rakurs, Center for Economic Analysis. Available: [http://www.cear.kz/cont/RAKURS\\_DiscussionPaper5.3\\_Tariffs1\\_060311\\_English.pdf](http://www.cear.kz/cont/RAKURS_DiscussionPaper5.3_Tariffs1_060311_English.pdf) (Accessed 15 February 2020).

Jenish, N. (2014) *Export-driven SME Development in Kyrgyzstan: The Garment Manufacturing Sector*. Institute of Public Policy Working Paper No. 26. Bishkek: University of Central Asia. Available at: <https://www.ucentralasia.org/Content/Downloads/UCA-IPPA-WP26-Garment-Eng.pdf> (Accessed: 23 June 2022).

Jensen, C. (2000) 'Neofunctionalist Theories and the Development of European Social and Labour Market Policy', *Journal of Common Market Studies*, 38 (1), pp.71-92.

Jesse, N. and Dreyer, J. (2016) *Small States in the International System: At Peace and at War*. London: Lexington Books.



Jetschke, A. and Katada, S. (2016) 'Asia', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 225-248.

Jomo, K. and Khan, M. (2000) *Rents, Rent-Seeking and Economic Development: Theory and Evidence in Asia*. Cambridge: Cambridge University Press.

Jowitt, K. (1992) *New World Disorder: the Leninist Extinction*. Los Angeles: University of California Press.

Junisbai, B. (2010) 'A Tale of Two Kazakhstans: Sources of Political Cleavage and Conflict in the Post-Soviet Period', *Europe-Asia Studies*, 62 (2), pp. 235-269.

Kaczmariski, M. (2017) 'Non-western Visions of Regionalism: China's New Silk Road and Russia's Eurasian Economic Union', *International Affairs*, 93(6), pp. 1358-1376.

Kalabaeva (2011) 'Structural Changes in the Country's Economy', in Muzaparova, L., Rahimdzhanova, A., Muhamedzhanova, D., Kalabaeva, A. and Syrlybaeva, B. (eds.) *Sovremennoe Ekonomicheskoe Razvitie Kazakhstana / Modern Economic Development of Kazakhstan: Industrial, Regional and External Priorities*. Almaty: Kazakhstan Institute of Strategic Studies, pp. 34-60.

Kalyuzhnova, Y. (1998) *The Kazakhstani Economy: Independence and Transition*. London: Macmillan Press Ltd.

Kan, G. (2011) *Istoria Kazahstana/ History of Kazakhstan*, 4<sup>th</sup> edition, Textbook for Higher Education, Almaty: Kitap. Available at: <http://www.kstu.kz/wp-content/uploads/docs/restricted/lib/portfolio/folder/rus/historykaz/kan.pdf> (Accessed 14 November 2019).

Kassenova, N. (2013) 'Kazakhstan and Eurasian Economic Integration: Quick Start, Mixed Results and Uncertain Future' in Dragneva, R., and Wolczuk, K. (eds.) *Eurasian Economic Integration: Law, Policy and Politics*. Cheltenham: Edward Elgar, pp. 139-162.

Kassenova, N. (2017) 'China's Silk Road and Kazakhstan's Bright Path: Linking Dreams of Prosperity', *Asia Policy*, (24), pp. 110-116.

Kassenova, N. (2021) 'China- Central Asia Relations: Relearning to live next to the Giant', in Isaacs, R. and Marat, E. (eds.) *Routledge Handbook of Contemporary Central Asia*. Abingdon, Oxon ; New York, NY: Routledge. Kindle Edition pp. 202-217 (Downloaded: 12 December 2021).

Katzenstein, P. (ed.) (1978) *Between Power and Plenty*. Madison: University of Wisconsin Press.

Katzenstein, P. (2005) *A World of Regions: Asia and Europe in the American Imperium*. Ithaca, NY and London: Cornell University Press.

Kawai, M. and Urata, S. (1996) *Trade Imbalances and Japanese Foreign Direct Investment: Bilateral and Triangular Issues*. Discussion Paper Series F-52. Tokyo: Institute of Social Science, University of Tokyo.

Kazakhstan China Treaty (2002) *The Treaty on Good-neighbourliness, Friendship and Cooperation*. The Government of Kazakhstan. Available at: <https://www.gov.kz/memleket/entities/mfa-shanghai/press/article/details/8262?lang=ru> (Accessed: 5 December 2021).

Kazakhstan Cooperation Programme 2003-2008 (2003) *The Programme of Cooperation between the Republic of Kazakhstan and the People's Republic of China 2003-2008*. The Government of Kazakhstan. Available at: <https://egov.kz/cms/ru/law/list/U030001097> (Accessed: 5 September 2017).

Kazakhstan Programme of Trade and Economic Cooperation until 2020 (2013) *The Programme of Medium and Long-Term Development of Trade and Cooperation between the Governments of the Republic Kazakhstan and the People's Republic of China*. The Government of Kazakhstan. Available at: [https://tengrinews.kz/zakon/pravitelstvo\\_respubliki\\_kazahstan\\_premier\\_ministr\\_rk/vneshneekonomicheskaya\\_deyatelnost/id-P1300000940/](https://tengrinews.kz/zakon/pravitelstvo_respubliki_kazahstan_premier_ministr_rk/vneshneekonomicheskaya_deyatelnost/id-P1300000940/) (Accessed: 5 September 2017).

Kazakhstan Strategic Plan 2025 (2017) *The Strategic Plan of Development of Kazakhstan until 2025*. Available at: <http://economy.gov.kz/ru/pages/o-proekte-ukaza-prezidenta-respubliki-kazahstan-ob-utverzhenii-strategicheskogo-plana> (Accessed: 16 August 2019).

Kembayev, Z. (2020) 'Development of China–Kazakhstan Cooperation', *Problems of Post-Communism*, 67 (3), pp. 204-216.

Keohane, R. (1984) *After Hegemony: Cooperation and Discord in the World Political Economy*. New Jersey: Princeton University Press.

Khan, M. and Jomo, K. (eds.) (2000) *Rents, Rent-seeking and Economic Development: Theory and Evidence in Asia*. Cambridge: Cambridge University Press.

Khavin, A. (1960) 'Iz Istorii Proyshlennogo Stroitel'stva na Vostoke SSSR/ From the History of the Industrial Building in the East of the USSR', *Istoricheskii Zhurnal*, No 5, pp. 23-40.

Khong, Y. F. (2004) 'Coping with Strategic Uncertainty: The Role of Institutions and Soft Balancing in Southeast Asia's Post-Cold War Strategy', in Suh, J. J., Katzenstein, P. and Carlson, A. (eds.) *Rethinking Security in East Asia: Identity, Power, and Efficiency*. Stanford, CA: Stanford University Press, pp. 172-208.

Kim, M. (2014) 'Integration Theory and ASEAN Integration', *Pacific Focus, Inha Journal of International Studies*, 29 (3), pp. 374-394.

Kim, M. (2016) 'Theorizing national preference formation'. *Cambridge Review of International Affairs*, 29 (1), pp. 290-308.

Kirkham, K. (2016) 'The Formation of the Eurasian Economic Union: How Successful is the Russian Regional Hegemony?', *Journal of Eurasian Studies*, 7 (2), pp. 111-128.

Kloop (2015) 'Kyrgyzstan Denonsiruyet Soglasheniye S Rossiyei O Stroitel'stve GES/ Kyrgyzstan Denounces Agreement with Russia on Construction of Hydropower Plant', *Kloop*, 31 December. Available at: <https://kloop.kg/blog/2015/12/31/kyrgyzstan-denonsiruet-soglashenie-s-rossiej-o-stroitelstve-ges/> (Accessed: 11 November 2022).

Knobel, A., Lipin, A., Malokostov, A., Tarr, D. and Turdyeva, N. (2019) 'Deep Integration in the Eurasian Economic Union: What are the Benefits of Successful Implementation of Wider Liberalization?', *Eurasian Geography and Economics*, 60 (2), pp. 177-210.

Knyazev, A. (2012) *Vektory I Paradigmy Kirgizskoy Nezavisimosti (Ocherki Postsovetskoy Istorii) / Vectors and Paradigms of Kyrgyz Independence (Essays on Post-Soviet History)*. Bishkek: Obshchestvennyy fond Aleksandra Knyazeva. Available at: <https://www.knyazev.org/books.shtml> (Accessed: 20 July 2019).

Kocamaz, S. (2019) 'The Rise of New Powers in World Politics: Russia, China and the Shanghai Cooperation Organization', *Uluslararası İlişkiler Dergisi*, 16 (61), pp. 127-141.

Koichuev, T. (2007) *Globalizatsiya, Regionalizatsiya, Natsional'naya Ekonomika/ Globalization, Regionalization, National Economy. Book IV*. Bishkek: The Centre of Economic Strategies, the Government of the Kyrgyz Republic.

Koldunova, E. (2013) 'Rol' Shangkhayskoy Organizatsii Sotrudnichestva V Regione Tsentral'noy Azii: Sravnitel'nyy Analiz Issledovatel'skikh Diskursov/ The Role of The Shanghai Organization Cooperation In The Region Central Asia: Comparative Analysis Research Discourses', *Sravnitel'naya Politika*, 2(12), pp.60-69. Available at: <https://cyberleninka.ru/article/n/rol-shanhayskoy-organizatsii-sotrudnichestva-v-regione-tsentralnoy-azii-sravnitelnyy-analiz-issledovatel'skikh-diskursov> (Accessed: 16 February 2021).

Korobkov A. (2007) 'Migration Trends in Central Eurasia: Politics versus Economics', *Communist and Post-Communist Studies*, 40 (2) pp. 168-189.

Krapohl, S. and Vasileva-Dienes, A. (2020) 'The region that isn't: China, Russia and the Failure of Regional Integration in Central Asia', *Asia Europe Journal*, 18 (3), pp. 347-366.

Krasner, S. (1978) *Defending the National Interest: Raw Materials Investments and US Foreign Policy*. Princeton, New Jersey: Princeton University Press.

Krickovic, A. (2014) 'Imperial Nostalgia or Prudent Geopolitics? Russia's Efforts to Reintegrate the Post-Soviet Space in Geopolitical Perspective', *Post-Soviet Affairs*, 30 (6), pp. 503-528.

Krugman, P. (1991) 'Is Bilateralism Bad?', in Helpman, E. and Razin, A. (eds.) *International Trade and Trade Policy*. Cambridge: Cambridge University Press, pp. 9-23.

Krugman, P. (1993) 'Regionalism versus Multilateralism: Analytical Notes', in De Melo, J. and Panagariya, A. (eds.) *New Dimensions in Regional Integration*. Cambridge: Cambridge University Press, pp. 58-79.

Kubicek, P. (2009) The Commonwealth of Independent States: An example of Failed Regionalism? *Review of International Studies*, 35 (S1), pp. 237-256.

Kyrgyzstan China Treaty (2002) *The Treaty on Good-neighbourliness, Friendship and Cooperation*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/17226?cl=ru-ru> (Accessed: 5 December 2021).

Kyrgyzstan Cooperation Programme 2004-2014 (2004) *The Programme of Cooperation between the Kyrgyz Republic and the People's Republic of China*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/17460> (Accessed: 5 December 2021).

Kyrgyzstan Development Strategy until 2000 (1994) *The Concept of economic and social development of the Kyrgyz Republic until 2000*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/37478> (Accessed: 4 September 2018).

Kyrgyzstan National Strategy 2013-2017 (2013) *National Strategy of Sustainable Development of the Kyrgyz Republic 2013- 2017*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/61542> (Accessed: 5 January 2018).

Kyrgyzstan Strategy of Complex Development (2003) *Complex Development of the Kyrgyz Republic until 2010*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/56585?cl=ru-ru> (Accessed: 26 August 2017).

Labs, E. (1992) 'Do Weak States Bandwagon?' *Security Studies*, 1 (3), pp. 383-416.

Lang, J. (2013) *Kyrgyzstan Has Terminated the Agreement with the US on the Manas Air Base*. Warsaw: Centre for Eastern Studies <https://www.osw.waw.pl/en/publikacje/analyses/2013-07-10/kyrgyzstan-has-terminated-agreement-us-manas-air-base> (Accessed: 4 September 2022).

Lanteigne, M. (2006) 'The Development of The Shanghai Cooperation Organization as a Security Community', *Pacific Affairs*, 79 (4), pp. 605-622.

LaPorte, J. and Lussier, D. (2011) 'What Is the Leninist Legacy? Assessing Twenty Years of Scholarship', *Slavic Review*, 70 (3), pp. 637-654.

Larrain, J. (1989) *Theories of Development: Capitalism, Colonialism, and Dependency*. Cambridge: Polity Press.

Laruelle, M. (2018) *Kazakhstan's Dilemma on Eurasian and Central Asian Integrations*. Available at [https://www.researchgate.net/profile/Marlene-Laruelle/publication/343895694\\_Kazakhstan's\\_Dilemma\\_on\\_Eurasian\\_and\\_Central\\_Asian\\_Integ](https://www.researchgate.net/profile/Marlene-Laruelle/publication/343895694_Kazakhstan's_Dilemma_on_Eurasian_and_Central_Asian_Integ)

[rations/links/5f470351a6fdcc14c5c9e6f4/Kazakhstans-Dilemma-on-Eurasian-and-Central-Asian-Integrations.pdf](https://www.routledge.com/Handbook-of-Contemporary-Central-Asia/Isaacs-Marat/book/9781138000000) (Accessed: 28 July 2021).

Laruelle, M. (2021) 'Russia and Central Asia: Evolving Mutual Perceptions and the Rise of Postcolonial Perspectives', in Isaacs, R. and Marat, E. (eds.) *Routledge Handbook of Contemporary Central Asia*. NY: Routledge. Kindle Edition pp. 193-201 (Downloaded: 12 December 2021).

Laruelle, M. and Peyrouse, S. (2012) *Regional Organisations in Central Asia: Patterns of Interaction, Dilemmas of Efficiency*. Institute of Public Policy Working Paper No. 10. Bishkek: University of Central Asia.

Laruelle, M. and Peyrouse, S. (2015) *Globalizing Central Asia: Geopolitics and the Challenges of Economic Development*. London: Routledge.

Laumulin, M. (2002) 'Central Asia and the European Union', in Rumer, B. (ed.) *Central Asia: The Gathering Storm*. Armonk New York: ME Sharp, pp. 208-241.

Lawson, F. (2012) 'Ottoman Legacies and Economic Sovereignty in Post-imperial Anatolia, Syria and Iraq', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 66-88 (Downloaded: 3 August 2023).

Levitsky, S. and Way, L. (2010) *Competitive Authoritarianism: Hybrid Regimes after the Cold War*. Cambridge: Cambridge University Press.

Lewis, D. (2012) 'Sovereignty after Empire: The Colonial Roots of Central Asian Authoritarianism', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 178-196 (Downloaded: 3 August 2023).

Lewis, D. (2021) 'Varieties of Authoritarianism in Central Asia' in Isaacs, R. and Marat, E. (eds.) *Handbook of Contemporary Central Asia*. Abingdon, Oxon; New York, NY: Routledge. Kindle Edition, pp. 73-86 (Downloaded: 12 December 2021).

Liang, Z. and Troyakova T. (2018) 'Evolution of PRC's Policy toward Central Asia's Countries', *Oriental Institute Journal*, (2), pp. 24-31. Available at: <https://cyberleninka.ru/article/n/evolyutsiya-politiki-knr-v-otnoshenii-stran-tsentralnoy-azii-1990-2018-gg/viewer> (Accessed: 13 November 2020).

Libman, A. (2007) 'Regionalisation and Regionalism in the Post-Soviet Space: Current Status and Implications for Institutional Development', *Europe-Asia Studies*, 59 (3), pp. 401-430.

Libman, A. and Obydenkova, A. (2018) 'Regional International Organizations as a Strategy of Autocracy: the Eurasian Economic Union and Russian Foreign Policy', *International Affairs*, 94 (5), pp. 1038-1058.



Libman, A. and Vinokurov, E. (2010) *Is it Really Different? Patterns of Regionalisation in Post-Soviet Central Asia*. Working Paper Series / Frankfurt School of Finance & Management, No. 155. Available at: <http://hdl.handle.net/10419/43711> (Accessed: 6 June 2022).

Libman, A. and Vinokurov, E. (2012a) *Holding-Together Regionalism: Twenty Years of Post-Soviet Integration*. London: Palgrave Macmillan.

Libman, A. and Vinokurov, E. (2012b) 'Post-Soviet Integration and the Interaction of Functional Bureaucracies', *Review of International Political Economy*, 19 (5), pp. 867-894.

Libman, A. and Vinokurov, E. (2012c) 'Regional Integration and Economic Convergence in the Post-Soviet Space: Experience of the Decade of Growth: Regional Integration and Economic Convergence in the Post-Soviet Space', *Journal of Common Market Studies*, 50 (1), pp. 112-128.

Libman, A. and Vinokurov, E. (2016) *Regional'nyye Organizatsii: Tipy i Logika Razvitiya/ Regional organisations: Types and Logic of Development*. Centre of Integration Research, Report No 37. Saint Petersburg: Eurasian Bank of Development.

Libman, A. and Vinokurov, E. (2018) 'Autocracies and Regional Integration: the Eurasian Case', *Post-Communist Economies*, 30 (3), pp. 334-364.

Libman, A. and Ushkalova, D. (2013) *Foreign Trade Effects of the Customs Union between Belarus, Kazakhstan, and Russia*. Elliott Schol of International Affairs Central Asia Economic Paper No 8. Washington D.C.: The George Washington University. Available at [https://centralasiaprogram.org/wp-content/uploads/2015/04/Economic\\_Papers\\_8\\_May\\_2013.pdf](https://centralasiaprogram.org/wp-content/uploads/2015/04/Economic_Papers_8_May_2013.pdf) (Accessed: 13 May 2022).

Lieven, D. (2012) 'Russian Empires', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 66-88 (Downloaded: 3 August 2023).

Lillis, J. (2010) 'Kazakhstan's Parliament May Expand Presidential Powers', *Eurasianet*, 10 May. Available at: <https://eurasianet.org/kazakhstans-parliament-may-expand-presidential-powers> (Accessed: 22 November 2022).

Lipsey, R. (1960) 'The theory of Customs Unions: A General Survey', *The Economic Journal*, 70 (279), pp. 496-513.

Lipson, C. (1984) 'International Cooperation in Economic and Security Affairs', *World Politics*, 37 (1), pp. 1-23.

Loungani, P. and Razin, A. (2001) 'How Beneficial is Foreign Direct Investment for Developing Countries?', *IMF Finance and Development magazine*, 38 (2). Available online at: <http://www.imf.org/external/pubs/ft/fandd/2001/06/loungani.htm> (Accessed: 2 September 2020).

Luckins, M. (2003) 'Independent Kyrgyzstan: Liberalisation and Economic Reform' in Cummings, S. (ed.) *Oil, Transition and Security in Central Asia*. London: Routledge. Kindle Edition, pp.36-46 (Downloaded: 10 January 2020).

Lukin, A. (2012) 'Shankhayskaya Organizatsiya Sotrudnichestva I Rossiyskiye Interesy V Tsentral'noy Azii I Afganistane/ Shanghai Cooperation Organization and Russian interests in Central Asia and Afghanistan', in Lukin (ed.) *Strategiya Rossii v Tsentral'noy Azii i Shankhayskaya organizatsiya sotrudnichestva/ Russia's strategy in Central Asia and Shanghai Cooperation Organization*. Moscow: MGIMO, pp. 23-48.

Lukin, A. (2015) 'Shanghai Cooperation Organization: Looking for a New Role', *Russia in Global Affairs*, 10 July. Available at: <https://eng.globalaffairs.ru/articles/shanghai-cooperation-organization-looking-for-a-new-role/> (Accessed: 1 March 2023).

Lukin, A. (2017) *Pivot to Asia: Russia's Foreign Policy Enters the 21st Century*. Delhi: Vij Books India Pvt Ltd.

Lukin, A. (2019) 'Russian–Chinese Cooperation in Central Asia and the Idea of Greater Eurasia', *India Quarterly: A Journal of International Affairs*, 75 (1), pp. 1-14.

MacIntyre, A. and Ravenhill, J. (2013) 'The Future of Asian Regional Institutions', in Kahler, M. and MacIntyre, A. (eds.) *Integrating Regions: Asia in Comparative Context*. Stanford, CA: Stanford University Press, pp. 245-266.

MacKellar, L., Wörgötter, A. and Wörz, J. (2002) 'Economic Growth of Landlocked Countries', *Ökonomie in Theorie und Praxis: Festschrift für Helmut Frisch*. Berlin: Springer-Verlag, pp. 213-226.

Maduz, L. (2018) *Flexibility by Design: The Shanghai Cooperation Organisation and the Future of Eurasian Cooperation*. ETH Zurich: Center for Security Studies. Available: <https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/Maduz-080618-ShanghaiCooperation.pdf> (Accessed: 6 May 2022).

Magee, S., Brock, W. and Young, L. (1989) *Black Hole Tariffs and Endogenous Policy Theory: Political Economy in General Equilibrium*. New York: Cambridge University Press.

Mahdavi, H. (1970) 'The Pattern and Problems of Economic Development in Rentier States: the Case of Iran', in Cook, M. (ed.) *Studies in the Economic Theory of the Middle East*. Oxford: Oxford University Press.

Makhmutova, M. (2016) *Kazakhstan: Perspectives on Eurasian Integration*. European Council on Foreign Relations. Available at: [https://www.ecfr.eu/article/essay\\_eurasian\\_integration\\_kazakhstan](https://www.ecfr.eu/article/essay_eurasian_integration_kazakhstan) (Accessed: 18 November 2021).

Maksutov, R. (2006) *The Shanghai Cooperation Organization: A Central Asian Perspective*. SIPRI Project Paper. August 2006. Stockholm: SIPRI.

Malahov, V., Demintseva, E., Elebaeva, A. and Musabaeva, A. (2015) *Vstupleniye Kyrgyzskoy Respubliki v Yevraziyskiy Ekonomicheskiy Soyuz: Vliyaniye na Protsessy Migratsii/Accession of The Kyrgyz Republic to the Eurasian Economic Union: Impact on Migration Processes*. Working Paper No. 26. Moscow: Russian Council of International Affairs. Available at: <https://russiancouncil.ru/activity/workingpapers/vstuplenie-kyrgyzskoy-respubliki-v-evraziyskiy-ekonomicheski/> (Accessed: 15 October 2022).

Malle, S. (2013) 'Russia, the Eurasian Customs Union and the Asian dimension', in Dragneva, R. and Wolczuk, K. (eds.) *Eurasian Economic Integration: Law, Policy and Politics*. Cheltenham: Edward Elgar, pp. 100-118.

Malle, S. Cooper, J. and Connolly, R. (2020) 'Greater Eurasia: more than a vision?', *Post-Communist Economies*, 32 (5), pp. 561-590.

Mansfield, E. and Busch, M. (1995) The Political Economy of Nontariff Barriers: a Cross-National Analysis, *International Organization*, 49 (4), pp. 723-749.

Mansfield, E. and Milner, H. (1997) 'The Political Economy of Regionalism: An Overview', in Mansfield, E. and Milner, H. (eds.) *The Political Economy of Regionalism*. New York: Columbia University Press, pp. 1-19.

Mansurov, T. (2012). Kak rozhdaetsia novaia Evraziia/ How is the New Eurasia Born. *Rossiiskaia gazeta*, 5950.

Marketos, T. (2009) *China's Energy Geopolitics: The Shanghai Cooperation Organization and Central Asia*. London: Routledge.

Mashrab, F. (2022) 'Russia Downplays Negative Economic Impact of Ukraine War for Its Central Asian Allies', *Eurasia Daily Monitor*, 19 (77). Available at: <https://jamestown.org/program/russia-downplays-negative-economic-impact-of-ukraine-war-for-its-central-asian-allies/> (Accessed: 16 November 2023).

Mastanduno, M. (2009) 'The United States: Regional Strategies and Global Commitments', in Tow, W. (ed.) *Security Politics in the Asia-Pacific: A Regional–Global Nexus?* Cambridge: Cambridge University Press, pp. 67-84.

Mattli, W. (1999) *The Logic of Regional Integration: Europe and Beyond*. Cambridge: Cambridge University Press.

Matusov, A. (2007) 'August. Energy cooperation in the SCO: Club or Gathering?' *China and Eurasia Forum Quarterly*, 5 (3), pp. 83-99.



Matveeva, A. (2007) *The Regionalist Project in Central Asia: Unwilling playmates*. Working Paper No. 13. London: Crises States Research Centre LSE. Available at: <https://www.files.ethz.ch/isn/58067/wp13.2.pdf> (Accessed: 21 May 2022).

Matveeva, A. and Giustozzi, A. (2008) *The SCO: a Regional Organisation in the Making*. Working Paper No. 39. Crises States Research Centre LSE. Available at: <https://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csrs-working-papers-phase-two/wp39.2-sco-a-regional-organisation-in-the-making.pdf> (Accessed: 21 May 2022).

Mauro, F. (2000) *The Impact of Economic Integration on FDI and Exports: a Gravity Approach*. Working Document No. 156, Centre for European Policy Studies.

McDermott, R. (2012) 'The Shanghai Cooperation Organization's Impact on Central Asian Security: View from Kazakhstan', *Problems of Post-Communism*, 59 (4), pp. 56-65.

McDougall, J. (2012) 'The British and French Empires in the Arab World: Some Problems of Colonial State-formation and its Legacy', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 44-65 (Downloaded: 3 August 2023).

Meade, J. (1955) *The Theory of Customs Unions*. Amsterdam: North Holland Publishing Company.

Michalopoulos, C. and Tarr, D. (1997) 'The Economics of Customs Unions in the Commonwealth of Independent States', *Post-Soviet Geography and Economics*, 38 (3), pp. 125-143.

Miller, L. (1973) 'The Prospect for Order Through Regional Security', in Falk, R. and Mendlovitz, S. (eds.) *Regional Politics and World Order*. San Francisco, CA: W. H. Freeman, pp. 50-77.

Milner, H. (1997) *Interests, Institutions, and Information: Domestic Politics and International Relations*. New Jersey: Princeton University Press.

Milner, H. (1988) *Resisting Protectionism: Global Industries and the Politics of International Trade*. Princeton: Princeton University Press.

Mineconom (2014) *Kyrgyzstan, Ministry of Economy: Protokoly 10-Go Zasedaniya Mezhravitel'stvennoy Kyrgyzsko Kitayskoy Komissii Po Torgovo Ekonomicheskomu Sotrudnichestvu/ Minutes of the 10th Meeting of the Intergovernmental Kyrgyz-Chinese Commission on Trade and Economic Cooperation*. Available at: [http://mineconom.gov.kg/Docs/mejpravkomissii/Protocol\\_China.doc](http://mineconom.gov.kg/Docs/mejpravkomissii/Protocol_China.doc) (Accessed: 5 September 2017).

Mineconom (2018) *Kyrgyzstan, Ministry of Economy: Analiticheskiy Doklad: Kyrgyzskaya Respublika: Dva Goda v Yevraziyskom Ekonomicheskoy Soyuz. Pervyye Rezul'taty/ Analytical Report. The Kyrgyz Republic: Two Years in the Eurasian Economic Union. First results*. Bishkek. Available at: <http://mineconom.gov.kg/ru/direct/6/107> (Accessed: 16 August 2019).

Minfin (2013) *Kyrgyzstan, Ministry of Finance: Structure of the Kyrgyz Republic's Debt*. Bishkek. Available at: <http://minfin.kg/userfiles/ufiles/dolg2013/gd0513.xls> (Accessed: 15 December 2022).

MOFCOM (93/94) *Almanac of China's Foreign Economic Relations and Trade 1993/1994*. Beijing: Zhongguo shehui chubanshe.

MOFCOM (96/97) *Almanac of China's Foreign Economic Relations and Trade 1996/1997*. Beijing: Zhongguo shehui chubanshe.

MOFCOM (97/98) *Almanac of China's Foreign Economic Relations and Trade 1997-1998*. Beijing: Zhongguo shehui chubanshe.

MOFCOM (98/99) *Almanac of China's Foreign Economic Relations and Trade 1998-1999*. Beijing: Zhongguo shehui chubanshe.

MOFCOM (2002) *Yearbook of China's Foreign Economic Relations and Trade*. Beijing: China Foreign Economic Relations and Trade Publishing House.

MOFCOM (2005) *China Commerce Yearbook*. Beijing: China Commerce and Trade Press.

Mogilevskii, R. (2012a) *Tendentsii Vneshney Torgovli Stran Tsentral'noy Azii/ Foreign Trade Trends of Countries of Central Asia*. Institute of Public Policy Working Paper No. 1. Bishkek: University of Central Asia. Available at: [https://www.ucentralasia.org/Content/downloads/UCA-IPPA-WP1\\_Trends\\_PatternsForeignTradeCA-Rus.pdf](https://www.ucentralasia.org/Content/downloads/UCA-IPPA-WP1_Trends_PatternsForeignTradeCA-Rus.pdf) (Accessed: 5 October 2017).

Mogilevskii, R. (2012b) *Re-export Activities in Kyrgyzstan: Issues and Prospects*. Institute of Public Policy Working Paper No. 9. Available at: <https://www.ucentralasia.org/Content/Downloads/UCA-IPPA-WP-9-Reexport-Eng.pdf> (Accessed: 7 November 2019).

Mogilevskii, R. (2019) *Kyrgyzstan and the Belt and Road Initiative*. Institute of Public Policy Working Paper No. 50. Bishkek: University of Central Asia. Available at: <https://www.ucentralasia.org/media/mxkawtsu/uca-ippa-wp50-eng.pdf> (Accessed: 16 December 2022).

Mogilevskii, R., Thurlow, J. and Yeh, A. (2018) *Vstupleniye Kyrgyzstana v Yevraziyskiy Ekonomicheskiy Soyuz: Otsenka Vozdeystviya Na Ekonomiku V Usloviyakh Neopredelennosti/ Kyrgyzstan's Accession to the Eurasian Economic Union: Measuring Economy-Wide Impacts and Uncertainties*. Institute of Public Policy Working Paper No. 44. Bishkek: University of Central Asia. Available at: <https://ucentralasia.org/media/o4rk5rfw/uca-ippa-wp44-kyrgyzstan-s-accession-to-the-eaurus-1.pdf> (Accessed: 5 September 2019).

Mochulsky, A. (2012) *Rossiia i Kitay v Shankhayskoy organizatsii sotrudnichestva/ Russia and China in Shanghai Cooperation Organization*, in Lukin (ed.) *Strategiya Rossii v Tsentral'noy Azii*

*i Shankhayskaya organizatsiya sotrudnichestva/ Russia's strategy in Central Asia and Shanghai Cooperation Organization*. Moscow: MGIMO, pp. 98-147.

Molchanov, M. (2018) 'The Eurasian Economic Union' in Tsygankov, A. (ed.) (2018) *Routledge Handbook of Russian Foreign Policy*. London: Routledge, pp. 410-420.

Moldashev, K. and Qoraboyev, I. (2018) 'From Regional Integration to Soft Institutionalism: What Kind of Regionalism for Central Asia?', *USAID "Building the Future" Project Conference*. American University of Central Asia, 11 June. Bishkek. Available at: <https://ssrn.com/abstract=3320307> or <http://dx.doi.org/10.2139/ssrn.3320307> (Accessed: 12 November 2022).

Moravcsik, A. (1998) *The Choice for Europe. Social Purpose and State Power from Messina to Maastricht*. Ithaca, NJ: Cornell University Press.

Morrow, J. (1993) 'Arms versus Allies: Trade-offs in the Search for Security.' *International Organization*, 47 (2), pp. 207-233.

Motta, M. and Norman, G. (1993) *Does Economic Integration Cause Foreign Direct Investment?* Department of Economics and Business Economics Working Paper No. 28. Universitat Pompeu Fabra. Available at: <https://ideas.repec.org/p/upf/upfgen/28.html> (Accessed: 2 November 2022).

Motta, M. and Norman, G. (1996) 'Does Economic Integration Cause Foreign Direct Investment?' *International economic review*, 37 (4), pp. 757-783.

Movkebaeva, G. (2013) 'Energy Cooperation Among Kazakhstan, Russia, and China within the Shanghai Cooperation Organization', *Russian Politics and Law*, 51 (1), pp. 80-87.

Mueller, D. (1989) *Public Choice II, a revised edition of Public Choice*. Cambridge: Cambridge University Press.

Muhamedzhanova, D. (2011) *Kazakhstan i Mezhdunarodnye Integracionnye Processy: monographia./Kazakhstan in the International Integration Processes: Monograph*. Almaty: Kazakhstan Institute of Strategic Studies.

Mukhametdinov, M. (2020) *The Eurasian Economic Union and Integration Theory*. Springer International Publishing. Kindle Edition (Downloaded: 2 January 2022).

Murden, S. (2009) 'The Secondary Institutions of the Middle Eastern Regional Interstate Society', in Buzan, B. and Gonzalez-Pelaez, A. (eds.) *International Society and the Middle East: English School Theory at the Regional Level*. Basingstoke: Palgrave Macmillan, pp. 117-139.

Murtazashvili, J. (2022) 'Central Asian Countries Now Have Two Big Worries about Russia', *The Washington Post*, 2 March. Available at: <https://www.washingtonpost.com/politics/2022/03/02/central-asian-countries-now-have-two-big-worries-about-russia/> (Accessed: 16 November 2023).

Musabaeva, A. (2015) 'Prichiny i Faktory Vneshney Trudovoy Migratsii iz Kyrgyzstana/ Causes and Factors of External Labor Migration from Kyrgyzstan; Migracionnaya politika of the Kyrgyz Republic / Migration policy of the Kyrgyz Republic', in Malahov, V., Demintseva, E., Elebaeva, A. and Musabaeva, A. (2015) *Vstuplenie Kyrgyzskoi Respubliki v Evrazijskij Ekonomicheskij Soyuz/ Entry of the Kyrgyz Republic in the Eurasian Economic Union*, No 26, Moscow: Rossijskij Sovet po Mezhdunarodnym Delam, pp. 14-26. Available at: <https://russiancouncil.ru/activity/workingpapers/vstuplenie-kyrgyzskoy-respubliki-v-evraziyskiy-ekonomicheski/> (Accessed: 15 October 2022).

Musabaeva, A. (2016) 'Vneshnepoliticheskiy Kurs Prezidenta Atambayeva: Khronika i Analiz/ The Foreign Policy Course of President Atambayev: Chronicle and Analysis', *Central Asian Analytical Network*, 20 December. Available at: <https://www.caa-network.org/archives/8139> (Accessed: 12 November 2022).

Musaeva, D. (2008) *Teoria i Praktika Ekonomiki Perehodnogo Perioda/ Theory and Practice of the Transition Economy*. Bishkek: Ilim.

Muzaparova, L. (2011) 'Economic Development of Kazakhstan in 2010', in Muzaparova, L., Rahimdzanova, A., Muhamedzhanova, D., Kalabaeva, A. and Syrlybaeva, B. (eds.) *Sovremennoe Ekonomicheskoe Razvitie Kazakhstana / Modern Economic Development of Kazakhstan: Industrial, Regional and External Priorities*. Almaty: Kazakhstan Institute of Strategic Studies, pp. 9-33.

Narine, S. (2002) *Explaining ASEAN: Regionalism in Southeast Asia*. Boulder, CO and London: Lynne Rienner.

National Bank Kazakhstan (1993-2004) *Valovyy Pritok Pryamykh Investitsiy v Respubliku Kazakhstan ot Inostrannykh Pryamykh Investorov po Stranam, Sformirovannyi v sootvetstvi s Rukovodstvom Mezhdunarodnogo Valyutnogo Fonda (MVF) po Platezhnomu Balansu, 5-ye izdaniye 1993 goda vypuska/ Gross Inflow of Direct investment into the Republic of Kazakhstan from Foreign Direct Investors by Country, formed in accordance with the International Monetary Fund (IMF) Balance of Payments Manual, 5th Edition 1993*. Available at: <https://nationalbank.kz/ru/news/pryamyie-investicii-po-napravleniyu-vlozheniya> (Accessed: 16 December 2022).

National Bank Kazakhstan (2005-2015) *Valovyy Pritok Pryamykh Investitsiy v Respubliku Kazakhstan ot Inostrannykh Pryamykh Investorov po Stranam/ Gross Inflow of Direct Investment to the Republic of Kazakhstan from Foreign Direct Investors by Countries*. Available at: <https://nationalbank.kz/ru/news/pryamyie-investicii-po-napravleniyu-vlozheniya> (Accessed: 16 December 2022).

National Bank Kyrgyzstan (2018) *Money Transfers of Individuals made through Money Transfer Systems*. Bishkek: The National Bank of the Kyrgyz Republic. Available at: <https://www.nbkr.kg/index1.jsp?item=1785&lang=RUS> (Accessed: 1 October 2019).

National Bank Kyrgyzstan (2019) *External Trade*. Available at: <https://www.nbkr.kg/index1.jsp?item=2007&lang=RUS> (Accessed: 1 October 2019).

National Strategy of Poverty Reduction 2003- 2005 (2003) *The Kyrgyz Republic National Strategy of Poverty Reduction*. The Government of the Kyrgyz Republic. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/56585?cl=ru-ru> (Accessed: 26 August 2017).

Nazarbaev, N. (1992a) *Strategia Stanovlenia I Razvitia Kazakhstana Kak Suverennogo Gosudrstva / Strategy of Becoming and Developing Kazakhstan as a Sovereign State*. Deuir: Alma-Ata.

Nazarbaev, N. (1992b) *Strategia Resursosberezhenia I Perehod K Rynku/ Strategy of Resource-Saving and Transition to Market*. Moskva: Mashinostroenie

Nazarbaev, N. (1997) *Evraziiskii Soyuz: Idei, Praktika, Perspektivy/ The Eurasian Union: Ideas, Practice, Prospects*. Moskva: Fond sodeistvia razvitiyu socialnyh i politicheskikh nauk.

Nazarbaev, N. (2006) *Kazakhstanskii Put' / Kazakhstani Way*. Karaganda.

Nazarbaev, N. (2009) *Izbarannye Rechi/ Selected Speeches, Tom I 1989-1991*. Astana: Saryarka.

Nazarbaev, N. (2011) 'Yevraziyskiy Soyuz: Ot Idei K Istorii Budushchego/ The Eurasian Union: From Idea to Future History', *Izvestia*, 25 October. Available at: <https://iz.ru/news/504908> (Accessed: 15 September 2019).

Nazarbaev, N. (2012a) *Strategia Nezavisimosti/ Strategy of Independence*. Almaty: Zhibek Zholy.

Nazarbaev, N. (2012b) *Strategiya "Kazakhstan – 2050" Novyy Politicheskii Kurs Sostoyavshegosya Gosudarstva/, Strategy "Kazakhstan – 2050" A New Political Policy of the Complete State*, 14 December. Available at: <https://adilet.zan.kz/rus/docs/K1200002050> (Accessed: 13 August 2019).

Nazarbaev, N. (2014) *Poslaniye Prezidenta Respubliki Kazakhstan N.A. Nazarbaeva Narodu Kazakhstana "Nurly Zhol - Put' V Budushcheye" / Message of The President of the Republic of Kazakhstan N.A. Nazarbayev To The People Of Kazakhstan "Nurly Zhol - The Way To The Future"*. Available at: [https://online.zakon.kz/Document/?doc\\_id=31625608&pos=4;-108#pos=4;-108](https://online.zakon.kz/Document/?doc_id=31625608&pos=4;-108#pos=4;-108) (Accessed: 20 December 2022).

Nazhanov, T. (2009) 'Kazakhstanskiye Proizvoditeli Opasayutsya, Chto Tamozhennyy Soyuz Razrushayet Ikh Biznes' / *Kazakh Producers Fear that the Customs Union is Destroying Their Business*, *Zakon.kz*, 9 November. Available at: <https://www.zakon.kz/152821-kazakhstanskiye-proizvoditeli.html> (Accessed: 16 September 2019).

Nelson, D. (1988) 'Endogenous Tariff Theory: a Critical Survey', *American Journal of Political Science*, 32 (3), pp. 796-837.



Nesadurai, H. (2003) 'Attempting Developmental Regionalism through AFTA: The Domestic Sources of Regional Governance', *Third World Quarterly*, 24 (2), pp. 235–253.

Niemann, A. and Schmitter, P. (2009) 'Neofunctionalism' in Wiener, A. and Diez, T. (eds.) (2009) *European Integration Theory*. 2<sup>nd</sup> edition. Oxford: Oxford University Press, pp. 45–66.

Niyazov, A. (2003) 'Nazarbayev Predlozhit Vvesti Yedinuyu Valyutu - "Altyn"/ Nazarbaev Proposed to Introduce A Single Currency - "Altyn"', *RIA News*, 1 April. Available at: <https://ria.ru/20030401/360448.html> (Accessed: 1 March 2023).

North, D. (1990) *Institutions, Institutional Change and Economic Performance, Political Economy of Institutions and Decisions*. Cambridge, New York, Melbourne, Madrid, Cape Town: Cambridge University Press.

Nurly Zhol 2015- 2019 (2015) *The State Programme of the Republic Kazakhstan "Nurly Zhol"*. The Government of Kazakhstan. Available at: <https://afmrk.gov.kz/ru/activity/strategy-and-program/state-program-on-infrastructure-development-nurly.html> (Accessed: 20 December 2022).

Nursultanova, L. (2012) *Kazakhstanskaya Vneshnyaya Politika Stanovleniye I Razvitiye (1991-1999)/ Kazakhstani Foreign Policy Formation and Development*. Astana: Kazakhstan Engineering and Technical Academy, Ministry of Education. Available at: <http://kazneb.kz/bookView/view/?brId=1109854&lang=ru> (Accessed: 20 July 2021).

Obydenkova, A. and Libman, A. (2015) 'Modern External Influences And The Multi-Level Regime Transition: Theory-Building' in Obydenkova, A. and Libman A. (eds.) *Autocratic And Democratic External Influences In Post-Soviet Eurasia*. Farnham: Ashgate, pp. 7-46.

Obydenkova, A. and Libman, A. (2019) *Authoritarian Regionalism in the World of International Organizations: Global Perspectives and the Eurasian Enigma*. Oxford: Oxford University Press.

Olcott, M. (2002) *Kazakhstan, Unfulfilled Promise*. Washington: Carnegie Endowment for International Peace.

Olcott, M. (2010) *Kazakhstan, Unfulfilled Promise?* Revised edition. Washington: Carnegie Endowment for International Peace.

Olcott, M., Aslund, A. and Garnett, S. (1999) *Getting it Wrong: Regional Cooperation and the Commonwealth of Independent States*. Washington DC: Carnegie Endowment for International Peace.

Omarov, N. (2005) *Vneshnyaya Politika Kyrgyzskoi Respubliki V Epohu "Strategicheskoi Neopredelennosti"/ External Policy of the Kyrgyz Republic during the Era of Strategic Non-Determination*. Bishkek: Institut Vostokovedenia Rossiiskoi Akademii Nauk, Kyrgyzsko-Rossiskii Slavyanskii Universitet.

Omelicheva, M. (2015) *Democracy in Central Asia: Competing Perspectives and Alternative Strategies*. Kentucky: The University Press Kentucky.

Orchard, L. and Stretton, H. (1997) 'Public Choice', *Cambridge Journal of Economics*, 21 (3), pp. 409-430.

Oruzbaeva, B. (ed.) (1982) *Kirgiz Soviet Socialist Republic Encyclopedia*. Frunze: Akademia Nauk KSSR.

Osmonaliev, A. (2012) *V Seredine Nineshnego Goda Predsedatelstvo V Shanhaiskoi Organizacii Sotrudnichestva Pereidet K Kirgizstanu Predsedatelskuu Missiu Zavershaet Kitai/ In the Middle of this Year, the Chairmanship of the Shanghai Cooperation Organization Will Pass to Kyrgyzstan, The Chairmanship Mission Is Completed by China*. Available at: [http://www.mfa.kg/vistupleniya/v-seredine-nineshnego-goda-predsedatelstvo-v-shanhaiskoi-organizacii-sotrudnichestva-pereidet-k-kirgizstanu-predsedatelskuu-missiu-zavershaet-kitai-15\\_ru.html](http://www.mfa.kg/vistupleniya/v-seredine-nineshnego-goda-predsedatelstvo-v-shanhaiskoi-organizacii-sotrudnichestva-pereidet-k-kirgizstanu-predsedatelskuu-missiu-zavershaet-kitai-15_ru.html) (Accessed: 17 April 2016).

Ostrowski, W. (2012) 'Rentierism, Dependency and Sovereignty in Central Asia', in Cummings, S. and Hinnebusch, R. (eds.) *Sovereignty After Empire: Comparing the Middle East and Central Asia*. Edinburgh: Edinburgh University Press. Kindle Edition, pp. 282-303 (Downloaded: 3 August 2023).

Oye, K. (ed.) (1986) *Cooperation under Anarchy*. Princeton: Princeton University Press.

Palazuelos, E. and Fernández, R. (2012) 'Kazakhstan: Oil Endowment and Oil Empowerment', *Communist and Post-Communist Studies*, 45 (1–2), pp. 27-37.

Pankratov, O. (2017) 'Oleg Pankratov O Prichinakh Vstupleniya Kyrgyzstana V YEAES/ Oleg Pankratov On The Reasons For Kyrgyzstan's Accession To The EAEU', *Knews*, 30 January. Available at: <https://knews.kg/2017/01/30/oleg-pankratov-o-prichinah-vstupleniya-kyrgyzstana-v-eaes/> (Accessed: 5 September 2019).

Pannier, B. (2009) 'Prospect of Chinese Farmers Brings Controversy To Kazakh Soil.' *RFE/RL*. 17 December. Available at: [https://www.rferl.org/a/Prospect\\_Of\\_Chinese\\_Farmers\\_Brings\\_Controversy\\_To\\_Kazakh\\_Soil/1906896.html](https://www.rferl.org/a/Prospect_Of_Chinese_Farmers_Brings_Controversy_To_Kazakh_Soil/1906896.html) (Accessed: 2 November 2022).

Pannier, B. (2011) *Russia's Star on Rise Again in Kyrgyzstan*. Available at: <https://eurasianet.org/russias-star-on-rise-again-in-kyrgyzstan> (Accessed: 23 November 2022).

Pantucci, R. (2019) 'China in Central Asia: The First Strand of the Silk Road Economic Belt', *Asian Affairs*, 50 (2), pp. 202-215.

Pastor, G. and Damjanovic, T. (2001) *The Russian Financial Crisis and its Consequences for Central Asia*. IMF Working Paper No. 1/169. Available at: <https://www.imf.org/external/pubs/ft/wp/2001/wp01169.pdf> (Accessed: 24 December 2022).

Patalakh, A. (2018) 'Economic or Geopolitical? Explaining the Motives and Expectations of the Eurasian Economic Union's Member States', *Fudan Journal of the Humanities and Social Sciences*, 11 (1), pp. 31-48.

Patnaik, A. (2019) 'Regionalism and Regional Cooperation in Central Asia', *International Studies*, 56 (2-3), pp. 147-162.

Pavlović, D. (2019) 'When Do Neoliberal Economic Reforms Cause Democratic Decline? Evidence From the Post-Communist Southeast Europe', *Post-Communist Economies*, 31 (5), pp. 671-697.

Payne, A. and Phillips, N. (2010) *Development*. Cambridge: Polity Press.

Peyrouse, S. (2009) *Central Asia's Growing Partnership with China*. Working Paper No. 04. EUCAM EU- Central Asia Monitoring. Available at: <https://www.files.ethz.ch/isn/111372/WP4-EN.pdf> (Accessed: 1 April 2020).

Peyrouse, S. (2010) 'The Central Asian Armies Facing the Challenge of Formation', *The Journal of Power Institutions in Post-Soviet Societies*, Issue 11. Available at: <https://journals.openedition.org/pipss/3799?lang=fr> (Accessed: 2 January 2022).

Peyrouse, S. (2012) 'The Kazakh Neopatrimonial Regime: Balancing Uncertainties among the 'Family,' Oligarchs and Technocrats', *Demokratizatsiya*, 20 (4), pp. 345-370.

Peyrouse, S. (2015) 'Kyrgyzstan's Membership in the Eurasian Economic Union: A Marriage of Convenience', *Russian Analytical Digest*, 165 (10), pp.10-12.

Peyrouse, S. (2016) 'Discussing China: Sinophilia and Sinophobia in Central Asia', *Journal of Eurasian Studies*, 7 (1), pp. 14-23.

Pierce, R. (1960) *Russian Central Asia 1867-1917, A Study in Colonial Rule*. Berkeley and Los Angeles: the University of California Press.

Pomfret, R. (2009) *Central Asia after Two Decades of Independence*. School of Economics Working Papers 2009-32. University of Adelaide, School of Economics. Available at: <https://ideas.repec.org/p/adl/wpaper/2009-32.html> (Accessed: 13 May 2018).

Pomfret, R. (2010) 'Trade and Transport in Central Asia', *Global Journal of Emerging Market Economies* 2 (3), pp. 237-256.

Pomfret, R. and Anderson, K. (2001) 'Economic Development Strategies in Central Asia since 1991', *Asian Studies Review*, 25 (2), pp. 185-200.

Ponomarev, P. (2016) 'Integratsionnyye Protsessy I Vstupleniye V YEAES: Plyusy I Minusy/ Integration Processes and Joining The EAEU: Pros And Cons'. Interviewed by the correspondent of the "Khovar". *Khovar Tajikistan*. 22 November. Available at:



<https://khovar.tj/rus/2016/11/integratsionnye-protssesy-i-vstuplenie-v-eaes-plyusy-i-minusy/>  
(Accessed: 5 September 2019).

Popescu, N. (2014) *The Eurasian Union: The Real, the Imaginary and the Likely*. EU Institute for Security Studies, Paris: EU Institute for Security Studies.

Popova, I. (2012) *Kazakhstanskiye Predprinimateli Uvereny: Skoro Na Polkakh Magazinov Ostanutsya Tol'ko Importnyye Tovary/ Kazakh Entrepreneurs Are Sure: Soon Only Imported Goods Will Remain on Store Shelves*, KTK, 27 August. Available at: <https://www.ktk.kz/ru/news/video/2012/08/27/18765/> (Accessed: 16 September 2019).

Prebisch, R. (1959) *The Latin American Common Market and the Multilateral Payments System*. Santiago: United Nations Publications.

Programme (1995) *The Programme of Economic Integration between the Republic of Kazakhstan, the Kyrgyz Republic and the Republic of Uzbekistan 1995-2000*. 24 April. Almaty. Available at: <http://online.zakon.kz>, (Accessed: 27 July 2020).

Protocol (2006) *The Protocol on the Integration of the Organisation "Central Asian Cooperation" into the Eurasian Economic Community*. 23 June. The Government of Kazakhstan. Available at: <http://online.zakon.kz> (Accessed: 27 July 2020).

Putnam, R. (1988) 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', *International organization*, 42 (3), pp. 427- 460.

Putz, C. (2022) 'CSTO Deploys to Kazakhstan at Tokayev's Request', *Diplomat*, 6 January. Available at: <https://thediplomat.com/2022/01/csto-deploys-to-kazakhstan-at-tokayevs-request/> (Accessed: 15 November 2023).

Qoraboyev, I. (2010) *From Central Asian Regional Integration to Eurasian Integration Space? The Changing Dynamics of Post-Soviet Regionalism*. Eurasian Development Bank, Eurasian Integration Yearbook, pp. 206-232. Available at: <https://ssrn.com/abstract=1633563> (Accessed: 1 May 2021).

Rahmatulina, G. (2004) *Dinamika Razvitiya Integratsionnykh Protssessov V Gosudarstvakh SNG I Perspektivy Formirovaniya Yedinogo Ekonomicheskogo Prostranstva/ Dynamics of Development of Integration Processes in The CIS States and Prospects for the Formation of the Common Economic Space*. Almaty: Kazakhstan Institute of Strategic Research.

Rahmatulina, G. (2009) 'Perspektivy Sotrudnichestva Kazakhstana i Rossii v Real'nom Sektore Ekonomiki/ Prospects for Cooperation Between Kazakhstan and Russia in the Real Sector of the Economy', in Sultanov, B., Kushkumbaev, S., Abisheva, M., Rahimzhanova, A. and Seidin, N. (eds.) *Kazakhstansko- Rossiiskie Otnoshenia: Sostoyanie I Perspektivy/ Kazakhstani- Russian Relations: Current State and Perspectives. Conference Materials*. 22 September. Almaty: Kazakhstan Institute of Strategic Studies: Almaty, pp. 121-130.

- Rakhimov, M. (2010) 'Internal and External Dynamics of Regional Cooperation in Central Asia', *Journal of Eurasian Studies*, 1 (2), pp. 95–101.
- Rakhimov, M. (2018) 'Complex regionalism in Central Asia: Local, Regional, and Global Factors', *Cambridge Journal of Eurasian Studies*, 2, pp. 1-13.
- RFERL (1999) 'Kyrgyzstan: Official Seeks Russian Aid to Subdue Militants', *RFERL*, 9 August. Available at: <https://www.rferl.org/a/1092060.html> (Accessed: 15 November 2023).
- RKDF (2014a) *Russian Kyrgyz Development Fund, Soglashenie Mezhdru Pravitelstvom Kyrgyzskoi Respubliki I Pravitelstvom Rossijskoi Fedearacii O Razvitii Ekonomicheskogo Sotrudnichetsva V Usloviyah Evrazijskoi Integracii/Agreement Between the Governments of The Kyrgyz Republic and Russian Federation about the Development of the Economic Cooperation within the Conditions of the Eurasian Integration*. 29 May. Available at: [http://www.rkdf.org/ru/o\\_nas/normativnye\\_dokumenty](http://www.rkdf.org/ru/o_nas/normativnye_dokumenty) (Accessed: 25 January 2019).
- RKDF (2014b) *Russian Kyrgyz Development Osnovnye Polozhenia Kreditnoi Politiki Rossijsko-Kyrgyzskogo Fonda Razvitia/ Main points of the Russian- Kyrgyz Development Fund's policy*. Available at: [http://www.rkdf.org/ru/o\\_nas/normativnye\\_dokumenty](http://www.rkdf.org/ru/o_nas/normativnye_dokumenty) (Accessed: 25 January 2019).
- Roberts, S. and Moshes, A. (2016) 'The Eurasian Economic Union: a Case of Reproductive Integration?', *Post-Soviet Affairs*, 32 (6), pp. 542-565.
- Robson, P. (1998) *The Economics of International Integration*. 4<sup>th</sup> edition. London: Routledge.
- Rosamond, B. (2000) *Theories of European Integration*. Basingstoke: Palgrave Macmillan.
- Rostow, W. (1966) *The Process of Economic Growth*. New York: W. W. Norton.
- Rothacher, A. (2008) 'Allying with an Evil Axis?', *The RUSI Journal, Regionalism in Central Asia: New Geopolitics, Old Regional Order*, 153 (1), pp. 68-73.
- Roziev, I. (2022) 'Sadyr Zhaparov: My Dolzhny Zanimat' Neytral'nuyu Pozitsiyu V Voyne Rossii S Ukrainoy'/ 'Sadyr Japarov: We Must Take A Neutral Position In Russia's War With Ukraine', *Kloop*, 9 March. Available at: <https://kloop.kg/blog/2022/03/09/sadyr-zhaparov-my-dolzhny-zanimat-nejtralnuyu-pozitsiyu-v-vojne-rossii-s-ukrainoj/> (Accessed: 16 November 2023).
- Roy, D. (1994) 'Hegemon on the Horizon? China's Threat to East Asian Security', *International Security*, 19 (1), pp. 149-168.
- Rumer, B. (1989) *Soviet Central Asia: A Tragic Experiment*. 1st edition. Boston: Unwin Hyman.
- Rumer, B. (ed.) (2000) *Central Asia and New Global Order*. New York: M.E. Sharp.

Rumer, B. and Zhukov, S. (2015) 'Between Two Gravitational Poles: Russia and China' in Rumer, B. and Zhukov, S. (eds.) *Central Asia, The Challenges of Independence*. Abingdon, New York: Routledge, pp. 153-166.

Sabirov, M. (2000) *Razvitie Integratsionnykh Protssessov v Tsentralno Aziatskom-Ekonomicheskoy Soobshchestve/ Development of Integration Processes in the Central Asian Economic Community*. Autoreferat of the Dissertation for the Degree of Candidate of Economic Sciences. Institute of World Economy and International Relations of Tajikistan's Academy of Sciences. Available at: <https://www.dissercat.com/content/razvitie-integratsionnykh-protssessov-v-tsentralno-aziatskom-ekonomicheskoy-soobshchestve> (Accessed: 3 April 2019).

Saidazimova, G. (2000) 'Integratsiya V Tsentral'noy Azii: Realii, Vyzovy, Vozmozhnosti/ Integration in Central Asia: Realities, Challenges, Opportunities', *Central Asia and Caucasus*. Available at: <https://www.ca-c.org/journal/cac-09-2000/10.Saidazim.shtml> (Accessed: 3 April 2019).

Sakwa, R. (2015) 'Challenges of Eurasian Integration' in Dutkiewicz, P. and Sakwa, R. (eds.) *Eurasian Integration – The View from Within*. Abingdon: Routledge, pp. 12-30.

Sanaubaev, S. (2014) 'V Assotsiatsii Predprinimateley Karagandinskoy Oblasti Rasskazali O Plyusakh I Minusakh YEAEs/ The Association of Entrepreneurs of the Karaganda Region Spoke about the Pros And Cons of the EAEU', *Zakon.kz*. 24 May. Available at: <https://www.zakon.kz/4626704-v-associacii-predprinimatelej.html> (Accessed: 16 September 2019).

Sander, P. (2017) *Nation-Building in the Shadow of the Bear: The Dialectics of National Identity and Foreign Policy in the Kyrgyz Republic 1991–2012*. Thesis. Frankfurt: Peter Lang Academic Research. Available at: <https://www.peterlang.com/document/1050518> (Accessed: 5 June 2019).

Sanghera, B. and Satybaldieva, E. (2020) 'The Other Road to Serfdom: The Rise of the Rentier Class in Post-Soviet Economies', *Social Science Information*, 59 (3), pp. 505-536.

Sarabekov, J. (2015) 'Yeaes dlya Kyrgyzstana: Slozhnyy Vybor / EAEU for Kyrgyzstan: a Difficult Choice', *Centre of Asia*, 3 (97). Available at: <https://www.asiakz.com/eaes-dlya-kyrgyzstana-slozhnyy-vybor> (Accessed: 4 September 2019).

Satpaev, D. (2007) 'An Analysis of the Internal Structure of Kazakhstan's Political Elite and an Assessment of Political Risk Levels', in Uyama, T. (ed.) *Empire, Islam, and Politics in Central Eurasia*. Hokkaido: Sapporo, Hokkaido University Slavic Research Center. Available at: [https://src-h.slav.hokudai.ac.jp/coe21/publish/no14\\_ses/11\\_satpaev.pdf](https://src-h.slav.hokudai.ac.jp/coe21/publish/no14_ses/11_satpaev.pdf) (Accessed 14 January 2022).

Satpaev, D. (2015) *Kazakhstan and the Eurasian Economic Union: The View from Astana*. 12 January report. London: European Council on Foreign Relations. Available at: [https://ecfr.eu/article/commentary\\_kazakhstan\\_and\\_the\\_eurasian\\_economic\\_union\\_view\\_from\\_astana395/](https://ecfr.eu/article/commentary_kazakhstan_and_the_eurasian_economic_union_view_from_astana395/) (Accessed: 15 August 2022).

Satpaev, D. (2018) 'Kazakhstan Zagnal Sebya v Lovushku, Vыход iz Kotoroy Mozhet Stoit' Ochen' Dorogo/ Kazakhstan Has Driven Itself into a Trap, the Way out of which Can Be Very Expensive.' Interviewed by Vladimir Radionov. *Zona KZ*, 16 April. Available at: <https://zonakz.net/2018/04/17/dosym-satpaev-kazakhstan-zagnal-sebya-v-lovushku-vыход-iz-kotoroj-mozhet-stoit-ochen-dorogo/> (Accessed: 23 November 2022).

Schatz, E. (2004) *Modern Clan Politics. The Power of "Blood" in Kazakhstan and Beyond*. Seattle, WA: University of Washington Press.

Schiff, M. and Winters, L. (2003) *Regional Integration and Development*. Washington: The World Bank.

Schirm, S. (2002) *Globalization and the New Regionalism: Global Markets, Domestic Politics and Regional Co-operation*. Cambridge: Polity Press.

Schulz, M., Soderbaum, F. and Ojendal, J. (eds.) (2001) *Regionalisation in a Globalising World: A Comparative Perspective on Actors, Forms and Processes*. London: Zed Books.

Schwartz, L. (1992) 'The Political Geography of Soviet Central Asia: Integrating the Central Asian Frontier', in Lewis, R. (ed.) *Geographic Perspectives on Soviet Central Asia*. London: Routledge, pp. 37-73.

SCO Charter (2002) *Shanghai Cooperation Organisation Charter*. Available at <http://eng.sectsco.org/documents> (Accessed: 22 May 2022).

SCO Declaration (2001) *Shanghai Cooperation Organisation Declaration*. Available at <http://eng.sectsco.org/documents> (Accessed: 22 May 2022).

SCO Declaration (2003) *Shanghai Cooperation Organisation Declaration*. Available at <http://eng.sectsco.org/documents> (Accessed: 22 May 2022).

Shaw, T., Grant, J. and Cornelissen, S. (eds.) (2011) *The Ashgate Research Companion to Regionalisms*. Farnham: Ashgate.

Serikkaliyeva, A., Amirbek, A. and Batmaz, E. (2018) 'Chinese Institutional Diplomacy toward Kazakhstan: The SCO and the New Silk Road Initiative', *Insight Turkey*, 20 (4), pp. 129-152.

Shambetov, T. (2016) 'KR - SSHA. Chetvert' Veka Sotrudnichestva, Kyrgyz Republic – USA. A Quarter of a Century of Cooperation', *Azattyk*, 28 December. Available at: <https://rus.azattyk.org/a/28201454.html> (Accessed: 12 November 2022).

Shendrikova, D. (2015) *Going Regional the Russian Way: The Eurasian Economic Union between Instrumentalism and Global Social Appropriateness*. Milan: ISPI.

Shutaleva, A. (2017) *Filosofiya Uchebnoye posobiye/ Philosophy Study Guide*. Ekaterinburg: Ural University Available at: <https://elar.urfu.ru/handle/10995/52396> (Accessed: 10 October 2022).

Soderbaum, F. (2004) 'Modes of Regional Governance in Africa: Neoliberalism, Sovereignty Boosting, and Shadow Networks', *Global Governance*, 10 (4), pp. 419-436.

Soderbaum, F. (2012) 'Theories of regionalism', in Beeson, M. and Stubbs, R. (eds.) *Routledge Handbook of Asian Regionalism*. London: Routledge, pp. 11-23.

Soderbaum, F. (2016) 'Old, New, and Comparative Regionalism: the History and Scholarly Development of the Field', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 16-37.

Song, W. (2014) 'Interests, Power and China's Difficult Game in the Shanghai Cooperation Organization (SCO)', *Journal of Contemporary China*, 23 (85), pp. 85-101.

Spanger, H-J. (2016) 'Russia's Turn Eastward, China's Turn Westward', *Russia in Global Affairs*, 17 June. Available at <http://eng.globalaffairs.ru/number/Russias-Turn-Eastward-Chinas-Turn-Westward-18251> (Accessed: 20 November 2021).

Spirkin, A. (1983) *Filosofskiy entsiklopedicheskiy slovar'/ Encyclopedic Dictionary of Philosophy*. Available at: <http://philosophy.niv.ru/doc/dictionary/philosophical/articles/237/mirovozzrenie.htm> (Accessed: 7 September 2022).

Stakelbeck Jr., F. (2005) 'A New Bloc Emerges?', *The American Thinker*, 5 August. Available at: [https://www.americanthinker.com/articles/2005/08/a\\_new\\_bloc\\_emerges.html](https://www.americanthinker.com/articles/2005/08/a_new_bloc_emerges.html) (Accessed: 30 June 2022).

Statistical Committee Kazakhstan (1997) *The Statistical Yearbook of Kazakhstan 1993-1996*. Almaty: Statistical Committee Kazakhstan.

Statistical Committee Kazakhstan (1998) *Industry of Kazakhstan 1990-1997*. Almaty: Statistical Committee Kazakhstan.

Statistical Committee Kazakhstan (2012) *External Trade of the Republic Kazakhstan 2007- 2011*. Astana: Statistical Committee of the Ministry of the National Economy. Available at: [www.stat.gov.kz](http://www.stat.gov.kz) (Accessed: 27 September 2017).

Statistical Committee Kazakhstan (2016) *External Trade of the Republic Kazakhstan 2011- 2015*. Astana: Statistical Committee of the Ministry of the National Economy. Available at: [www.stat.gov.kz](http://www.stat.gov.kz) (Accessed: 27 September 2017).



Statistical Committee Kazakhstan (2012-2016) *Foreign Trade of the Republic of Kazakhstan 2012-2016*. Bureau of National Statistics. Available at: <https://old.stat.gov.kz/edition/publication/collection> (Accessed: 21 September 2023).

Statistical Committee Kazakhstan (2017-2021) *Foreign Trade of the Republic of Kazakhstan 2017-2021*. Bureau of National Statistics. Available at: <https://old.stat.gov.kz/edition/publication/collection> (Accessed: 21 September 2023).

Statistical Committee Kazakhstan (2023) *Structure of Exports and Imports of Kazakhstan with the EAEU countries*. Bureau of National Statistics. Available at: <https://stat.gov.kz/ru/industries/economy/foreign-market/spreadsheets/?year=2022&name=19183&period=&type=spreadsheets> (Accessed: 22 September 2023).

Statistical Committee Kyrgyzstan (various years) *Geographic Distribution of Imports and Exports of Goods*. Bishkek: National Statistical Committee of the Kyrgyz Republic. Available at: <http://www.stat.kg/ru/statistics/vneshneekonomicheskaya-deyatelnost> (Accessed: 21 September 2023).

Statistical Committee Kyrgyzstan (1999) *Volume on the Types of Economic Activity*. National Statistical Committee of the Kyrgyz Republic. Available at: <http://www.stat.kg/ru/statistics/download/dynamic/340/> (Accessed: 19 October 2022).

Statistical Committee Kyrgyzstan (2006) *Investitsii v Kyrgyzskoy Respublike 2001-2006/ Investments in the Kyrgyz Republic 2001-2006*. Bishkek: National Statistical Committee of the Kyrgyz Republic.

Statistical Committee Kyrgyzstan (2009) *Investitsii v Kyrgyzskoy Respublike 2004-2008/ Investments in the Kyrgyz Republic 2004-2008*. Bishkek: National Statistical Committee of the Kyrgyz Republic.

Statistical Committee Kyrgyzstan (2013) *Investitsii v Kyrgyzskoy Respublike 2008-2012/ Investments in the Kyrgyz Republic 2008-2012*. Bishkek: National Statistical Committee of the Kyrgyz Republic.

Statistical Committee Kyrgyzstan (2017) *Investitsii v Kyrgyzskoy Respublike 2012-2016/ Investments in the Kyrgyz Republic 2012-2016*. Bishkek: National Statistical Committee of the Kyrgyz Republic.

Statistical Committee Kyrgyzstan (2022) *External Trade of the Kyrgyz Republic January-December 2022*. Bishkek: National Statistical Committee of the Kyrgyz Republic. Available at: <http://stat.kg/ru/publications/vneshnyaya-i-vzaimnaya-torgovlya-tovarami-kyrgyzskoj-respubliki> (Accessed: 22 September 2023).

Steinmetz, R. and Wivel, A. (eds.) (2010) *Small States in Europe: Challenges and Opportunities*. London: Routledge.

Stronski, P. (2022) 'The Common Theme in Central Asia's Response to Russia's Invasion of Ukraine', Carnegie Endowment for International Peace. Available at: <https://carnegieendowment.org/2022/03/30/common-theme-in-central-asia-s-response-to-russia-s-invasion-of-ukraine-pub-86764> (Accessed: 16 November 2023).

Stubbs, R. (2012) 'The Developmental State and Asian Regionalism', in Beeson, M. and Stubbs, R. (eds) *Routledge Handbook of Asian Regionalism*. London: Routledge, pp. 90-99.

Sultanbekova, Z. (2013) 'Rossiyskoye Pravitel'stvo Utverdilo Soglasheniye O Stroitel'stve Kambaraty-1/ The Russian Government Approved the Agreement on the Construction of Kambarata-1', *Kloop*, 5 April. Available at: <https://kloop.kg/blog/2013/04/05/rossijskoe-pravitel-stvo-rassmotrit-segodnya-stroitel-stvo-kambaraty-1/> (Accessed: 20 November 2022).

Sultanov, B. (2001) 'Etapy Razvitia Vneshnei Politiki Republiki Kazakhstana/ Stages Of Development of Kazakhstan's External Policy', *Central Asia and the Caucasus*. Available at: [https://www.ca-c.org/journal/2001/journal\\_rus/cac-06/16.sultru.shtml](https://www.ca-c.org/journal/2001/journal_rus/cac-06/16.sultru.shtml) (Accessed: 20 January 2019).

Sultanov, B. (ed.) (2011) *Sovremennoe Ekonomicheskoe Razvitie Kazakhstana/Modern Economic Development of Kazakhstan*. Almaty: Kazakhstan Institute of Strategic Studies.

Sultanov, T. (2016) 'Kyrgyzstan Kak Bednaya Strana Otsutstvovala Na Karte/ Kyrgyzstan as a Poor Country was not on the Map', *Gezitter*, 1 February. Available at: [https://www.gezitter.org/interviews/47276\\_talant\\_sultanov\\_kyrgyzstan\\_kak\\_bednaya\\_strana\\_ot\\_sutstvoval\\_na\\_karte/print/](https://www.gezitter.org/interviews/47276_talant_sultanov_kyrgyzstan_kak_bednaya_strana_ot_sutstvoval_na_karte/print/) (Accessed: 6 July 2019).

Suyunbaev, M. (2005) *Geopoliticheskiye Osnovy Razvitiya I Bezopasnosti Kyrgyzstana/ Geopolitical Foundations for the Development And Security of Kyrgyzstan*. Bishkek: Kyrgyz National University.

Syroezhkin, K. (2002) 'Central Asia between the Gravitational Poles of Russia and China', in Rumer, B. (ed.) *Central Asia: The Gathering Storm*. Armonk New York: ME Sharp, pp. 169-207.

Syroezhkin, K. (2010) *Kazakhstan – Kitay: Ot Prigranichnoy Torgovli K Strategicheskomu Partnerstvu/Kazakhstan - China: From Border Trade to a Strategic Partnership*. Book 1. Almaty: Kazakhstan Institute of Strategic Studies.

Syroezhkin, K. (2011) *Central'naia Azia Segodnya: Vyzovy I Ugrozy/ Central Asia Today: Challenges and Threats*. Almaty: Kazakhstan Institute of Strategic Studies.

Tarr, D. (2012) *The Eurasian Customs Union among Russia, Belarus and Kazakhstan: Can It Succeed Where Its Predecessor Failed?* Available at: [http://freepolicybriefs.org/wp-content/uploads/2012/11/free\\_policy\\_brief\\_tarnov51.pdf](http://freepolicybriefs.org/wp-content/uploads/2012/11/free_policy_brief_tarnov51.pdf) (Accessed: 17 April 2022).

Tarr, D. (2016) 'The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?', *Eastern European Economics*. 54 (1), pp. 1-22.

- Tiulegenov, M. (2015) *A Certain Path to An Uncertain Future*. Available at: <https://library.fes.de/opus4/frontdoor/index/index/docId/14322> (Accessed: 6 June 2022).
- Toktomushev, K. (2001) *Vneshnyaya Politika Nezavisimogo Kyrgyzstana/ External Policy Of Independent Kyrgyzstan*. Bishkek: Sabyr, Ministerstvo Innostranyh Del Kyrgyzskoi Respubliki/ the Ministry of the Foreign Affairs.
- Toktomushev, K. (2016) *Kyrgyzstan - Regime Security and Foreign Policy*. London: Routledge.
- Toktonaliev, T. (2014) 'Rossiyskiy Faktor Menyayet Dinamiku Kyrgyzsko-Uzbekskikh Otnosheniy/ The Russian Factor is Changing the Dynamics Of Kyrgyz-Uzbek Relations', *Institute for War and Peace Reporting*, 17 July. Available: <https://kloop.kg/blog/2014/07/17/iwpr-rossijskij-faktor-menyaet-dinamiku-ky-rgy-zsko-uzbekskih-otnoshenij/> (Accessed: 20 July 2022).
- Tolipov, F. (2017a) 'Central'naya Aziya: Teoriya Dezintegratsii/ Central Asia: The Theory of Disintegration', *Central Asian Analytical Network*. Available at: <http://caa-network.org/archives/8291> (Accessed: 20 January 2019).
- Tolipov, F. (2017b) 'Kak Vossozdat' Tsentral'noaziatskiy Soyuz?/ How To Recreate the Central Asian Union?', *Central Asian Analytical Network*. Available at: <https://www.caa-network.org/archives/10438> (Accessed: 20 January 2019).
- Tolipov, F. (2022) 'Epizod 7 S Farkhodom Tolipovym I Ayzhan Sharshenovoy. Kak Effektivno Balansirovat' Vneshnyuyu Politiku?'/ 'Episode 7 With Farkhod Tolipov and Aizhan Sharshenova. How To Effectively Balance Foreign Policy?' Interviewed by Ruslan Izimov. *Central Asian Analytical Network*. 19 January. Available at: <https://www.caa-network.org/archives/23247/epizod-7-s-farkhodom-tolipovym-i-ajzhan-sharshenovoj-kak-effektivno-balansirovat-vneshnyuyu-politiku/> (Accessed: 16 November 2023).
- Treaty (1992) *The Treaty on the Friendship, Cooperation and Mutual Assistance between the Kyrgyz Republic and the Russian Federation*. Moscow. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/17122?cl=ru-ru> (Accessed: 21 August 2020).
- Treaty (1993) *The Treaty on the Friendship, Cooperation and Mutual Assistance between the Republic of Kazakhstan and the Kyrgyz Republic*, 8 June. Almaty. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/17522> (Accessed: 23 August 2020).
- Treaty (1994) *The Treaty on the creation of the Common Economic Space between the Republic of Kazakhstan and the Republic of Uzbekistan*, 10 January. Tashkent. Available at: <http://online.zakon.kz> (Accessed: 27 July 2020).
- Treaty (1997) *The Treaty of Eternal Friendship between the Kyrgyz Republic and the Republic of Kazakhstan*, 8 April, Almaty. Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/17031> (Accessed: 2 September 2020).
- Trenin, D. (2011) *Post-Imperium: Eurasian History*. Moscow: Carnegie Moscow. Available at: <https://carnegieendowment.org/pdf/book/post-imperium.pdf> (Accessed: 9 June 2019).



Tripp, C. (1995) 'Regional Organizations in the Arab Middle East', in Fawcett, L. and Hurrell, A. (eds.) *Regionalism in World Politics: Regional Organization and International Order*. Oxford: Oxford University Press, 283–308.

Troitskiy, M. (2007) 'A Russian Perspective on the Shanghai Cooperation Organisation', in Bailes, A., Dunay, P., Guang, P. and Troitskiy, M. (eds) (2007) *The Shanghai Cooperation Organization*. SIPRI Policy Paper No. 17. Stockholm: SIPRI. Available at: <https://www.sipri.org/publications/2007/sipri-policy-papers/shanghai-cooperation-organization> (Accessed: 25 September 2017).

Umarov, T. (2022) 'Elitam Kyrgyzstana Ne Nuzhna Zheleznaya Doroga V Kitay. Temur Umarov – O Novom "Soyuze" Stran Tsentral'noy Azii/ The Elites Of Kyrgyzstan do not Need a Railway to China.' Temur Umarov - About the New "Union" of Central Asian Countries. Interviewed by Victor Mukhin. *Kloop*. 26 July. Available at: <https://kloop.kg/blog/2022/07/26/elitam-kyrgyzstana-ne-nuzhna-zheleznaya-doroga-v-kitaj-temur-umarov-o-novom-soyuze-stran-tsentralnoj-azii/> (Accessed: 30 July 2022).

Umetova, A. (2004) *Kirgiziya v Protsessah Ekonomicheskoy Integratsii na Postsovetском Prostranstve/ Kyrgyzstan in the Process of the Economic Integration in the Post-Soviet Space*. Autoreferat of the Dissertation for the Degree of Candidate of Economic Sciences. MGIMO. Available at: <http://economy-lib.com/kirgiziya-v-protsessah-ekonomicheskoy-integratsii-na-postsovetском-prostranstve> (Accessed 6 September 2020).

UN COMTRADE (1999) '*International Trade Statistics Yearbook*'. Volume I. Available at: <https://comtradeplus.un.org/Publication/ITSY> (Accessed: 26 September 2017).

UN COMTRADE (2003) '*International Trade Statistics Yearbook*'. Volume I. Available at: <https://comtradeplus.un.org/Publication/ITSY> (Accessed: 26 September 2017).

UN COMTRADE (2004) '*International Trade Statistics Yearbook*'. Volume I. Available at: <https://comtradeplus.un.org/Publication/ITSY> (Accessed: 26 September 2017).

UN COMTRADE (2008) '*International Trade Statistics Yearbook*'. Volume I. Available at: <https://comtradeplus.un.org/Publication/ITSY> (Accessed: 26 September 2017).

UNCTADSTAT (various years) *Commodity Prices Database*. Available at: <https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx> (Accessed: 1 July 2018).

UNCTADSTAT (various years) *Balance of Payments/ Foreign Direct Investment Database*. Available at: <https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx> (Accessed: 1 July 2018).

Ushakova, N. (2003) 'Central Asian Cooperation: Toward Transformation', *Central Asia and the Caucasus*, 3 (21). Available at: <https://ca-c.org/article/2681> (Accessed: 27 July 2022).

Uskenbaeva, G. (2015) '“Dordoi”, “Madina”, Shveyniki Postradayut Ot Prisoyedineniya KR K YEAEs/"Dordoi", "Madina", Garment Workers Will Suffer from the Accession of the Kyrgyz

Republic to the EAEU', Tazabek, 25 June. Available at: <http://www.tazabek.kg/news:392347> (Accessed: 5 September 2019).

USSR Constitution (1977) *The Constitution of the Union of the Soviet Socialist Republics*. The Government of the Union of the Soviet Socialist Republics. Available at: <https://www.departments.bucknell.edu/russian/const/1977toc.html> (Accessed: 6 August 2020).

USSR Law (1990) *The Law On The Economic Relations Between The Union, Union and Autonomous Republics*. The Government of the Union of the Soviet Socialist Republics. Available at: [http://www.libussr.ru/doc\\_ussr/usr\\_16410.htm](http://www.libussr.ru/doc_ussr/usr_16410.htm) (Accessed: 4 September 2017).

US Treasury (2023) *PRESS RELEASES: Treasury Sanctions Impede Russian Access to Battlefield Supplies and Target Revenue Generators*. Available at: <https://home.treasury.gov/news/press-releases/jy1636> (Accessed: 16 November 2023).

Valborn M. (2016) 'North Africa and the Middle East', in Borzel, T. and Risse, T. (eds.) *The Oxford Handbook of Comparative Regionalism*. Oxford: Oxford University Press, pp. 249-270.

Van Langenhove, L. (2011) *Building Regions: The Regionalization of the World Order*. Farnham: Ashgate.

Van Selm, B. (1997) *The Economics of Soviet break-up*. London: Routledge.

Velde, D. and Bezemer, D. (2006) 'Regional Integration and Foreign Direct Investment in Developing Countries', *Transnational corporations*, 15 (2), pp. 41-70.

Viner, J. (1950) *The Customs Union Issue*. New York: Carnegie Endowment for International Peace.

Vinokurov, E. (2013) 'Pragmatic Integration', *EDB (2013) Eurasian Integration Yearbook*. Almaty: Eurasian Bank of Development, pp. 15-27.

Vinokurov, E. (ed.) (2017) *The Eurasian Economic Union*. Saint Petersburg: The Eurasian Bank of Development.

Vinokurov, E. (2018) *Introduction to the Eurasian Economic Union*. Palgrave Macmillan. Kindle Edition (Downloaded: 2 January 2022).

Vinokurov, E. and Libman, A. (2014) 'Do Economic Crises Impede or Advance Regional Economic Integration In The Post-Soviet Space?', *Post-Communist Economies*, 26 (3), pp. 341-358.

Vinokurov, E. and Libman, A. (2017) *Re-Evaluating Regional Organizations: Behind the Smokescreen of Official Mandates*. Basingstoke: Palgrave MacMillan.

Vinokurov, E., Libman, A. and Maqsimchuk, N. (2010) *The Dynamics of Integration Processes in Central Asia/ Dinamika Integratsionnykh Processov v Central'noi Azii*. Munich Personal RePec Archive Paper No. 20989. Available at: <http://mpra.ub.uni-muenchen.de/20989/> (Accessed: 25 July 2018).

Vinokurov, E. and Tsukarev, T. (2018) 'The Belt and Road Initiative and the Transit Countries: an Economic Assessment of Land Transport Corridors', *Area Development and Policy*, 3 (1), pp. 93-113.

Volkov, I. (2007) *Osnovnyye Problemy Geopoliticheskogo Polozheniya Tsentral'noy Azii V Epokhu Globalizatsii: Na Primere Kyrgyzstan/ The Main Problems of The Geopolitical Position of Central Asia in the Era of Globalization: the Example of Kyrgyzstan*. Bishkek: Kyrgyz – Russian Slavic University.

Vymyatnina, Y. and Antonova, D. (2014) *Creating the Eurasian Union: Economic Integration of the Former Soviet Republics*. Basingstoke: Palgrave Macmillan. Kindle Edition (Downloaded: 15 July 2017).

Walker, S. (2020) 'Kyrgyzstan Election: Prime Minister Resigns After Result Invalidated Amid Protests', *The Guardian*, 6 October. Available at: <https://www.theguardian.com/world/2020/oct/06/kyrgyzstan-election-result-declared-invalid-after-mass-protests> (Accessed: 16 November 2023).

Walt, S. (1987) *The Origins of Alliance*. Ithaca, N.Y.: Cornell University Press.

Waltz, K. (1979) *Theory of International Politics*. Reading, Mass.: Addison- Wesley.

Webb, E., Campbell, D., Schwartz, R. and Sechrest, L. (1966) *Unobtrusive Measures: Nonreactive Measures in the Social Sciences*. Chicago: Rand McNally.

WITS (1995-2015) *World Integrated Trade Solution, Kazakhstan Exports, Imports and Trade Balance*. Available at <https://wits.worldbank.org/CountryProfile/en/Country/KGZ/Year/2015/TradeFlow/EXPIMP/Partner/by-country> (Accessed: 9 November 2022).

WITS Kazakhstan (2015) *World Integrated Trade Solution, Kazakhstan Exports, Imports and Trade Balance*. Available at <https://wits.worldbank.org/CountryProfile/en/Country/KGZ/Year/2015/TradeFlow/EXPIMP/Partner/by-country> (Accessed: 7 November 2019).

WITS Kyrgyzstan (2015) *World Integrated Trade Solution, Kyrgyz Republic Exports, Imports and Trade Balance*. Available at <https://wits.worldbank.org/CountryProfile/en/Country/KGZ/Year/2015/TradeFlow/EXPIMP/Partner/by-country> (Accessed: 7 November 2019).

Wood, S. (2013) 'Prestige in World Politics: History, Theory, Expression', *International Politics*, 50 (3), pp. 387-411.

World Bank (1992) *Statistical Handbook: States of the Former USSR*. Washington DC: World Bank.

World Bank (1993a) *A World Bank Country Study, Kazakhstan – The Transition to Market Economy*. Washington DC: World Bank.

World Bank (1993b) *A World Bank Country Study, Kyrgyzstan – The Transition to Market Economy*. Washington DC: World Bank.

World Bank (2012) *Assessment of Costs and Benefits of the Customs Union for Kazakhstan, Report Number 65977-KZ*. Washington DC: World Bank. Available at: <http://documents.worldbank.org/curated/en/2012/01/15647043/assessment-costs-benefits-customs-unionkazakhstan> (Accessed: 20 November 2019).

World Bank (2018) *Kazakhstan - Systematic Country Diagnostic: A New Growth Model for Building a Secure Middle Class*. Washington, D.C: World Bank Group. Available at: <http://documents.worldbank.org/curated/en/664531525455037169/Kazakhstan-Systematic-country-diagnostic-a-new-growth-model-for-building-a-secure-middle-class> (Accessed: 15 April 2019).

WTO (1998) *World Trade Organisation, Accessions: the Kyrgyz Republic*. Available at: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_kyrgyz\\_republic\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_kyrgyz_republic_e.htm) (Accessed: 21 August 2018).

WTO (2001) *World Trade Organisation, Accessions: China*. Available at: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_chine\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_chine_e.htm) (Accessed: 7 December 2022).

Yakubov, A. (2010) 'S Vvedeniyem Tamozhennogo Soyuza Chelnochnyy Biznes Uvyanet, Schitayut Eksperty/ With the Introduction of the Customs Union, the Shuttle Business Will Fade, Experts Say', *Azattyq*, 5 March. Available at: [https://rus.azattyq.org/a/kazakhstan\\_russia\\_belarus\\_customs\\_union/1975028.html](https://rus.azattyq.org/a/kazakhstan_russia_belarus_customs_union/1975028.html) (Accessed: 16 September 2019).

Zakon.kz (2010) 'Predprinimateli I Chinovniki Raskhodyatsya V Otsenke Pol'zy Ot Sozdaniya TS/ Entrepreneurs and Officials Disagree on the Benefits of Creating a CU', *Zakon.kz*, 5 November. Available at: <https://www.zakon.kz/189253-predprinimateli-i-chinovniki.html> (Accessed: 16 September 2019).

Zemin, J. (1992) 'Accelerating the Reform, the Opening to the Outside World and the Drive for Modernization, to Achieve Greater Successes in Building Socialism with Chinese Characteristics'. *14<sup>th</sup> National Congress of the Communist Party of China*. 12 October. Beijing. Available at: [http://www.bjreview.com.cn/document/txt/2011-03/29/content\\_363504.htm](http://www.bjreview.com.cn/document/txt/2011-03/29/content_363504.htm) (Accessed: 16 January 2017).

Zemin, J. (1997) 'Hold High the Great Banner of Deng Xiaoping Theory for an All-round Advancement of the Cause of Building Socialism with Chinese Characteristics' Into the 21st Century'. *15<sup>th</sup> National Congress of the Communist Party of China*. 12 September. Beijing. Available at: [http://www.bjreview.com.cn/document/txt/2011-03/25/content\\_363499\\_16.htm](http://www.bjreview.com.cn/document/txt/2011-03/25/content_363499_16.htm) (Accessed: 16 January 2017).

Zhambekov, N. (2015) 'Central Asian Union and Obstacles to Integration in Central Asia', *The Central Asia Caucasus Analyst*. 7 January. Available at: <http://www.cacianalyst.org/publications/analytical-articles/item/13116-central-asian-union-and-the-obstacles-to-integration-in-central-asia.html> (Accessed: 21 October 2022).

## APPENDICES

### A. Timeline of regional integration initiatives in the CIS space.

8 Dec 1991	The Belavezha Accords - Commonwealth of Independent States/ CIS (Russia, Belarus, Ukraine)		
21 Dec 1991	The Almaty Declaration of CIS		
	<b>CIS</b>	<b>Central Asian Union/ Central Asian Economic Community</b>	<b>Customs Union/ Eurasian Economic Union</b>
1992		The Treaty on Friendship, Cooperation and Mutual Assistance between Kazakhstan and Uzbekistan.	The Treaty between the Kyrgyz Republic and the Russian Federation on Friendship, Cooperation and Mutual Assistance. The Treaty between Kazakhstan and the Russian Federation on Friendship, Cooperation and Mutual Assistance.
1993	The Treaty on the creation of the Economic Union.	The Treaty is on Friendship, Cooperation and Mutual Assistance between the Kyrgyz Republic and Kazakhstan.	
1994	The Agreement on the creation of the free trade area.	The Treaty on creating the Common Economic Space between Kazakhstan and the Republic of Uzbekistan.  The Almaty summit: the leadership of Kazakhstan, Uzbekistan, and Kyrgyzstan decided to create the Intergovernmental Council.  The Bishkek summit: the Central Asian Bank of Cooperation and Development was created.	
1995			The Agreement on forming the Customs Union between the Russian Federation, Belarus and Kazakhstan.
1996			Kyrgyzstan joins the Customs Union Agreement.  The Treaty on Deepening Economic and Humanitarian Integration between Belarus, Kazakhstan, Kyrgyzstan, and the Russian Federation  Tajikistan joined the Treaty in 1998.
1998		Central Asian Economic Community (Tajikistan joins).	

1999			The Treaty on the Customs Union and Single Economic Space between Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.
2000			The Treaty on creating an Integration Alliance and the Eurasian Economic Community between Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.
2002		Central Asian Cooperation Organisation (CACO).	
2003			The Treaty on Establishment of the Single Economic Space.
2004		Russia joined CACO.	
2006		The merger of the Eurasian Economic Community and Central Asian Cooperation Organisation.	
2007		The Treaty on creating Single Customs Territory and establishing the Customs Union of Belarus, Kazakhstan and Russia.	
2009		The Commission of the Customs Union started functioning.	
2010		<p>The Common Customs Tariff of the Customs Union was implemented.</p> <p>Customs Code of the Customs Union.</p> <p>The Declaration on Establishment of the Single Economic Space of Belarus, Kazakhstan and Russia.</p>	
2011	The Agreement on CIS free trade area.	Kyrgyzstan started negotiations on the accession to the Customs Union.	
2012		<p>The Treaties on the Single Economic Space of Belarus, Kazakhstan and Russia entered into force.</p> <p>The Eurasian Economic Commission started functioning.</p>	
2014		<p>Treaty on the creation of the Eurasian Economic Union (EAEU ).</p> <p>The Agreement on Accession of Armenia to the EAEU.</p> <p>The Agreement on Accession of the Kyrgyz Republic to the EAEU.</p>	
2015		<p>The Eurasian Economic Union started functioning.</p> <p>Accession of Armenia to the EAEU.</p> <p>Accession of the Kyrgyz Republic to the EAEU.</p>	

## B. Shanghai Five and SCO events timeline

1996	The leaders of Kazakhstan, Kyrgyzstan, Russia, Tajikistan and China signed the Agreement on Confidence Building in the Military Field in the Border Area in Shanghai.
1997	The leaders of Kazakhstan, Kyrgyzstan, Russia, Tajikistan and China signed in Moscow the Agreement on Mutual Reduction of Forces in the Border Area (also known as the Moscow Agreement).
1998	In Astana, the leaders of Kazakhstan, Kyrgyzstan, Russia, Tajikistan and China reviewed the implementation process of the Shanghai Agreement (Agreement on Confidence Building in the Military Field in the Border Area) and Moscow Agreement (Agreement on Mutual Reduction of Forces in the Border Area).
2001	The sixth summit meeting of the "Shanghai Five" was held in Shanghai. During the summit, "Shanghai Five" was transformed into the Shanghai Cooperation Organization (SCO) with the admission of Uzbekistan.
2002	The SCO Charter
2003	Moscow summit: Establishment of the Regional Anti-Terrorism Structure (RATS) and Secretariat. Programme of multilateral trade and economic cooperation among the SCO member states.
2004	Tashkent summit: Mongolia and "observer status." Action Plan on implementation of the economic programme. Foundation for the SCO Business Council.
2005	Astana summit: "Regulations on the permanent representatives of the SCO member states in the RATS." Observers are admitted: Pakistan, Iran, and India.
2006	Shanghai summit: "Agreement on cooperation in the area of education and SCO university initiative". SCO Business Council.
2007	Bishkek summit: "Agreement on long-term Good-neighbourliness, Friendship and Cooperation." "Agreement on cooperation between the SCO Interbank Association and the SCO Business Council." Cooperation in the energy sector.
2008	Dushanbe summit: The Regulations on the SCO dialogue partner. The Protocol between the customs authorities of the SCO Member States on the exchange of information in the control of the movement of energy resources.
2009	Ekaterinburg summit: Dialogue partners are admitted: Belarus and Sri Lanka. "Agreement on cooperation in information security". Response to the "Global crisis".
2010	Tashkent summit: The Regulation on the admission of new members of the Rules of Procedure was adopted. "Agreement on cooperation in agriculture and in the fight against crime".
2011	Astana summit: The anti-drug strategy of SCO member states for 2011-2016 and the Program of Actions. "Agreement on cooperation in health."



2012	Beijing summit: Observer admitted: Afghanistan. Dialogue partner admitted: Turkey.
2015	Ufa summit: Membership Admission of India and Pakistan.

### **C. Official publications of Kyrgyzstan and Kazakhstan**

#### Kyrgyzstan:

(1993) The Treaty on the Friendship, Cooperation and Mutual Assistance between the Kyrgyz Republic and the Russian Federation.

(1993) The Treaty on the Friendship, Cooperation and Mutual Assistance between the Republic of Kazakhstan and the Kyrgyz Republic.

(1994) The Concept of the Economic and Social Development of the Kyrgyz Republic until 2000.

(1994) The Treaty on creating the Common Economic Space between the Republic of Kazakhstan and the Republic of Uzbekistan.

(1994) The Agreement between the Republic of Kazakhstan, the Kyrgyz Republic and the Republic of Uzbekistan on establishing the Central Asian Bank for Cooperation and development.

(1995) The Agreement on the Interstate Council of the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Uzbekistan and its institutions.

(1995) The Agreement on the Free Trade between the Government of the Republic of Kazakhstan and the Government of the Kyrgyz Republic.

(1997) The Treaty of Eternal Friendship between the Kyrgyz Republic and the Republic of Kazakhstan,

(1997) The Treaty of Eternal Friendship between The Republic of Kazakhstan, the Kyrgyz Republic and the Republic of Uzbekistan.

(1998) The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the use of water and energy resources in the Syrdarya river basin.

(1998) The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan on the joint and integrated use of water and energy resources of the Naryn-Syrdarya cascade of reservoirs in 1998.

(1998) "Silk Route Diplomacy" Doctrine.

(1999) The Agreement between the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic, the Government of the Republic of Tajikistan and the Government of the Republic of Uzbekistan on the parallel operation of the energy systems of the Central Asian states.

(2000) the Comprehensive Action Plan for Cooperation between the Kyrgyz Republic and the People's Republic of China for 2000-2003.

(2004) Programme of cooperation between the Kyrgyz Republic and the People's Republic of China for 2004-2014.

(2007) Strategy of Development 2007-2010.

(2007) Concept of External Policy of the Kyrgyz Republic.

(2013) Kyrgyzstan Strategy 2013 -2017: Programme on the transition of the Kyrgyz Republic to sustainable development.

(2013) Program for the development of the manufacturing industry of the Kyrgyz Republic for 2013-2015.

## Kazakhstan

- (1992) Strategy of Resource-saving and Market Transition.
- (1992) Strategy of Formation and Development of Kazakhstan as a Sovereign State.
- (1997) Strategy Kazakhstan 2030.
- (2003) Strategy of Industrial- Innovative Development of the Republic of Kazakhstan 2003-2015.
- (2003) Programme of Cooperation between the Republic of Kazakhstan and the People's Republic of China for 2003-2008.
- (2010) The Strategic Plan of Development of the Republic of Kazakhstan until 2020.
- (2010) The Programme for Accelerated Industrial and Innovative Development of the Republic of Kazakhstan for 2010-2014.
- (2012) Strategy Kazakhstan 2050.
- (2013) Programme for the Medium and Long-term Development of Trade and Economic Cooperation between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China until 2020.
- (2014) The External Policy Concept of the Republic of Kazakhstan 2014-2020.
- (2014) The Programme of the Industrial -Innovative Development of the Republic of Kazakhstan for 2015-2019.
- (2014) The Treaty on the Eurasian Economic Union.
- (2015) The Nation's Plan - 100 Steps to Implement the President's Five Institutional Reforms.
- (2017) The Strategic Plan of Development of the Republic of Kazakhstan until 2025.
- (2001-2015) Shanghai Cooperation Organisation Declarations.