

Kazakhstan and Russia: Experience and Prospects of Transfrontier Cooperation (1991-2015)

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ABSTRACT

After the collapse of the Soviet Union, the Russian Federation and the Republic of Kazakhstan had to re-build their bilateral relations, and today this process continues. Both countries face up to a number of objective difficulties, such as crisis and the need to develop new foreign and domestic policy doctrines. Nevertheless, several bilateral agreements show the governments' desire to establish closer co-operation and to look for new integration method. Cross-border cooperation presents one of these methods. This paper deals with specific features of interterritorial and cross-border cooperation between border regions of the Republic of Kazakhstan and the Russian Federation, basic problems of cross-border cooperation in these regions. The authors identified the most important areas of further cross-border and interregional cooperation between Kazakhstan and Russia. Relevant legal documents show intense cooperation development between the countries; this is confirmed by the participation of Kazakhstan and Russia in a number of international organizations, in particular, SCO, CIS, and the Customs Union. Development of cross-border cooperation presents a new stage in bilateral relations. Currently, the main difficulties that hinder such cooperation include inadequate legal framework, which requires improvement in order to meet the requirements of bilateral relations, the need to extend state funding, as well as the need to attract foreign investment.

KEYWORDS

Transfrontier cooperation, region,
international cooperation, interregional
cooperation, cross-border cooperation.

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Introduction

The world witnesses intense regionalization, which presents the process of regional spatial structuring within a single state and involvement of different regions in international relations at the interstate level. In turn, this determines the need to study the administrative-territorial units within states and the transformation of their interaction with each other and with the center. Flexible links between the territorial units of different countries play an important role in the establishment of commercial, political and cultural contacts as well as in mitigating various contradictions and conflicts arising at the international level. Therefore, it is extremely important and relevant to study social and geographical features of international cooperation between border regions of the Republic of Kazakhstan and the Russian Federation.

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Today, significance of the state border in the development and establishment of state contacts determines specificity of cooperation between regions of different countries. In this regard, studies dedicated to specific features of interterritorial cooperation between border areas become increasingly important (Mikula, 2004; Lahteenmaki, 1995).

Transfrontier cooperation presents cooperation between the border areas of two or more states, which is based on relevant agreements and arrangements. At the end of the twentieth century, transfrontier cooperation transformed into a qualitatively new form - cross-border cooperation. The concept "transfrontier cooperation" in terms of its English equivalents, such as "trans-border / transboundary cooperation", is literally interpreted as "supra-border cooperation" (Anon., 1980).

Development of cross-border cooperation keeps specificity, identity and individuality of each of the parties involved; it promotes successful solution of local problems, making maximum use of national capacity, gradually smoothening the periphery recurrence in the socio-economic development of the individual administrative-territorial units to the benefit of their peoples and states in general (Mikula, 2004; Balibar, 2004; Anon., 2000). Today, cross-border regions are characterized by many common challenges in the environmental, transport, economic, cultural, educational, social and other fields, which require concerted efforts.

A number of foreign authors provided detailed analysis of the category "transnational citizenship" (Baubock, 1994; Godunova, 2011; Katyryn, 2013). Institutionalists agree that "anarchy" of the periphery, pointed out by the realists, can be tackled by means of reputable and effective institutions (Benhabib, 2003), which can become the basis for all kinds of cross-border alliances. "The new institutional theory" considers the border phenomenon through the prism of economic relations (Balibar, 2004).

There are two major approaches to practical implementation of international cooperation between Kazakhstan and Russia. Namely, these imply directions and vectors at the regional and global levels (Mikula, 2004; Magomedov, 2001). These approaches include, in particular, measures aimed at the development of relations between Kazakhstan and the Russian regions, as well as work aimed at the economic integration with due regard to the current trends in the world economy. In the first case, formation and development of business, economic and socio-cultural relations between the Russian Federation and the regions of Kazakhstan becomes increasingly important as a form of the international Kazakh-Russian cooperation and foreign economic activity. At the initial stage of this process, transfrontier cooperation became predominant; it has already been widely used in foreign countries. The first fora of border regions held in Omsk, Chelyabinsk, Uralsk and Novosibirsk, showed feasibility of using such form of international cooperation between Kazakhstan and Russia as a separate direction (Segbers, 1997; Karibzhanov, 2012; Hernandez, 1999).

Border fora had predetermined themes, along with the participation of Heads of State and broad representation of various regional and national governments, business organizations, the public and the population. These events ended in signing contracts, letters of intent, along with the establishment of joint ventures as well as various activities, including socio-cultural events.

The fifth Forum of Heads of Border Regions was held in Aktobe (Kazakhstan) in September 2008. State representatives decided to transform it into a forum of both transfrontier and inter-regional cooperation. The first Summit of the Forum in a new status was held in Orenburg (Russian Federation) on September 11, 2009. The participants approved joint action plan of Kazakhstan and Russia for 2009-2010. All further regional cooperation fora were held in the new status in Ust-Kamenogorsk (Kazakhstan), Astrakhan' (Russian Federation), and Pavlodar (Kazakhstan). The anniversary (tenth) forum of interregional and transfrontier cooperation was held in 2013 in Yekaterinburg [09.08.12].

Thus, over the last decade, development of the Kazakh-Russian cooperation has acquired new forms. Transfrontier cooperation gained powerful state support at the regional and interregional levels. Fora of border regions became the main and effective form of its implementation, which were later expanded as interregional and transfrontier cooperation fora of the Kazakh - Russian regions.

Research purpose

The purpose of this study is to perform general analysis of the interterritorial and cross-border cooperation between the border regions of Russia and Kazakhstan at the macro, meso and micro levels, as well as to outline key features and problems of this cooperation, in particular in the context of border and cross-border cooperation.

Research questions

What are the main features of interterritorial and cross-border cooperation between the border regions at the micro, meso and macro levels?

What are the problems of interterritorial and cross-border cooperation between Kazakhstan and Russia?

What are the prospects of interterritorial and cross-border cooperation between the border regions?

Methods

Research methodology was based on using cognition, system analysis, rather-legal analysis, historical and legal method as well as logical, institutional and statistical research methods.

The authors used research works in the field of political science, economics, history, and general theory of law. Regulatory framework of this study was based on the laws of the Republic of Kazakhstan and the Russian Federation, as well as on bilateral and multilateral agreements.

Data, Analysis, and Results

In addition to the international documents, which define the general areas of cooperation between the Russian and the Kazakh border regions, interregional agreements referring to various areas of economic and humanitarian cooperation are no less important. Many of these documents are long-term and express common interests of the local residents. In this respect, documents adopted both at the intergovernmental, regional and local levels are particularly important. These include treaties and agreements concluded within the Customs Union, the Eurasian Economic Community, etc. Among them, the Treaty on deepened integration in the economic and

humanitarian areas dated March 29, 1999 and the Intergovernmental Agreement on the basic principles of cross-border cooperation dated 29 February 2004 are still very important. The first basic instrument dealing with interaction between the neighboring regions was Agreement on cooperation between the border regions of the Russian Federation and the Republic of Kazakhstan concluded on January 26, 1995 in Omsk (Magomedov, 2001).

Earlier, the first forum of the border regions of Kazakhstan and Russia was held on May 17, 2003 in Omsk, where the participants discussed measures to address the shortcomings in the organization of cross-border trade between the two countries. The original research shows a steady current trend towards intensification of closer, mutually beneficial relations between the border regions of Kazakhstan and Russia (Gavrilyuk, 2002), which is a key priority for further mutually beneficial development. Thus, international agreements between the regions of the Russian Federation and the Republic of Kazakhstan along with the legal regulation of cross-border cooperation are the basis for interaction between the local inhabitants. Joint activity of Kazakhstan and Russia referring to integration development in general and to the Eurasian economic integration in particular presents a separate aspect of this problem. Like the previous one, this trend became another effective step towards international cooperation.

It should be noted that the "Treaty of Friendship, Cooperation and Mutual Assistance" concluded in 1992 marked the beginning of a strong diplomatic relations within the new legal framework.

The beginning of 1993 was marked by the conclusion of broad agreements between Russia and Kazakhstan in Omsk with the participation of governmental delegations, heads of regional border areas of the two states. The participants discussed many priorities in the field of economic, scientific-technical, humanitarian and cultural cooperation between the neighboring regions of Russia and Kazakhstan. All this indicated that the two countries in their bilateral cooperation began to address specific challenges faced by their border regions.

Later, several documents were signed with the view of facilitating further strengthening of the Russian-Kazakh cooperation on the new legal basis (Anon., 2000). Among them, one should note the Agreement "On the Customs Union between Russia, Kazakhstan and Belarus," (Sultanov, 2006), which brought the leading CIS countries to a qualitatively new level of integration-based cooperation in the economic sphere (Anon., 2006).

On February 15, 2001, the 5th session of the Intergovernmental commission on cooperation between Kazakhstan and the Russian Federation was held in Astana. The participants noted the importance of the Program of economic cooperation between the Republic of Kazakhstan and the Russian Federation for 2001-2007 and the Program of interstate cooperation in the humanitarian sphere for the same period.

The main documents that regulated bilateral relations between Russia and Kazakhstan by the beginning of 2000s included the Treaty on Friendship, Cooperation and Mutual Assistance between the Russian Federation and the Republic of Kazakhstan" dated 25 May 1992, the Treaty on Further Strengthening of Economic Cooperation and Integration between the Russian Federation and the Republic of Kazakhstan dated 28 March 1994, the agreement between the governments of the Russian Federation and the Republic of Kazakhstan "On the single procedure of foreign

economic activity regulation" dated 20 January 1995, the declaration of the Russian Federation and the Republic of Kazakhstan "On eternal friendship and alliance oriented towards the twenty-first century" dated 6 July, 1998, the treaty "On economic cooperation for 1998-2007" dated 12 October 1998, etc. These documents declared respect for the sovereignty and territorial integrity of the two states, for the development of mutually beneficial trade-economic, investment, scientific-technical, humanitarian and cultural relations, coordination of actions aimed at the development of integration, relations with third states and international organizations.

In 2003, the two presidents declared that Russia and Kazakhstan intended to implement consistently bilateral agreements referring to oil transit, the status of the Caspian Sea, as well as to the Russian lease of the Baikonur Cosmodrome. It was also stated that Russia would participate in the construction of a nuclear power plant in Balkhash lake area. In March 2003, Business Forum with the participation of about 150 businesspersons from all regions of Kazakhstan and five border regions of Russia was held in Uralsk. The participants discussed issues related to transfrontier cooperation, taxation and small business lending. The forum resulted in signing 46 protocols of intent referring to the establishment of joint ventures between small businesses in Kazakhstan and Russia.

On 15 April 2003, the Agreement on joint measures aimed at identifying channels of illegal migration and drug trafficking, as well as on the development of cross-border cooperation between Russia and Kazakhstan in the field of international highway service and health was signed in Omsk with the forum of border regions of Russia and Kazakhstan.

Interregional and transfrontier ties developed significantly due to the formation of the Customs Union and the Common Free Market Zone. On 15 September 2011, the countries adopted a common program of interregional and transfrontier cooperation between the Russian Federation and the Republic of Kazakhstan for 2012-2017. In this regard, relevant action plan aimed at the implementation of that program was adopted as well. This will promote further interregional cooperation.

In 2011, about five hundred Russian companies participated in more than forty exhibitions, fairs, conferences, round tables, seminars, business missions and presentations in the Republic of Kazakhstan. Subsequently, in 2012 several events were planned and implemented: innovation forum on transfrontier interregional cooperation in Pavlodar with participation of the presidents of both countries; business mission from the Kirov, Sverdlovsk and Saratov regions, the Republic of Bashkortostan and the Altai Territory; agreements were signed between the Union of Small and Medium Enterprises of the Sverdlovsk region and similar organization in the Republic of Kazakhstan; St. Petersburg International Forum (June 21-23), Astana Economic Forum (21-24 May), the Almaty Economic Forum and the exhibition (May 29-31).

It should be emphasized that interregional cooperation fora of the Russian Federation and the Republic of Kazakhstan have been held annually since 2003; the participants usually discuss and resolve current issues related to trade and economic cooperation, as well as new proposals, initiatives and bilateral cooperation projects.

Bilateral development of the Kazakh-Russian is currently based on the mid-term economic cooperation programs, as well as joint action plans of Kazakhstan and Russia. For example, in 2011 the Program of interregional and transfrontier cooperation

between the Republic of Kazakhstan and the Russian Federation for 2012-2017 was adopted at the XIII Forum in Astrakhan.

The initiatives outlined by the presidents of Kazakhstan and Russia at the VII Interregional Cooperation Forum held in the administrative center of the East Kazakhstan region - Ust-Kamenogorsk on 6-7 September 2010, were further developed through the visit of the official delegation of Ust-Kamenogorsk to the largest cities of the Russian Siberia - Tomsk, Novosibirsk and Barnaul. During that visit, several important agreements were signed. Ties with the neighboring Russian regions were also strengthened by means of participation of enterprises from the East Kazakhstan region in exhibitions, fairs, product contests including the international ones, held by the Russian Federation. Business entities from the neighboring Russian regions, in turn, participated in the exhibitions and fairs held in the East Kazakhstan region. Participation of business representatives from cross-border regions in the above events resulted in the signed agreements in the field of economic and other forms of future cooperation.

In 2011, both countries launched a program aiming at the long-term economic cooperation between the Russian Federation and the Republic of Kazakhstan, up to 2020.

The program of interregional and cross-border cooperation between the Russian Federation and the Republic of Kazakhstan for 2012-2017, adopted in 2011 at the XIII Forum of interregional cooperation in Astrakhan became another official document in this respect. These annual fora became an integral part of economic integration, figuratively speaking, the "face" of peculiar alliance relations between the Russian Federation and the Republic of Kazakhstan. Border regions are largely responsible for the trade and economic cooperation between the two countries. In 2012, the IX Interregional Cooperation Forum was held in the Kazakh city of Pavlodar; it was devoted to the development of innovative cooperation between Russia and Kazakhstan.

In terms of turnover with the border regions of Kazakhstan, several Russian regions take the lead. These include Chelyabinsk, Sverdlovsk, Astrakhan, Samara, Volgograd, Kurgan, and other areas of the Altai Territory, the Republic of Tatarstan and Bashkortostan. These subjects signed over 200 cooperation agreements. In 2006, the format of the annual meetings of Heads of State within the framework of this Cooperation Forum became interregional. In this respect, the Russian-Kazakh joint ventures play a significant role since their activities are directly related to the economic security of both states. In Kazakhstan, about 2,100 joint ventures operated during the studied period, of which 85%, or 1 790 joint ventures used Russian capital.

Within the framework of bilateral cooperation, sales office of the Republic of Kazakhstan and the Russian Federation in Moscow designated commissioners to the border regions of Russia and Kazakhstan. In this endeavor, the trade mission strengthened its influence in the border regions to implement the interests of the Kazakh and Russian entrepreneurs, the solution of specific field problems and tasks.

Since 2003, annual meetings of Heads of State in the border areas became traditional, which in 2009 transformed into the interregional cooperation between Kazakhstan and the Russian Federation.

Kazakhstan is one of Russia's major trading partners, and its share in foreign trade turnover with CIS countries exceeds 20%. In turn, Kazakhstan consistently ranked first

in the Russian turnover with the countries of Central Asia, and bilateral trade reached US\$ 12.8 billion (Archinbaev, 2002).

As was mentioned before, 76 Russian regions established strong links with their Kazakh partners, which concluded more than 250 mutual agreements by the end of the studied period. The border area of Russia and Kazakhstan covers 10 regions from the Russian side and three republics - Dagestan, Kalmykia, Altai, and from the Kazakh side - 7 regions.

Discussion and Conclusion

Establishment of the Customs Union certainly gave a new impetus to the trade and economic activity in Russia and Kazakhstan. Currently, inter-regional and cross-border cooperation provides more than 70% of foreign trade turnover between the two countries. For example, Saratov region, which is a border one in the Central Asian area, is one of the main trade partners of Kazakhstan. Their annual turnover increases annually by more than 50%. Within the studied period, Saratov enterprises supplied industrial gas equipment, building and facing bricks, domestic gas meters and equipment for boilers, power tubes, high-voltage and low-voltage equipment to the border areas of the Republic of Kazakhstan. The volume of glass exports, mechanical engineering products and building materials is growing as well. The increase in turnover was provided by means of the extensive transportation network – the railway line and a road junction "Taskala - Ozinki" connecting the Republic of Kazakhstan and the Russian territory.

The establishment of a single customs area, without customs duties and economic restrictions provided better opportunities for various kinds of cooperation among transfrontier economic entities along with the implementation of major joint projects. In particular, the international transport corridor E - 40 "East - West" gained practical importance, since it connected Western and Eastern Europe with the Central Asian states and China via the Astrakhan Region and some other regions of the South of Russia and Kazakhstan.

Issues that require sustained attention of the parties include promotion of products on the market; development of export potential; cooperation and competition in the regions; development of national export strategies; streamlining common trade policy mechanisms, etc. All these issues have been discussed within all the Kazakh-Russian regional and transfrontier cooperation fora.

The emergence of the "shadow" economy segments in transfrontier interaction presents another problem of transfrontier cooperation between the Russian regions and Kazakhstan that could be tackled by means of "new institutional theory" (Godunova, 2011).

In general, the fora held in Pavlodar (2012) and in Yekaterinburg (2013) were characterized by active participation of the Kazakh side action, which was determined by the adoption of the new "Kazakhstan-2050" National Strategy (Karibzhanov, 2012).

On January 1, 2015, Russia joined the Eurasian Economic Union with Belarus and Kazakhstan (Armenia and Kyrgyzstan joined later). This is not the first Russian integration project with the Republic of Kazakhstan, however, the Eurasian Economic Community (EurAsEC) is considered as a manifestation of close cooperation between the CIS countries in the region since the days of the Soviet Union. The EurAsEC Treaty

aims at providing free movement of goods, services, capital and labor, along with coordinated, coherent and unified policy in all sectors of the economy. The Eurasian Economic Community presents the international organization of regional economic integration, which has international legal personality (Hernandez, 1999).

The EurAsEC Treaty is important for Russia and Kazakhstan, since more than 20 million people live in the Russian-Kazakh border areas. For Russia, strong trade and economic ties with the neighboring CIS countries are not just trade relations; these ties also mean employment, and many other vital factors. Statistics confirms that the border regions account for about 50% of the Russian-Kazakh mutual trade turnover (Anon., 2008).

Regional development as opposed to "passive" regionalization involves active goal setting; this refers both to the state and to non-state actors (Tursunbaev, 2010), along with voluntary abandonment of the part of state sovereignty (Katyryn, 2013; Mottola, 1996).

Implications and Recommendations

Thus, proceeding from the above, top priority areas for the development of the integration mechanism of transfrontier and interregional cooperation between Kazakhstan and Russia include:

1. Strengthening the economic basis of bilateral partnership, by forming relevant conditions aimed at deepening integration links among the main economic agents of national economies – producers and consumers.

2. Development and permanent improvement of legislative and legal framework required for the development of basic stimuli, systems and mechanisms that could motivate long-term and stable interest of the integrating states to the enhancement of mutually beneficial cooperation.

3. Gradual investment expansion of the partner countries in the investment space of the Customs Union and EurAsEC through the system of financial projects and direct financing of economically viable projects.

4. Involvement of integration partners in joint innovation projects on the development of communication, and the use of nature resource potential of the participating countries.

5. Common use of human potential combined with the exchange of scientific and educational capital of the partner countries aimed at the development of intellectual and technological capabilities of the Russian Federation and the Republic of Kazakhstan.

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No potential conflict of interest was reported by the authors.

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