

FOREIGN POLICY ENERGY DIMENSION IN THE REPUBLIC OF KAZAKHSTAN

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ABSTRACT

The work is devoted to actual problems of economic and energy development of Kazakhstan in conditions of globalization and regionalization. The authors examine the characteristics, the nature and prospects of expansion of Kazakhstan's external energy relations, problems of strategic partnership, and formation trends of the model of the regional economy within the boundaries of the Eurasian Economic Space. There search of these factors seems to be actually relevant, that allows to form a many faceted vision of the process, taking place Central Asia and Kazakhstan in the globalized world.

JEL CLASSIFICATION & KEYWORDS

■ D72 ■ GLOBALIZATION ■ REGIONALIZATION ■ ENERGY SAFETY ■ EXTERNAL POLICY ■ ENERGY COOPERATION

INTRODUCTION

Global changes in the system of contemporary international relations related to the processes of globalization led to the reassessment of the role and place of individual states, regional associations and regions themselves in determining the content and prospects of the global economic policy.

Thus, the present stage of economic development is characterized by a significant feature - the end of age of global dominance in the West. The main actors of global governance are the states and international alliances located in Asia. Today, Asia accounted for over a third of the global GDP, and its growth in the future will be provided by the Asian countries, particularly China and India.

Along with the economic changes there is a risk of sustainable economic development security of the Asian regions, which directly includes the states of Central Asia and Kazakhstan, in particular, the economic interests are historically and geographically linked both to Europe and Asia.

Under these circumstances, it is important to formulate the goals, objectives, areas of cooperation in the framework of the national economic strategy, including the Eurasian economic space that will allow Kazakhstan to identify Eurasian interests, connect Europe with Asia economically, to build relations with the neighboring countries and to identify the priorities for economic cooperation in ensuring regional economic safety.

Factors influencing on the formation of foreign economic policy

Regional and international unions exert an increasing influence on the world economic trends formation, at the same time the value of the national states in the organization of the institutional infrastructure of the region is increasing too. Kazakhstan positions itself as a Eurasian state, being the first country in the post-soviet space that advanced the

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idea of Eurasian integration and creation of the Eurasian Union, plays a special role in the formation of the Eurasian institutional infrastructure. Modern trends of "idea of Eurasianism" implementation were the creation of the Customs Union (CU) of Belarus, Kazakhstan and Russia and the subsequent formation of a single economic space (SES) of the three states.

The global financial crisis and the subsequent economic downturn had a significant impact on the development prospects of energy markets, particularly in the next few years. Together with the decline in economic activity the worldwide demand for energy in general dramatically declined. The recovery rate depends mainly on how quickly the global economy will recover from the crisis (Central Asia, 2012).

The energy factor has a huge impact on the world political processes and international relations. The complexity of energy problems highlights the issues of global cooperation between countries, as energy resources are a crucial factor in the viability of the global economy. Today, when the world is on the threshold of the depletion of energy resources, interrelation and interdependence of countries inevitably getting worse. That is why energy issues will cover all subjects of international relations. Accordingly, in the foreign policy of countries a significant place will be given to the problem of international cooperation, in particular energy diplomacy (Eurasian Development Bank, 2013).

Kazakhstan successfully carried out the entry into the international community and various international organizations of the global, regional and sub-regional level. Kazakhstan is a member of such international organizations as the UN, OSCE, UES, UIC, UNESCO, IAEA and others. Kazakhstan has acceded to most international treaties and agreements and thus carried out its entry into the international legal field. Kazakhstan is a party to such agreements in the field of international security as NPT, START-1, CST, as well as all fundamental documents of the OSCE and the UN (Zhukov & Reznikova, 2008).

Currently, to ensure energy security is the main trend in the domestic policy of developed and developing countries. Thus, it can be argued that in recent years the content of "energy security" notion changed (The system of Eurasian integration indicators, Eurasian Development Bank, 2013). The search for more effective ways of usage of standard, for the past years, a set of resources - oil, gas and uranium has considerably grown. The understanding of the national energy security depends on the availability of own fuel and energy resources of the country.

The foreign economic policy cooperation of Kazakhstan is influenced on by a number of factors that determine the strategy and direction of development of external relations under modern conditions.

Global factors: The international community and the global economy are currently in a state of transformation of the

political and socio-economic relations. The political transformation is caused by the end of the "cold war" and the collapse of the bipolar system of international relations. With the collapse of the Soviet bloc, the international relations are formed in line with the multi-polar interactions. The transformation of the world economy is a consequence of the technological "challenges" and the global crisis as a result of non-compliance of economic development mechanisms and institutions to new economic technologies.

International cooperation trends. One of the key lessons of the global crisis is strengthening of international and regional economic cooperation, opening new markets, which is manifested in the following trends:

- a. Economic growth of a group of countries in the developing world and paces of overcoming the consequences of the crisis have become factors of influence expansion of these countries on the solution of global economy problems and the main reason for the expansion of format G8 up to G20.
- b. Developing countries favor the «vertical» integration while the developed countries «horizontal» integration (BRIC, SCO). For Kazakhstan, this trend is particularly important because of the country's participation in the Shanghai Cooperation Organization (SCO), which was created, in particular, to address the harmonization of political interests of Russia and China with political interest of Central Asian countries. Today, the importance and influence of the SCO grows out of regional standards in virtue of the developing mechanism for coordinating the interests of the group of Eurasian countries, including Russia, Kazakhstan, China, India, Iran, Afghanistan and Pakistan.

The intensification of Eurasian integration processes related to the expansion of the European Union and the activation of integration initiatives in Asia in the post Soviet space. The processes of creation of the Customs Union and the Common Economic Space of Belarus, Kazakhstan and Russia gave irreversible tone to the post-Soviet integration and became a stimulus for deepening and expanding international economic cooperation.

- c. The strategy of economic development of the country. Kazakh Government is systematically implementing a policy of expanding foreign economic cooperation. The strategy "Kazakhstan-2030" marked a long-term path of a sovereign republic, aimed at transforming the country to «one of the most secure, stable, sustainable countries in the world with a fastest growing economy» (IMF report on global changes, 2009). Strategic development plan of Kazakhstan till 2020 was the second phase of implementation of the Strategy-2030. Among the most important strategic tasks of Kazakhstan in the next decade - is the expansion of external relations and improving the efficiency of public administration. The creation of conditions for the participation of Kazakhstan in the global decision making on "the formation of a new architecture of international relations and the contours of global trade and financial system" (Eurasian Development Bank, 2013) becomes a priority of the state international policy.

Thus, the expansion of foreign relations of Kazakhstan in accordance with global trends should be in the direction of strengthening economic cooperation in the framework of existing regional integration groupings and international unions with a view to creating a common Eurasian space.

Ways to strengthen economic cooperation

The traditional regulation model of international economic relations has acquired contemporary content since the creation of (after World War II) a network of international organizations and the transfer them authority to manage certain aspects of the world economy. The global crisis and the consequences of its impact on all states put forward the problem of increasing the controllability of the world economy in the category of the most important challenges of globalization.

The main thesis of globalization became the recognition of the international organizations of the status of key actors of the global governance capable of coordinating the actions of individual states to address collective problems. Despite the fact that the current system of global governance is recognized as imperfect and needs reforming, alternatives of the current system of global governance in the near term are not expected. In this regard, the issues of international cooperation and participation of the state in the global economic governance seems to be very actual for the external economic prospects of the country.

In Kazakhstan, the main perspective directions of the strategic economic partnership are, in our opinion cooperation under the regional and international alliances and integration into the world markets.

The first direction is connected with the expansion of bilateral economic cooperation and cooperation within international organizations.

The second - with the participation in the international division of labor, the deepening of cooperation in the framework of already developed global and regional markets and opening up new economic markets.

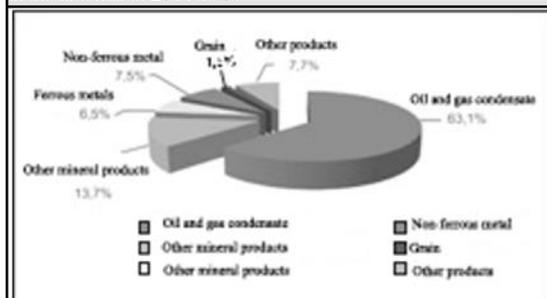
With regard to the dynamics of commodity exchange development, except in recent years, characterized by a reduction of global exchange of goods as a result of the crisis, we can generally talk about a trend towards stability of foreign trade relations with a due regard to the public policy for economic cooperation expansion in the sphere of trade.

The third direction of expanding economic partnership of Kazakhstan is due to the expansion of economic frontiers, definition of the prospects of international economic specialization and participation of the Republic in the international division of labor. In this direction it is expected to solve a number of problems related to the issues of new promising world markets development, along with the financial and oil and gas markets (Kuzmin, 2010).

This trend of economic partnership is not enough, in our view, reflected in the strategic economic documents. In the post-crisis economic development and transformation of economic relations towards innovative development the integration into the world markets and participation of the country in the development of promising new markets should be the main strategic objectives of economic policy. Therefore, it is necessary to make a state assessment of the scale of integration in world markets and to provide state support to participants, mastering a new innovative market (Vinokurov et al, 2010).

Today Kazakhstan is an active participant of the global energy market, which determines both export and overall economic policy over the last decade. In the commodity structure of export of Kazakhstan mineral products make up 8%, oil and gas condensate owns 63.1% of total exported goods of the Republic.

Figure 1: Export commodity structure of the Republic of Kazakhstan in the first half of 2014 as %



Note: Compiled according to the National Bank of Kazakhstan. Balance of payments and external debt of the Republic of Kazakhstan for the first half of 2014 year.

Source: <http://www.nationalbank.kz>

Import commodity structure reflects the current demand of the republic in consumer goods (22.7%), intermediate goods of industrial use (40.9%) and capital goods (35.2%) (IMF report, 2010).

The program of forced industrialization aimed at restructuring the economic structure of Kazakhstan, is to change the situation, especially in the food market, where the main export product is grain.

According to the assessment of major sectors of the global food market, the level of state regulation in the sectors of genetically modified and organic products is higher than in the traditional sector (Shishkov, 2010). Kazakhstan has certain advantages in the development of the sector of organic products for the European market. An important trend in the development of new sectors of the food market for Kazakhstan becomes ecological safety and preferences of their own consumers and major trading partners in the use of a group of food products.

The global market for new technologies currently represented in several key areas. It is believed that in the world there are about 50 major macro-technologies, of which approximately on 12 of them Soviet Union was holding a leading positions. Today, Russia allots a task to hold leading positions at least on 7-8 technologies (World Bank report, 2010). It is assumed that the priority areas for Russia can become the space research, nanotechnology, aeronautics (on the military basis), and the use of nuclear energy and the production of equipment for them. Researches in the field of new energy sources, energy conservation and the protection of nature and environmental safety are considered to be among the key trends of the world innovation market.

Kazakhstan's current participation in the market of advanced technology involves only the use of foreign achievements, but there is a potential for the development and deployment of technologies in several key areas related to the use of nuclear energy, space researches. Kazakhstan's participation should enhanced in the geo-economic projects related to the development and application of "green" technologies in various industries related to the development of natural resources in CES and CA (energy, water and resources of agro-industrial complexes).

CONCLUSION

Thus, the formation of foreign economic policy is carried out under the influence of global economic trends, the nature of international economic cooperation and the existing economic development strategy. These factors should be

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considered when determining the directions, forms and objectives of economic cooperation. For Kazakhstan, the main directions of foreign policy related to the expansion of the geographical structure of foreign trade in regional international unions, in particular, the EurAEC, CIS, SCO and the CES, and the expansion of economic borders by sequential integration into world markets. And the second area should be a priority in the strategic plans for the creation of innovative economy model of Kazakhstan.

Kazakhstan have to expand the space of economic partnership to meet the criteria of an innovative economy and to be engage in global and regional technology flows, and to determine their place in the structure of the international division of labor, getting over from direction of raw-material export, based on global energy market needs.

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