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INTEGRATION IN CENTRAL ASIA AND CIS AS A SECURITY FACTOR IN THE FORMER SOVIET UNION¹

Umirserik Kassenov

Director of Kazakhstan Institute for Strategic Studies under
the President of RK (1993-1997)²

Abstract. In the mid-90s, a new vector in politics was definitely outlined throughout the former USSR. It denotes the former-Soviet republics integration inevitability and necessity as the main factor of their survival and security. This is clearly understood by politicians at various levels, ruling elites who came to power in the ruins of the Soviet Union, and most of the citizens of the former empire. However,le no one can answer the main question: how will the economic integration of these states take place under fundamentally new geopolitical and geo-economic conditions and in the course of their transition to a market economy? No one can even answer such a question: whether the disintegration of the former Union has completed, or the new crises are waiting for us.

Key words: *Integration, Central Asia, CIS, Security, ASEAN*

ОРТАЛЫҚ АЗИЯ МЕН ТМД ИНТЕГРАЦИЯСЫ – ПОСТКЕҢЕСТІК КЕҢІСТІКТЕГІ ҚАУІПСІЗДІК ФАКТОРЫ

Өмірсерік Қасенов

Аңдатпа. 1990-шы жылдардың ортасында бұрынғы КСРО-ның барлық кеңістігінде саясатта жаңа бағдар айқындала бастады. Ол мемлекеттердің аман қалуы мен қауіпсіздігін қамтамасыз етуінің басты факторы ретінде посткеңестік республикалар интеграциясының бұлтартпас және маңызды екендігін анық көрсетті. Мұны Кеңес одағының күйреуі тұсында

¹ U.T. Kassenov. *Central Asia Security: national, regional and global problems (in Russian)* – Almaty: Kainar University, 1998, p. 89-100 (in Russian)

² We publish one of the articles on the issue of Central Asian regional security of the first director of KazISS, Umirserik Kassenov, who would have been 75 years on April 24, 2020.

билікке келген түрлі деңгейдегі саясаткерлер, басқарушы элита өкілдері және бұрынғы империя азаматтарының көпшілігі нақты түсінеді. Алайда ешкім ең басты сұраққа жауап бере алмайды: мүлде жаңа геосаяси және геоэкономикалық жағдайда, олардың нарықтық экономикаға өту процесі барысында бұл мемлекеттердің экономикалық интеграциясы қалай жүзеге асырылады.

Түйін сөздер: интеграция, Орталық Азия, ТМД, қауіпсіздік, Оңтүстік-Шығыс Азия елдерінің ассоциациясы (АСЕАН)

ИНТЕГРАЦИЯ В ЦЕНТРАЛЬНОЙ АЗИИ И СНГ КАК ФАКТОР БЕЗОПАСНОСТИ В ПОСТСОВЕТСКОМ ПРОСТРАНСТВЕ

Умирсерик Касенов

Аннотация. В середине 1990-х годов на всем пространстве бывшего СССР определенно наметился новый вектор в политике. Он ясно указывает на неизбежность и необходимость интеграции постсоветских республик как главного фактора выживания этих государств и обеспечения их безопасности. Это четко понимают политики разных уровней, представители правящих элит, которые пришли к власти на развалинах Советского Союза, и большинство граждан бывшей империи. Однако никто не может ответить на главный вопрос: как будет происходить экономическая интеграция этих государств в принципиально новых геополитических и геоэкономических условиях и в процессе их перехода к рыночной экономике.

Ключевые слова: интеграция, Центральная Азия, СНГ, безопасность, АСЕАН

Integration as a process includes aspects like economic cooperation, political convergence, joint military development and security provision. World integration experience and interstate integration as a security factor are being carefully studied in Kazakhstan. In this regard, the European experience is of special interest.

In case of referring to the European history, it can be indicated that Europe made a complicated way filled with military clashes, confrontation and permanent threat to security to the very existence of some European states. However, this experience indicates that the security problem resolution in Europe has become possible as a result of development of integration processes.

Let us look at the history of relations between the two largest states in Europe - France and Germany. These countries fought three most

bloody wars against each other (1870, 1914-1918, 1939-1945), staggering Europe. And only when de Gaulle and Adenauer, the leaders of France and the Federal Republic of Germany, realized that the security issue of their states could be solved only by pulling back from confrontation and settling down to a course of trust and economic cooperation, only then Europe would have a new chance for peaceful development. Since the signing of the Rome Treaty for the Common Market Establishment in 1957, the integration processes in Europe have gained momentum and led to the European Union formation.

Alternatively, let us look at the experience of regional integration of ASEAN member states. This South-East Asia Region in the 60-80s was literally a "battlefield" (the Vietnam War, the Cambodian conflict and the numerous armed

conflicts that took place as a result of ethnic and communal-religious conflicts, mutual territorial claims). Economic or economically motivated reasons, such as border disputes over fisheries, use of forest and water resources, incomplete demarcation of economic zones and territorial waters between the countries of South-East Asia, were often the source of intra-regional conflicts as well.

The major role in the fact that large-scale wars and armed conflicts took place in this region during the Cold War period was undoubtedly played by external factors, that is, direct participation of extra-regional states in such conflicts.

However, in the 90s, mostly due to ASEAN establishment and successful operation, the region gradually transformed, and especially the Indochina Peninsula, from a battlefield into a market. This was convincing evidence of not only the strengthening and universality of the economic integration process, but also the shift of emphasis in international relations in the region from military-political to economic ones. One may safely say that in South-East Asia there has been a transition from the geopolitical to the geo-economic paradigm of the international relations development.

The essence of this transition is that the regional states stepped back from the ideologization and politicization of their strategy for internal development and foreign economic activity and took a course towards ensuring high rates of economic growth through the economic relations internationalization and providing maximum free circulation of goods, fund, labor, technology, etc.

The desire to further strengthen regional economic cooperation is reflected in the Singapore Declaration as well, which is the main political document of the IV Conference of Heads of State and Government of ASEAN Member Countries (January, 1992).

The integration process in Central Asia is based primarily on economic imperatives. The

pronounced resource based orientation determined the strong dependence of the Central Asian states economies on the supply of products from the other former USSR republics, primarily from the Russian Federation.

The issues of restructuring of economies, enhancing their complexity, establishing the missing manufacturing sectors producing products of high readiness, have to be solved under the presence of incomplete mechanism of new economic relations.

The most important factor in improving the economy and strengthening the security of Central Asian states in the world community is the deepening of integration processes in the region. Otherwise, the role of each new Central Asian state individually will not be as authoritative as the states integration association as a whole and security for each state will unlikely be reliably ensured.

Efforts of the Presidents of Kazakhstan - N. Nazarbayev, Uzbekistan - I. Karimov, and Kyrgyzstan - A. Akayev contributed to formation of a union of Central Asian states and specific mechanisms represented by the Interstate Council of the three Central Asian states and its Executive Committee, enabling a single economic space in the region. This union is open to be joined by other CIS states.

Right at the moment it is important to proceed to the establishment of general rules and conditions for cooperation between Central Asian countries and the external world in order to exclude the danger of turning it (Central Asia) into a region with a low economic development level and huge external debts.

The Central Asian integration association will assist in creating additional comparative advantages of economies for all member countries and enter the trajectory of dynamic economic growth.

The integration processes in Central Asia go far beyond the scope of the economy alone. New aspects appear - political, legal, humanitarian, informational, and, of course, regional security

provision.

At the meeting of the Presidents of Kyrgyzstan, Kazakhstan and Uzbekistan on April 29-30, 1994, Kyrgyzstan joined the previously signed Single Economic Space Treaty signed between Kazakhstan and Uzbekistan. Thereafter, it was re-signed and became trilateral. It is noteworthy that the integration of the three Central Asian states is deepening not only in the economic, but also in the defense field. The Council of Defense Ministers has been established, under the leadership of which specific proposals for military cooperation are being developed.

At the meeting of Kazakhstan, Kyrgyzstan and Uzbekistan Interstate Council on December 15, 1995, in Zhambyl (Kazakhstan) the Regulation on the Council of Defense Ministers of these three states was approved. In accordance with it, the Council of Defense Ministers as a working body of the Interstate Council shall consider all issues of regional security, defense interaction and military cooperation. As part of the latter field, it will coordinate operational and combat training, air defense, mutual deliveries, as well as weapons and equipment repairs, military research and other directions.

The meeting participants signed resolution on the joint peacekeeping battalion establishment of the three countries under the auspices of the UN and the agreements between these republics on the collective peacekeeping battalion organization and formation.

The Presidents of the three Central Asian states accepted an appeal to Boutros-Boutros Ghali, the UN Secretary General, with a request to send a group of UN specialists to their countries for consultations with representatives of the ministries of foreign affairs and defense, as well as for joint preparation of the documentation required for joining the UN Reserve Forces Agreement.

The decision to form a joint peacekeeping battalion was made initially on the basis of concern about the situation in Tajikistan.

In order to ensure national and regional security, it is vitally important for Kazakhstan, Kyrgyzstan and Uzbekistan to direct and coordinate their efforts in the following directions:

in terms of individual defense – the building and strengthening of the national Armed Forces;

in terms of collective defense – the building a collective security system under the CIS. Since the Collective Security Treaty, signed on May 15, 1992 in Tashkent, still does not have implementation mechanisms and is “quietly asleep”, Kazakhstan, Kyrgyzstan and Uzbekistan should continue their efforts to coordinate defense activities in the Central Asia Region;

in terms of creating a system of Euro-Central Asian security, providing military policy and military development transparency, as well as peacekeeping activity – with the OSCE and NATO member states;

in terms of creating an Asian security system, strengthening interaction and confidence-building measures – with Asian states, and above all, adjoining ones;

in terms of creating a global security system – with all UN member states.

Central Asian states have a lot in common in terms of historical fate, culture, language, religion. The uniformity of the Central Asian countries economies obviously militates against their integration - all of them are mainly resource based. Achieving a close cooperation level between the resource based economies is not so simple. But, nevertheless, this process has begun, new projects are being started, small in scale, but quite sufficient to solve the problems of regional development and mutually complement each other.

At the same time, regional integration for a rather long time will not be able to provide the regional self-sustainability. And therefore, every Central Asian state is interested in participating in broader integration associations. In this term, Kazakhstan and Kyrgyzstan have shown political will and great interest in deepening integration in the economic and humanitarian spheres

with the Russian Federation and Belarus. This is the second integration association where Kazakhstan and Kyrgyzstan have shown a desire to take a broader interest, and not at the expense of losing their sovereignties, but to the extent that it is beneficial to all the parties.

On March 29, 1996, in Moscow, the Integration Deepening Agreement was signed by Russia, Belarus, Kazakhstan and Kyrgyzstan. On April 2 the Presidents of Russia and Belarus signed the Sovereign Republics Association (SRA) Treaty. What is it about - the restoration of the USSR or the integration?

Let us first understand what integration is. After all, different contents are often embedded in the same term. So, the Latin word “*integra*” means unification into a whole. Such a whole was the USSR, which collapsed due to internal reasons, one may say, under its own weight. 15 new independent states were formed on its ruins.

If we understand the “whole” as a reinforced-concrete monolith, which was the USSR, where everything was controlled by Moscow, which, in fact, was one of the main reasons of USSR collapse, none of the former Soviet republics is able to go for the same in the market economy conditions. Even the Russia Regions will not go for it.

If integration means preserving the common economic, humanitarian and defense territory, establishing coordinating and even governing bodies in the mutually agreed spheres of life of our states, this is a completely different matter. It should be emphasized that the most important principles of mutually beneficial integration are equality, mutual respect for sovereignty, independence and territorial integrity.

Let us discuss the experience of West European integration. After all, this is not “the motherland of Europe”, that is, not a unified state, but “Europe of the motherlands” - an integration association of independent and sovereign states, hence the strength, stability, and successes of the European Community.

Quite powerful political forces in Russia are

calling for restoring the USSR openly or under the auspices of the need for reintegration of the former Soviet Union. The results of the elections to the State Duma of the Russian Federation are that an attempt to restore the USSR cannot be excluded. After all, the political parties, the CPRF and the LDPR, dominating in the new Duma, and a number of associations, have stated in their program documents their obligations to denounce the Belavezha Accords and revive the USSR.

However, the price of an attempt to restore the USSR will be high above all for Russia itself. In case of denunciation of the Belavezha Accords, the Russian Federation and its Constitution will lose their legal legitimacy. Russia will weigh itself down to a very uncertain international legal status in the former Soviet Union and in the world as a whole. What legal status will it have in the UN Security Council, status of the Russian Federation or the USSR passed into oblivion? What will happen to the treaties and agreements signed by the Russian Federation in its new capacity after the collapse of the USSR? The USSR restorers have no answers to these questions.

Russia does not have sufficient economic and financial resources in to restore and maintain an empire. This is obviously an expensive affair. It has long been obvious that modern Russia cannot fully support itself, and not just that of an empire. Its external debt is steadily growing, exceeding permissible limits.

It is also impossible to imagine that the new independent states will voluntarily give up the status of independent entities of international law and membership in the UN and other universal and regional international organizations.

Economic sanctions against the new independent states in order to force them to restore the USSR will not bring success and, in accordance with the blowback, will negatively affect the economic situation of Russia itself, since not only do they depend on it, but it depends on them as well.

It will also be impossible to restore the USSR by force of arms. Military actions against the new independent states, the UN members, will deteriorate the international standing of the Russian Federation. In this case, Russia will clearly find itself in international isolation and will feel all the beauty of sanctions from international organizations and individual states.

Attempts to partially restore the former USSR by accession to the Russian Federation of territories of the former Soviet republics populated mainly by Russian people, such as Transnistria in Moldova or Northern Kazakhstan, will inevitably lead to the emergence of an "enmity" towards Russia, which is certainly not in its strategic interests.

The implementation of the course towards the USSR restoration may stimulate the desire of the national republics of the Russian Federation (Tatarstan, Bashkortostan and others) to access it as allied states. That is, the level of their claims regarding their sovereignty will rise.

Consideration of all these possible consequences of efforts to restore the USSR leads to a conclusion that they are unrealistic and dangerous, first, for Russia itself. It is impossible to revive a dead man i.e. the USSR.

It seems that the Russian political forces are delusional about the fact that under the weight of social-economic and other problems the rest of the former Soviet republics will voluntarily give up their sovereignty and agree to restore the USSR in some new shape.

Since the beginning of time, nations have appreciated independence above all else. And, finally, are there really no acute social-economic problems in Russia itself, is it calm and prosperous, is it ready to become a locomotive that will pull the rest of the Commonwealth from the social-economic crisis?

It is necessary to emerge from the crisis together and on an equal footing, embarking on the path of deepening mutually beneficial integration, and not restoring the USSR, to look into the future, and not into the past, which no

forces can restore.

Kazakhstan and Kyrgyzstan signed the Integration Deepening Treaty with Russia and Belarus. In this regard, the question arises: will this militate against the integration processes in Central Asia? Kazakhstan and Kyrgyzstan occupy a middle position between the Slavonic and Turkic world, and this imposes a high responsibility on them. Huntington, the American Professor, prophesied the faultline of mankind according to the types of traditional (religious) cultures and the coming escalation of inter-civilization conflicts.

The emergence of such a danger in the former Soviet Union was quite possible after the signing the Agreement in Belovezhskaya Pushcha by the leaders of the three Slavonic states.

N. Nazarbayev, the President and the Leader of Kazakhstan, prevented this danger by securing the establishment of the Commonwealth of Independent States in a larger membership, which included Central Asian states as well. Three of them make up the Central Asian Union, which solves the problems of regional integration, but operates within the CIS, like the Benelux countries in the European Community.

Kazakhstan and Kyrgyzstan decided to deepen integration with Russia and Belarus, while remaining in the Central Asian Union. Why them in particular? Not only the geographical factor and special economic interests are among the significant reasons, but also the fact that they have the largest share of the Slavonic population. And this is the main thing that is reflected in the humanitarian sphere of our relations with Russia and Belarus.

For historical reasons both Turkic and Slavonic nations live in modern Kazakhstan and Kyrgyzstan. To prevent the faultline of the Slavonic and Turkic world in our country and in the entire former Soviet Union is the historical mission of Kazakhstan.

Kazakhstan and Kyrgyzstan are like a bridge between the Slavonic and Turkic worlds, and they don't want the two-way traffic on this

bridge to be interrupted, and principally, for the sake of peace, prosperity and further mutual enrichment of the Turkic and Slavonic cultures.

After gaining state independence, all five Central Asian states joined the Economic Cooperation Organization (ECO), which was established back in the 60s by Iran, Pakistan and Turkey.

Membership in the ECO contributes to the development of the economy and trade, the market economy infrastructure and, which is especially important for Central Asian states, creates new communication opportunities (and these are railways, aviation, and access to the seaports of these states).

In order to harmonize the relations of the new independent Central Asian states with Russia and other CIS states in line with the integration processes, Kazakhstan at one time proposed the formation of Eurasian Union.

On March 29, 1994, at the meeting with Moscow State University academic teaching staff and students, which took place as part of the first official visit of N. Nazarbayev, the President of the Republic of Kazakhstan, to the Russian Federation, the Kazakhstani Leader came up with a proposal to create a completely new association from the CIS countries - the Eurasian Union. Later he sent a specific project for its establishment as well to all the heads of the CIS states.

It essentially deals with the strategic course of relations between Central Asian states with Russia and other former Soviet republics, the future relations between the Asian and European parts of the former USSR, and the principles and geopolitical contours of these relations.

It seems that the most important thing in the Eurasian Union project creation is not only economic benefits, but also the prevention of a break in the former Soviet Union on a civilizational basis, that is, into states and regions of Catholic Christianity, Orthodox Christianity and Muslim.

For all states and nations of the former Soviet

Union, now and in the future, to avoid a break on a civilizational basis means to survive and provide themselves with a secure future.

It seems that it was this awareness of the fact that led N. Nazarbayev, the Leader of Kazakhstan, to come up with a proposal to create the Eurasian Union and build it on completely different principles from the CIS, based on the formation of interstate bodies with the aim of coordinating the economic, defense and foreign policies of member states. The essence of the Eurasian Union is economic and humanitarian integration while preserving political sovereignty and guaranteed collective security.

In Central Asia, the association between integration and its impact on security is most pronounced. The creation of a unified energy system will ensure the energy independence of the region and thereby strengthen its security. Joint control over water resources, naturally arising from integration in the field of energy, will strengthen the internal security of the region, since potentially many conflicts are ripening due to the lack of water resources. In this case, the security factor appears in the context of the integration process most visibly. And, finally, it seems that in the future the integration process development in our region should cover broader spheres and gradually deepen, affecting and solving economic, humanitarian and other problems, thereby creating a reliable and solid foundation for regional security in Central Asia as an integral part of sub-regional security in the former Soviet Union and around the world.

The current geopolitical situation around Central Asia is such that the integration processes in Central Asia should be deeper and more dynamic than similar processes in the CIS. At the same time, as a matter of course, the bilateral relations of each Central Asian state with Russia and multilateral relations should develop as part of the Economic Cooperation Organization.

Obviously, the need for the unification of the Central Asian states into the Central Asian

States Association (similar to ASEAN) has arisen, which was discussed at the meeting of the Presidents of Kazakhstan, Uzbekistan and Kyrgyzstan on May 15, 1995 in Shymkent. This will contribute to deepening the integration processes in Central Asia, strengthening the state sovereignty of the Central Asian Union states, close coordinating their foreign economic and foreign policy, and providing military, economic, environmental and other aspects of regional security.

An association is not a federation, a confederation, or a bloc of states, but a more toned-down form of association of states that does not limit relations with non-member states. Therefore, it is quite acceptable at this stage of development of the Central Asian states in the current geopolitical situation.

It is necessary to develop and begin to implement the Program of Action of the Central Asian states on providing military security and protecting external borders using own resources, as well as intensify efforts to create regional peacekeeping forces for use in case of conflicts in the Central Asia Region.

It is necessary to agree on closer coordination of the activities of the foreign affairs agencies of the Central Asian states on the implementation of:

- The Kazakhstan initiative to convene the Meeting for interaction and confidence-building measures in Asia;

- The Uzbekistan initiative to create a permanent UN seminar on security, prosperity and cooperation in Central Asia in Tashkent.

Given that the current situation on the Tajik-Afghan border and its possible massive breakthrough facilitated by the Tajik opposition can have the most dangerous destabilizing effect on the situation in Central Asia, it is necessary to intensify diplomatic and other efforts to quickly resolve the inter-Tajik conflict. The decisive role in its elimination should be played primarily by the Central Asian states themselves, with some assistance from other interested states.

Central Asian states have certain prerequisites to carry out a peacekeeping role in resolving the inter-Tajik conflict in order to strengthen regional security.

TRANSBOUNDARY WATER CONFLICT IN CENTRAL ASIA: AN ASSESSMENT³

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Abstract. The Central Asian republics (CARs), which emerged as independent states in the post-Soviet phase, faced several challenges. During the Soviet era, the CARs were agriculturally oriented towards the Soviet economy and, accordingly, river water management was also centralized under the command economic model. However, with the collapse of the Soviet Union, the CARs had to review the existing water management arrangements. In this context, the paper suggests an emphasis on multilateralism, rather than bilateralism, as a more feasible approach to river water management. Clearly, multilateralism would promote a more equitable solution compared to bilateralism, which does not adopt a holistic approach to the region. Considering the fact that the region is characterized by a water crisis in addition to the fragility of the environment makes a multilateral arrangement significantly more appropriate for the region in the long term.

Key words: *CARs, Soviet, Water Management, Moscow, Multilateralism, Bilateralism, Environment.*

ОРТАЛЫҚ АЗИЯДАҒЫ ТРАНСШЕКАРАЛЫҚ СУ ДАУЫНА ТАЛДАУ ЖАСАУ

**Анураг Трипати,
Пунит Гаур**

Андатпа. Орталық Азияның бұрынғы кеңестік республикалары тәуелсіздік алғаннан кейін

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айтарлықтай мәселелермен бетпе-бет келді. Кеңестік кезеңде олардың ауыл шаруашылығы советтік экономикалық жүйеге кіріктірілген болатын, сәйкесінше аймақтағы суды пайдалану әміршілдік экономикалық модель шеңберінде орталықтан реттелетін. Алайда Кеңес Одағының ыдырауымен Орталық Азияның жаңа тәуелсіз мемлекеттеріне суды пайдалануды реттеудің осыған дейінгі тәртібін айтарлықтай өзгертуге тура келді. Аталған жұмыста біз өзен ағынын пайдалануды реттеудің көпжақты аймақтық механизмінің қажеттілігін дәлелдеуге тырысамыз: ол шынайылау және екіжақты ұстанымға негізделген механизмге қарағанда іс жүзінде жүзеге асыруға жеңілрек. Көпжақты ұстаным су мәселелерін әділірек шешуге қол жеткізуге мүмкіндік тудырады анық, екіжақты ұстаным аймаққа тұтастай көзқарас қалыптастыра алмайды. Орталық Азия аймағы қоршаған ортаның осалдығымен үйлесетін су дағдарысына ұшырап отырғанын есепке ала отырып, көпжақты механизм ұзақ мерзімді болашақта ең қолайлы болады деп санаймыз.

Түйін сөздер: *Орталық Азия республикалары, Кеңес Одағы, су ресурстарын басқару, Мәскеу, көпжақты ұстаным, екіжақты ұстаным, қоршаған орта.*

АНАЛИЗ ТРАНСГРАНИЧНОГО ВОДНОГО КОНФЛИКТА В ЦЕНТРАЛЬНОЙ АЗИИ

**Анураг Трипати,
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Аннотация. После обретения независимости бывшие советские республики Центральной Азии столкнулись с серьезными проблемами. В советское время их сельское хозяйство было интегрировано в советскую экономическую систему и, соответственно, регулирование водопользования в регионе осуществлялось из центра в рамках командной экономической модели. Однако с распадом Советского Союза новым независимым странам Центральной Азии пришлось существенно изменить существовавший порядок регулирования водопользования. В данной работе мы пытаемся доказать необходимость многостороннего регионального механизма регулирования использования стока рек: он более реалистичен и легче осуществим на практике, нежели механизмы, основанные на двустороннем подходе. Совершенно очевидно, что многосторонний подход позволит достичь более справедливого решения водных проблем, чем двусторонний, не предусматривающий целостного взгляда на регион. Учитывая, что регион ЦА сталкивается с водным кризисом, сочетающимся с высокой уязвимостью окружающей среды, многосторонний механизм представляется более подходящим для него в долгосрочной перспективе.

Ключевые слова: *республики Центральной Азии, Советский Союз, управление водными ресурсами, Москва, многосторонний подход, двусторонний подход, окружающая среда.*

Introduction

Rivers are indispensable for both the environment and human existence due to their water resources, which are integral to life. In the international relations sphere, rivers which flow across national boundaries assume importance due to their potential for conflict between riparian nation states. Rivers are also representative of national wealth due to their hydropower potential in generating electricity.

The physical characteristics of rivers, i.e., where

and how they flow, determine their relevance not only for domestic affairs, but also for international politics. According to recent studies, approximately 40% of the global population faces the problem of water stress, which means that the index of annual per capita freshwater availability varies from 1,000 to 1,700 cubic meters [1, p.179]. It occurs against the general background of the steadily growing exploitation of water resources: for nine decades of the last century mankind has increased water consumption from river basins sixfold [2, p.

104]. Under the circumstances of water stress and increasing demand for water supplies, states are predisposed to regard access to and control over water systems as “a matter of national security,” which, in turn, contributes to discord and clashes between co-riparian countries. Currently, almost every region has its volatile water issues on the political agenda. In the case of Central Asia, the conflict is very much evident.

In international politics, managing water conflicts has become a focus in the states’ political agenda. Miriam Lowi in her writing identified water conflicts as “low politics” and war as the “high politics,” while in contemporary times it has become appropriate to refer to a global “high politics of water.” [3, p.704]. The systematic study of conflict and cooperation between states over riparian resources has developed as a discipline in international relations. According to 21st-century research scholars, conflict and cooperation can coexist in any given international river basin [4], and scholars have emphasized how critical inter-disciplinary perspectives can further the understanding of transboundary water politics. This in-built interdisciplinarity, along with relatively recent academic attention, makes the study of water resources an extremely challenging and exciting matter, as many avenues must still be explored or discovered. This paper will discuss the two aspects that can provide important insights in the analysis of the transboundary water relations between states.

(1) The interrelation between domestic politics and international relations in the context of water disputes.

(2) The requirement of multilateral, rather than bilateral cooperation among the Central Asian countries in the context of water dispute.

The Central Asian region is located in the middle of the Eurasian continent and comprises five republics: Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan. The region is abundantly rich in natural resources with large reserves of natural gas, coal, freshwater resources, and oil. These resources are, however, distributed unequally within the region. While Uzbekistan, Turkmenistan, and Kazakhstan are full of energy resources, Kyrgyzstan and Tajikistan have abundant freshwater resources. It is the rivers that define relations among the Central Asian states. Under the former Union of Soviet Socialist Republics

(U.S.S.R.), the upstream states, namely, Kyrgyzstan and Tajikistan, which have an abundance of water, would release some from their reservoirs in the spring and summer to generate electricity and irrigate crops both on their land and in the downstream republics. In turn, the downstream republics, Kazakhstan, Uzbekistan, and Turkmenistan would reciprocate the favor and provide gas and coal for their neighbors each winter. However, with the disintegration of the U.S.S.R., this streamlined system suffered a complete collapse.

Political Geography: Rivers’ Origin and Transit Routes

Today Kyrgyzstan and Tajikistan face constant blackouts and hope to build huge dams to provide for their energy needs [5]. After the collapse of the U.S.S.R., due to lack of regional dialog and cooperation among the Central Asian republics, numerous conflicts occur in the region. One area of conflict that deserves attention relates to river waters. Regional cooperation on the management of water is both a complex and multifaceted issue. The two rivers, Syr Darya and Amu Darya, are the key sources of water in Central Asia. The Amu Darya originates in Tajikistan and flows along the border between Uzbekistan and Afghanistan, going further to Turkmenistan before it returns to Uzbekistan and discharges into the Aral Sea. It spans 2,540 km and has a catchment area of 309,000 sq. km, making it Central Asia’s largest river. Its vast drainage system extends through Afghanistan, Iran, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan [6]. Tajikistan contributes 80% of the flow generated in the Amu Darya river basin, followed by Afghanistan (8%), Uzbekistan (6%), and Kyrgyzstan (3%). Turkmenistan and Iran together contribute around 3% [7].

Meanwhile, the Syr Darya originates in the Tian Shan Mountains in Kyrgyzstan and flows for 2,212 kilometers west and north-west through Uzbekistan and southern Kazakhstan to the northern remnants of the Aral Sea. Its total length is around 2,800 km. Around 20 million people inhabit this river catchment area, which covers around 400,000 sq. km. The natural run-off pattern, with annual flows of 23.5-51 cubic kilometers, is characterized by a spring/summer flood that usually starts in April and peaks in June or

July. Reservoirs regulate around 90% of the Syr Darya's mean annual flows [8].

Besides, 20 other transboundary rivers in the region include the Ili and the Irtysh, which flow between China and Kazakhstan [9]. China shares the Tarim with Kyrgyzstan, as well as others that have their sources in Kyrgyzstan and flow into China. Afghanistan is the upstream state for the Murghab and the Tedzhen, which it shares with Turkmenistan. The Chu, Talas, and Assa rivers flow through Kyrgyzstan and

Kazakhstan. Lastly, the Atrek runs between Turkmenistan and Iran [10].

Theoretical Dimension: Water Crisis in Central Asia

There are many popular theoretical approaches to comprehend the water conflict in Central Asia. Among the more applicable approaches in International Relations Theory is the liberal approach, which suggests that resources should be managed collectively for the common good of all nation

Picture 1. Study Area in the Irrigated Lowlands of the Amu Darya and Syr Darya Rivers.



Source: [http://www.cawater-info.net/projects/lavacca_e.htm]

states. The approaches relevant to Central Asia in terms of the water dispute are as follows:

2. The territorial integrity approach emphasizes the right of each nation to enjoy its sovereignty and not to be subject to the predation by other states. This requires an upstream riparian state to consult with downstream states to a certain extent; that effectively requires their permission to extract or change the quality of water.

These two approaches are extreme ones in that they grossly favor either upper- or lower riparian states, but are alike in that they may be seen to suit a realistic view of irreconcilable interstate competition. To that extent, a regional/world order dictated by a hegemonic state that is able and willing to dis-

regard the views and needs of its neighbors drives the second approach.

3. The Equitable Utilization approach is based on the concept of equal rights for each riparian state. This does not mean that each must have an equal share. It is based on Karl Marx's principles which states: "From each according to his ability, to each according to his needs." The principle of equitable utilization is relatively simple to apply to an aspect of utilization such as navigation rights, because every nation can enjoy the full freedom of navigation rights without affecting another's rights until such time that the volume of traffic becomes unsustainable. Therefore, far more intensive negotiations are required to satisfy Art 5 of the U.N. Watercourses Convention⁴.

⁴ "Art 5 of the U.N. Watercourses Convention seeks to achieve 'optimal and sustainable utilization' across the broad range of factors under Art 6; these include population dependency, social and economic needs of the state and the availability and cost of alternative sources," see: [https://www.iucn.org/sites/dev/files/un_watercourses_convention_-_users_guide.pdf], 2012.

4. The approach that entails common management of watercourses aims for equitable utilization through long-term engagement of all interested parties. It is often difficult to fulfill the need to transcend nationalism and sovereignty issues, therefore, this approach proves suitable in the context of the neo-liberal theory of international relations. It highlights the fact that nations need to cooperate with each other in terms of complex interdependence⁵. The neo-liberal concept examines the ways in which interstate relations are formed through negotiations and interactions at various levels that may spin-off other benefits that are typified by the liberal approach to interstate relations [11].

Clearly an analysis of all four approaches makes it evident that cooperation is a compulsion for the CARs in the long term. If the CARs aim to promote their interests related to water and energy resources, they have to come together and focus on multilateral arrangements rather than bilateral ones.

Soviet Period

During the Soviet Union period, Central Asia was oriented towards the larger-scale needs of the then-existing Soviet economy because the country was aware of the geostrategic and geopolitical importance of the region. At that time, water management was highly centralized [12]. The agricultural sector was considered the backbone of the economy. Each republic specialized in the production of specific commodities. Accordingly, the agricultural sector in the region was modernized to increase the output of these commodities. Moreover, an increase in agricultural production was based primarily to increase the arable land area and the amount of water used for irrigation. The area of arable land increased due to irrigation facilities, and since 1950 the acreage of irrigated land has almost tripled. The number of irrigation

canals and the amount of water drawn from rivers for irrigation increased substantially, although many of the irrigation systems were poorly designed, with much water wastage.

The Soviet leadership attempted to modernize agricultural production in the region through hydropower generation projects, which aimed at self-sufficiency in food resources. As a result, the infusion of technology into the region transformed it and also focused on the other regional resources, namely oil, water, and gas, that remained untapped. The Soviets focused on the expansion of arable land to enhance agricultural output, generate electricity through hydropower resources and build massive hydraulic projects throughout Central Asia. Records show that over 1,200 dams were built during the Soviet era. For instance, among them is the Nurek Dam, which is the second largest dam in the world. As a result of modernization, Central Asia was transformed from a land of poverty to a prosperous area through the use of agricultural irrigation. Further developments resulted in diversion of the Syr Darya and the Amu Darya, which flowed in this territory and fed the Aral Sea.

Moreover, massive amounts of freshwater from glaciers in the Tajikistan and Kyrgyz Republic mountain ranges were diverted downstream to Uzbekistan, Kazakhstan, and Turkmenistan. In the Soviet period, dams that were located in the basins of transboundary rivers were used for hydropower generation, which resulted in an integrated Soviet structure for allocation of energy resources [13, p.8]. This approach towards regional water resource management had inevitably paved the path towards irreversible environmental damage.

Almaty Agreement 1992

Since 1991, water has emerged as a major cause of dispute among CARs. Due to the absence of a central planner to solve this dispute, all the newly

⁵ *Complex Interdependence is a theory which stresses the complex ways in which as a result of growing ties, the transnational actors become mutually dependent, vulnerable to each other's actions and sensitive to each other's needs. Complex Interdependence is defined as: "An economic transnational concept that assumes that states are not the only important actors, social welfare issues share center stage with security issues on the global agenda, and cooperation is as dominant a characteristic of international politics as conflict," available at [https://pdfs.semanticscholar.org/6149/df52c27a3fd2e175e8e8556e-0bea89405aaa.pdf], 2 February, 2015.*

independent CARs were compelled to conclude voluntary cooperative agreements because they did not want to jeopardize agricultural irrigation in the process of political transition. Therefore, the five CARs hurriedly signed the Almaty Agreement in 1992 only a few weeks after the disintegration of the Soviet Union. The objective of the agreement is to cooperate in regard to joint water resource management and conservation of interstate sources of river water. Highlights of the agreement are as follows:

1. The necessity of the approved and organized solution of the problems of joint management of water of interstate river water sources, and further pursuance of agreed policy of economic development and raising the peoples' standard of living;
2. Equal rights and responsibility for providing rational use and protection of water resources;
3. Joint use of water resources on the basis of common principles for the whole region and equitable regulation of their consumption.

While this agreement enabled the CARs to agree on the joint management and ownership of regional water resources, these states individually retained their sovereign control over industrial goods, electric power, and crops [14].

As signatories to the Almaty Agreement, the CARs had chosen to retain the Soviet allocations, which meant that most of the region's water resources were allocated to downstream states. However, this would leave the upstream countries with bare minimum access to the water generated in their territory. Moreover, the 1992 Almaty Agreement made no provision for Afghanistan in spite of the fact that around 6% of the flow within the Aral Sea Basin was generated in its territory. After the Agreement had been signed, Kazakhstan, Uzbekistan, and Turkmenistan realized that their allocation of water was not appropriate for the future planned expansions in agriculture. Kyrgyzstan argued that not only was it denied fair access to water that flows from its territory, but it was also

expected to pay for the maintenance of reservoirs and dams that controlled the flow of the Syr Darya. Meanwhile, the downstream countries, especially Uzbekistan, reaped the benefits [15].

Limitations of the 1992 Almaty Agreement

The only joint agreement that all five countries signed is the 1992 Almaty Agreement. There are a lot of discussions on its present status. The key issue is how the upstream countries have been denied their fair share in the resource distribution of river waters. Now they have been increasing their domestic water use and reduced the amount sent to the downstream countries. There is a crucial need to update this five-country agreement, especially as it has the potential to ensure the maintenance of regional stability. Another important factor in play is climate change: the region's main glaciers are shrinking, decreasing the overall water supply to the region. These factors highlight the need for the CARs to acknowledge the need to maintain existing water levels to ensure their future requirements.

Despite the 1992 Almaty Agreement, the CARs still face tension over river water management. The key areas of tension among the CARs are listed below.

1. Lack of coherent water management
2. Failure to abide by or adapt water quotas
3. Non-implemented and untimely barter agreements and payments
4. Uncertainty over future infrastructure plans
5. There is no representation of agricultural or industrial consumers, non-governmental organizations or other parties [13, p.8].

The agreement further reinstated the need for cooperation. But this agreement, as well as the annual agreements for release of water in exchange for fossil fuels and electricity, had proven to be ineffective. It could not arrest the increasing orientation towards power production through the Toktogul operation⁶.¹⁹ The fact, however, is that rising nationalism and competition over water resources in the parched Central Asia has impeded the de-

⁶ "The Toktogul Dam in Kyrgyzstan was built on the Naryn River (tributary of the Syr Darya) during the 1970s as a central piece of the Soviet Union's efforts to conquer nature in its drive to modernize Central Asia; and served to control the inter-annual variability of water resources and to ensure that there would always be sufficient water for irrigation. The Toktogul dam became fully operational in the late 1980s. It is one component of a cascade of five hydroelectric stations downstream, which all together produce 90% of Kyrgyzstan's power. As the dam regulates transboundary water flows, it has caused several frictions among Central Asian countries," see: [<https://ejatlas.org/conflict/toktogul-dam-kyrgyzstan>].

velopment of a regional alternative to the Soviet-era water management system. The old system survived because of the strong central authority of the former U.S.S.R. Now the three lower but militarily powerful riparian states—Uzbekistan, Kazakhstan, and Turkmenistan—wield the threat of force against the small and weak Kyrgyzstan and Tajikistan, which are the sources of the Syr Darya and the Amu Darya, respectively.

Long-Term Framework Agreement

In March 1998, three CARs, namely Kazakhstan, Kyrgyzstan and Uzbekistan, entered into a Long-Term Framework Agreement (LTFA), which recognized explicitly that the year-on-year irrigation water storage had a cost that needed to be compensated, either in cash or through a barter exchange of fossil fuels and electricity. But, generally, the supply of fossil fuels fell short of the agreed quantities and quality of water among the CARs. For instance, Kyrgyzstan was compelled to increase the discharge of water in winter as the downstream riparian states received lower levels of water flows because the source glaciers remain frozen. Whereas during the monsoons, the downstream states did not require the agreed volumes of water compared to the summer discharge levels. As a result, this affected the export of electricity and the commensurate quantities of fossil fuels, which was transferred from Uzbekistan and Kazakhstan to Kyrgyzstan. The latter was exposed to a severe risk in meeting the winter demand for power and heating. To reduce this risk, Kyrgyzstan reduced summer releases to 45% on an average of the annual discharge and there was an increase to 55% in the winter releases during the 1990s [16].

Importantly, conflicts among the CARs arose not in relation to water allocation, but in relation to the shift from operating the Toktogul reservoir for downstream irrigation in the summer months to winter releases in order to increase the availability of energy upstream (hydropower). The barter of water for energy production did not

change the regional allocation of water, only the timing of releases. In addition, Kyrgyzstan began to demand payment from the downstream states—Kazakhstan and Uzbekistan—for the use of water from its reservoirs. However, pressure from the United States Agency for International Development (USAID) resulted in the establishment of a barter agreement⁷.

Failure of Long-Term Framework Agreement

Regional cooperation efforts deteriorated further when the countries failed to conclude annual agreements in 2003 and 2004. To some extent, this can be attributed to above-average precipitation in those years, but more fundamentally, the collapse of the agreement system was due to a change in Uzbekistan's position on a decisive unilateral stance. It has been expressed most explicitly in the decision to construct a series of re-regulating reservoirs. Uzbekistan is currently proceeding with the design of new water storage capacity of the Karamansay reservoir (0.69 BCM), as well as the construction of the Razaksay (0.65-0.75 BCM) and Kangkulsay (0.3 BCM) reservoirs. These facilities together with the natural reservoir in the Arnasai depression (0.8 BCM) will provide an additional storage with the volume of approximately 2.5 BCM [17].

The impact of Uzbekistan's decision has been substantial for Kyrgyzstan and Kazakhstan. The Kyrgyz challenge is that even when conducted in the non-cooperative 'power mode,' production is insufficient to cover domestic winter electricity demand. In the absence of a regional agreement, the Kyrgyz government must aim to cover this deficit through a combination of domestic reforms and construction of new power-generating facilities—both of which represent daunting challenges. Kazakhstan, which had otherwise pursued a cooperative strategy towards Kyrgyzstan, has had to come to terms with the fact that this strategy ultimately depended on Uzbek willingness

⁷ On 17 March, 1998, the governments of Kazakhstan, Kyrgyzstan, and Uzbekistan adopted an interstate agreement on use of water and energy resources of the Syr Darya river basin.

to cooperate. Since the latter was not upcoming, Kazakhstan has shown a renewed interest in the construction of re-regulating reservoirs in its own territory. Plans exist to construct a 3 BCM reservoir (Koksarai) near Shymkent at a cost of \$200 million, although no final political decision has been made to initiate construction [18].

The fundamental problem for the interstate agreements has been one of trust. Short of military action there are no other means to enforce a contract between sovereign republics which are generally suspicious of each other. If Kyrgyzstan discharges additional water in summer, it must trust the downstream riparian states to deliver fossil fuels in winter, otherwise it will face a severe problem of not being able to meet its energy demand in the subsequent winter [17].

National Water Policies: Implication for Water Conflict

After collapse of the U.S.S.R., most of the CARs would like to expand the acreage of irrigated land in their territories. Tajikistan has increased its irrigated area by 200,000 hectares, and it intends to expand this area further. Both upstream states in Central Asia are more concerned with increasing their hydropower capacity. At the opening of the Second South Asian Electricity Trade Conference in 2006, the Tajik president recalled that the total capacity of the functioning of hydroelectric power plants in Tajikistan amounted to a meager 3.2% of the hydro energy resources and stated that this share should be increased. The Tajik government relaunched the Soviet hydroplant projects on the Vakhsh River at Sangtuda and Rogun. The Rogun plant started in the 1980s, but stopped when the Tajik civil war started. Massive floods in 1993 subsequently destroyed most of what was already built.

Earlier Uzbekistan had objected to the construction of the Rogun dam, particularly the final stage 335 meters high, as it claims it would give Tajikistan control of the flow of water to Uzbekistan's Qashqadaryo and Surxondaryo provinces. The first two stages of the project will deny Ta-

jikistan full control of the river as live storage will be below 40% of the mean annual flow and the Vakhsh River comprises only 25% of total Amu Darya flow. According to Reuters, on 9 March, 2018, Uzbekistan withdrew its objections to the construction of the world's tallest dam in Tajikistan on the river shared by the two CARs, as their presidents indicated after a meeting. Tajik leader Imomali Rakhmon told reporters after meeting Mirziyoyev: "We share the view that the existing hydropower facilities and those under construction will help resolve the region's water and power issues. In this regard, we welcome Uzbekistan's support for the development of hydropower facilities in Tajikistan, including Rogun." Mirziyoyev, in turn, said Uzbekistan would seek to boost the share of hydropower in its consumption by purchasing it from Tajikistan. "We will never leave our neighbors without water," Rakhmon reassured him.

Importantly, the land and water rights are also a point of concern in relations with its neighbors for Tajikistan. There have been several low-level disputes on the Kyrgyz-Tajik border, specifically in the Tajik enclave of Vorukh in Kyrgyzstan and Ferghana Valley. The tensions were thought to have been resolved after low-level talks and the June 2001 agreement between the Kyrgyz province of Batken and Tajik province of Sughd. In 2003, however, many incidents were reported on the border, and the Vorukh enclave still seems to be the point of discord for both governments.

Kyrgyzstan's condition is more critical, at least in the relation with downstream states. Control of the strategic water infrastructure is an essential stake in its relations with the downstream states. According to media reports, in 1996, Uzbekistan threatened to resort to military force to seize the Toktogul reservoir and dam on the Kyrgyz section of Syr Darya if Kyrgyzstan attempted to alter the existing distribution policy. The Kyrgyz government would like to increase its hydropower generating capacity with the Toktogul II project. However, the downstream countries object, since they believe that Kyrgyzstan already releases

too much water from the current dam during the winter period and not enough during the summer (cotton fields in Uzbekistan and Kazakhstan were flooded in the winters of 1993, 1998 and 2001). In 2001, an official meeting on water allocation was held, but no agreement was reached.

Like Tajikistan, Kyrgyzstan also wishes to expand irrigation, with possible increases in intake from the transboundary rivers in the Chu, Dzhahal-Abad and Osh provinces. This project has not yet been criticized by downstream countries, as the hydropower project remains their primary preoccupation. In fact, there has been some cooperation: in yet another new institutional arrangement, Kyrgyzstan and Kazakhstan have formed a Commission for the Chu and Talas Rivers, aimed at discussing better usage of transborder water resources [19].

For Turkmenistan, the main objective is to ensure food security. The government formulated plans to irrigate 450,000 hectares through recycling runoff and drainage water. However, rapid population explosion in Turkmenistan (over 10% since 2000) resulted in increased use of water due to irresponsible usage, to the extent that Turkmenistan currently figures as the most inefficient user of water in the world, with its citizens and businesses using 13 times as much water per capita as the U.S. The other countries in the region are not far behind [20].

Turkmenistan's relations with Uzbekistan are tense over water usage as both countries depend heavily on agriculture through irrigation and both rely entirely on the Amu Darya for this purpose. There have been persistent reports of Uzbekistan troops taking control of water installations on the Turkmen bank of the river by force, as well as military tensions along the Lebap-Bukhara border. Though these reports are not substantiated, they are indicative of the simmering tensions between the two states. The two countries have routinely engaged in mutual accusations of overuse and misuse of water supply. Tensions have been intensified by the complicated personal relationship between the Uzbekistan and Turkmenistan

presidents.

Importantly, in July 2009, the President of Turkmenistan Gurbanguly Berdymukhamedov officially opened the construction of Altyn Asyr (Golden Age), an artificial lake created to solve some of the country's irrigation problems. It also heightened tensions among the CARs. Many reports suggest that it has the potential for an environment disaster in the future [21].

Uzbekistan is the second largest cotton exporter in the world, selling more than 800,000 metric tons annually. Cotton, therefore, is the key source of hard currency for the Uzbek government and an essential component of state control over its population as the land tenure and cotton sales are very tightly managed by the quasi state or state bodies [22]. To ensure production, the Uzbek government would like to develop more irrigated areas to produce food surplus for export to neighboring states. For this purpose, Uzbekistan is trying to build more canals that would adversely impact the environmental situation.

In the case of Kazakhstan, it has conflicting relations over use of water with Uzbekistan. Kazakhstan has accused Uzbekistan of controlling the river's flow arbitrarily, which periodically affects agriculture in southern Kazakhstan. Thus, water rights and border issues are another area of concern. The demarcation of this border is unclear, and as reported by the International Crisis Group, "The border issue is of specific concern for Kazakhstan as the southern provinces are among the most heavily populated areas of this country and disagreements about arable lands, water and pastures in this area came at a time when the social tensions were already palpable due to high unemployment, economic recession and declining living standards." [13, p.8]

Regional Politics: Role of Funding Agencies

Water tensions among Central Asian states have adversely affected regional relations. After the collapse of the U.S.S.R., three Central Asian leaders left the Communist Party and continued the topdown governance model used during the

Soviet era. The Constitution of Kyrgyzstan had established a parliamentary form of democracy. However, it has yet to be seen how effective these efforts will be in the future. Importantly, three republics—Kyrgyzstan, Kazakhstan, and Uzbekistan each have constitutions which state that water is a state resource. Moreover, the downstream countries have claimed that international rivers should be a common resource that all countries need to share. This illustrates the problem of whether or not water is a public good. Another element to this debate is whether to use domestic or international water law in order to find a resolution of the regional dispute. Various water agreements have been broken due to the reasons mentioned above. As these countries pursue often conflicting sovereign interests, the incentive to uphold any agreement remains weak. Moreover, lack of funding and enforcement mechanisms within the agreements further weakens their effectiveness [23].

Two important institutions of cooperation, the Interstate Commission for Water Coordination (ICWC) and International Fund for Saving the Aral Sea (IFAS)^{8,31} have been limited in their effectiveness in part because of the rivalry and conflict over the staffing patterns and questions that were biased towards Uzbekistan. There have been suspicions that because officials from Uzbekistan were heavily represented, these organizations favored its national interests. The dialog is thus hindered due to mistrust and competition. Further cooperation problems have been exacerbated by retaliatory actions, i.e., when Kyrgyzstan suddenly stopped water supplies to Kazakhstan from the Kirov reservoir in April 2010. Almost 80% of its total capacity is used by Kazakhstan for agricultural purposes alone. In June 2010, Uzbekistan reduced the passage of water from Kyrgyzstan to Kazakhstan in the cross-border Dostyk channel [ibid.].

As far as donor agencies are concerned, the

World Bank has initiated a comprehensive Central Asia Water & Energy Program (CAWEP) in the region in 2009, which aims to improve support to manage their water and energy resources. The CAWEP also aims to coordinate and leverage the contributions of other development partners, to provide critical technical support as well as financial resources for the program. Several development partners are currently involved in Central Asia, in both water and energy, including the Asian Development Bank (ADB), the Islamic Development Bank (IsDB), the European Commission (EC), Eurasian Development Bank, UNDP, UNECE, Germany (GTZ), Switzerland (SECO), U.K. (DFID), the U.S. (USAID), and the Aga Khan Foundation [24].¹⁰

The World Bank is discussing the CAEWDP with these and other potential partners in an effort to establish a multi-donor trust fund to support the core elements of the program. This partnership will build on the current joint energy activities, such as co-chairing with the Asian Development Bank (ADB) in the implementation of the Energy Action Plan of the Central Asia Regional Economic Cooperation Energy Sector Coordinating Committee for Central Asia. The World Bank is also partnering with a broad group of donors to support the work of the IFAS, coordinating the multilateral development banks' climate adaptation program for Tajikistan and a Regional Hydro-meteorology Program across the region.

Some of the important results from the CAWEP include:

1. More than 13,000 farmers in Uzbekistan and Tajikistan were able to implement climatesmart solutions and improve their crop production with the support of the Climate Change Adaptation and Mitigation project in the Aral Sea Basin.

2. 87 weather stations and 19 river stations have been rehabilitated in Kyrgyzstan and Tajikistan, improving the accuracy of weather forecasting in these countries by up to 30% under the Central

⁸ *The basic institutional structure of the water management system in the Aral Sea Basin would appear to be organized around two principal agencies. The ICWC is the technical authority, regulating and supervising the allocation of water resources and related infrastructure. The IFAS is the political authority that guides and sanctions the work of the ICWC via principles and policies agreed upon by the member states,* see: [<https://www.waterunites-ca.org/themes/17-ifas-organizational-structure.html>].

Asia Hydrometeorology Modernization project.

3. In Tajikistan, CAWEP helped to design the Nurek Rehabilitation project. Operational at only 77%, the Nurek Hydropower plant will undergo a major rehabilitation and increase winter power generation by 33 million kWh.

4. The Central Asia Youth for Water Network was established, which now connects students and practitioners from around the world, helping researchers to find solutions to the most pressing issues in their countries [ibid.].

Recently, on 23 May 2019, The European Union and the World Bank signed an agreement for a new €7 million grant to support water and energy security in Central Asia. The funding will contribute to the Central Asia Water & Energy Program. Along with the European Union, the Program is also supported by Switzerland and the United Kingdom's Department for International Development.

Although numerous agencies are active in the region, i.e., ADB, the World Bank, the U.S. Agency for International Development, the Canadian International Development Agency (CIDA) and the Swiss Development Commission, most of them, unfortunately, are in a transition period. Their objectives and principles as donor agencies are not very effective due to the lack of coordination and uniform approaches.

Upstream-Downstream Priorities

The current methodology of water allocation, based on the Soviet era rules, has not taken into account the emerging priorities of the independent CARs. For instance, Tajikistan and Kyrgyzstan often claim that the old rules of water allocation have limited the development of irrigation on their land, and that a reassessment of their future water allocation needs is required. The downstream countries complain that poor water quality in the lower and middle reaches of the Basins reduces agricultural production and also damages public health. Therefore, this merits re-mediation of the problem. Additionally, the growing water demands of Afghanistan may cause new ten-

sions in the system of allocation of water. Today agriculture and energy sector policies of Central Asian governments have a huge impact on water management in the region, however, there is a lack of any effective and tangible mechanisms to coordinate the inter-sectoral issue within most CARs. To that extent not only are domestic inter-agency channels necessary in the CARs, but a similar regional mechanism also has to be established to ensure peace and prosperity.

Financing Regional Water Management Projects

Several regional water management projects have been proposed for consideration for joint financing by governments of Central Asia. These include the Kambarata I and II dams in Kyrgyzstan, which is unable to finance this project alone and has proposed a regional consortium for joint financing. Also Kazakhstan has expressed an interest in participating in the consortium if the conditions are favorable. After joining the consortium, Kazakhstan will change its water management position and try to resolve the problem with the uppermost countries taking the interests of the downstream and upstream countries into account. This will enable it to exert control over the decisions of water management. Kazakhstan and Kyrgyzstan are both interested in involving Uzbekistan in the Kambarata consortium, but the direct benefits of being a part of the consortium for Uzbekistan are not as clear as those for Kazakhstan. On 23 November, 2017, Sapar Isakov, the Kyrgyz Prime Minister, announced that Uzbekistan intends to help build the Kambarata I hydropower project on the Naryn River in the northern part of the Kyrgyz Republic.

Decisions regarding the investments in major water management systems affect the entire regional regime of water management and should be made with full participation of all the affected countries; otherwise it will undermine the trust and basis for cooperation in the regional sphere. Future management regimes adopted for the Amu Darya and Syr Darya must be based on a compre-

hensive evaluation of the options which include the upgrading of existing physical infrastructure and improved water management by the riparian states across the Basin [25].

Conclusion

Conflicts among the Central Asia republics over water are far more explosive than even conflicts among different ethnic groups or territorial disputes. Since 1998, none of new agreements on water have even reached the heads of state for signature, and none are currently under development. Askar Muminov, an eminent author, writes in Kazakhstan's Central Asia Monitor that the situation will lead to a major war among two or more regional countries within this century. At present, the regional states have been unable to come up with anything similar to the arrangement of Soviet times, when the two water surplus republics provided water to the downstream ones in the summer in exchange for a reverse flow of energy in the winter [20, op.cit].

It is high time that all the countries negotiate with each other, since there are no longer any other options. Rafael Sattarov, a Kazakh political analyst, agrees, but is pessimistic about the prospects of an agreement anytime soon. At present, he says, talks are effectively frozen; and despite hopes and expectations, regime changes in some of these countries have failed to break the deadlock [20, op.cit].

However, a high level of political will is needed to achieve such cooperative water resource management, and that is the will that seems to be lacking in the Central Asian region. Government officials of Uzbekistan and Turkmenistan have often demonstrated a desire to handle water management systems and several other regional issues solely through development of bilateral agreements and arrangements. Yet a consensus is needed among the Central Asian presidents and high-level advisors for regional cooperation that can lead to increased stability, benefits, and security for each country. Regional development assistance can demonstrate the mutual economic advantages that can be derived from a multi-

sector approach to the regional cooperation in the management of water resources. A new regional water-related cooperation paradigm is needed in Central Asia. Managers of the water sectors cannot solve issues of regional cooperation alone. It is the political leaders in the CARs who need to initiate such an approach, otherwise the industries involved will not be able to participate.

The preceding water management rules were based on the priority of irrigated agriculture and did not conform to the present power generation needs of the upstream states, namely Tajikistan and Kyrgyzstan. Attempts to resolve the problem on the basis of interstate energy barter has been moderately successful, despite the fulfillment of annual barter agreements. Renewed efforts are needed to prepare annual agreements in a stipulated timely manner; include compensation for storage services as well as flow regulation; develop multi-year schedules for compensation and gradually depart from the barter system to a monetized exchange among states.

Suitable and enhanced technology is essential in increasing agricultural production. But this does not promote or address regional cooperation, rather, by and large, a drop of water saved by the four Aral Sea Basin nations is viewed as one more drop for the expansion of agricultural production, rather than for draining it into the Aral Sea. Irrigation efficiency improvements in the upstream areas will not necessarily result in greater water flow to the Aral Sea, instead, the saved water would be diverted to the newly irrigated areas. In several cases, improvements in efficiency can generate significant economic advantages for participating nations through a regional approach to water resource management. The Central Asian states of Tajikistan, Kazakhstan, and Kyrgyzstan had expressed a strong desire to create new agreements that would satisfy the international norms on water sharing. But there is reluctance on the part of major riparian CARs (Uzbekistan and Turkmenistan) to discuss this issue.

Also, international donor agencies should try to promote a consensus at the Presidential or Prime Ministerial level over the principles of regional

cooperation. In the Syr Darya Basin, Tajikistan, Kazakhstan and Kyrgyzstan already understand this approach, but only Uzbekistan remains unconvinced regarding the matter. In the Amu Darya Basin, the increased downstream water pressures in Uzbekistan and Turkmenistan, due to the upstream Afghan water diversions, may convince the countries to confront this problem with the

required political will. The coordination between donors is desperately required in the Central Asian regional management activities related to river water. Though donor coordination cannot occur in the absence of government representatives, there is a dire need for a donor-led mechanism for information exchange and coordination.

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KAZAKHSTAN'S NATIONAL BRANDING AND FDI ATTRACTION: REVIEW OF KEY MILESTONES

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Abstract. Kazakhstan is a young, developing and modern country. Since its independence in 1991 it showed a great development and improvement towards market economy. Today (2020), according to the World Bank Kazakhstan is ranked 25 in Doing Business Index (2020), which shows a significant upward trend since 2019 when Kazakhstan was ranked at 28th position. However, the national and destination branding are, arguably, more complicated areas due to the fact that they are to some extent directly linked to the emotional side of the target audience. The interpretation of the brand may change due to these four factors: educational and personal background, character and geographical position. At this stage Kazakhstan is already implementing promotional strategies, however one might argue that they are not under the same promotional umbrella, which debatably, decreases the process of spreading awareness of Kazakhstan. This leads to the gap in development and promotion of National brand and limits the attraction of FDI.

Keywords: *National Image, FDI, Investment, Digitalization, Strategic Marketing, Digital technology.*

ҚАЗАҚСТАННЫҢ ҰЛТТЫҚ БРЕНДИНГІ ЖӘНЕ ТІКЕЛЕЙ ШЕТЕЛДІК ИНВЕСТИЦИЯ ТАРТУ: НЕГІЗГІ КЕЗЕҢДЕРГЕ ШОЛУ

Әсем Нұрпейісова

Андатпа. Қазақстан – дамып келе жатқан, заманауи мемлекет. 1991 жылы тәуелсіздік алғаннан бері ол нарықтық экономикаға қатысты өзінің қарқынды түрде өркендеп, жетілгенін көрсетті.

Бүгінгі таңда (2020 ж.) Дүниежүзілік банк мәліметіне сәйкес Қазақстан Бизнесті жүргізу индексіне (2020 ж.) 25 орынға ие, ал Қазақстанның 2019 жылдан бастап 28 орында болғанын ескерсек, айтарлықтай өсу тенденциясын көрсеткенін байқаймыз. Алайда, ұлттық және мақсатты брендинг мейлінше күрделі сала болып табылады, өйткені олар белгілі бір дәрежеде мақсатты аудиторияның эмоционалды жағына тікелей байланысты. Брендті интерпретациялау төрт факторға байланысты өзгеруі мүмкін: білімі мен жеке шығу тегі (тәрбие), мінез-құлқы және географиялық орналасуы. Қазірдің өзінде Қазақстан жарнамалық стратегияларды жүзеге асыруда, алайда олар бір жалпы шатыр брендінің (жалпы мақсаты – бір брендті ілгерілету болып табылатын бірнеше түрлі жарнама компанияларды жүргізуден тұратын брендті кеңейту стратегиясының түрі) астына кірмейді деп айтуға болады, яғни Қазақстан туралы ақпараттың таралу процесінің төмендеуі ықтимал. Бұл ел туралы ақпараттың сәйкес келмеуіне және ұлттық брендті дамыту мен ілгерілетудегі алшақтыққа әкеледі және ТШИ тартуды шектейді.

Түйін сөздер: ұлттық имидж, ТШИ, инвестициялар, цифрландыру, стратегиялық маркетинг, цифрлық технологиялар.

НАЦИОНАЛЬНЫЙ БРЕНДИНГ КАЗАХСТАНА И ПРИВЛЕЧЕНИЕ ПИИ: ОБЗОР ОСНОВНЫХ ЭТАПОВ

Асем Нурпеисова

Аннотация. Казахстан - молодая, развивающаяся и современная страна. С момента обретения ею независимости в 1991 году она продемонстрировала большое развитие и улучшение по отношению к рыночной экономике. Сегодня (2020 г.), согласно данным Всемирного банка, Казахстан занимает 25 место в Индексе ведения бизнеса (2020 г.), который показывает значительную тенденцию роста с 2019 г., когда Казахстан занимал 28 место. Однако национальный и целевой брендинг являются более сложными областями вследствие того, что они в некоторой степени напрямую связаны с эмоциональной стороной целевой аудитории. Интерпретация бренда может измениться из-за следующих четырех факторов: образовательного и личного происхождения (воспитания), характера и географического положения. На данном этапе Казахстан уже реализует рекламные стратегии, однако можно утверждать, что они не идут под одним общим зонтичным брендом (вид стратегии расширения бренда, заключающийся в ведении нескольких разных рекламных компаний, общая цель которых - это продвижение одного бренда), а значит вполне возможно уменьшает процесс распространения осведомленности о Казахстане. Это приводит к расхождению в осведомленности о стране и разрыву в развитии и продвижении национального бренда и ограничивает привлечение прямых иностранных инвестиций (ПИИ).

Ключевые слова: национальный имидж, ПИИ, инвестиции, цифровизация, стратегический маркетинг, цифровые технологии.

Introduction

Kazakhstan is in a strategic position between China, Russia and Central Asian countries and connecting it with Europe. Kazakhstan's political strategy implementation allowed her to generate about 60 percent of total GDP of Central Asian

region [15]. The steps such as the introduction of principle "one-stop shop" allowed investors to receive all needed support services in one place at the same time with minimum bureaucratic barriers. Moreover, it allows transparent monitoring of the post-investment period progress. Other steps

include investment incentives such as 10-year exemption from land taxes and 8-year exemption from property taxes, up to 10-years exemption from corporate income tax, and reimbursement of 30 percent of actual investment in fixed assets [14]. All of these steps definitely created the basis for national promotion and attracting investment to the Republic of Kazakhstan as a prosperous and progressive market and a stable economy for foreign investment. Kazakhstan improves and tries to build a perfect foundation for businesses to work in various sectors and government doing its best to collaborate with different countries.

National branding and reputation - as well as similar concepts in the business world - are of delicate nature although their establishment and slow but steady progress can take many years, whereas the status or image can be tarnished in a matter of

hours. With regard to the change of perception, it is judged not just by words but also by deeds.

This writing will be based on the review of the main steps that would allow Kazakhstan to increase awareness and, consequently, would lead to the growth of FDI flow into the country. It will broadly consider the main areas such as brand construction, investments and logistics that would push further growth of the country.

The proposed conceptual framework that would allow Kazakhstan to increase its awareness (construct the National brand image) and would positively impact the growth of FDI flow to the country is based on three main steps. They are brand construction, logistics and investments. In particular each step will be discussed in the next chapter.

The proposed conceptual framework for this study is displayed in Figure 1.

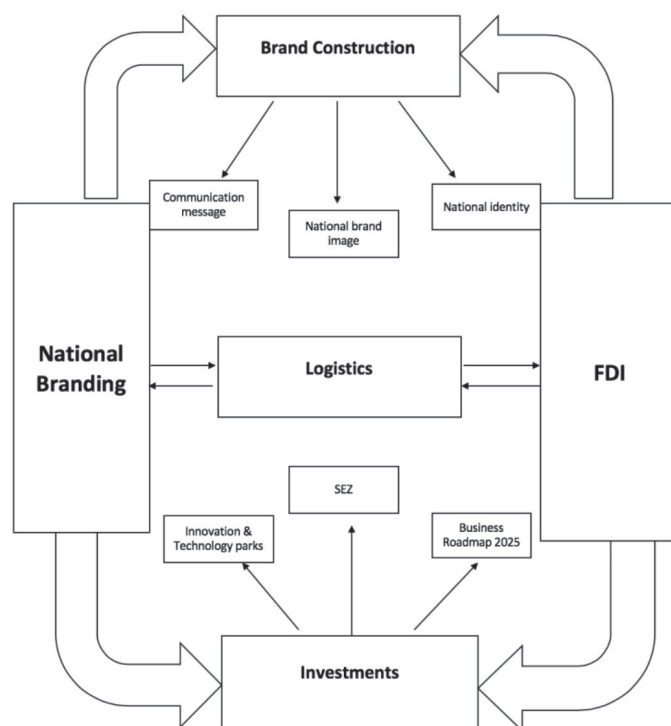


Figure 1. Conceptual framework for the development and promotion of Kazakhstan's national brand (Nurpeissova, 2020).

Methodology

This is a conceptual paper and the writing is mainly based upon the secondary research. As a part of the secondary data the electronic resources, databases, articles and reports were used in order to get up to date and reliable materials.

Theoretical overview and Discussion

Brand construction

When it comes to the national branding, one might state that competitive national identity – is one of the significant components of the successful brand, especially, in the globalized world. A coun-

try's development relies on the image, perception and reputation of the country. This creates a basis that helps attract investments, which leads to the development of government's economy and, consequently, to the growth of the country, which has its impact on the brand image of this country. It can be stated that Kazakhstan's effective brand image may allow the country to increase its development via speeding the process of establishing its reputation on the World arena as a stable economy, quickly modernizing nation. One might note that culture and values, such as tolerance and hospitality are the strong points of Kazakhstan that attract tourists and visitors and have a positive impact on the economic growth of Kazakhstan. In this regard Kazakhstan faces challenges, for example, weak infrastructure, lack of knowledge and education in the English language among the natives, consequently, these points repel foreign visitors, which leads to weak brand image. The extensive investigation and analysis of Kazakhstan's national and international challenges are vital in order to identify strengths, weaknesses, threats, opportunities and the environment for the advanced and improved brand. The national branding strategy would gain by identifying key places, regions with a high concentration of the potential investors, target audience with a higher ability of financial costs. For example, for some target audience Kazakhstan may be regarded as a Switzerland in Central Asia. Due to the fact that there are mountains and other natural beauties in Kazakhstan (which may be regarded as a unique selling point) that would allow to position itself as a luxury skiing resort with affordable price in comparison with Switzerland or Austria.

Another significant milestone is to identify the main communication message and create the best possible communication strategy for Kazakhstan's brand awareness. This will represent the main idea of Kazakhstan as a nation and as a contemporary country that is attractive to various target audience: from businesses and executives to travelers and occasional visitors. In order to accomplish this step, it is essential to understand the communication flow before finding the appropriate strategy. According to Lasswell's theory in order to find a proper communication strategy for a government,

it is vital to understand what the communication flow is. Referring to Lasswell's theory of communication it includes the following: "Who ... says what ... in which channel ... to whom ... with what effect" [1]. This model depicts that the main steps of communication flow are: who sends the certain message; the channel, which is used to promote and send this message, and, who is the receiver of this message (in our case it would be investors, travelers, business people outside Kazakhstan) and, fundamentally, what effect this message should have on the targeted audience. In the case of Kazakhstan's national branding communication strategy, the desired effect would be to increase the investment to the country, and consequently develop the economy and the government further. The ultimate aim will be the promotion of Kazakhstan's positive image abroad.

The main idea is to develop strategy that would create a brand that would strengthen the current position and perception of Kazakhstan (e.g. culture, heritage, a strong financial sector), as opposed to a negative perception of weak areas (e.g. infrastructure).

The establishment of a strong confident national brand would lead to the rise of Kazakhstan's voice and footmarks in attracting investment to the state and provide a clear message to the World regarding the openness of Kazakhstan to industries and businesses. A national brand that welcomes tourism, attracts new visitors to take a unique look at everything Kazakhstan has to offer for international visitors and tourists.

There are key concepts that may be taken into account in framework for the National Branding strategy.

- **Stability.** The concept of 'stability' - key strength of Kazakhstan. Kazakhstan is a stable country politically, economically and socially. This is very important due to the fact that investors do not like uncertainty.

- **Resources.** Natural resources (i.e. coal, oil, copper, iron, gold, manganese, lead, zinc)– are Kazakhstan's main strengths.

- **Natural beauty.** The vast natural beauty of Kazakhstan is one of the key strengths. The following elements of natural beauty aspects can be

highlighted:

Wildlife - horses, eagles and other wild animals. It can be stated that the eagle symbolizes the notion that Kazakhstan is large, welcoming and free.

Tulips - tulips came from Kazakhstan and it is disappointing fact that this is not very widely known or recognized. Majority of people around the World know that tulip is from the Netherlands due to their marketing and branding efforts.

Terrain - wide steppes and large mountains are a very strong point and unique selling point of Kazakhstan’s natural beauty.

The natural heritage of Kazakhstan – is strength in the context of tourism development of this area.

• Weaknesses. The weaknesses can be categories as follows:

1. Perception and awareness weakness (lack of knowledge, awareness, brand recognition);

2. Structural weaknesses (infrastructure gaps in some regions).

The development of a new national brand is aimed at resolving issues related to weaknesses in the perception of Kazakhstan such as the lack of awareness of the strengths of Kazakhstan in the international community.

Identified structural weaknesses require the strong involvement of the government, where it would address the long-term conceptually oriented efforts. Structural weaknesses that Kazakhstan faces (which cannot be changed) – issues with infrastructure - but alternative ways of improvement can be found and developed.

Logistics

In a contemporary era of digitalization and economy of globalization logistics is essential sector in further development of a certain country. “World market for transport logistics is estimated at \$ 2.7 trillion or about 7% of World GDP”, which shows that it is a very profitable and important area [2]. Also, it is a significant source of national income. Hence, the challenges concerning the development of logistics are regarded as one of the priorities of the government and its development of possible strategies to further improve this sector in the past decade. It can be argued that Kazakhstan has a solid basis for the development of the logistics sector in the region. She is located in strategic position neighboring Russia, China and Central Asian countries and connecting it with Europe, which allows it to be a transit between its neighbors. Moreover, location aspect may be regarded as the crucial catalyst for further improvement of the country's transport and logistics sector. Kazakhstan is a significant “transit hub for oil and natural gas flows between Russia, China, Turkmenistan, Uzbekistan [and] Kyrgyzstan” [3]. Taking into account the importance of the country in Asian region stimulates further progress of logistics and transport sector. At the Foreign Investors Council meeting in 2019, it was mentioned that Kazakhstan can be regarded as a bridge between Asia and Europe as a result the government aims to be one of the largest and most important logistics hub in the Asian region [2].

		2014	2016	2018
Indicator		88	77	71
LPI		2.70	2.75	2.81
Score	rank	106	65	81
Quality of trade & transport infrastructure	score	2.38	2.76	2.55

Table 1. LPI index Kazakhstan [4]; [5]; [6].

Kazakhstan ranked at 133 position in LPI in 2007, with the great improvement in 2018 Kazakhstan holds 71 position (please refer to table 1 above for 2018 data). In comparison none of the CIS and Central Asian countries has achieved such success, to exemplify, Russia holds 75 position, Belarus is at 103 position and Kyrgyzstan is ranked 108 [3].

The strategic location of Kazakhstan between the important routes of - China and Europe – may be regarded as the crucial stimulus for further improvement of the country's transport and logistics system. The development of the efficient logistics routes is mainly encouraged by the fact that “main areas of development of China's economy are the western and central provinces” that are closely located to rail transport through its neighbor- the Republic of Kazakhstan [2].

Investments

Kazakhstan is trying different approach to engage with investors of different countries. For example, it became a member of Eurasian Economic Union, a free-trade bloc that includes Russia, Belarus and Kazakhstan with the follow up joining of Armenia and Kyrgyzstan a couple of years ago. Another approach is visa incentives that allows 44 countries citizens to enter the territory of Kazakhstan for up to 30 days with all types of valid passports [12]. In the contemporary time, these are significant steps in attracting not only tourists but also potential businesses and, consequently, more investments. More to the point, these factors combined with the fact that Kazakhstan joined World Trade Organization (hereafter WTO) in 2015 show how fast, compared to its neighbors, the country is growing, modernizing and successfully collaborating with various countries and International Organizations [11]. Kazakhstan, surely, has a great economic environment and potential for further progress of its national image. According to the Bloom Consulting and its Country brand ranking report Republic of Kazakhstan holds 14th position among countries in Asian region in 2020 [7].

Kazakhstan is implementing different government programmes in order to develop certain sectors more, attract investments to particular projects that would result in the higher employment rate. For example, Business Roadmap 2025 is aiming to increase the share of small- medium enterprises

(hereafter SME) by 35 percent [8]. This government initiative is focused on making available the employment positions and keep a sustainable growth of regional entrepreneurship. More to the point the Business Roadmap 2025 is concentrated on the increase in tax revenues by about 2 times from the level of 2017, increasing the share of medium-sized businesses to at least 13.7 % [8].

Another highlight that create a foundation for attracting FDI is special economic zones (hereafter SEZ). There are special rules that operate on the territory of SEZ, this is an opportunity for investors to freely work in Kazakhstan. For example, according to PWC there are tax incentives, which allow to easily work on the territory of SEZ projects [9]:

- CIT: 100% reduction (certain conditions).
- VAT: 0% rate (for goods fully consumed during the performance of activities corresponding to purposes of creation of the SEZ and included in the list of goods established by the government of Kazakhstan).

• Land tax and payment for the use of land plots: 0% rate.

- Property tax: 0% rate.
- Social tax: 100% reduction (for 'Park of Innovative Technologies').

There are 12 SEZ projects that currently operate in various regions of Kazakhstan [9]:

1. 'Astana, the New City' in Nur-Sultan (the expiry date is in 2027).
2. 'Astana Technopolis' in Nur-Sultan (the expiry date is in 2042)
3. 'Aktau Sea Port' in Aktau (the expiry date is on 1 January 2028).
4. 'Ontustik' in Sairam district of South-Kazakhstan region (the expiry date is on 1 July 2030).
5. 'National Industrial Petrochemical Park' in Atyrau region (31 December 2032).
6. 'Park of Innovative Technologies' (1 January 2028).
7. 'Saryarka' in Karaganda region (1 December 2036).
8. 'Khorgos - the eastern gates' in Almaty region (2035).
9. 'Pavlodar' in Pavlodar (1 December 2036).
10. 'Chemical Park Taraz' in Taraz (1 January 2037).
11. 'International Center for Cross-Border Cooperation Horgos' in Almaty region (1 January

2041).

12. 'Turkestan' in Turkestan region (1 January 2043).

In order for Kazakhstan to be technologically advanced following steps need to be fulfilled. The use of technology parks, social-entrepreneurial corporations (hereafter SEC) and regional branches of national companies are essential for the country. Kazakhstan's government uses two-tier system of technology parks - National S&T parks and Regional Technology parks [10]. In particular the national industrial parks emphasized on new industries that would create basis for competitiveness and development of country's economy. The national technological and scientific parks include: Park of Innovative Technologies (Techgarden, Astana Innovation hub), the National Industrial Petrochemical Technology Park (Atyrau), Park of Nuclear Technologies (East Kazakhstan) [10]. The regional and scientific parks are crucial part of development of an academic, technological and scientific area in Kazakhstan. More to the point it would allow to further improve the innovation sector in the country. The majority of regional and scientific parks located in big cities such as Nur-Sultan and Almaty, for instance regarding the new project applications about "85% are submitted from Almaty" and Central areas of Kazakhstan, which depicts that regions needs to be more up to date with central regions [10]. This leads to the argument

that the development of only central cities is not enough for further growth at a government scale.

Conclusion

An effective creation of the brand image is mostly based on successful use of appropriate marketing and communications strategies. Marketing strategies are significant tools in the creation and maintaining of the brand and its image through the appropriate positioning of the said brand. In other words, identifying strengths, weaknesses, opportunities and threats of the certain brand and developing an effective marketing strategy that is able to support, develop and maintain the brand is what any communications team strives for. Communication is essential in the development and promotion of the brand, i.e. ensuring that the brand image is interpreted correctly (as was programmed in the strategy) and the marketing strategy reaches its target audience. There are various communication strategies that may help to create, maintain a develop the successful brand image. In our days the digital economy of the contemporary time allows the use of social networks and media in order to build a perfect foundation for the leading brand image, and in our days the social media and platforms are the perfect tools that let you reach the target audience instantly and at mass and communicate your main message easily.

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FOREIGN POLICY TOWARDS FOREIGN DIRECT INVESTMENTS: EXPERIENCE OF TURKEY

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Abstract. As investment diplomacy has taken its place in world politics recently, it has not been sufficiently covered in a strategic approach by the majority of international actors; indeed, neither are there any associated theoretical approaches in field of foreign policy and investment correlation. Whilst FDI is well researched from the perspective of economics and development, its effectiveness in the development of a given country is still under discussion. Experience of Turkey FDI attraction through foreign policy strategy, its effectiveness and results in different periods will be presented in the article. Certain lessons of Ankara can be applied to the countries which focused on the “economization” of foreign policy and FDI cooperation.

Keywords: *Foreign Direct Investments, Investment Diplomacy, Foreign Policy Strategy; International Political Economy; Turkey.*

СЫРТҚЫ САЯСАТ ТІКЕЛЕЙ ШЕТЕЛДІК ИНВЕСТИЦИЯ ІЗДЕНІСІ ҮСТІНДЕ: ТҮРКИЯ ТӘЖІРИБЕСІ

Рената Фаизова

Аңдатпа. Әлемдік саясатта инвестициялық дипломатияның рөлі артуда. Өзектілігіне қарамастан, сыртқы саясат пен инвестициялық ынтымақтастықтың өзара ықпалы халықаралық

қатынастар теориясы тұрғысынан толық зерттелмеген. Тікелей шетелдік инвестициялар (ТШИ) экономика және мемлекет дамуы тұрғысынан жеткілікті зерттелгенімен, оның белгілі бір елдің дамуына тиімділігі мен әсері жайлы ғалымдар тарапынан әлі де талқылануда. Бұл мақалада сыртқы саяси стратегия арқылы Түркияның ТШИ тартудағы тәжірибесі, оның тиімділігі мен әртүрлі кезеңдердегі нәтижелері қарастырылған. Анкараның кейбір тәжірибесін сыртқы саясатын “экономикаландыруға” және шетелдік инвестиция тартуға бағытталған елдерге қолдануға болады.

Түйін сөздер: тікелей шетелдік инвестициялар, инвестициялық дипломатия, сыртқы саясат тұжырымдамасы; әлемдік саяси экономика; Түркия.

ВНЕШНЯЯ ПОЛИТИКА В ПОИСКАХ ПИИ: ОПЫТ ТУРЦИИ

Рената Фаизова

Аннотация. Роль инвестиционной дипломатии все больше возрастает в мировой политике. Несмотря на актуальность, до сих пор тема взаимного влияния внешней политики и инвестиционного сотрудничества не изучена с точки зрения теории международных отношений. Тема прямых инвестиций достаточно исследована с точки зрения экономики, развития государства. Тем не менее, эффективность и влияние прямых иностранных инвестиций в развитии той или иной страны все ещё обсуждается учеными. В данной статье будет исследован опыт Турции в привлечении прямых иностранных инвестиций и внешнеполитическую стратегию в данной сфере, ее эффективность и результаты в разные периоды развития государства. Определенные уроки Анкары могут быть применены к странам, которые сосредоточены на «экономизации» внешней политики и привлечении иностранных инвестиций.

Ключевые слова: прямые иностранные инвестиции; инвестиционная дипломатия; концепция внешней политики; мировая политическая экономика; Турция.

Besides many global and domestic economic challenges, Turkey has increased FDI inflows in 2018 by 12% [1]. Since global FDI decrease which achieved 13% in 2018 and made certain states to answer global challenges and compete for foreign investors. Though in 2018 Turkey experienced devaluation and economic development decline, it managed to maintain an increase in FDI flows. Besides this sustainable increase of FDI flows, Turkey was fourth among developing countries worldwide in greenfield FDI projects by 2017-2018, and was fourth after China, the Philippines, and India in the list of economies with the most special economic zones in 2019 [1, p.41]. Ankara guaranteed preferences and security for

foreign investors, have investment strategies and formed special institutions to attract FDI, but both have a certain associated political risk; overall, Turkey implemented its foreign policy strategy more effectively.

This experience of Turkey can be very timely assumed in Kazakhstan. Kazakhstan since the 1990s developed strong partnerships with foreign investors and succeeded a lot in FDI inflows attraction. Meanwhile, due to UNCTAD, Kazakhstan showed a decline in FDI by 43% in 2017 and in 2018 by 18.3% [1, 2]. Since 2018 Kazakhstan started the process of economization of foreign policy to attract foreign investors and provide economic sustainability [3]. New Foreign Policy Strategy

of Kazakhstan for 2020-2030 shows that Nur-Sultan will enhance economic diplomacy and work hard in attraction of FDI to the country [4]. That is why experience of Turkey could be important to learn with its positive and negative lessons, as the country went through the different periods in investment diplomacy since the nineteenth century till nowadays.

The Ottoman Empire experience in FDI cooperation: the first lessons to learn

It is especially interesting to start by studying the experience of the Ottoman Empire in its history of foreign direct investments as beginning in the nineteenth century to the current experience to see how Turkey manages its inflows.

It is impossible to compare the entrance of FDI into Turkey in the nineteenth century and into Kazakhstan by the end of the twentieth century. Thus, there are similar issues and challenges which both had in FDI matter.

So, despite having had sustainable diplomatic and trade relations for centuries with the European states, the Ottoman Empire has faced economic challenges and decline since the eighteenth century. Indeed, the Ottoman Empire saw economic decline because of the free trade agreements imposed by the European Powers since the European powers, mainly England, assigned a policy of specialization which promoted raw material production at the expense of manufacturing. Bruce Master characterized this as follows: “As money made from trade was not reinvested in protoindustry, as it was in England, Holland, or Western Germany, was the availability of a host of other, more attractive options for returning profits to investors” [5, p. 147].

The Europeans were the first which entered market of the Middle East and with industrial revolution increased their economic activity in the nineteenth century. Diplomacy were closely connected with trade for centuries in that region, only increased competition

between European states for the influence in the region changed the picture. Weakened by domestic issues the Ottoman Empire was still the core player and it was still important to manage relations with the ottomans.

According to Mears “Looking around for fields for financial expansion, the Western bankers soon began to appreciate the availability of Turkey. Here was a country of vast potential resources, with a strategic geographical location and with government too ignorant, irresponsible and corrupt to protect its interests. It was an ideal field for political intrigue and it did not long remain uncultivated” [5, p.159].

Other authors, like Issawi wrote that, after 1838, the Ottoman trade regime was among the most liberal in the world [5]. Since the Europeans were expecting and working actively for the dismemberment of the Ottoman Empire, they wanted to have direct investments (physical assets) in the country, in order to increase their claims from the spoil. FDI started with a strong demand of infrastructure and agricultural development. For the Empire, it was easier to follow a cooperation based on long-lasting diplomatic relations and long trade history, with existing financial loan practices. The Ottoman administration did not explore the opportunities provided by centuries of that cooperation to diversify economy and increase its power but in certain terms used this opportunity belatedly. They used the diplomatic and economic competition of the Europeans powers for the survival of the Empire. The Ottoman Empire, benefited from FDI in infrastructures because such investments served both to the home and host the country interests. Despite of foreign policy, the Ottoman administration used national interest in the strategy of foreign policy and extracted from some economic development.

Four centuries of strong diplomatic connections between the Ottomans and European states brought a certain experience, but to the nineteenth century, the Ottomans significantly

lost their weight in political arena. Moreover, they became increasingly dependent on the military and economic supremacy of the Europeans, their industrialization and innovation [6]. So, being in contact with Europeans for centuries in trade relations, the Ottomans had the same problem which some states have nowadays; namely, the lack of industrialization and diversification of their economy.

As Gilpin, scholar of international political economy, noted “in the tradition of nineteenth-century liberals who extolled trade as a force for peace, some writers believe that the sharing of production by states and corporations of different nationalities creates bonds of mutual interest that counter and moderate the historic tendency for the uneven development of national economies to give rise to economic conflict. If corporations of declining economies are able to continue as industrial producers through foreign direct investment, it is argued, they will be less apt to resist the rise of new industrial powers” [7, p. 261].

The problem of taxation of foreign investments made the Ottomans urgently to adopt regulations preferable for investors. According to Quartet [5], the internal security problems in the first half of the nineteenth century also had a negative impact on capital investment. The Ottomans were collecting export taxes of 12 per cent, while duties were only 3 per cent for imports. As noted by Puryear, “the British made the Ottomans accept free trade before they accepted it in their own country” [5, p. 26].

Geyikdagi wrote “the British, who effectively controlled the Ottoman trade from 1838 to the 1860s, has introduced free trade to the Ottoman Empire long before they did so in Britain” [5, p.26].

First of all, after being a superpower in the region for many centuries, the decline of economic and political strength forced the Ottoman Empire to open the country to FDI inflows and allow Western countries to invest

in their country. Whether the Europeans had a bigger interest to enter a new market and sell their goods or to enforce the economic interdependence of a key country in their region is not easy to evaluate. In the second half of the nineteenth century, the leading European states were competing for power and influence, especially in the Middle East, and preparing for war.

Besides profits, FDI aims to bring new technologies to the host country. The Ottomans were not just open to financial inflows but were further interested in the kind of real industrialization that would work in favour of the country and restore its previous strength. The transportation and financial sectors received the first foreign capital inflows which further resulted in a major impact, though with a certain vulnerability, as well [8].

“Almost all of the earlier FDI in the Ottoman Empire were for commercial purposes as the Europeans assigned a specialized production and trade activity for this country. The Ottomans had to produce raw materials for the European industries and buy manufactured products of these industries as expedited by the 1838 Trade Agreement. The impoverished Ottoman people, who could not afford the high-quality but more expensive traditional textiles manufactured by the local craftsmen, bought instead the cheaper imported cloth. During the process, cotton, silk and other textile exports to Europe and the East declined while other local industries dwindled, and the country underwent de-industrialization as a consequence” [5, p.156].

The key countries investing in the Ottoman Empire were Britain, France, Belgium, and later Germany, which entered the European concert and started its activities. Eventually, Germany increased her diplomatic influence and privileges regarding its FDI share, and subsequently became one of the largest investors in the country. The competition between Europeans to invest and gain political and

economic influence in the territory became stiff. Besides FDI, the Ottoman Empire had a substantial foreign debt, which can be broken down as follows: France 49.5 %; Britain 6.9%; Germany 20.1%; Belgium 11%; and Holland 3% [5, p. 49]. Moreover, the Ottoman Public department of Administration was established with the purpose of guaranteeing the loan payments.

The Ottoman Empire had a long trade history with the Europeans, but in the nineteenth century was unprepared for the industrial revolution as it had no infrastructure or technology in the European sense. Most of its FDIs were focussed on the transportation and finance sectors in order to facilitate trade activities with the Europeans.

This period of history is very significant as the Ottoman Empire had played a major role in that region for centuries. However, its political and economic influence decreased dramatically in the nineteenth century, when the country became very dependent on the Europeans to meet its industrial needs. It turned into a place of competition between the great powers which were focussed on effective investment so that they could gain increased political influence and economic privileges. The last quarter of the nineteenth century was a time when a coming war was widely expected, and even then FDIs to Ottoman Empire went on increasing diplomatic relations with the Ottomans.

The European gave an economic and political competition increased by the end of the nineteenth century, as Germany was eager to invest for getting a very strong ally in the European arena. It's even possible to say that foreign policy became even more important in FDIs in relations with the Germans, the Europeans were competing with each other for domination through investments here with a long-lasting influence here and it was in favor of Ottomans. The Europeans invested in transportation and finance, but did not so much in industry is the Ottoman Empire got

a transportation and transport construction experience which remained in the country. But excepting cheap European goods and giving up local production was a major weakness in their policy. Diplomacy definitely was in place here and had an influence in increasing relations like with France and Germany, and at certain times, changes in relations with Britain led to the declining of FDI. But a very important feature is that foreign investors did not count risks as much as they do nowadays and relied on the country where they invested, and expecting diplomatic support in their interest. They were not anticipating a loss of political influence, getting no profit from investments.

Obviously, the Ottoman Empire didn't have some special foreign policy approach towards FDI and it was fragmentary and due to the circumstances of the nineteenth century, the policy and interest of the European powers. However, the first FDIs had not brought effective impact towards economy of the Ottoman Empire it brought experience when FDI interests were closely interconnected with diplomacy, the Europeans were competing for the resources and geopolitical position of the Ottoman Empire and FDI, foreign policy were the tools. Since then state could have used lessons in following strategies. National security risks were not included in economic partnership with the Europeans and it brought Republican Turkey after the dissolvent of the Ottoman Empire to the tough consequences. Soon the Ottoman Empire will be dissolved and Turkey stability will be significantly damaged. Surely, domestic political and economic issues, considered among the main of that however, economic dependence on the great powers should not be neglected as well.

The history of FDI in the Ottoman Empire requires very important consideration. The Ottoman Empire being geopolitically in a core place of interest and competition between Britain, France and Germany, was politically important but had considerable economic

weaknesses. Lately a lot of emerging states will have the same experience in relations with big powers in FDI matter.

New economic agenda: FDI and the foreign policy strategy of Ankara since the 1980s

The twentieth century brought another experience of FDI which was successful enough but was somehow still based on historical background.

The outcomes of the First World War and foreign debt led to the Republic of Turkey strengthening economic diplomacy and developing relations with the USA, Italy, Germany, the UK, and the USSR. The earlier period of the Republic of Turkey focussed, and indeed insisted, on strong foreign economic relations which were mostly based on foreign trade. The policy of the Republic of Turkey achieved certain economic results and went the way many developing countries went in the interwar and cold war period. Among its main partners were Germany, the USA, the UK, Italy, and the Soviet Union [9, p.11]. Because of the damaging experiences with FDI during the Ottoman period, the new Turkish Republic viewed all kinds of foreign investments with suspicion. Foreign policy strategy in the cold war period was more based on political and security interests than on economic development. It was more important for the country to find a secure position in the bipolar world and the country was consistently balanced in cooperation with the Western bloc [10].

Economic and political tension, oil and exchange crisis, de-tension in bipolar world between the US and the USSR led to Turkey reformulating its political agenda and foreign policy strategy. The diminished security threats, internal political and economic problems led to a coup in 1980 [11, p.393], changes in the global world and the opening up of new global borders, which coincided with an increase in global FDI flows and brought new

opportunities. Foreign policy strategy towards economic diplomacy was based on two factors: internal economic needs and opening the east, and new partners and markets for “pro-Western isolationist existence”. Economic power started to become more important in global politics, which actually favoured developing states. Asia, the Middle East, Eastern Europe and, later, the dissolving USSR, became new vectors in Turkey’s foreign policy unless it was clear that economic sphere relations with the USA and the European Union could bring real impact. Turkey tended to secure stability in the regions through establishing economic links and dependencies. It was vital to ensure international partners and investors open access to the new market [12, p.208].

Newly forming foreign policy strategy would create a basis for foreign policy with economic focus. Accordingly, the 1980s was described by Mustafa Aydin as follows: “The foreign policy became increasingly concerned with obtaining necessary foreign loans, opening up necessary markets for Turkish goods, and striking necessary deals with foreign governments and sometimes even with companies in order to bring more investments into the country. Thus, as the foreign policy of the country needed to be in tune with its economic programs, economic necessities also became an important variable of Turkish foreign policy making” [13, p.12].

EU investments in Turkey

EU states all the history in Turkey were a core investor and this was not changed with the time. In the eve of liberalization strategy of Turkey in 1982 FDI stock divided between Switzerland (28%), Germany (18.9 %) and the USA (14%) [14].

In 1982, FDI was distributed among the following sectors: chemicals (11.19%), food-beverages (11.79%), banking (9.19%), and textiles (8.59%) [14, p.159].

Then, with the new liberalization policies

and more active support for foreign investors, these relations became increasingly diversified. During the period 1975-2002, FDI stock reached \$15.1 billion, the new investment policy and reforms of the 1990s allowed the FDI for the following period from 2003-2016 to reach \$179.7 billion, where during 2005-2008 the annual inflow was around \$20 billion [15]. However, a large part of the FDI inflows came from the acquisition of already existing firms, rather than new investments, thus making a very limited contribution to the economy [16, p. 392].

In 1987, Turkey applied for the EU membership which was the central point in foreign policy orientation until the end of the 1990s. However, whilst the political aspects of this integration were not positive, economic growth

and sustainability between Turkey and the EU states was impressive.

As was explained, “by the end of the 1990s Turkey, perhaps has all of the characteristics sought by foreign investors and they endow Turkey with a competitive edge over other developing countries in its bid to attract foreign direct investments. Despite this, the volume of FDI Turkey attracted so far is relatively low” [17, p.392].

Before 2000, the main investing countries were France, Germany, the USA, the Netherlands, and for a long time the EU states provided 80% of all FDI in Turkey, while since 2005 Asian States (mainly Gulf states) started to invest, and since 2016 more than 30% of FDI inflows have been from Asian countries [18].

Country	USD, billions
the Netherlands	12
France	8.4
The US	8.2
Germany	5.8
Greece	5.4
Belgium	5.2
the UK	4
Italy	2.8
Switzerland	2.4
Austria	1.3

Table 1. FDI stock by countries’ 1980-2007 [19]

Country	USD, billions
The UK	12%
the Netherlands	12%
Gulf States	9%
the USA	9%
Germany	7%
Spain	7%

Table 2. FDI stock by country’s share, 2002-2017, % [20]

Despite a world downshift in 2017, with declining FDI inflows and a strong devaluation of currency in Turkey, 2018 showed an increase in FDI of 13% as compared to 2017 [21]. Certainly, Turkey appears to be working hard to maintain its FDI and to develop and diversify the economy in different fields in times of crisis. Still, in 2018, the service sector (55%) dominated, with manufacture (31%), and energy (10%) playing lesser roles in FDI inflows [22]. FDI inflows by country in 2018 was divided between the Netherlands, Azerbaijan, Italy, Aus-

tria, the US, the UK, Germany, Luxembourg, France, and Taiwan [22].

Again, Turkey is presently managing to attract FDI to diversified sectors of the economy which are not resource based even at a very challenging time. Turkey has maintained FDI inflows to the country despite economic and political uncertainties. A wide range of investing countries with shares that are not larger than 11% has allowed Turkey greater political independence.

Year	Turkey
2013	13463
2014	12972
2015	18989
2016	13705
2017	11478
2018	12944

Table 3. FDI flows by country in 2013-2018, millions of dollars [1].

Year	Turkey
2000	18812
2010	188447
2018	134524

Table 4. FDI stock by country, 2000, 2010 and 2018, millions of dollars [2].

Even the effectiveness of the FDI in economic development is not a question of this paper, there is a discourse on effectiveness of FDI on the economic development of states with developing or transitional economies which in some cases has in some cases effectively zero or even a negative impact on FDI flows [23, p.

108]. However, whilst the topic of the economic effectiveness of FDI is beyond the scope of this article, before we compare data it is important to note that, since 2004, Turkish FDI inflows did not result in any benefits in terms of new production or the creation of jobs or growth; rather, they were in the form of M&A and

transfer of ownership [16, p. 395]. Some econometric analyses even demonstrated “that there was no 3 of 1 relationship between FDI and economic growth over the period 1998-2010 in Turkey” [24, p. 66]. So far, further state has to increase effectiveness of FDI inflows.

Gulf investments in Turkey: when FDI does not mean sustainability in diplomacy

Moreover, Turkey has managed to attract FDI not only from developed Western countries but also a quite considerable from the Gulf States. Despite Western inflows of FDI being dominant, Turkey is nevertheless lucky to have a diversified list of home countries.

While it was mentioned that in 1980 Turkish foreign policy strategy considered the Middle Eastern states to be its core strategic direction, this was not in terms of any economic partnership. Since 2002, with AKP’s new foreign policy approach, Turkey firstly re-identified a national interest in cooperation with the Gulf States which Ankara had not considered since the Ottoman experience [24, p.1]. For the most part, it was economic interest that drove Turkey to approach the Gulf States, since when political and economic dialogue has led to more considerable investment cooperation.

For Gulf States since 2001 relations with the West went down and made them to look for other partners and new regional opportunities [25]. This led, in 2005, to Turkey and the Gulf Cooperation Council signing a Memorandum of Understanding to support economic cooperation, encourage exchange of technical expertise and information, improve economic relations, and initiate negotiations to establish free trade zones [26].

Further, strategy based on economic cooperation resulted in an increase in trade and, as an example, between 2003-2015 Turkey (at \$4.9 billion, or 11.8%) was the second highest in Saudi Arabia’s outward FDI after China (19.4%) [27, p.133]. However, Gulf invest-

ments were focussed only on the sphere of Islamic banking and real estate and was more a capital inflow that did not reflect of economic growth in Turkey. Overall, in 2017, Turkey had only a 3.8% share of the Gulf States’ outward FDI, which total \$262 billion [28]. So, FDI cooperation between these countries brings diversity among investors, closer political ties, which meanwhile became less sustainable. Even increasing FDI and economic cooperation has not prevented the development of political tension.

In different periods, Turkey’s political position in relation to Iran and further in time of Gulf political crisis, has left the country having to make the choice between Iran or Saudi Arabia [29], and Qatar or Saudi Arabia. Both were important investors, and while it was uneasy to choose any particular side at such times, Ankara made the diplomatic choice to support Doha in its isolation and gained an even greater desire from Qatar to increase its investments in Turkey [30], which was responsible for around 65% of all Gulf State FDI in Turkey [31, p. viii] between 2009-2016. In 2015-2016, a downshift in political relations with Russia lead to Turkey substituting Russian energy imports with those from the Gulf States. This did not result in any considerable change but could possibly show how Turkey uses policy to further its economic interests.

Political contradiction between Riyadh and Ankara, and further political crises between Saudi Arabia and Turkey in 2018 did not allow for the development of cooperation in all fields and were unfavorable for Ankara as far as FDI inflows were concerned; Saudi Arabia decided to use FDI to promote its foreign policy and made incredible increases in outward FDI, but of which Turkey did not gain a substantial share. Saudi Arabia almost tripled its outward FDIs in 2018 by \$21 billions of which, due to political tension, Turkey received very little.

Turkey and the Gulf States are not so politi-

cally close, and both tried to maintain a certain Western orientation while looking into diversification programmes for their economies. They diversified their foreign policy strategies and established a good platform. Turkey, taking advantage of its geographical location, could offer a hub for cooperation with the EU. However, it is clear that FDI from Gulf States just enriches FDI inflows and strengthens relation between states but does not reflect economic growth and does not represent an alternative to Western FDIs [32].

Besides, Gulf States investment shifted seriously to China and India which allowed both sides to focus only on business interest [31, p. 199]. So, it seems that being focused on economic profit only allows for bigger profit than identifying some perceived political or cultural closeness.

The present government of Turkey is trying to promote FDI and to this end provides substantial incentives to foreign investment in Turkey. When the current government came to power, it promised exceptionally favorable conditions and lower taxes for foreign companies. In 2004, an Investment Advisory Council was established that including the top-level executives from twenty foreign companies operating in Turkey [16, p. 393].

The outcome of the foreign policy strategy in the 1980s in economic sphere lead to economic growth and internationalization of the Turkish economy. The limited political perspectives associated with the EU integration did not give the results that might otherwise have brought sustainable economic relations with EU members and make the EU the biggest investor in Turkey. By turning foreign policy vector towards the Middle East and focusing on the economic perspective, Turkey succeeded in attracting FDI flows from the Gulf States which brought inflows without any associated risks.

To include an outward FDI strategy by which to spread its foreign policy interests, as well

as its economic interests, Turkey's experience could be considered.

Conclusion

The Turkish experience in FDI cooperation in the nineteenth and twentieth centuries highlighted the fact that the state should follow in line with joint foreign policy and economic strategies to avoid vulnerability and in order not to damage national security.

The fragmentary foreign policy strategies of Ankara in terms of FDI inflows at different points in history can be assumed by Kazakhstan. Kazakhstan and Turkey have a lot in common; whilst they also have their differences, the similarities in their political and business cultures, the geopolitics, and maneuvering between great powers in the world arena, already justifies the applicability of Turkey's approach to Kazakhstan. The main challenges in sphere of FDI which Turkey experienced in the nineteenth century and Kazakhstan by the end of the twentieth are almost identical: potential economic and political dependency, vulnerability, and transparency issues.

In certain cases, economic dependence on the foreign investments put Turkey in a vulnerable political position and for Kazakhstan, as well as other states, it could be important for diplomacy to enhance interdependence in cooperation with foreign investors. However, since the 1980s Ankara has succeeded in liberalization and maintaining the balance of FDI flows, promoted a favorable foreign policy and investment climate and greater diversity in its investor portfolio. Clearly with the example of the Gulf States, Ankara learned how to manage in a certain diplomatic tension in favor of its interest and increase FDIs and started to use outward FDI to further its economic and political interests in less developed regions – this is what Nur-Sultan should learn to follow in the foreign policy. While it's still a path to develop in investment diplomacy, Turkey already went

forward steadily even in crisis moments. Turkey has equal shares in FDI inflows among diverse state-investors, which invest in different spheres, finance, service, manufacture and is not dependent on natural resources exploration. Among the leading investors in Turkey are the UK, the Netherlands, Gulf States, Germany, the US. FDI brought dependence, negative experience, further helped to bring some innovations and technologies, develop green-field projects even in challenging times; however, steady FDI inflows failed to strengthen the economy of the country sufficiently. So, systematic foreign policy provided sufficient FDI inflows to Turkey, and within enhancing existing foreign investors, Ankara managed to attract different partners. For Kazakhstan, which managed to attract FDIs in a short time in the beginning of 1990s and provide economic stability in the first decades, now is the time to strengthen position diversifying portfolio of states investors. Since now, FDI inflows have to provide effectiveness and economic development. The first investors from the Western countries were focused in oil and other natural resources reserves in

Kazakhstan like it happens in the rest of the world. Surely, FDI partnerships even supported in establish international relations and enhanced Kazakhstan position in international arena. Increasing cooperation with existing core investors, Nur-Sultan could attract FDIs from new partner-states and especially from the states which can bring green-filed investments to Kazakhstan. FDI inflows in Turkey from the beginning were on various sectors of economy, that could be considered by Kazakhstan as shares of FDIs in non-natural resources exploration should be increased in future. Moreover, like Turkey, Kazakhstan could develop an FDI outward policy in its foreign policy interests, investing in Central Asia and other states. The key task for Kazakhstan will be to provide the balance in cooperation when FDI inflows, partnership have to work in favor of national and foreign policy interest.

Kazakhstan foreign policy have enough resources and power to succeed all the goals in investment diplomacy and cope with challenges in that turbulent times.

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THE BARRIERS IN THE DEVELOPMENT OF JURY TRIALS IN KAZAKHSTAN

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Abstract. The institution of jury trials has been introduced in Kazakhstan in 2007. However, despite more than decade of experience, jury trials are rarely applied in criminal justice practices as well as have little impact on the rule of law. This study presents the main barriers that set obstacles for the development of jury institution in Kazakhstan. Author argues that mixed model of jury trial, limited jurisdiction of jury trials and manipulation with the jury-made verdicts undermine the effectiveness of this institution and result in the decorative role of jury trials in the framework of Kazakhstani justice system.

Key words: *Jury Trials, Accusation Bias, Institutional Resistance, Verdicts, Justice*

ҚАЗАҚСТАНДАҒЫ АЛҚАБИЛЕР СОТЫНЫҢ ДАМУЫНЫҢ КЕДЕРГІЛЕРІ

Слямжар Ахметжаров

Аңдатпа. Қазақстанда алқа билер соты 2007 жылы енгізілген. Алайда, он жылдан астам тәжірибеге қарамастан, алқа билер соты қазақстандық қылмыстық сот ісін жүргізу практикасында сирек қолданылады, сонымен қатар елдегі заңдылыққа аз әсер етеді. Бұл зерттеу Қазақстандағы қазылар алқасының дамуына кедергі болатын негізгі кедергілерді ұсынады. Автор алқабилердің аралас моделі, алқабилердің қылмыстық істеріне шектеулі қарау, сондай-ақ алқабилердің үкімдерін өзгерту бұл институттың тиімділігіне нұқсан келтіреді және әдетте қазылар алқасының қазақстандық әділет жүйесінде формальды рөліне алып келеді деп мәлімдейді.

Түйін сөздер: *алқабилер соты, айыптау үкімі, институционалдық қарсылық, үкімдер, сот төрелігі*

БАРЬЕРЫ В РАЗВИТИИ СУДА ПРИСЯЖНЫХ В КАЗАХСТАНЕ

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Аннотация. Институт суда с участием присяжных заседателей был введен в Казахстане в 2007 году. Однако, несмотря на более чем десятилетний опыт, судебные процессы с участием присяжных заседателей редко применяются в практике казахстанского уголовного правосудия, а также мало влияют на верховенство закона в стране. В данном исследовании представлены основные барьеры, которые препятствуют развитию института присяжных в Казахстане. Автор утверждает, что смешанная модель суда присяжных, ограниченная подсудность уголовных дел суда присяжных, а также манипулирование вынесенными приговорами присяжных заседателей подрывают эффективность данного института и в целом приводят к декоративной роли судов присяжных в системе казахстанского правосудия.

Ключевые слова: суд присяжных, обвинительный уклон, институциональное сопротивление, вердикты, справедливость

Introduction

According to various international ratings, which include a wide range of indicators of measuring the effectiveness of legal system, Kazakhstani justice system is considered as unfair. In 2018 in Rule of Law Index, Kazakhstan was placed 64th among 113 countries [1], while in the Freedom House rating, Kazakhstan was indicated as “not free” [2]. Poor performance of Kazakhstani criminal justice system can be partially

explained by the existence of a pro-accusation bias, which also can be traced in vast portion of post-soviet countries [3]. The core principle of this phenomenon is about a tendency, when judge in most cases issues conviction verdicts.

Indeed, according to statistics from General Prosecution office the conviction rate in Kazakhstani criminal proceedings is more than 99% (Table 1).

Year	Total number of people tried in criminal courts	Number of convicted people	Ratio of convicted persons
2009	39 717	39 629	99,8 %
2010	35 741	35 633	99,7 %
2011	27 066	26 972	99,7 %
2012	22 831	22 749	99,6 %
2013	26 855	26 784	99,7 %
2014	24 882	24 841	99,8 %
2015	30 898	30 736	99,5 %
2016	30 861	30 789	99,8 %
2017	32 647	32 549	99,7 %
2018	31 984	31 921	99,8 %
Total	303 482	302 603	99,7 %

Table 1. Conviction rates in Kazakhstani criminal proceedings, 2009-2018

Source: <http://service.pravstat.kz>

What are the implications of Kazakhstani conviction rate statistics? Generally, it means that in Kazakhstan if the case goes to the criminal court, there is a 99% probability that the defendant would be found guilty of alleged crimes. In other words, ordinary Kazakhstani citizen literally does not have any chance of being acquitted in the criminal court.

Interestingly, Kazakhstan has already undertaken few steps in order to reduce the pro-accu-

sation bias and consequently develop the rule of law principle. Back in 2007 the state decided to introduce the institution of jury trials into the domestic criminal justice system. Jury trials are widely considered as the important democratic attribute of the many advanced nations of the world [4]. As a matter of fact, conviction rates of jury trials in Kazakhstan are considerably low compared to judge-only trials (Table 2).

Year	Total number of people tried in jury courts	Number of convicted people	Ratio of convicted persons
2009	116	101	87,1 %
2010	377	334	88,6 %
2011	491	461	93,9 %
2012	379	355	93,7 %
2013	319	289	90,6 %
2014	121	118	97,5 %
2015	61	59	96,7 %
2016	75	67	89,3 %
2017	128	123	96,1 %
2018	87	82	94,2 %
Total	2 154	1 989	92,3 %

Table 2. Conviction rate of jury trials, 2009-2018

Source: <http://service.pravstat.kz>

Generally, lower conviction rates in jury trials compared to ordinary trials signify about the objectivity and effectiveness of jury institution in deciding criminal cases. However, as it can be noted total number of persons (2 154) tried in jury courts during 2009-2018 constitute less than 1% from the quantity of all people (303 482) tried during that period in criminal courts of Kazakhstan. The core reason for the huge discrepancy in the number of cases decided by single judge versus cases considered by juries is the limited jurisdiction of jury trials. Currently, only criminal cases, which are punishable by

death penalty or life imprisonment, are available for jurors' consideration. So, the logical question emerges: **why despite the effectiveness of jury trials in reduction of pro-accusation bias, they are used so rarely?**

It should be recognized that the development of jury trials in Kazakhstani framework is a complicated issue. Since it does not only have legal aspect, but also the political one. The core principle of jury trials is that ordinary citizens get an opportunity to administer the justice. In other words, the state shares "power" with the people. Consequently, the transition of justice

administration from the state officials to ordinary citizens cannot happen easily. Therefore, despite more than ten years of experience - **jury trials have a limited role in Kazakhstani legal practices and in most cases considered as the decorative institute.** In order to have a complete understanding of this issue we have to analyze the roots of the problem.

Jury trials as the essential component of justice systems

Prior analyzing the key barriers in the development of jury trials in Kazakhstan it worth considering the views of scholars about the institution of jury trials and its function within the criminal justice systems. Majority of scholars highlight the important role of jury trials in promoting the democratic principles. Blackstone argues that jury trials in England prevented the Crown from prioritizing the personal interests over the popular public opinion [5]. According to Devlin, the jury institution serves as a shield for individuals against the abuse of politicians [6].

Furthermore, according to Hannaford and Munsterman [7]; Hazelwood and Brigham [8] in the US context the judicial system is dominated by prosecutors and judges, however jury trials allow the representation of the voices of ordinary citizens in the judicial branch of government. Also, White indicates that every individual should have a right to enjoy a trial, which is considered by his or her peers: *“providing an accused with the right to be tried by a jury of his peers gave him an inestimable safeguard against the corrupt or overzealous prosecutor and against the compliant, biased, or eccentric judge”* [9].

According to Boatright, the jury panel boosts the confidence of the accused individual that the case would be considered in accordance with high standards of fairness, impartiality and competitiveness of parties [10]. Next, several empirical studies indicate the positive correlation between the involvement of society in jury trials and the civic engagement levels [11] [12]. Scholars point

out that former juries become inclined toward participation in the political life of the country. This is because jury processes train the values of accountability and responsibility among the members of jury panel. More broadly, jury trials provide the opportunity for ordinary people to “govern”. Alexis de Tocqueville almost two centuries ago compared the jury panel with mini parliament, he particularly mentioned: *“the jury is the both the most effective way of establishing the people's rule and most effective way of teaching them how to rule”* [13].

It should be noted that most of the “compliments” of scholars toward the institution of jury trials are addressed to its classical model. The classical model is used primarily by common law states, including the UK and US. In this model the responsibilities between the juries and judge are separated: juries only decide whether defendant is guilty or not, whereas the judge determine the measure of punishment. On the contrary in the mixed model of jury trials juries and judge mutually share the responsibilities. In other words, the verdict and measure of punishment are decided by both juries and judge. The mixed model of jury trials is primarily exercised in the countries with continental legal system such as France, Germany, Kazakhstan, etc.

Interestingly, the mixed model of jury trials comes under criticism for the flaws in the provision of transparent and fair trials. Several studies point out that in jury trials with mixed model, juries on many occasions are expected to agree with the views of judge [14] [15] [16]. What is more, Ferri suggests that using the jury trials in authoritarian context is ineffective initiative, since juries are not fully independent and afraid of the consequences of their decisions [17].

Number of studies indicate that in the framework of post-Soviet states the introduction of jury trials could be considered as the step forward to effective justice system. Kovalev points out that in post-Soviet context juries as opposed to judges are not concerned with the opinion of elite groups or higher judicial instances [18]. Thus,

juries are more autonomous and independent in comparison with judges. Consequently, juries decide criminal cases in accordance with their moral values, while judges decide under the pressure of external powers.

Also, Kovalev argues that the introduction of juries into the trial process positively influence on the quality of evidences and arguments, which are presented by prosecutors and advocates. This happens, since involved parties acknowledge the fact that they need to convince not only the judge, but also twelve other individuals with their own principles and beliefs. On top of that, Kovalev implies that jury trials are effective way of overcoming the corruption practices at courts. Since, juries break well-established chain between the prosecutors and judges on the one side and advocates on the other. Simply, it is costly to bribe the members of jury panel; also, it is risky to bribe the juries, since they may reveal it to the public.

The implementation of jury trials in Kazakhstan

Limited number of researches has been conducted regarding the Kazakhstani practices of jury trials. The problems identified by scholars and legal practitioners touch upon various institutional aspects of jury trials.

Firstly, vast portion of criticism is directed toward the mixed model of jury trials. Utebekov points out that in the context of Kazakhstan it is unacceptable to put a judge in the room with juries in order to decide the verdict and level of punishment. Since judge's experience and authority make the juries vulnerable in front of the "expert" opinion of the judge [19]. The facts of pressure and influence of judges on juries, numerous times become public [20] [21] [22].

Secondly, Zinovich indicates that during the short period of the history of jury trials in Kazakhstan, the jurisdiction of the institution has experienced significant changes due to "manipulations" made by law-enforcement agencies [23]. At the initial stage, during 2007-2009, only the criminal cases, which are punishable by death

penalty, have been available for the consideration by juries. In the next stage, during 2010-2013 the competence of juries has been substantially expanded. All the cases, which are punishable by more than twelve years of imprisonment, become available for juries. However, during 2014-2015 the jurisdiction of jury trials has been limited to its initial level. After the introduction of "100 steps program", the competence of juries has been expanded only by additional four episodes of crimes.

Thirdly, advocates' community of Kazakhstan point toward the negative trend of overturning of juries' acquittal verdicts. Kanafin argues that judges in most cases manage to persuade or influence the juries to produce the conviction verdicts. However, in some cases judges lose control over the juries and they may vote for acquittal verdict. In that circumstances, it is an ordinary practice for higher appellation and cassation courts in Kazakhstan to overturn the juries acquittal verdicts. Kanafin implies that almost half of acquittal verdicts of juries produced during the period of 2014-2017 years have been overturned by higher judicial instances [24]. From the Kanafin's viewpoint, such a practice undermines the reputation of the jury institution in Kazakhstan and set obstacles for its further development.

After we have considered the main trends in the Kazakhstani criminal justice practices as well as opinions of scholars regarding the role of jury trials in fostering the rule of law, we can elaborate on the main barriers that set obstacle for the development of jury institution in Kazakhstan.

First barrier: mixed model of jury panel

From the early 2000s prior to the introduction of jury trials there was a great deal of heated debates among the expert groups regarding the model of a jury institution [25]. On the one side, the majority of attorneys, law-scientists, representatives of international NGOs and some deputies of Parliament supported the idea of introducing the classical American model of jury trials, where jurors decide the verdict, while

judge determines the measure of punishment. On the other side, most of the judges and prosecutors suggested to introduce mixed model of jury trials, where verdict and the level of punishment are decided mutually by jurors and judge. Eventually, this very model has been approved by the parliament in 2006 and implemented into practice starting from January 2007.

In Kazakhstani framework the mixed model of jury panel poses a threat to the independence and autonomy of jurors in decision-making. Since, judge based on the experience and knowledge has certain kind of authority over the jurors [26]. Thus, judge is most likely to impact jurors on issuing the suitable verdict. There are many examples from jury trial practices, when the influence and pressure of judges have become a

public knowledge due to complaints of jurors to the journalists.

Second barrier: manipulation with the jurisdiction of jury trials

According to Kazakhstani criminal procedure code the jury trial may be applied on two conditions. Firstly, the felony for which the certain individual is going to be tried should be included in the list of criminal cases available for jurors' consideration. Secondly, only upon the fulfillment of the first condition the defendant has the right to demand the trial by jurors.

The range of cases available for jurors' consideration has been fluctuating during more than ten years of experience of jury trials in Kazakhstan (Table 3).

Stage	Years	Number of available episodes
Introduction	2007 - 2009	1
Expansion	2010 - 2013	24
Limitation	2014 - 2015	1
Fake expansion	2016 - present	5

Table 3. The availability of criminal cases for jury trials, 2007 – 2018

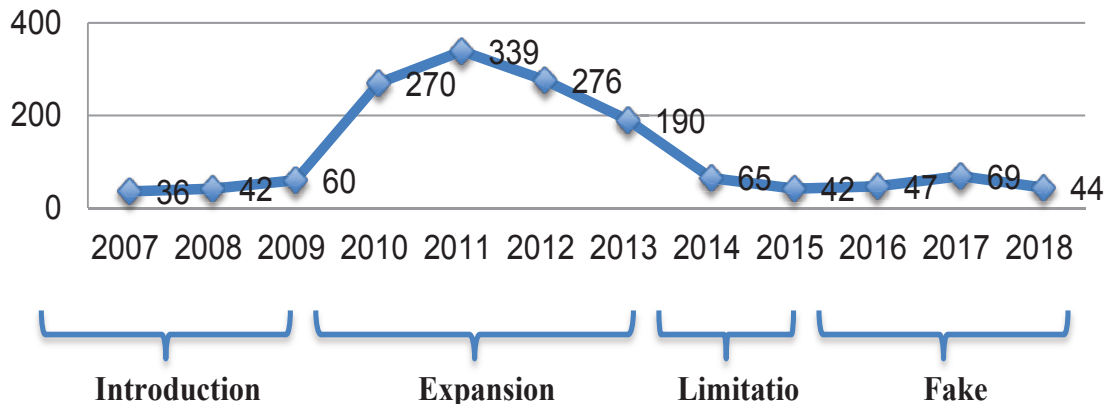
During the initial stage only the murder with aggravated circumstances could be considered by jury panel. In the next period, starting from 2010 the competence of jury trials has been expanded to all severe criminal cases, which consist of 24 episodes. Sudden increase of acquittal verdicts across various range of criminal cases demonstrated the weakness of evidences brought to the courts by investigators and prosecutors. As a result, in 2014 the jurisdiction of jury trials has been limited to its initial level.

In 2015 the President Nazarbayev specifically mentioned the need for the expansion of jury trials in “100 Concrete Steps” policy [27]. It is mentioned in the 21st step of the national program: “More use of jury service in trials. An

implementation of a legal definition of categories of criminal cases, where a jury trial must be mandatory”. Thus, in 2016 the Supreme Court has included four additional episodes to the jurors' competence: *involvement of children into criminal activities, kidnaping, human trafficking, children trafficking* [28]. (Law of the Republic of Kazakhstan from 31 October 2015 N 378-V). Surprisingly, during 2016-2017 only one criminal case has been considered by jurors in regards of newly added criminal episodes. So, there was a fake expansion. Instead of adding the whole category of criminal cases, only four episodes have been included, which almost never happen in the practice.

The outcomes of the manipulations with the

jurisdiction of jury trials can be traced through the dynamics of jury trial practices during the 2007-2018 years (Picture 1).



Picture 1. The number of criminal cases considered by juries, 2007-2018 years.

Third barrier: significant control over the jury-made verdicts

According to the Kazakhstani criminal procedure code the court verdicts are subject for cancellation, only in case of procedural violations. In Kazakhstani legal practices the average rate of verdict cancellations by appellate and cassation courts is less than 1%. In other words, there is a very low possibility that verdicts issued in

criminal courts would be changed in the future by higher judicial branches. However, when it comes to statistics regarding the jury courts, the situation is completely different. For instance, the average rate of cancellation of acquittal verdicts is about 50% (Table 4). To put its simply, in Kazakhstan half of acquittal verdicts issued by jurors are overturned by higher judicial branches.

Year	Number of acquitted persons in jury courts	Number of overturned acquittal verdicts in appellate and cassation courts	Ratio of overturned acquittal verdicts
2012	24	11	46 %
2013	30	14	47 %
2014	3	2	67 %
2015	2	1	50 %
2016	8	5	63 %
2017	5	1	20 %
Total	72	34	47 %

Table 4. The cancellation of jury verdicts at appellate and cassation courts, 2012 – 2017
Source: <http://service.pravstat.kz>



Picture 1. Jury trial in Uralsk acquitted the accused of murder for the third time

The tendency of overturning the jury-made verdicts is linked to the prosecutors' interests [29]. Since, when jurors acquit the defendants, it shows that prosecutor has not provided enough evidence to prove the guilt of the person. Consequently, the acquittal verdicts negatively effect on the career prospects of prosecutors. That is why, prosecutors approach the appellate and cassation courts in order to overturn acquittal decisions of jurors.

As practices demonstrate, after the acquittal verdict is cancelled, the case goes for consideration by new jury panel. Often times, newly formed jury court convicts the defendant. There

are some absurd situations occur, when the defendant's case goes through several jury panels until the conviction verdict is issued. For instance, in Western Kazakhstan, Uralsk the defendant B.Aitbayev has been tried 3 times for the single case. Each time, when the jurors acquitted the defendant, the decision has been overturned in appellate court.

Conclusion

The idea of introducing a jury institution in the judicial practice of Kazakhstan is absolutely reasonable. This is because ordinary citizens are provided with the opportunity of direct participation in the administration of justice. On top of that, jury trials demonstrate higher rates of acquittal verdicts compared with the ordinary trials. However, as the facts demonstrate the development of jury institution in Kazakhstan face the resistance from the law-enforcement bodies. Despite the former president's support of jury trials indicated in the "100 concrete steps" policy, the law-enforcement bodies continue to manipulate with the jurisdiction of the jury institution as well as the outcomes of jury-made verdicts.

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