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Religious Situation in Central Asia and Threat of Religious Extremism

MURAT LAUMULIN

In Central Asia, religion is gradually emerging as a fairly complex component of people's everyday lives which fulfills a range of functions: it serves to consolidate ethnic self-awareness, shapes spiritual and moral culture and sense of belonging to a religious and world community; religious teachings also fulfill social functions by promulgating the ideals of social justice, man's duty to state and state's duty to man, etc*.

Some of these functions, however, are internally contradictory: consolidation of the religious community does not always bring society together. In other words, religion may, in some cases, worsen relations between the state and the religious elements of society. Religious consolidation may rekindle old conflicts and breed dissent within a society; devout believers often make too stringent demands on the state (thereby turning them into the opposition), while any encroachment on the religious principle of fairness risks inviting protest.

Religious communities may differ in the reasons for as well as the ways of opposing the state, however, there is one common denominator: the gap between the religious interpretation of justice and the duties of the faithful on the one hand, and state expediency on the other.

Not all religious communities are opposed to the state: the Abrahamic religions (Judaism, Christianity, and Islam) insist on obedience to the authorities (since all authority is given by God or Allah). These religious teachings contain certain caveats which permit disobedience and religious radicals rarely miss the chance to exploit them. America's seeming exploitation of religious radicalism in Central Asia, as it serves to maintain instability in the region, is another factor which exacerbates religiously motivated extremism and terrorism. This is the context in which religions are functioning in Central Asia**.

Development of Islam in Central Asia

Opinion is divided in Central Asia with regard to religion and its development. Many believe that Islam is strengthening its position in many areas of the public and private lives of the local population, the bulk of which regards itself as Muslim. Some five or six years ago this interest in religion was seen as superficial, but today, Muslims are certainly demonstrating much greater interest in Islam and its teachings.

One third of all Muslims in Central Asia only pay lip service to their faith; this raises the ques-

* See: Рахимов Р. Своеобразие ислама в Центральной Азии // Россия и мусульманский мир (ИНИОН, ИВ РАН). 2011. № 1. С. 97-114.

** See: Центральная Азия сегодня: вызовы и угрозы. Под ред. К. Л. Сыроежкина. – Алматы: КИСИ, 2011. – С. 130-156. Файзуллаев Д. Радикализация ислама в постсоветской Центральной Азии // Азия и Африка сегодня. 2008. № 11. С. 15-19. Митрофанова А. В. Центральная Азия и радикальный ислам // Азия и Африка сегодня. 2009. № 2. С. 50-56. Нанаева А. Исламский фундаментализм как основа развития политического ислама в южном регионе Центральной Азии // Россия и мусульманский мир. 2009. № 2. С. 79-85.; D. Chaudet, "Islamist Terrorism in Greater Central Asia: The 'Al-Qaedaization' of Uzbek Jihadism," *Russie.Nei.Visions*, No. 35, IFRI. Russia/NIS Center, Paris, 2008, 29 pp.

tion as to why the Salafis are relatively successful in the region. The answer is clear: considerable interest in Islam generates numerous questions, to which the Salafis, unlike the official Muslim clergy, are ready to supply the answers. These less pious Muslims know little about the fundamental tenets of Islam, which makes them easy prey for extremists*. This would explain why, despite the obvious eccentricity of their arguments, extremists enjoy vast support in Central Asia.

Islamization of Central Asian countries has positive and negative aspects. On the positive side, Islam improves the spiritual health of society and can have positive influence on local politics. However, by insisting on strict observance of Shari'a law, Islamists are accused of overburdening society, and this is seen as a negative aspect of Islamization.

The secular nature of all the states in the region is seen as a counterweight to the region's growing Islamization. Despite the diversity of opinion regarding the future of Islam and its impact on the state system in Central Asia, all sides must nevertheless acknowledge that the majority of population prefers to live in secular states.

Sociological polls have provided an even clearer picture of this trend. In Kyrgyzstan, 55% of those polled favor a secular regime (this was the lowest proportion: the local people are prepared to accept Islam as a "bond" needed to keep the people together in a country which is relatively unstable); Kazakhstan had the highest percentage, with 90% of respondents preferring a secular state. The other countries lie somewhere between these two extremes.

The fourth trend observed is diminishing direct foreign influence on Islam in Central Asia. This has happened for several reasons:

(1) the spiritual administrative bodies governing Muslims in Central Asia (which are frequently and justly criticized) follow the traditional *Hanafi madhab*, the doctrine which is the most loyal to the state and popular traditions;

(2) the authorities in all the countries are working hard to prevent the infiltration of extremism and

its impact on the region's Islamic structures through introducing stricter legislation and by restricting the number of those who study Islam abroad**.

Today, foreign influence of Islam in the region is much weaker than before; but the considerable influence it had in the past is still bearing fruit. Foreign missionaries introduced the versions of Islam in Central Asia that are beyond the traditions.

The current radicalization of Islam is explained by the following:

- widespread poverty and growing income gap;
- inadequate state policies in provision of education, health, etc;
- power struggle between clans and groups;
- frequent violation of basic democratic principles (human rights, rule of law, etc.);
- people's inability to affect decision-making at the state level, lack of political inclusion;
- prolonged work of foreign missionaries who succeeded in spreading radical Islam throughout the region;
- external geopolitical interference, which views radical Islam as a means of influencing the region.

The Kyrgyz Republic

According to official sources, 80% of the country's total population belongs to the Muslim community, which includes about 20 ethnic groups: 60% are Kyrgyz; about 15% are Uzbeks; over 5% are Kazakhs, Tatars, Tajiks, Dungans, Uighurs, Turks, Bashkirs, Chechens, Darginians, etc. Nearly all of them are Sunnis (following the Hanafi madhab); no more than 1,000 belong to Shi'a Islam.

There are three Islamic universities, seven Islamic institutes, and 52 madrasahs in Kyrgyzstan; about 3,000 imams serve in 2,050 mosques. These figures were supplied by the Supreme Mufti of Kyrgyzstan, Chubak azhy Zhalilov, at a press conference on April 19, 2011. Over 1,700 mosques, nine Islamic higher educational establishments, 60 madrasahs, and about the same number of centers, public foundations and associations are officially registered by the State Commission for Religious

* See also: E. Freedman, "Authoritarian Regimes, Muslims' Religious Rights in Central Asia and Lack of Foreign Press Coverage of Rights Violations," *Central Asia and the Caucasus*, Volume 11, Issue 1, 2010; Олкотт М.Б. Велика ли угроза джихада в Центральной Азии? // Pro et Contra (МЦК). 2009. № 2. С. 39-52.

** See: Шустов А.В. Трансформация этноконфессиональной структуры новых независимых государств Центральной Азии (1990-е - первое десятилетие 2000-х гг.) // Восток-Oriens (ИВ РАН). 2011. № 5. С. 98-115.

Affairs*. About 1,000 functioning mosques are unregistered.

The number of religious institutions in the country is increasing: in 2010 alone, 100 new mosques were registered, many of them built with money supplied by other Muslim countries.

On January 18, 2011, the Kyrgyz Republic's Minister of Internal Affairs, Zarylbek Rysaliyev, announced to the Parliamentary Committee for Defense and Security that there were 1,279 terrorists in the country (86.1% of whom were born in the south); 1,192 of them were supporters of Hizb ut-Tahrir; 49 were Wahhabis; 36 were Akromists, and two were IMU members.

In total, between 1999 and 2010, 1,059 acts of extremism were recorded in the country; in 2010, there were 101 known instances, 64 of them resulted in criminal prosecutions; 21 cases were referred to the National Security Committee for further investigation. In 2010, law enforcers confiscated 12,179 extremist publications (including 3,151 leaflets, 126 magazines, 3,168 books, 7 brochures, 22 newspapers, and 67 videos).

Foreign security services are also aware of the activities of Islamist radicals in Kyrgyzstan. The US Department of State 2008 Country Report on Terrorism, based on secret service reports, pointed out that between 2006 and 2008 membership of Hizb ut-Tahrir (HT), an "extremist political movement advocating the establishment of a borderless, theocratic Islamic state throughout the entire Muslim world" increased by 10,000 (from 5,000 to 15,000). Its members are concentrated in the south among the close-knit communities of ethnic Uzbeks, however, as the report says, it is "reportedly achieving an increased following in the north as well. Kyrgyz officials reported growing support for and bolder public outreach by HT."

On May 26, 2009, the Kyrgyz Ministry of Internal Affairs refuted the Department of State findings relating to the membership of Hizb ut-Tahrir in the country. There has been no decline in religiously motivated illegal activity. On August 1, 2011, an armed group suspected of having contact with the Union of Islamic Jihad, an international terrorist organization, was detained outside Bishkek. There

were two law enforcers among its members. A huge haul of firearms was confiscated; one of the members of the group resisted arrest and was killed; seven members were arrested and taken to the National Security Committee; and one law enforcer escaped and was placed on a wanted list.

The government, the Spiritual Administration of Muslims of Kyrgyzstan (SAMK), and other official Islamic structures have been trying in vain to crack down on these developments. In November 2010, the SAMK issued a fatwa on the preservation of inter-faith consent in coordination with the State Agency for Religious Affairs; at their joint meeting the two bodies condemned those who looted churches and prayer houses during the 2010 conflict. Their spokesmen announced that "these were crimes, pure and simple, with no other undertones."

The qadis of each region and the imams of all the mosques were instructed to explain to Muslims that religious intolerance was unacceptable. Kyrgyz officials discussed a ban on religious education abroad. Kurbanaly Uzakov, head of Kyrgyzstan's State Commission for Religious Affairs, said, "It would be expedient to ban religious education for our young men abroad since religious extremism threatens our state security." He cited the situation in Tajikistan in support of his argument.

Uzakov felt it necessary to say that Wahhabism is the state religion in several Islamic countries and went on to say, "We do not know what sort of education our young men may receive there." He insisted that there are over 50 higher and secondary educational establishments in Kyrgyzstan and that those who teach there are "adequately educated."

Deputy Head of Osh Region's Department of Internal Affairs Malik Nurdinov was of the same opinion: an imam killed during a special operation on November 29, 2010, had studied abroad for two years; "the other one, who dispatched young men to terrorist camps, allegedly to further their education, had studied abroad for about five years." According to experts, Islamization in Kyrgyzstan is continuing at a pace unmatched in the other Central Asian republics. About 50% of Kyrgyzstan's total population supported the idea of an Islamic state.

* See: К. Маликов К. Вопросы модернизации исламских образовательных учреждений в Киргизстане // Россия и мусульманский мир (ИМЭМО/ИВ РАН). 2010. № 1. С. 103-109.

The Republic of Tajikistan

According to expert estimates, 97% percent of Tajikistan's population (just over 7 million people) are Muslim; according to the government, the figure is 99%. Most Muslims belong to the Hanafi madhab of Sunni Islam; in March 2009 this became the official state religion. Minister of Culture Mirzoshokhrukh Asrori explained that the law adopted to this effect was prompted by "religious radicalism, nihilism, and some other Islamic trends alien to our people spreading in our country." About 4% of the population of Tajikistan are Ismailites who live in the Gorno-Badakhshan Autonomous Region, in certain areas of the Hatlon Region and in Dushanbe.

There are 27 central mosques, 325 cathedral mosques, 3,334 juma mosques, and one Jamoatkhona (Ismaelian religious community) in the country. The cathedral mosques are free to elect their imams, publish periodicals and run Islamic publishing houses (as at August 1, 2010, according to data from the Department for Religious Affairs of the Ministry of Culture).

There is an Islamic university in Tajikistan and 19 registered madrasahs (as at September 2010). Religious education in private homes is banned, but religious bodies can set up their own schools and grammar schools. In 2009, a new subject, Islamic Studies, was added to the secondary school curriculum for eighth to eleventh grades.

In 2010, there were 83 non-Islamic religious entities registered with the Department for Religious Affairs, the largest of these being Orthodox Christians (150,000). There are also Baptists, Roman Catholics, Seventh-Day Adventists, Lutherans, and Protestant Korean denominations. In Dushanbe and other big cities, there are some very small religious communities of Bahais, Zoroastrians and Jews.

Some religious communities are either banned or not registered; two local Christian groups—Haeti Farovon and Jehovah's Witnesses—were banned in December 2008 and January 2009, respectively.

About 0.01% of the population are atheists or do not belong to any faith. In 1990, the Islamic Revival Party of Tajikistan became the region's only religious party. All religious associations are bound by the Law on Freedom of Conscience and Religious Organizations introduced in 2009*.

Terrorist acts with a clear religious motivation are not infrequent in Tajikistan, which is burdened by a combination of clan warfare, corruption, state involvement in drug trafficking and inability of official Islamic leaders to keep religious activities within the law. This cannot help but increase the number of extremist and terrorist Islamist acts, some notable instances of which are described below**.

The worst terrorist act in recent years took place on September 5, 2010, in the city of Khujand, in the north of the country. It killed two militiamen and left 30 wounded. Investigating bodies and the Secretary of Tajikistan's Security Council treated it as a terrorist act staged by IMU fighters. It should be mentioned here that the IMU is invariably blamed for all terrorist acts in Tajikistan. Islamists were also blamed for the bombing of the grounds of Kohi Vahdad (the Palace of Unity) in November 2007 which killed one person. In June of the same year a bomb exploded in the grounds of the Supreme Court. Earlier, in 2006, Tajikistan's Emergency Ministry was attacked three times. Some believe that there was foreign involvement in the attacks carried out by suicide bombers.

On August 23, 2010, in the Rasht District in the Pamir foothills, fighters of a local terrorist organization attacked a column of 75 military personnel which had been dispatched to the so-called Rasht district group (180 km to the east of Dushanbe) to apprehend 23 dangerous criminals who had escaped from a state detention center. The column was ambushed and attacked with sub-machine guns, machine-guns and grenades as it emerged from a gorge. According to official figures, 24 people were killed in the attack (independent media reported that no fewer than 40 people were killed, five of them officers).

* See: Рахнамо А. Трансформация политической культуры «политического ислама» в Таджикистане // Таджикистан и современный мир (Душанбе, ЦСИ). 2009. № 1. С. 83-69.

** See: Нанаева А. Исламский фундаментализм и политический ислам в странах Центральной Азии (на примере Таджикистана и Узбекистана) // Россия и мусульманский мир. 2009. № 1. С. 84-93.

Law enforcement agencies insisted that this was a purely terrorist attack and claimed it had been orchestrated by the commander of the Tajik opposition Abdullo Rakhimov (Mullo Abdullo) and his assistant Alloviddin Davlatov. The fugitive criminals (five of them were Russians) had planned to join Rakhimov's unit. Only seven of them have so far been caught. The Russian Embassy in Tajikistan explained that the fugitive Russians born in Dagestan had come to the republic allegedly to study Islam. They were all convicted and given long prison sentences for their involvement in an attempted coup and for unconstitutional activities.

According to the Defense Ministry of Tajikistan, Mullo Abdullo's unit, the size of which remains unclear, includes fighters from Afghanistan, Pakistan and Russia who are adept at finding their bearings in the mountains, are mobile and, most importantly, are supported by most of the locals living in the Pamir foothills. The ministry's statement, which called the group a "lawless international," said that they had "hoisted the banner of the holy religion of Islam to turn the republic into the battleground of a fratricidal war."

In Sughd, eleven members of the extremist party Hizb ut-Tahrir (two of them Uzbek nationals) were arrested, brought to court, and sentenced to prison terms of between three and 20 years for inciting national, racial and religious enmity; campaigning for extremism, violent regime change and constitutional change; organizing extremist groups; and involvement in political parties, public or religious alliances or organizations which, according to law, should be liquidated or banned because of their extremist nature (this is a wording which is typically used in such cases).

In late March 2011, another eleven members of Hizb ut-Tahrir (all of them Tajik citizens) were given prison sentences ranging from four to 20 years in Sughd. According to the Sughd Province's public prosecutor, in 2010, 90 criminal cases were prosecuted against 42 members of the same organization, which is banned in Tajikistan. In the first three months of 2011, 29 members of Hizb ut-Tahrir were brought to court on criminal charges and three criminal cases were pursued. Hizb ut-Tahrir has been banned in Tajikistan since 2001; in 2008 it was listed as an extremist organization and its activists were prosecuted.

The state is rigorous in opposing religiously motivated extremist and terrorist crimes. The Committee for Religious Affairs plans to reform the Council of the Ulemas to conform fully with the new law. On September 10, 2010, after prayers in the Id al-Fitr central mosque of Tajikistan, Head of the Committee for Religious Affairs Abdurakhim Kholikov announced that new leaders would be appointed to the Council of the Ulemas and that this would be followed up by the measures aiming to ensure greater "freedom of conscience" which would prove "useful for the country's religious organizations."

Some think that the reform of the spiritual leadership of Muslims in Tajikistan will give the state more freedom to deal with mosques and the faithful. President Rakhmon has separated the Committee for Religious Affairs from the Ministry of Culture; since then it has been involved in devising and implementing various limitations on the activities of religious organizations across the country.

The lower chamber of the Tajik parliament approved amendments to the Law on Freedom of Conscience and Religious Organizations (2009), according to which all those wishing to study theology abroad must obtain official permission and relevant documentation from the Ministry of Education and the Committee for Religious Affairs.

Members of Parliament claimed that the bulk of Tajik students prefer to be educated in Iran where Shi'a is the dominant trend, while the majority of Tajiks are Sunnis. "The state will decide in which country citizens of Tajikistan will study and what type of education they will receive; this will help to avoid conflicts between clerics and in society as a whole," said Davlatali Davlatzoda, a member of the ruling People's Democratic Party (headed by the president). He pointed out that 1,500 students were studying at the Islamic University in Dushanbe and that there were about 6,000 official students enrolled in 19 madrasahs, one grammar school and two mixed secular-religious schools.

Late in August 2010 President Rakhmon voiced serious concerns that those who studied abroad came back as "terrorists and extremists" and called on parents to bring their children home immediately. Today there are no more than 60 Tajiks

still studying religious subjects abroad; the others have returned. Tajikistan is trying to preserve the secular nature of the state and has banned wearing of headscarves in schools and other educational establishments. Recently the president criticized women who continue to wear Muslim headscarves.

In an effort to stabilize the religious situation, several mosques have been closed down (most of them in the Gorno-Badakhshan Autonomous Region); imams have been replaced (about 20 imams of the country's largest mosques were removed in 2010); the list of banned organizations was extended and laws pertaining to religion have been tightened. Today, the Islamic Revival Party of Tajikistan fears it will be banned, and is focusing on its social and charity programs in an effort to avoid this.

Some of the above measures have met with approval both internally and abroad; other measures are resolutely condemned. The US, for example, has expressed concern over the "serious violations of religious freedom" in Tajikistan. According to ITAR-TASS, US Ambassador Ian Kelly made a statement to the OSCE in which, according to the text published by the US Embassy in Dushanbe, the American diplomat said, "The most severe abuses of religious freedom take place under authoritarian governments; those that seek to control all religious thought and expression as part of a more comprehensive determination to control all aspects of political and civic life. Some governments cite concerns about political security as a basis to repress peaceful religious practice. We see this today in the OSCE especially in Uzbekistan, Turkmenistan, and Tajikistan."

This statement was prompted by the recent "draft law on the responsibilities of parents," which would prohibit anyone under the age of 18 from participating in religious communities (the ban extended to prohibiting children under 18 who did not attend religious schools from attending mosques). The government is keeping a close watch on the Salafis, whose organization was banned in January 2009; by mid-2009 40 of its members had been arrested.

The first Salafis appeared in Tajikistan back in 2005; today there are over 20,000 of them. Senator Khoja Akbar Turajonzoda explained that they

were mainly young men educated at the International King Faisal University in Islamabad and at universities in Yemen and Saudi Arabia, where the position of the Salafis is especially strong. Tajik students receive financial assistance from various public organizations in Arab countries which pay for university courses, housing, and stipends. Analysis of their less desirable activities (in Tajikistan and elsewhere in the Muslim world), which not infrequently enjoy support from the West, suggests that these structures are backed by foreign special services.

The Republic of Uzbekistan

According to official figures, about 93% of Uzbekistan's population are Muslims (the bulk of them are Sunnis of the Hanafi madhab; 1% are Shi'a living in the Bukhara and Samarkand regions). As at July 1, 2010, there were 2,226 registered religious organizations representing 16 different faiths; 2,051 of them were Muslim (including mosques, educational and Islamic centers) and 175 were Christian*. Several Shi'a denominations are active among the Muslim communities; there are 50 religious educational institutions and an Islamic university.

Religious minorities include 52 Protestant Korean denominations; 37 ROC Orthodox Christian congregations; 23 Baptist churches; 21 Pentecostal (Full Gospel) churches; ten Seventh-Day Adventist congregations; eight Jewish communities; five Roman Catholic parishes; six Bahai communities; two Lutheran communities; four New Apostles Creed communities; two Armenian Apostolic Church communities; one community of Jehovah's Witnesses; one community of the Society for Krishna Consciousness; one Buddhist community; one Christian Voice of the Lord Church; and one interfaith Bible Society. The Tashkent Islamic University set up in 1999 by presidential decree (as a response to a series of terrorist acts in the capital city) and patronized by the Cabinet is a secular higher educational establishment where different subjects are taught using the latest secular methodologies.

* See: Агзамходжаев С. Современное состояние исламского образования в Узбекистане // Россия и мусульманский мир (ИМЭМО/ИВ РАН). 2010. № 1. С. 124-133.

Orthodox Christians comprise about 4% of the population but their number is steadily falling due to the emigration of ethnic Russians and other Slavs. Another 3% belong to small religious communities of Catholics, Christian Koreans, Baptists, Lutherans, Seventh-Day Adventists, Evangelicals and Pentecostals, Jehovah's Witnesses, Buddhists, Bahais, and Krishnaites, or are atheists. There are about 10,000 Ashkenazi and Bukhara Jews, who mainly live in Tashkent, Bukhara and Samarkand.

In the early 1990s anti-government Islamist movements gained a foothold in Ferghana and have been growing ever since. Prior to the 1998 Law on Freedom of Conscience and Religious Organizations there were about 7,000 religious communities in Uzbekistan, the majority of them being Islamic. According to various sources, there were a large number of unregistered organizations (after registration their numbers shrank to 1,500). Leaders and members of unregistered religious organizations (especially those suspected of proselytism) were persecuted; unannounced inspections and arrests were frequent; some members were brought to court on criminal charges.

The wearing of religious attire in public places is banned by law. It is widely acknowledged that Uzbekistan is harsh in its treatment of those it suspects of religiously motivated crime; it was the first country in the region to repress Islamist radicals and has highest number of people serving prison sentences for illegal religious activities. Its laws ban proselytism, unlicensed import and dissemination of religious literature (censorship councils have been set up), and the private teaching of religious subjects; violations are treated as criminal offences*.

Here are several typical examples. In 2010, members of Nur, a Turkish Muslim organization, were sentenced to between six and 12 years in prison. Nur is officially listed as an extremist organization; its membership is believed to be 141. Hundreds of suspected religious extremists were arrested in the summer of 2009 after three major crimes were committed; many of those arrested belonged to the banned religious organizations but were not guilty of the crimes.

The ban or punishment of unregistered religious activities is the most common human rights violation in Uzbekistan; Muslims, Protestants, Catholics, and Jehovah's Witnesses, as well as those who belong to other faiths, also suffer. Uzbekistan is determined to keep religious organizations in check; it is hard to acquire official registration and the state monitors the activities of most of the Muslim congregations. In the countryside mosques are closed or their official registration is annulled.

A human rights activist who asked to remain anonymous for fear of reprisals by the state said, "The government does not want more mosques in the villages. It is not only hard to register an independent mosque in the countryside; those already registered are losing their registration." All religious literature brought into the country is scrutinized, however, since early 2011, the number of illegally imported books and other printed matter has been on the rise. The State Customs Committee reports that in the first few months of 2011 there were 66 attempts to smuggle into Uzbekistan 2,571 copies of religious texts and 62 religious audio-visual items by various means of transportation and by post. Recently customs officials in Tashkent confiscated 547 journals and leaflets published in South Korea and 120 items printed in the UK and Germany.

Since the mid-1990s, Islamic radicals have been persecuted in great numbers; today, as many as several tens of thousands are behind bars; many of them have been sentenced to terms of over 15 years and will remain in prison until the next amnesty. The US Department of State's International Religious Freedom Report of 2010 says that Uzbekistan is frequently listed together with other violators of freedom of conscience and that "on November 17, 2010, US Secretary of State Hillary Clinton re-designated Uzbekistan as a Country of Particular Concern."

The Republic of Turkmenistan

There are no official figures relating to the number of followers of different religions in Turkmenistan; we know, however, that Sunni Muslims

* See: Бабаджанов Б. «Исламское движение Узбекистана»: джихад как идеология «изгоев» // Россия и мусульманский мир (ИНИОН, ИВ РАН). 2010. № 3. С. 105-125.

are in the majority (they are ethnic Turkmen, Uzbeks, Kazakhs, and Baluchis). Shi'a Muslims (mostly ethnic Iranians, Azeris, and Kurds) live in small communities along the Iranian border and in the city of Turkmenbashi. Traditional rites (veneration of ancestors) figure prominently in the local version of Islam. The Council for Religious Affairs regulates relations between the state and religious organizations; according to its information, there were 398 mosques in the country in 2010.

The ROC runs 13 Russian Orthodox parishes (three of them in Ashgabat, the capital city) and a monastery, also in Ashgabat. In 2008 all the ROC parishes in Turkmenistan were transferred directly to the Moscow Patriarchate.

Small communities (Jehovah's Witnesses, Jews, Shi'a Muslims, and several evangelical Christian groups such as Baptists and Pentecostals) function without registration. A small community of ethnic German Lutherans lives in and around the city of Sarakhs. There are about 1,000 ethnic Poles who are integrated into the Russian community and consider themselves to be Orthodox Christians.

There is a Catholic community in Ashgabat which consists of Turkmen citizens and foreigners; they use the chapel of the Papal Nuncio. There are about 1,000 Jews in Turkmenistan who have neither rabbis nor synagogues.

Turkmenistan is essentially free of Islamic radicalism; there are almost no cases of religiously motivated terrorism for two reasons: firstly, the spiritual tradition of the Turkmen, who have at no time been devoted to fundamentalist Islamic trends and secondly, the state's strict control over the religious life of its citizens.

In 1994 a Gengesh (Council) for Religious Affairs was set up by the President. The Council is headed by a chairman and includes a mufti, deputy mufti, the bishop of Turkmenistan (an Orthodox priest) and a state official. There are also regional (velayat) councils for religious affairs headed by the chief imams of each of the regions. The muftis and other clerics are paid by the state, a flagrant violation of Article 12 of the Constitution, which states, "Religious organizations are separate from the state." Turkmenistan prefers to ignore those who criticize this violation of its fundamental law.

The regime's partial liberalization in 2008 did nothing to lessen state control over the reli-

gious communities and what is preached in the mosques and churches. In 2008, as before, the number of those allowed to perform hajj to Mecca was limited, under a decree issued by President Berdymukhammedov, to 188 (the number of seats in the Turkmen Airlines airplane chartered to take people to Saudi Arabia at the expense of the company).

Political scientists and other experts agree that in contrast to its neighbors, Turkmenistan has avoided rising influence of Wahhabi groups and their agents on its territory. This is due to strict control by the state and special forces and because neither the Turkmen religious tradition nor the Turkmen's mentality is conducive to religious fundamentalism. Fundamentalist Islam stands little chance in this country. So far, practically all the emissaries that Hizb ut-Tahrir has dispatched to Turkmenistan have failed; the local people remain indifferent to the ideas and the religious literature smuggled into the country.

No-one knows whether the local Muslims are profoundly religious: the huge mosques in Ashgabat remain half empty on Muslim holidays. Some observers think that total state control has persuaded people to pray at home.

The US Department of State Country Report on Terrorism 2008 says that Turkmenistan was involved in international counterterrorist measures and that "clandestine passage was still possible due to long and porous borders that stretch across mountain and desert terrain, as well as the small size and uneven quality of Turkmenistan's border guard and customs services."

The report contains concise information about "September 2008 violence in the Khitrovka region of Ashgabat," which started for reasons which remain unclear and lasted for a long time. This "forced the Government of Turkmenistan to reevaluate its counterterrorism program, training partners, and readiness." The same report says, "Turkmenistan's law enforcement and security agencies exert stringent security control over all aspects of society, making it unlikely that Turkmenistan could easily be used as a terrorist safe haven." The country has opted for a fairly original and efficient religious policy which keeps it safe from Islamic radicalism.

The Republic of Kazakhstan

The multi-faith and multi-ethnic Republic of Kazakhstan has over 3,300 religious organizations representing more than 40 faiths and denominations. The situation in this country proves that religion (traditional and non-traditional confessions and all kinds of religious associations) can have both a positive and negative effect on social and political processes*.

Religion is viewed as a positive factor; however more than one third of the population regards it as a negative phenomenon. It may be said that the people of Kazakhstan are undecided as to how to treat religion and its influence on social relations. Positive opinions, however, prevail**.

The South Kazakhstan Region is more religious than the rest of the country and more devout in following Islamic postulates. It should be said that urban populations are more negative about the role of religion in contemporary society. The larger part of Kazakhstan's population prefers to commune with God directly; one third of those polled are undecided as to whether religious services and rites are necessary, and there is no agreement on the role of the church/mosque and clerics.

Sociologists have pointed out, however, that Muslims are more positive about the role of religion than followers of other faiths; they are more positive about the role of religious services/rites which open the road to God. Russians and other ethnic groups tend to refer to the negative aspects of religion***; 75% of the people of Kazakhstan describe themselves as religious, while 15.5% do not regard themselves as believers.

The degree of religiosity differs from region to region. According to official polls, in the Atyrau Region people are 3.3 times more religious than in Almaty and Astana. Villagers are more devout than urban residents: 11.6% of villagers perform

namaz compared to 7.4% in cities. The picture is similar for zakat and saum. City dwellers, on the other hand, have more money to pay for their hajj. One in ten people in Kazakhstan has problems associated in some way with their faith; the followers of other religions are more frequently exposed to problems than Muslims and Orthodox Christians.

There is a generally held view that radical religious groups and their activities can damage relations between the followers of different religions. In the countryside, people believe that inter-faith relations are relatively stable while in cities people are more aware of negative developments. Over half of Kazakhstan's citizens (67.4%) claimed that their faith has become stronger in the last three years, although only 3.6% of the total population is prepared to follow the Holy Scriptures and advice of their priests when it comes to important decisions. This would appear to suggest that religiosity in Kazakhstan is quite superficial.

According to sociological polls people in the provinces of South and West Kazakhstan are more religious than people in other regions. People in Almaty have become more religious while in the Karaganda Region one in five has lost his faith. Since August 2008, however, the people of Kazakhstan have been abandoning their previously positive opinion of religion. Today, many more people are convinced that religion manipulates public opinion and uses the faithful to pursue its own interests. This does not contribute into national unity.

In October 2011, the country introduced a new law on religion. Amendments which had been postponed for more than ten years were finally introduced under pressure from Western human rights organizations, the ROC, public figures and politicians; Protestant churches were more critical of the amendments than the others. The new Law

* See: Жусипов Б.С. Религиозный экстремизм как угроза безопасности Казахстана // Казахстан-Спектр (КИСИ). 2009. № 1. С. 35-41. Асанбаев М., Умирзакова Л. Новая форма религиозного экстремизма в Казахстане: деструктивные секты и культы // Центральная Азия и Кавказ (Лулеа, Швеция). 2009. № 1. С. 47-53. Избаиров А., Аязбеков С. Особенности религиозной ситуации в Казахстане: существующие проблемы // Казахстан в глобальных процессах (Алматы, ИМЭП). 2008. № 4. С. 78-86.

** See: Т. Козырев Т. Новые тенденции в развитии этно-конфессиональной ситуации в Казахстане // Analytic (КИСИ). 2009. № 5. С.87-90. Смагулов Е. Современная религиозная ситуация в Казахстане // Центральная Азия и Кавказ (Лулеа, Швеция). 2011. № 3. С. 53-72.

*** See: Краснобаева Н. Религиозная ситуация в Восточно-Казахстанской области // Россия и мусульманский мир (ИНИОН РАН). 2010. № 7. С.71-76. Цепкова И. Межконфессиональные отношения в Казахстане // Россия и Мусульманский мир (ИНИОН, ИВ РАН). 2009. № 11. С. 72-76.

on Religious Activity and Religious Organizations replaced the previous Law on Freedom of Conscience and Religious Organizations of January 15, 1992; their titles suggest that while the old law was designed to ensure religious freedom, the new law regulates the activities of religious organizations.

The new law outlined the responsibilities of the Agency for Religious Affairs of Kazakhstan, which is expected to study and analyze the missionary activities and religious organizations, coordinate the activities of the local executive bodies dealing with religious affairs, organize "religious study examination," check the lists of citizens who initiate religious groups, and coordinate the activities of foreign religious alliances in the country and appointments of heads of religious organizations by religious centers outside Kazakhstan.

The government established control over foreign missionaries, but in doing so, repealed the most odious regulation which existed in several drafts, i.e., quotas for missionary activities and their distribution by region. The new law established new rules for registering and re-registering missionaries and banned unregistered missionary activities. Several public alliances (including Zheltoksan rukhy), some of them fairly obscure, objected to the law "which banned namaz."

Member of parliament and composer, Bekbolat Tleukhan, who had made a name for himself by saying that celebrating February 23 (a holiday inherited from Soviet times and now called the Day of Defender of the Homeland) was an encroachment on Kazakhstan's independence, has been one of the severest critics of the new law. He also insisted that films with erotic scenes should be banned and that advertisements for them should be removed from the streets; he also wanted to remove Darwin's theory of the origin of the species from school curricula and change the designs on exercise books for schoolchildren.

The events of 2011 showed that religious extremism in Kazakhstan was a cause for concern. In April, law enforcement agencies detained a group of four people who were thought to be allied to radical groups. It is widely known that people from Kazakhstan have been joining illegal terrorist groups in the Northern Caucasus. A wave of terrorist acts has swept the country. In May 2011, 25-year-old suicide bomber Rakhimzhan Makatov,

the only casualty of his amateurish act, blew himself up in the Department of the National Security Committee building in Aktobe; it is believed that this was a test of the country's readiness to deal with terrorism.

Aktobe has a reputation as the city from where people go Russia to join the North Caucasian jihadists. Four of these would-be jihadists were arrested in Makhachkala in possession of a homemade bomb. In 2009, a group of six headed by Azamat Karimbayev (who later died in prison) was arrested in the Aktobe Region; they were accused of training for terrorist acts by firing pneumatic weapons in the steppes. On April 20, 2011, Sabitbai Amanov, head of a clandestine network and one of the last Kazakhstani jihadists, was killed in Makhachkala.

A night blast in the building of the National Security Committee's temporary detention center was associated with the detention of about 20 people suspected of cooperating with the suicide bomber in Aktobe in May. On October 28, 2011, a previously unknown Islamist group Jund al-Caliphate (Soldiers of the Caliphate) threatened to use violence if the new law which banned namaz in state offices was not annulled. They objected to the ban on prayer rooms in state buildings in a country with a predominantly Muslim population and to the annual registration procedure introduced for foreign missionaries.

This was the first direct threat addressed to the authorities after the new law was adopted. On October 31 Atyrau was shaken by two powerful explosions; five minutes later an unidentified suicide bomber blew himself up outside an apartment building; there were no other casualties because it was an early-morning attack and because the bomb had no harmful contents. On November 12 in Taraz a fighter known to the secret services as a jihadist robbed an arms shop, killed five law enforcers, used a grenade launcher to fire at the National Security Committee building, and killed himself with a grenade. This created panic in the city.

These acts signified that religious extremism had penetrated in Kazakhstan. Some political scientists think that if the people of Kazakhstan perceive "revenge-seeking" Islam as the norm, the situation in Kazakhstan might become similar to that in the Middle East, with high rates of unem-

ployment and where authorities ignore the needs of the ordinary people and the government priorities are being replaced with the material interests of the ruling elite.

The domestic situation, social issues in particular, is a major concern for the law enforcers and antiterrorist forces; they rely on agents recruited from different extremist religious groups. Corruption in the state structures makes efficient governance impossible. Ordinary people do not trust or respect the authorities. Well-informed officers of the security services and the police have even fewer reasons to trust those at the top.

External forces are skillfully exploiting the instability in Central Asia and social inequality in Kazakhstan to sponsor religious emissaries who are sent to Kazakhstan from abroad.

There is another purely technical problem: Kazakhstan has no adequate network to train antiterrorist forces and experts in counter-partisan war.

Conclusion

The following features are common to the religious situation in all the Central Asian countries:

- Sunni Islam (Hanafi madhab) is the largest religion in all the countries; Orthodox Christianity (ROC of Moscow Patriarchate) is second largest;
- members of religious communities have become younger;
- urban population has become much more religious;
- most religious organizations (particularly Islamic communities) have become more politically active;
- religious communities pay greater attention to education;
- number of new religious movements has increased ten- or even one hundred-fold;
- religious entities receive money from abroad; their headquarters are outside Central Asia;
- political movements formed under an Islamic banner are mushrooming in Central Asian countries (Turkmenistan being the only exception) and are becoming more closely aligned with other opposition forces;

- all countries have established control over religious organizations—the strictest control is exercised in Uzbekistan, Turkmenistan and Tajikistan, the regime is more lenient in Kyrgyzstan;

- all countries have repeatedly tightened their religious legislation;

- situation with Islam is worsening in all the countries of Central Asia;

- all Central Asian societies (with the exception of Turkmenistan) are increasingly Islamized;

- banned Islamist organizations still operate in all the countries;

- none of the countries has a clear picture of the extent of religious allegiance of its population and the number of believers.

An analysis of the religious situation in Central Asia suggests that religiously motivated extremism and terrorism are on the rise. So far, stricter anti-extremist and antiterrorist laws as well as persecution and numerous court cases have not reduced the extent of extremist and terrorist activity; the measures taken have been insufficient.

Islam in Central Asia is developing a political dimension, which is the first step toward radicalization. This process must be stemmed: religion should save people's souls and not call on people to protest. It has the capacity to transform negative sentiments into a creative force for personal and social development*.

The time has come to admit that religiously motivated extremism and terrorism are the two most dangerous threats to stability in Central Asia. The radical Islamist movements operating in the region are consistently improving their methods of confrontation; they are gradually becoming involved in drug and human trafficking, organized crime and luring young people into their orbit. This is the gravest threat of all. Islamist groups are now better organized and more mobile; they are mastering the principles of operating as a network. Therefore, the means of counteracting them should be adjusted to this new reality. We cannot exclude the possibility that radical Islam has its supporters among the bureaucracy and business elite, which requires close monitoring and investigation.

* See: Джалилов З.Г. Нетрадиционные исламские движения в Центральной Азии // Казахстан-Спектр (КИСИ). 2009. № 4. С. 28-36.

The acute social, political, economic and religious problems in Central Asia encourage Islamic radicals; terrorism with religion as its motivation is an endemic symptom of the problems throughout all Central Asian countries that have acquired systemic character. It will develop into a real threat if its various components come together to encourage terrorism, therefore the individual elements of the terrorist structure must be destroyed in order to undermine terrorist capabilities. It should be said that the attitudes of local communities to the unofficial Muslim structures vary from rejection to respect. Islamist movements cannot survive without widespread popular support.

There is a great deal of dissatisfaction with the ruling regimes, which could trigger new forms of protest (including radical Islamism). Nearly all Central Asian regimes can be described as authoritarian. The ruling elites form closed groups, therefore there are no mechanisms in place to make the authorities accountable to the general public; social programs are good on paper while social welfare is in fact being cut back. Islamic radicals capitalize on the shortcomings of the regimes and exploit them to promote the Shari'a as an ideal form of state governance.

In recent years, foreign missionaries have made great headway in establishing the foundations of Islamist ideology; now this ideology can spread far and wide with help from their disciples. There are places where radicalization and terrorist groups appear to flourish. So far, the Central Asian regimes have used force against them to little effect. Preventive forms of opposition to religiously motivated extremism and terrorism are needed; they have been used abroad and are proven to be worthwhile.

The region's law enforcers should always bear in mind that the members of Islamic radical movements are also their fellow citizens: cruelty or even death must be ruled out as forms of punishment.

It is much more effective to persuade radicals to act within the law and to try to reintegrate them into society. Prevention of terrorism could be accompanied by discussion of religion and its practical benefits together with active debate about the countries' most pressing problems.

The above applies especially to the religious leaders since the popularity of Muslim radicalism is largely explained by the impotence of the official Islamic leadership. The official figureheads of the region's Umma avoid confrontation with the radicals while their daily sermons should contain explicit and well-founded criticism of their ideas. While the imams remain reluctant to address the most chronic social and economic problems, Islamic radicals appear to be providing the answers to all the questions. Central Asia's spiritual leaders must, therefore, take the initiative away from the radicals.

We should always bear in mind that many major geopolitical actors profit from Central Asia's instability; they know how to capitalize on local potential for protest and the ideas of Islamic radicalism which are forged outside the region. By exploiting the two factors they hope to stir up trouble and gain from it. Despite the fact that extremists and terrorists are relatively strong when it comes to criticizing the governments and spiritual leaders, they can offer no positive alternative (the notion of the Caliphate, which has fairly weak prospects in the contemporary world, cannot be described as such); this situation should be exploited fully.

The time has come to address political, social and economic problems; while they remain unresolved, radicals will continue to champion these as their cause. The most pressing problems are well known: corruption, social injustice, high unemployment especially among the younger people, absence of social services, poorly developed democratic institutions, etc. These must be resolved so that the fight against religious extremism and terrorism could be successful.

Civilization Dialogue between East and West

GULMYRA SULTANBAYEVA,
ZHULDYZ ZHUMASHEVA

The article analyzes how the globalization process is affecting cultural and spiritual development in western and eastern civilizations. The authors describe the psychological aspects of development in the West and the East and analyze contradictions and competition between these two civilizations. The authors conclude that the general human values of the West and the East, which define cross-cultural dialogue and tolerance, can be described as social and cultural factors.

Keywords: civilization, dialogue, the West-the East, cultural values, general human values, cross-cultural dialogues, tolerance.

The West versus the East; these two parts together make the world. The values of these two independent civilizations, which have up to now been so different, are merging together as the differences and distinguishing characteristics diminish. We therefore tend to discuss civilization dialogue as if it is a category of general spiritual values. As part of the globalization process it is logical that policies are pursued to preserve national, ethnical, local, governmental and popular identities and peculiarities. Preserving and developing national identities is one of the key preoccupations amidst globalization.

The history of civilization is developing. In spite of this development, however, equality has not been achieved and the battle to decide winners and losers continues. In some areas the West is regarded as being ahead of the East and in some cases vice versa. This is a natural phenomenon, however it is not a process with a single outcome. It has secondary purposes. The process of globalization, in which Western and Eastern civilizations intersect with and civilize one other, makes them

unite. This phenomenon is not necessarily detrimental but has negative consequences. Scientific research has shown that “human equity is based on the fulfillment of two different origins; those in the West and the East” [1, 56].

By referring the West and the East, as two cultural sources, scientists agree that the Western and Eastern human cultures travel in two different directions, creating two civilizations and two different ways of being [2, 32]. In fact their different spiritual and material values together create our universal civilization.

Historically it has been shown that the West, which tends to view older technologies as obsolete and irrelevant, develops very fast, while the East, which is generally understood as having greater regard for holistic development, greater respect for nature and natural world and harmony in life, is in less of a hurry to develop.

What are the main differences between the West and the East? What are the main differences in their cultures and civilizations, socio-economic structures, political life, spiritual renaissance? The European West believes itself to be the creator of machinery and technology that it subsequently introduced to the East. But the actual situation is very different. The modern image of Oriental countries has radically changed this view. For instance, Japan, the Land of the Rising Sun, has become one of the most developed countries of the world with a stable economy and political structure. This country is also one of the most spiritually progressive countries in terms of the promotion of its own cultural values. China today is one of the strongest powers in the world with a huge and relatively stable market economy which rivals that of the US. China is noted both for its economic and political development. But it is

distinguished by its spiritual development and philosophy of seeking harmony in life [3, 29].

The differences between the East and the West are demonstrated through their psychology and mentality. European and Oriental philosophies differ immensely, especially in their attitude to and relation with the environment. Europeans consider nature as a laboratory for their experiments, while Oriental countries consider nature holistically and as being in harmony with humankind.

In spite the fact that these two civilizations and two cultures differ from one other, there must be no attempt to define which is superior, since the two parts of the whole cannot survive without each other. Today the differences and competition between Western and Eastern countries are diminishing because of globalization. Therefore, the talented from both western and eastern countries become the representatives of the civilized world as a whole.

Oriental civilization has turned out to be more adapted to life. It has experienced and survived invasion and colonization. Oriental civilization was able to find a way through these difficult times because of its viability and capability. However, Oriental countries have not fallen behind developed European countries.

These two different but interwoven civilizations complement each other and make one universal culture. There will always be interdependency between the cultural values, mentalities and harmony of the West and the East.

In this modern era of globalization the world is becoming an integrated system combining different elements. As Carl Shmitt states, the universal Western and Eastern histories are entirely based upon dual elements: the Earth and the Water, the Continent and the Ocean.

Questions regarding future development are of great significance in the era of globalization. It is well known that Western men fear spiritual degradation. Some scientists are seeking to define the basic principles of western culture and art. Some attempt have been made to make comparisons between modern western art and eastern spiritual heritage.

Global unification has given rise to new concepts of cross-cultural harmony and human tolerance. Cross-cultural harmony in the globalization

is referred to as a social-cultural factor which establishes harmony amongst countries, facilitating the understanding of each other's "us."

All thinking is founded upon the harmony of ideas and opinions, principles and ways of perceiving the world. This harmony is considered to be the point at which dialogue intersects [4].

The modern world is built upon interdependent economic, technological and information systems. But there is a great danger that wars and conflicts arise where these systems intersect.

Samuel Huntington states that modern civilizations distinguish themselves from one another by their by history, language, religion, culture and customs [5]. These differences are then used in the definition of the "East" and the "West". The traditions generally assigned to the Western culture are rationalism, Christianity, enlightenment, democracy, individuality; for the Eastern culture these are mystery, sensibility, Islam and Buddhism (and other religions), tradition, cooperation and the extended role of the government.

It is not possible to identify any individual country as definitively Western or Eastern. The depiction here is merely a geographical one. Culturally any country may display both Western and Eastern traditions.

Dialogue relies upon social unity and must have meaning. The key feature of dialogue is the equity of the two parties. In controversial situations one side may monopolize relations and dialogue subsides into monologue. Therefore, dialogue is perception of equity of the elements within the unity. This means that only dialogue can serve as the foundations of human relations and equity.

According to philosophical discourse the current Western crisis is the result of "centrism", where monologue has prevailed over dialogue. Buber states in his 1922 publication that the reason for the Western crisis was the disappearance of the "you and me" relationship [6, 24-25].

In summary, it is our view that a culture which is based on "monologue" is a "centralized culture". This means that one side becomes dominant while the other becomes the follower attempting to mimic its dominant counterpart.

The dialogue of "West-East" is certainly a dynamic one. For example, in the 19th cen-

tury it was generally believed that the European (i.e., Western) model of civilization was the ideal to be adopted universally. The example may be found in "francophile" tendencies in Russia in the 19th century, shown in Russian literature, namely in the works of Turgenev, who wrote in the European style. Nevertheless, Tolstoy and Dostoevsky rejected this so-called French style and created their own new styles of writing. They offered the Europeans a new understanding of Russian literature. They could contemplate Europe through Russian eyes. India and Japan also retained their own philosophies. In fact, some enlightened European thinkers were influenced by the Indian philosophies of Vivekananda and Aurobindo. The educated Japanese proved to the Europeans and Americans that they were fully devoted to Buddhism [7, 22].

Where there is aggression, dialogue becomes impossible and opportunities to build dialogue are relapsed by attempts of each side to discredit the other. The diametrically opposed systems of communism and anti-communism are an example of where two totally different philosophies have never intersected with one other, and dialogue would never have been possible. In this case attention focused on the differences and incompatible peculiarities of West and East.

Today the world is becoming one single entity and seeks a new peace. Cooperation is being pursued for the sake of international development and security. In the modern world no country is able to

resist economic and political modernization. The Western countries, for example, cannot guarantee their security without resolving the problems associated with Eastern countries.

The global expansion of the Western economic, political and cultural standards and the artificial "reorientation" of the Eastern countries to the Western norms has in fact intensified the differences between the West and the East. The concept of "cultural dialogue" is used to describe the "exchange of cultural goods" which destroys cultural values, and reduces values and cultures to the status of goods. The words of Claude Levi-Strauss are very relevant here; he states, "We are now threatened with the prospect of our being only consumers, able to consume anything from any point in the world and from any culture, but of losing all originality".

It is natural that growing number of scientists, politicians, cultural, artistic and religious figures seek to address the issues that they foresee will arise in the next 10-15 years. Yet it is difficult to predict the future. The ideas that are very popular today may lose their influence in one stroke. On the other hand, ideas that are regarded as marginal can turn out to be hugely influential philosophies. However, dialogue between the East and the West must always be based on peace and unity. These foundations will ensure our future. These ideals having been handed down through the generations, guide today's globalizing civilizations and constitute the legacy which we must leave for future generations.

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Prospects for Developing Transport Links between Kazakhstan and China

RUSLAN IZIMOV

Growing competition for access to energy resources as well as military-political tension in the world have increased risks to the uninterrupted supplies of raw materials to China by sea. Despite this, the level of international shipments is steadily growing between Europe and Asia, which includes China as a major exporter. This, in turn, is pressing the Chinese leadership to create a comprehensive transcontinental transport corridor, one that would envisage the use of all types of ground transport. Taking this into account, the Chinese authorities are placing emphasis on the construction of rail, road and pipeline links with European Union member states via Central Asian countries.

China's proactive steps in building of the transport corridors and its proposed large-scale projects may bring sizeable economic dividends for Central Asian states. Kazakhstan has every chance of becoming a major transit corridor between China and Europe. To this end, Kazakhstan's transport policy should aim to improve the level of integration of its transport system into the global transport networks. However, there are risks that have to be taken into account while drafting policy on this issue.

China's plans to develop international ground transport communications stem from the fact that trade between Europe and Asia-Pacific countries, and in particular China, is expected to reach \$1,000bn in the next few years. However, only about 1% of it is shipped by ground through Central Asia while the rest is transported by sea. This points to the region's untapped transit potential, while noting the following:

- poor development of transport infrastructure in the countries of Central Asia;
- lack of a coordinated system for customs control between Central Asian countries;
- low profitability of ground transport routes compared to sea links.

Taking these factors into consideration, the key competitive factor for ground transport is the speed of shipment. For example, it takes about two months to transport goods from China to Europe by sea while shipment through the Eurasian continent should take 15 to 17 days. This means the most promising aspect for development is the shipment of foodstuffs and perishable goods, urgent orders and valuable low-weight freight.

Because of the vulnerability of sea transportation links to territorial disputes in Asia-Pacific and the growing competition between the USA and China, the Chinese authorities have placed increasing emphasis on the construction of new international ground corridors [1]. From this point of view, the Central Asian region is of strategic significance to Beijing because it would allow China to diversify the routes it uses to export its goods to Western markets. It is worth noting that the Chinese authorities have already carried out large-scale projects to modernize internal transport links. This has been particularly the case with the development of transport networks leading to the country's western frontiers, which, Chinese experts believe, will make it possible to achieve the following objectives.

Firstly, the process of bridging interregional gaps in the general development of the country would be sped up. Extensive rail and road networks would help efficient fulfillment of the Chinese

Communist Party's plans to modernize China's western regions;

Secondly, development of the transport networks in the Western provinces would open opportunities for quick and reliable shipment of goods produced in China's coastal regions to European markets via Central Asian countries;

Thirdly, from a military strategy point of view, developed rail and road networks ensure quick deployment of military equipment, personnel and necessary cargo to the border areas, thus helping to strengthen the country's defense capability.

In addition to the development of internal transport projects, the government in China is placing a particular focus on development of the efficient international transport routes to ensure economic security and diversify energy import sources.

Transcontinental Western Europe-Western China Highway

There is no doubt that this project is the most promising because it is the shortest route between the European borders and Lianyungang in eastern China. The total length of the corridor is 8,445 km, and it takes no more than 10 days to cover whereas the duration of shipment along the Trans-Siberian railway line is 14 days and the sea route via the Suez Canal takes 35 days.

In addition to the existing successes, China acknowledges the difficulties in implementing the project. In particular, Chinese researchers believe, one of the limitations is the different rates of development on the sectors in the transit countries, which could threaten success of the routes. For example, the construction of the Kazakh and Russian sectors of the corridor is considerably behind schedule.

At the same time, Chinese politicians and experts believe that the Customs Union (CU) has a negative impact on the project to construct the corridor and on trade and economic relations between Kazakhstan and China in general [2].

Chinese researchers note that the chief advantage of the corridor is in cutting travel time between the eastern Chinese provinces and European borders. However, the establishment of the CU and an increase in customs duties are expected

to drive the prices of Chinese goods up. As a result, Chinese goods shipped by ground transport may turn out to be more expensive than the same Chinese goods shipped by sea. If this were to become the case, the Chinese government would have to choose between ground and sea routes.

Rail Projects of Kazakhstan and China

Rail links between Kazakhstan and China have some problems at present; in particular the limited capacity of the Dostyk-Alashankou, the only rail route on the Kazakh-Chinese border. In order to resolve this bottleneck, on China's initiative and with Chinese funding, a second railway passage is being built across the border between the two countries. As a result, Khorgos (Korgas) will become a link between the trans-China route Lianyungang-Khorgos and the Khorgos-Zhetigen sector that has already been built.

Another large-scale project involving China's cooperation in the sphere of freight shipment is the construction of the Khorgos International Centre of Boundary Cooperation. The Chinese media report that the construction of the center's infrastructure in Chinese territory has already been completed and that it is fully ready to be linked to the Kazakh sector. It is still too early to judge this center's efficiency as it is not expected to reach full capacity until 2018.

It is worth noting that Chinese experts' interest in the situation at the Khorgos is on the increase. The major reason is recent corruption scandals. In particular, events exposing an organized criminal group that operated at Khorgos received wide coverage in the Chinese press [3].

Two other major railway projects proposed by China are also worth mentioning.

The first is a project to construct a fast rail link from Beijing to London via Kazakhstan, Russia and a number of European countries. Considering China's financial might, the project may well be implemented. If consent is obtained from all participants in the project, it is expected that the line will be constructed by 2020. For Kazakhstan, participation in the project will yield obvious economic benefits in the form of transit collections.

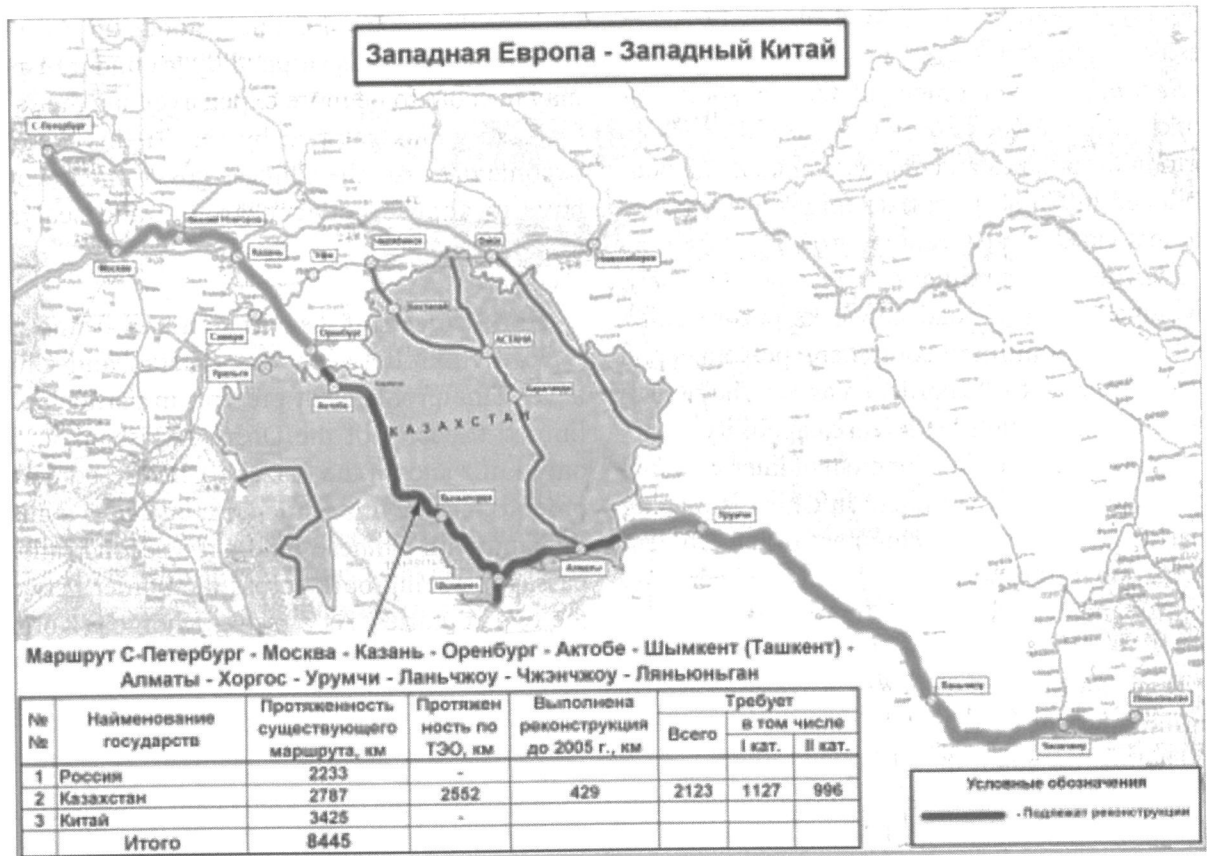


Figure 1. Western Europe-Western China corridor

Source: <http://proautosport.kz>

The second is a railway line that has already been built from Chongqing to Antwerp. The new route with a length of over 11,000 km cuts through China, Kazakhstan, Russia, Lithuania and Belgium. The Chinese government believes this route's chief competitive advantage is safety and speed compared to the sea route. This was confirmed by the launch of the new Saule train along this route on October 28, 2011, which took only ten days to travel from China to the Baltic Sea.

Interestingly enough, China is also considering other routes to European countries in which Kazakhstan has an important role. In this context the Common Economic Space of Kazakhstan, Russia and Belarus opens up transit opportunities to link transport routes between Europe and Asia.

We should also take into account the alternative rail projects proposed by China. Among the Central Asian countries bordering China Kyrgyzstan is pursuing a proactive policy of modernizing its transport infrastructure to link it with Chinese

road and rail networks. At one point, the Chinese government suggested a project to construct the China-Kyrgyzstan-Uzbekistan rail line (Figure 2). Beijing strongly backed Kyrgyzstan's proposals and showed interest in speedy implementation of the project. This project envisages a new railway line starting at a South Xinjiang Railways terminal in Kashgar and running through the Torugart pass on the border between China and Kyrgyzstan and then through Kyrgyzstan to Uzbekistan.

However, this project, just like has happened with projects involving Kazakhstan, also has the problem of track gauge. Kyrgyzstan insists on using the 1,520-mm standard, while China wishes to use 1,435-mm track. It is expected that the track would change at Tuzbel station in Kyrgyzstan. If successful, this project would give an impetus to other Central Asian countries to lay similar railway lines in the medium term.

In the past few years China has been closely involved in construction of the roads and engineering

infrastructure in Tajikistan. Beijing is interested in building additional transport links to Central Asia, Iran, Turkey and the EU via Tajikistan.

networks in Central Asia with the Chinese-Kazakh oil pipeline, thus allowing access to resources in the Middle East and in the Caspian Sea region. The

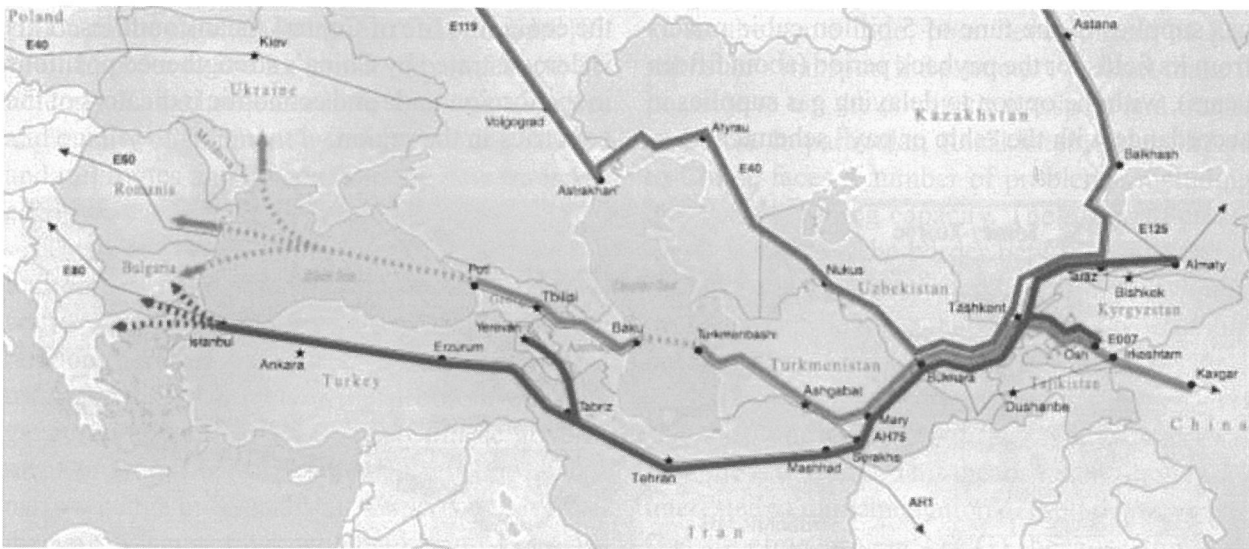


Figure 2. Railway lines to Europe that are being proposed or under construction

Source: Xinhua, http://www.russian.xinhuanet.com/009-03/26/content_845774.htm

Central Asia-China Gas Pipeline

According to the Chinese media, by 2015 the capacity of the Central Asia-China gas pipeline is expected to reach 55-60 billion cubic meters per year [4]. These agreements were made during the Turkmen President Gurbanguly Berdimukhamedov's four-day visit to China in late November 2011. The parties were expected to raise the volume of gas supplies to China to 30 billion cubic meters by 2012. As of September 2011, the total volume of gas supplied to China was up to 14 billion cubic meters. In order to ensure the growth in supplies the third line of the pipeline is expected to be completed by 2013 [5].

In order to secure Central Asian gas supplies to China's coastal areas, CNPC launched the construction of the second line of the West-East gas pipeline in February 2008. Two lines of the West-East gas pipeline have already been put into operation and they link Khorgos with China's southeastern provinces with a total length of 8,700 km and total investment in excess of \$20bn.

The Chinese government has noted that this gas pipeline may integrate the existing pipeline

Central Asia-China gas pipeline is the first independent link to connect the former Soviet region with eastern Asian markets bypassing Russia, giving China access to resources in the Caspian-Central Asian region.

China has intensified its efforts to bring Kazakhstan to this project as a gas exporter, relying on the launch of the Beyneu-Bozoy-Shymkent gas pipeline. At the end of 2010 KazTransGas and China's Trans-Asia Gas Pipeline set up the Beyneu-Shymkent Gas Pipeline LLP joint venture to fulfill the project. Beyneu-Bozoy-Shymkent is expected to connect to the main pipeline at the end of 2013 or the beginning of 2014 [6].

China's heightened interest allows Kazakhstan to implement a project that is strategically important to the country at minimum cost. In addition to supplying gas to consumers in southern Kazakh regions, the project, according to preliminary estimates, will raise about \$8bn in taxes and other levies for the country's budget and will speed up the launch of the major Urikhtau oil and gas condensate field.

In order to hasten the project China issued a long-term soft loan worth \$2.5bn to the Beyneu-

Shymkent Gas Pipeline with an option for early repayment. The company intends to pay off the loan with the profit from natural gas transits. Kazakhstan's only obligation in this project is to ensure gas supplies to the tune of 5 billion cubic meters from its fields for the payback period (about fifteen years), with the option to delaying gas supplies in accordance with the "ship or pay" scheme.

to the tune of 10 billion and 44 billion cubic meters of natural gas per year respectively.

As a result, by implementing gas pipeline projects China is increasingly proactively taking part in the economic life of Central Asian countries. This is demonstrated by China's strengthened positions in the foreign trade and economic indicators of the countries in the region.



Figure 3. The Beyneu-Bozoy-Shymkent gas pipeline under construction

Source: <http://satoil.kz/astana-i-pekin>

Construction of the Central Asian gas pipeline brought obvious benefits to China. From an economic point of view China benefits from buying Turkmen, Kazakh and Uzbek gas at prices that are considerably lower than market rates.

Moreover, China is starting to present serious competition for Russian interests. Chinese experts admit that China's Central Asian gas pipeline projects have a negative impact on Gazprom's plans to export Russian gas to China [7].

The failure of China and Russia to agree on gas prices over the past seven years has repeatedly delayed the plans to build a Russia-China gas pipeline. While Gazprom and CNPC were holding protracted talks, the Chinese government managed to sign profitable contracts with Turkmenistan and agree on gas supplies from Myanmar and Australia

Conclusions

1. Kazakhstan's relations with China in the transport sphere are developing rapidly mostly as a result of China's decisive policy and a lack of action on the construction of large-scale transport and infrastructure projects by other major foreign players in the region such as the EU, Russia and the USA. In contrast to them, China stands out with both its promising transport projects and the financial resources necessary to deliver them.

2. The Western Europe-Western China project, dubbed the "project of the century" is being intensively pursued at present. The construction of the Kazakh sector is being conducted at a rapid pace and is expected to be completed by 2014.

Meanwhile, the progress in integration between Kazakhstan and Russia is alarming China; it fears possible negative impact of the Customs Union, the Common Economic Space and a future Eurasian Union on the efficient operation of the corridor [8].

3. In order to use its transit potential more efficiently Kazakhstan needs to increase volumes and quality of shipment by reconstructing its road and rail routes and by constructing new transport corridors that meet international standards.

The construction of the Khorgos-Zhetigen rail line and its connection to Chinese railway networks are expected to give a new impetus to the relations between Kazakhstan and China in freight transportation. However, the problem of track gauge remains unresolved. The Chinese government proposed construction of a rail line with a narrow gauge in Kazakhstan. Experts believe that the narrow-gauge track will significantly increase transit shipments through CIS countries. However, the following problematic aspects of this project should be noted:

- a narrow-gauge railway line will be used only for transit cargo which will complicate coordination between the national transport networks and international shipment systems and will lead to delays in both technical aspects and in innovation;

- a narrow-gauge railway line in Central Asia will have not only significance for China in terms of economy but also military strategy, which theoretically makes the region vulnerable in terms of security;

- implementation of this project will be opposed by Russia because adoption of the international standard for the new rail line will reduce Russia's geopolitical influence in the Central Asian region.

At the same time, poor development of Kazakhstan's transport infrastructure will not make it possible to tap the country's transport and transit potential. In particular, Kazakhstan, being linked to China, faces a number of problems, including the lack of loading capacity. The only rail crossing at Dostyk on the border between Kazakhstan and China is a perfect example. Moreover, similar problems may arise at the new Khorgos crossing because of the track gauge issue.

4. Gradual but steady increase in demand for gas shows how important the Central Asian gas pipeline is to China. This means that Beijing is not interested in implementation of the Trans-Caspian Gas Pipeline project (TCG), because this will strengthen Ashgabat's negotiating position, which may increase gas prices. EU countries are now buying gas at about \$400 per 1,000 cubic meters, whereas China is paying no more than \$250. As a result, China may support Russia's position on the TCG that is also in opposition to this project.

5. It is worth noting that the Chinese authorities have managed to sign favorable contracts with Turkmenistan whereas Russia and China have failed to agree in recent years. This to some extent alarms Gazprom as it will lose leverage to dictate conditions to China on the export of Russian gas.

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6. China international radio // <http://russian.cri.cn/841/2011/07/14/1s388923.htm>
7. <http://www.xjjjb.com/html/news/81985.html>
8. In this context it is worth noting that Vladimir Putin's idea of creating the Eurasian Union caused heated debate among Chinese experts and politicians, a majority of whom very negatively assessed this initiative (based on Chinese media materials).

Current Caspian Agenda

LIDIYA TIMOFEYENKO

In November 2010, the third summit of the heads of the Caspian-littoral states, which include Kazakhstan, showed the countries' readiness to speed up the search for a mutually-acceptable solution to the issue of the Caspian Sea's legal status. The political will to expand dialogue, which was expressed at the summit, was a positive reflection of the results of the meeting. This, in turn, has made it possible to talk about an opportunity for the negotiations on the legal status of the Caspian Sea to enter the final stage.

In concluding the third Caspian summit, the national leaders noted the progress in defining the status of the Caspian Sea and suggested that the corresponding document might be endorsed and signed in 2012. This optimistic forecast was a result of the official talks of the heads of the "Caspian Five" that went beyond the preliminary agenda as they discussed the issues of the delimitation of the Caspian Sea. In particular, accords regarding the width of territorial waters were reached in principle. The heads of the Caspian-littoral states ordered that the respective government agencies, within three months, discuss and agree that the width of territorial waters and the extent of the littoral countries' sovereignty will be 24-25 nautical miles. The solution of this problem would make it possible to significantly advance agreement on the provisions of a convention regarding the legal status of the Caspian Sea.

However, the accords reached at the summit have not actually been implemented in practice. During meetings held in 2011 by the Special Working Group to draft the convention on the Sea's legal status, the parties failed to devise a single

approach to this issue. A similar situation happened regarding a moratorium on the commercial catch of sturgeon fish in the Caspian basin. Russia proposed the text for a treaty back in February 2011 but this was not endorsed by the Commission on Aquatic Bioresources of the Caspian Sea. Instead, the commission's 32nd meeting, chaired by Russia, formed a working group to draft an intergovernmental treaty on a ban on the commercial catch of the sturgeon in the Caspian Sea. It was expected that a revised text of the document would be discussed in June 2012.

It is possible to conclude that the existing format of work of the specialized structures will continue to require a considerable amount of time to achieve specific results. For example, the Turkmen delegation is hindering the adoption of a treaty on the ban on fishing the sturgeon claiming that it is not authorized to sign anything without preliminary approval by its leaders. This state of affairs impedes the schedule on the paperwork of accords agreed by the top leadership. When adopting important long-term decisions regarding the future development of the region, the heads of the Caspian-littoral states cannot count on the timely fulfillment of their orders at interdepartmental level.

A lack of coordination is also observed between the ministries within countries. The Caspian countries are trying to solve this problem by interdepartmental consultations*. Despite the creation of relevant bodies, the regional countries are continuing to face difficulties with the adoption of the best code of conduct concerning both international talks on the legal status of the Sea and the drafting of a blueprint for the development of Caspian coastal areas.

* The Regulations on the Interdepartmental Commission for the Issues of the Legal Status of the Caspian Sea were endorsed by a Kazakh government resolution on June 4, 2004.

In the negotiation process on the Caspian Sea we should point to an increasingly clear trend of expansion of the five-lateral legislative basis for interaction between the littoral countries, especially in the security and environmental protection spheres. Until recently, meetings resulted in only separate bilateral or trilateral accords that did not encompass the interests of all the five countries. The signing of Agreement on Security Cooperation in the Caspian Sea and Protocol on Regional Preparedness in Combating Oil Pollution demonstrates that "Caspian Five" have started to put more effort into enhanced compatibility of the national policies.

Concluding these documents became possible as a result of the Caspian states' approach to the common understanding of the current regional threats. The littoral countries need to define clear mechanisms to respond to the traditional security challenges as well as violation of the environmental balance in the Caspian Sea. Attempts to solve these problems via national policies exclusively have proved to be ineffective and a common approach to Caspian policy is required. If the next summit manages to fix the achieved progress in mutual relations among the regional countries, this trend may acquire a more systematic and important nature.

At the same time, as the Caspian countries are more likely to act out of their national interests, the common approach is still problematic. As number of unresolved contradictions in the Caspian basin remain and are aggravated by differences in the national policies, the chances for new problems to emerge in the Caspian Sea are increasing.

The military-political sphere remains a topical area in the relationships among the "Caspian Five". The regional countries are strengthening their naval capacities and consider this militarization as a deterrent and counteraction to potential risks and threats, in particular in regard to protection of the oil and gas fields. Militarization of the Caspian basin is taking place despite official statements on the formation of the a regional security system. When trying to agree on the forms and measures of cooperation between border and security services in the Caspian Sea, the littoral states do not discuss the qualitative and quantitative capacities of their navies.

Russia continues to set the tone for military-political relations in the Caspian Sea. Russia announced its plans to increase its Caspian flotilla by 16 surface ships and supply vessels by 2020*. Moscow has a detailed plan to expand the Russian naval capacity over the next 30 years to be drafted by June this year, Russia is practically encouraging its neighbors to follow suit. The reinforcement of the Russian military contingent, which is already the largest in the Caspian Sea, will further deepen the existing imbalance in the region.

Russia is also concerned about non-regional players' involvement in the programs to rearm the Caspian navies. The availability of foreign, namely American, assistance causes more concern in Moscow than the actual expansion of the navies does.

It is worth noting that the USA intends to allocate the funds for development of its partners' navies in the Caspian Sea and this was made public by the Department of State. However, due to budget restraints and the growing public debt, the Obama administration has had to cut its military aid to the Caucasus and Central Asian countries. In 2012, US military assistance fell by 8% from the \$36.7m requested in the previous year to \$34m. Over half of this sum, or \$18m, will be allocated to Georgia. Washington intends to considerably cut its aid to Azerbaijan setting parity in its military assistance provided to Baku and Yerevan. The US budget envisages military funding worth \$7m each for Armenia and Azerbaijan. In addition, both countries will receive \$600,000 for international military education.

In general, Washington allocates relatively small funds to creation of and provisions for the naval bases in the Caspian Sea [1]. However, US-sponsored language training and management courses aim to establish operational compatibility of the Caspian navies with the US Navy, as well as with NATO. In the long-term this may lead to Russia's inability to stage joint war games with its Caspian partners. In this scenario all accords reached by the five countries in the security sphere would be void.

Washington's program to cut its defense budget may serve as indirect proof that in a potential Iranian-American conflict Azerbaijan's territory

* *Dagestan* rocket ship and *Volgodonsk* small artillery ship were expected to be added to the Caspian flotilla in the first half of 2012.

would not be considered as transshipment for the US troops. Further tension over Iran's nuclear program will increase the threats to regional stability. The discussion of this aspect of security at multilateral meetings the top levels may only worsen the situation.

While discussing the present situation in the region in transport and energy, it is worth noting that increasing activity of the West in the Caspian Sea will continue in 2012. Having mobilized their efforts to fulfill the South Energy Corridor project, EU countries and the USA are expected to continue to maximize energy supplies to Europe paying particular attention to Azerbaijan and Turkmenistan. Despite the advancement of the Russian-sponsored South Stream pipeline as well as the signing of an Azeri-Turkish contract to build a trans-Anatolian pipeline (TANAP), the EU will continue to lobby its Nabucco project even if they will have to "shorten" it in order to make it still "feasible".

This gas pipeline is still relevant in terms of gas supplies from the Shah-Deniz 2 field in Azerbaijan. It became possible because Baku postponed the final decision about the route for future supplies. Uncertainty around Nabucco directly reflects the state of affairs regarding the trans-Caspian gas pipeline (TCG). Further failure to notice Russia's and Iran's negative stance on the plans to build this gas pipeline across the Caspian Sea will mean additional complications in the relations among the littoral countries. The lack of specific accords regarding Nabucco's resource basis allows the Caspian countries to delay the official discussion of TCG as part of the pentilateral consultations. However, this topic is constantly included in the agenda of bilateral talks.

The issue of pumping gas from the eastern coast to the western coast of the Caspian Sea using an undersea pipeline directly depends on the issue of delimitation and the chances that the heads of states will reach any agreement are still questionable. To solve the emerging conflicts requires the legal status of the sea to be clearly defined as well as the borders of national sectors and regulates the use of natural resources. The lack of a legally-binding document makes the situation unmanageable.

The most efficient way of cooperation in the energy sphere in the Caspian Sea region is the interstate contracts that coordinate the extraction

and transit of hydrocarbons. Similar processes are also found in the transport sector. Regional road and rail networks are formed within larger transit corridors or as a result of the initiatives to expand border cooperation. As a result, the littoral countries do not realize the need to use the mechanism of pentilateral talks to coordinate their foreign energy policy.

As for the environmental situation in the Caspian Sea, in the past few years the Caspian states focused on imposing a ban on fishing the sturgeon and the formation of a legislative basis to deal with oil spills. The meeting of the Commission on Aquatic Bioresources of the Caspian Sea in Baku in December 2011 clearly showed that the participating delegations, with the exception of Turkmenistan, were ready for the practical steps to restore the sturgeon population. The major outcome of the meeting was the signing of a protocol on the commercial catch of sturgeon fish in the Caspian Sea in 2012, under which the Caspian countries will not export black caviar and other products from sturgeon caught in the open sea [2].

However, the accord achieved may come into force only after the official approval by Turkmenistan, which requested time to consider it. And as Iran accepts only documents signed by all five countries, this agreement is also invalid as far as the Islamic Republic is concerned. The best way deal with Ashgabat's intractability is through high-level talks. As a result, the Commission on Aquatic Bioresources of the Caspian Sea was expected to hold an unscheduled meeting this June, while the next summit of the heads of the Caspian states may become vital to Kazakhstan's initiative.

The pollution to the environment of the Caspian Sea by oil spills has long been a crossborder issue. This problem will be particularly acute in Kazakhstan in 2013 when 30 artificial islands linked by undersea pipes in the Kashagan field are built and start functioning. A new national program to prevent oil spills and enhanced coordination between the emergency ministries of the "Caspian Five" is still required.

Azerbaijan has acquired sufficient experience and capacity to manage emergency situations relating to the extraction of hydrocarbons in the Caspian Sea [3]. The government agencies responsible for preventing oil spills on extraction platforms have

the necessary equipment, transport means and technologies. At the moment Azerbaijan has eleven vessels that can be used in emergency situations in the sea, seven of which are designed to extinguish fires. Its Ministry of Emergency Management also has amphibious aircraft and helicopters.

In these circumstances, signing of The Protocol on Regional Preparedness, Response and Cooperation in Combating Oil Pollution would give the "Caspian Five" a chance to create a system of response to such emergencies.

It should also be stressed that at the initial stage, cooperation will develop most productively in the tripartite format of Kazakhstan, Azerbaijan and Russia.

As a result, it could be concluded that the delimitation of the sea body remains the main component of the Caspian problems. Despite the accords reached at the Baku summit, the Caspian states have not arrived at common definitions of the width of national territorial waters. The continuing talks have not yet led to an agreement about the Convention on the Legal Status of the Caspian Sea.

We should also note that, as certain positive trends increase, the legal foundation for cooperation among the littoral countries is more likely to be found. In order to achieve this outcome it is necessary to move away from the foreign policy agenda based on the current situation; a conceptual vision

for the future development of the region is required.

Militarization in the Caspian Sea is one of the far-reaching regional problems. Due to both external and internal factors, the "Caspian Five" are reinforcing their navies. In addition to buying arms overseas, the countries are taking measures to commence their own production of vessels. For example, Baku is hoping for military cooperation with Turkish companies that intend to build a shipyard in Azerbaijan to supply both military and civilian vessels. In turn, Kazakhstan launched its first rocket ship in April 2011. The ship with a deadweight of 250 metric tons is designed to destroy surface combatants, cutters and transport vessels both independently and in cooperation with other ships. In 2012 and 2013, the Kazakh Navy is expected to receive two similar vessels.

In addition, the Caspian countries are interested in acquiring modern combat vessels and equipment, yet neither Western nor Asian contractors consider them as promising markets to sale advanced military technologies. Moreover, the navy personnel have not yet mastered sufficient skills to operate the technologically advanced equipment and vessels. Problems emerge even during operation of the military equipment and vessels that do not have the optimal characteristics. As a result, it is likely that the countries in the region will direct their efforts to enhance their own shipbuilding potential.

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Ethnic Migration in Kazakhstan: Concepts and Research Scope of Contemporary Historiography*

DIDAR KASSYMOVA

Ethnic migration – the return of ethnic Kazakhs to their historical homeland – has become the most significant form of population mobility in Kazakhstan since 1991. The scale of ethnic migration to Kazakhstan is mostly defined by the government on the basis of a comprehensive program aimed at attracting the Kazakh diaspora to return. Therefore, *oralmans* (as ethnic Kazakh migrants are known in Kazakhstan) are offered all-round assistance aimed at easing the adaptation of ethnic migrants into the receiving society.

Ethnic immigration may interest researchers as being one of the aspects of migration processes (external and internal migration) and in the context of formation of a new Kazakh identity (a set of ethnic, language and socio-cultural issues). However, focused studies have not yet been conducted in sufficient numbers because of some problems of theoretical and methodological nature. This article aims to present some of the results of the studies in ethnic migration processes and outline the research problems.

The issue of the “dispersed Kazakh ethnos” including the Kazakhs in China was not researched in Soviet times. After 1991 pieces of research emerged that aimed to prepare a scientific basis for implementing a program for ethnic migration

and improving knowledge and expertise to better “understanding the behavior of our eastern neighbor” (this aspect was studied together with China’s national policy). Syroyezhkin defines the status of the Kazakhs in China as diaspora (with clear self-identification, collective consciousness, ethnically populated territory and set of ethno-cultural markers) which objectively made the issue to be a part of Kazakhstan’s foreign policy interests [1].

Systematic study of ethnic Kazakhs elsewhere in the world was started by Mendikulova in the beginning of the 1990s who later laid a new brunch in Kazakh historiography. Diasporology covers a set of issues of the Kazakh ethnos outside Kazakhstan and other ethnic groups within the country itself (Koreans, Uighurs and other minorities). Some argued that diasporology should be seen as independent scientific discipline to study not only cultural peculiarities, but also politicization of their contemporary identities. The issues of foreign migration by the Kazakhs and formation of a multiethnic contemporary society of Kazakhstan are an integral part of the country’s social and civil history.

Mendikulova considers ethnic Kazakhs abroad as diaspora (because ethnic Kazakhs were forced by Soviet policies to flee their land and seek shelter

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abroad, which corresponds to Brubaker's definition of diaspora [2, pp. 5-6] and *irredenta* which logically directs the discussion of the problem in a different aspect (the "Kazakh issue" in relations with Russia or China, or the history of formation of Kazakhstan's borders) [3]. Mendikulova sees the future of foreign Kazakhs in the context of two alternatives; adaptation and consequent assimilation - as there is no way to maintain even basic components of ethnic identity while living in an alien socio-cultural environment and migration.

Thus, there are the following aspects of ethnic Kazakhs living outside Kazakhstan: diaspora and *irredenta* [3] to give historical and philosophical foundations of the Kazakh government's foreign policy discourse; ethnic group/minority that faces assimilation or migration depending on government policy in the country of residence [4, 9, 6]; ethno-religious group of the population of the Altay (Altays) and an integral part of the Russian ethnos [17]. There is also a civil-etic (state) approach to the study of ethnic migration processes (Ablazhey, Chesnokov and Zhanguttin) [11, 12, 14].

In contemporary foreign historiography there are certain studies that analyze the methods of preservation of the cultural components of ethnic identity by the ethnic Kazakhs. For example, Swedish scholar Ingvar Svanberg [4] identifies the transformed constructs of "Kazakhness." Apart from a common Kazakh identity that includes historical roots, the acknowledgement of significance of particular historical periods and the role of specific personalities (Genghis Khan), he also points to importance of *zhuz* and tribal identification that shows the degree of kinship. Discussing differences in the specifics of adaptation and acculturation of the ethnic Kazakhs in China (XUAR) and Turkey, Svanberg points to the political and ethno-cultural factors. In China, after a series of political and economic reforms by the Maoist regime, the ethnic Kazakhs could continue their traditional ways of economic activities under strict control of the government agencies. The ethnic Kazakhs in China belong to the a category of nomadic peoples; the main marker of ethnic identity being not religion (Islam) but lifestyle (nomadic animal husbandry). Desire to preserve and even conserve some aspects of ethno-cultural specifics, ethno-cultural and socioeconomic components among the Kazakhs

in China have become a defense mechanism to Sino-centric reforms in all spheres of life. Nomadic animal husbandry and lifestyle including housing, food, customs of life cycles, tribal identification, gender-age functional differences, language, cultural traditions such as songs, dances and literary heritage, marriage strategies became a shelter of a kind from the harsh external environment. Connection to the past among the Kazakhs in China is maintained through landscape markers (part of which is genetically linked to seasonal migrations and is reflected in rich cultural heritage) and their collective historical memory; legends and myths about the heroes and tragedies in Xinjiang in the 1930-40s.

The Kazakhs in Turkey who found themselves in an ethno-cultural environment familiar to them in several ways did not experience strong external pressure in their choice of cultural strategies for adaptation. Changes in everyday economic practices (not nomadic animal husbandry) gradually erased basic space-time markers that linked them with their historical homeland from mental memory; tribal affiliation became the main markers of ethnic identity. Processes of acculturation and assimilation into the receiving society are irreversible, according to Svanberg. The peculiarities of formation of ethnic Kazakhs' mental map as the nomads involved in animal husbandry and their social and political orientation are directly linked to their lifestyle.

The Kazakhs as an ethnic minority in the Chinese and Turkish societies that are undergoing the complicated and controversial processes of establishment as civil societies of mono-ethnic composition. Therefore, the Kazakhs have to choose a strategy for survival. Socialization in new environment does not require the skills of nomadic animal husbandry and survival in the external conditions. The skills of adapting to the modern world are needed, particularly education in the official language and mastery of modern equipment.

Gladney believes that the Kazakhs in China have several levels of identity. In terms of official civil identity, they are part of the Chinese nation; in political-administrative terms, they are located in a certain district of XUAR; in terms of civilization, they are Turkics-Muslims-nomads, whereas in everyday life at both social and economic levels

they are part of the nomadic Muslim and Turkic community of Xinjiang [5]. Gladney schematically depicts how the Kazakhs in China have to adapt to the need to accept the identity imposed on them by the Chinese government through the concept of “relative identity” which by its nature is a process of balancing between their tribal (basic) identity, attributive (ethnic minority, which offers specific rights by the state) and common Chinese (the core of which is everything Chinese) identities [5]. The official Chinese discourse introduces the concept of *minzu* (nation, people, nationality, ethnicity) instead of the tribal factor of *buluo*. The basic identity is the main one if making an informed choice of survival strategy in the country and society (through the space-time imperatives defined by the state) and the question “What does it mean to be Kazakh?” turns into the reflection “How long will I remain Kazakh for?” The choice of the main markers of Kazakhness of ethnic Kazakhs in China, according to Gladney, is subject to transformation – forcibly or voluntarily – and is instead primarily addressed at countries other than China where the ethnic Kazakhs have the opportunity to solve their problems using legitimate political resources.

The Chinese government is carrying out a policy to replace the tribal structure that was “successfully” executed by the Soviet government in Kazakhstan and is now strictly controlled by the modern Kazakh regime*.

Western researchers point to the differences in tonality, depth and stress that the Kazakhs in China and Turkey place on their identities and on the degree of “Kazakhness,” which in turn provides the foundation to separate several levels of discourse as unique layers of the modern space-time identity. The common discourse has a common-Kazakh civilization context and looks at the history, mission and place of the Kazakhs in history, the specifics of the Kazakh world-cosmos in their macro- and

micro-prospects, and ignores the existing state borders and differences in political regimes in the countries where modern ethnic Kazakhs reside. The country-based discourse separates space and time into what was before and after “the involuntary division of the Kazakhs” during the times of trouble in Kazakh land. Consequently, “Kazakhness” or the Kazakh identity in a relative historical prospect should be considered in several dimensions: 1) the first is the spacial dimension meaning a) belonging to a particular group of ethnic Kazakhs living in Kazakhstan or outside; b) within this group, it has regional feature; 2) the degree of attachment to a particular place because of its historical significance and in understanding oneself in a particular capacity in relation to a particular group; 3) in forms of ethnic representation such as symbols, cultural traditions and so on.

Another group of questions raised by contemporary Western researchers on the Kazakh diaspora refers to the factors of ethnic migration.

For example, the American researcher Astrid Cerni considers the relations between objective and subjective factors behind the decision to return to the historical homeland made by many Kazakhs in China [6].

Cerni identifies the objective factors driving ethnic Kazakhs to migrate to the historical homeland as being the narrowing of life space and lack of hopes for improving the economic conditions of the Kazakhs in China because an individual nomadic farm will not survive and the state will not support it. The decreasing pastures for exercising extensive nomadic animal husbandry, soil corrosion and the government program to turn pastures into environmental protection zones and development of tourism are pushing the ethnic Kazakhs (especially the young) to migrate to cities and gradually assimilate into Chinese society, acquiring cultural practices through new occupations, receiving Chinese-language education and

* The tribal structure was not simply a framework that held Kazakh society together but it was also an urge to act. Representatives of the lower class tried to move upwards in different ways. Because of the democratic nature of nomadic culture this could be achieved by personal successes (bravery, leader and fighter’s qualities shown in battles, competitions, debates, creative skills shown in musically accompanied debates *aytyss*), honest service, deception and creativity, as well as skills and knowledge. Helping fellow tribesmen is a payment of its kind for the right to be among one’s own and if necessary to rely on them and pay tribute to ancestors that were part of this tribe. Enjoying the connections and support of the tribe/family/clan to some extent was believed to be a delayed payment to the living generation at the expense of the assistance and services provided by the senior generation. It to some extent replaced and supplemented a set of necessary qualities/resources/means to survive and to advance and achieve success.

obtaining the necessary social skills. This will inevitably lead to the loss of their identity. That is why migration to Kazakhstan is one of available alternatives when isolation and marginalization (like some segments of the ethnic Uighur population in XUAR) are seen as an impasse. Cerni notes that the majority of Kazakhs, in strengthening their decision to move to the historical homeland, lose their illusions regarding the reality of life in Kazakhstan yet they do not change their plans. China's consistent policy of Sinicization towards ethnic minorities and their cultures is based on civilizational interpretations; the vision by the Chinese of nomads and nomadic culture as backward that has to be gradually become civilized, i.e. Sinicized.

Cerni notes that the traditional living environment of ethnic Kazakhs and their lifestyle (cessation of nomadic animal husbandry, for example) have changed not only in China but also in Kazakhstan. This is also confirmed by anthropological theories about the ability of space orientation/loss of skills accumulated during the course of history to manage space due to migration or changes in lifestyle of certain groups of peoples.

Tentatively, we can separate two groups of theories that support notions that these skills are inherent ("mental map") or acquired as a result of practical activities ("practical mastery").* According to Ingold, mental (cognitive) map is the full description of objects, their characteristics and location as well as relations between them [7]. Gell suggests the main content of the mental map does not change during a certain time and is not adjusted depending on the subject [8]. Gell believes the cartographic and mental vision of the world is a system of axiomatic nonadjustable statements in form of signs.

Alienation of the Kazakhs from Chinese society and its structures, despite the policy by the government, Cerni believes, is on the rise. The Sinicization of the Kazakhs after complicated periods of socioeconomic adaptation is at the stage

of incorporation into administrative and political structures when the intellectual elite correlates its actions with the mood and views of the ruling regime. The Chinese government denies minorities the right to be native people of a particular region. Consequently, these minorities are doomed to adopt a policy of limiting their rights to a lifestyle that does not correspond with the main policy of their gradual "civilization." Cultural peculiarities may be preserved through state-sponsored channels such as the media and cultural programs and policies. In regard to minority cultures, the fact that their centuries-long cohabitation with the Han Chinese has had a lasting imprint on the cultural development is emphasized, and that, as a result, their culture is an integral part of Chinese culture**.

Diener studied the motives for the Kazakh to migrate from Mongolia through the concept of homeland and arrived at the conclusion that an objective reason was not search for the native land and restoration of links with ethnic cousins but better economic opportunities compared to Mongolia. Those who had a very high social status before migration managed to successfully adapt to Kazakhstan's realities, whereas the others who found impossible to run nomadic animal husbandry in the historical homeland decided to leave Kazakhstan and remain the Kazakhs in Mongolia [9, pp. 327-348]. Foreign researchers note that it is too early to talk about the progress in Kazakhstan's policy for migration because of the cultural differences between the Kazakhs living in Kazakhstan and the repatriants [10].

An etatic (state) approach to studying ethnic groups in China and their consequent movement by the Soviet government was also applied by Ablazhey [11]. The closure of the Gulag as the main supplier of cheap labor changed the status of the deported ethnic groups, unrecoverable demographic losses during the collectivization, repressions and forced migrations before and after WWII undermined the Soviet plans to "catch up with and overtake America" and improved the quality

* A mental map is in essence a mental image (model) of mutual locations of objects relative to one another in the Euclidean system of coordinates. The mental map of ethnic Kazakhs transformed at the turn of epochs in Kazakh land in the process of migration over long distances. Their habitat changed and this had a significant impact on the mental map, although other markers are preserved as landmarks in the natural and social world in the form of customs, rituals, speech and language peculiarities.

** In this paper we do not consider the territorial problems between Russia, China and Kazakhstan, which are in essence the key to the interpretation of the status and identity of the ethnic Kazakh in China and Russia—whether the Kazakh is there as a native or as a migrant, but in either case whose rights the state should protect.

of life in the Soviet Union. Economic feasibility (industrial development and the development of virgin lands in the 1950s) required external demographic resources and reinterpretation of the status of ethnic groups in the countries of their residence and prompted their gradual inward migration, using the civilian principle (with an ideological subtext that “there cannot be two homelands”) [13]. The homeland of ethnic Russians is Russia and it was a part of the Soviet Union, whereas ethnic Kazakhs had Soviet statehood in the Kazakh SSR. Upon arrival in the Soviet Union, ethnic migrants had to become involved in building of socialism in their homeland. Until the 1950s the Soviet government regarded all people who fled the Soviet Russia as those over whom it had temporarily lost control or as traitors (the initial status of migrants from China was defectors*), regardless the circumstances that led them abroad or these people’s conduct in a foreign country [14, pp. 175-202].

Although their political rights were not limited, the migrants from China mostly belonged to a discriminated category of the Soviet population. They were a target group that experienced en-masse persecution and restrictions imposed on their movement and economic activities**.

Modern authors also pay attention to the historical context of the Kazakh diaspora in China and Russia. Prominent Kazakh Sinologist Khafizova notes that modern Chinese historiography is dominated by the imperial interpretation of history in that the “people of Xinjiang are considered as *kua-go minzu* cross-state (separated) people or *kuatzin minzu* crossborder people (groups of people living on both sides of the border). The Qing Empire also recognized the category of “coming and going people” who were involved in seasonal economic activities on both sides of the border [15, 16]. The Chinese government stresses that there are cultural differences between ethnic groups of XUAR and the Han Chinese that could be eliminated through the state regulation of cultural processes; adoption of Mandarin Chinese in all spheres of life, changing of the ethnic group’s habitat, i.e. a switch from

nomadic animal husbandry to crop farming, and to trade and industry in cities.

The tragic times of the Kazakhs in Xinjiang were described by Lias Godfrey [17]. The lines of geopolitical split in China and Soviet Central Asia ruined the lives of ethnic Kazakhs, forcing some to die in battlefields while fighting for unattainable hope for an independent Kazakh state and to flee to their homeland, while others ended up in the grind of political transformation in China after the Communists obtained power.

Modern Russian researchers consider the history of the emergence of ethnic Kazakhs in the present-day boundaries of Russia (in particular in the Altay mountains) as being the result of their forcible incorporation by the Russian Empire’s administrative bodies. This was required by the need to protect external borders and populate deserted areas (the Altay school of eastern studies created by Moiseyev) [18]. Anisimova believes the Russian Empire’s policy on ethnic Kazakh migration helped them to settle in the Altay mountains. The main objective was to prevent the ethnic Kazakhs from becoming Chinese subjects. It was also intended to be both a rewarding (to ethnic Kazakhs) and protectionist (to protect the Empire from Qing claims as ethnic Kazakhs were formally Russian subjects) mechanism to solve the need to populate the Altay pastures that were deserted after the fall (devastation) of Dzungaria [19, 20].

The issues of ethnic migration to Kazakhstan; the international legal regulation [21], policy and administrative management of their settlement and movement in the country, programs for economic assistance, social and cultural-psychological adaptation of the *oralmans* have been researched in a number of sociocultural studies and works completed within both qualitative and quantitative sociology. Most experts have expressed their attitudes to problems of ethnic migration in the form of public debate in the media and the Internet [22].

Galimova tracks changes in the status of ethnic migrants in the legal terms: 1) until 1997 the ethnic Kazakhs had been included into of the general

* Жангуттин Б. Репатриация советских граждан в Казахстан из Синьцзяня.// Алтаев А., Жангуттин Б. Краткие очерки истории Казахстана. Алматы: Бастау, 2008, сс. 175-202.

** In providing citizenship political and ideological criteria were taken into account: 1) reasons and date of migration to China; 2) role and degree of involvement of a group in events in Xinjiang between 1930 and 1949, on the side of pro-Soviet or anti-Soviet forces fighting for power in the region; 3) the state of the group in Xinjiang and whether its integration into Chinese society was possible.

migration processes and had a wide ranging legal status: from migrants and returnees to participants in repatriation program; 2) from 1997 the *oralmans* were regarded as a specific group of returnees (limited by quotas) who were entitled to material and social assistance by the government. The adoption of the Law *On Migration of the Population* (1998) [23] and the Blueprint for the Migration of Ethnic Kazakhs to their Historical Homeland (1998) [24] made the issues of migration and settlement of the *oralmans* a priority for the government's domestic policy.

From 2005 the doctrinal and institutional formalization of *oralmans*' issue became an integral part of the Strategy for Kazakhstan's Membership of the World's Top 50 Most Competitive Countries [25]. The ethno-demographic potential (within and outside the country), in addition to the rich natural resources, can become an issue of human capital essential for the country's future. Apart from qualitative targeted improvements of support rendered to the *oralmans* in establishing their lives in the country, the government adopted a policy to support the citizens living abroad. The new migration law (July 2011) [26] defines the criteria for potential ethnic migrants in terms of the quota and the status of "oralman" that was based on the following (in order of priority): 1) Kazakh shall be ethnicity proven by documents; 2) educational level and professional skills; 3) size of family; families with many children are given priority; 4) young people (to study in Kazakhstan's colleges); 5) current country of residence; those with an unstable political and socioeconomic situation.

In official, academic and public discourse on ethnic migration there are several basic concepts that need in-depth analysis:

1) migration of *oralmans* is essential for the statehood of the Kazakh people and one of the ethno-cultural codes of Kazakhstan (state-building);

2) *oralmans* are part of the Kazakh people and their return to the historical homeland shall be considered as restoration of historical justice;

3) the Kazakhs are a disparate nation that should reunite at this stage of their history and statehood. Attitudes to the Kazakh diaspora and the Kazakh government's policy to ethnic migration after independence are an integral part of the course

to reexamine the historical past of the nation and the attempts to "remake" history through the opportunity offered to the millions of ethnic Kazakhs living outside Kazakhstan to be a part of the history of their people. The policy on ethnic migration, the development of relations with the Kazakh diaspora (citizens) and the World Congresses of Ethnic Kazakhs are the continuation of this policy on the international level. A new approach to the history of the Soviet period has made it possible to assess the reasons that millions of families had for fleeing their land and the reasons for them not to return which may be independent of the reasons for departure;

4) *oralmans* are the "golden gene pool" of the Kazakh people as their traditional culture was preserved among the ethnic Kazakhs abroad (those in Mongolia and China) despite their foreign surroundings;

5) *oralmans* are an integral part of the Kazakh people and should be mobilized to take part in complicated processes of state and nation building;

6) *oralmans* and their migration are one of the resources to replenish demographic losses after the breakup of the USSR. The birthrate is much higher among the *oralmans* than among the ethnic Kazakhs living in Kazakhstan. Ethnic migration should also bridge the gap between the demand for labor and the quality of labor available;

7) migration of the *oralmans* enhance the ethnic Kazakh potential in Kazakhstan and prevents their disappearance in the countries of current residence because of forced assimilation policies;

8) ethnic migrants are an ethno-stabilizing and legitimizing factor for stronger interethnic balance in Kazakhstan society;

9) *oralmans* are a new social category with a clear ethno-cultural character and a specific civil status but without opportunity to claim economic resources which brings the problems to social policy and predicting and preventing social conflicts; and

10) *oralmans* from China could offer invaluable assistance in learning from Kazakhstan's neighbor's experience.

At present two main trends have been identified in interpreting the state of *oralmans* in Kazakhstan: 1) identification as social outsiders and 2) unrealized human capital [22].

Online articles on adaptation of ethnic migrants to contemporary realities in Kazakhstan, both cultural and socioeconomic, are very different in opinion. For example, Azattyq Radio [28] is mostly stressing weak control by the government agencies over local authorities' work on implementing the programs for *oralmans*' settlement, high level of corruption on "a list of difficulties regarding the ethnic migrants' integration into Kazakh society" [29], the lack of a clear mechanism in selection of the ethnic migrants with an opaque scheme of granting the status of *oralman* [30].

The government policy to settle the *oralmans* in rural areas does not evoke enthusiasm among the majority of them; they tend to move closer to cities because there are almost no land available in rural areas, whereas cities offer better opportunities of temporary employment. There are more chances for their children for whose sake they migrated to the historical homeland.

Kazakhstan's leaders were not prepared for the *oralmans* declining the living conditions offered (geographic location in rural areas, small towns in depressed areas, poor work of the local administrations to solve social problems) and opting instead to move closer to the country's centers of economic activity, creating additional tensions [31].

The necessities of life change the mindset and survival strategies of the *oralmans*, where the attachment to traditional lifestyle is reconciled with the possibility of involvement in animal husbandry or crop farming. The quick change of goals show that the main driving force is actually the need to adapt to the environment in order to survive and ensure a living.

Cultural socialization, Mamiraimov believes, should become the main instrument for the *oralmans*' successful integration into Kazakhstan society. Moreover, a historical-cultural-language

map of ethnic Kazakhs living abroad is required in order to formulate a special policy towards particular categories of *oralmans* [32].

A number of studies showed serious conflict potential in Kazakhstan society; the majority of the local population is discontent with the "special policy of support" the government is providing to the ethnic migrants [33]. On the other hand, poor living conditions of the *oralmans* will not help the inflow of new migrants.

Thus, research of the issues concerning ethnic migration in contemporary Kazakhstan faces a number of problems, particularly those of theoretical and methodological nature. The studies of *oralmans* are seriously hindered by the ambiguity of the notions of "ethnic repatriation", "ethnic migration", "diaspora", and "irredenta" and differences in official, academic and public discourses.

It is worth noting that practically all problems relating to ethnic migration should be studied using the most recent theoretical-methodological approaches. Ethnic groups living outside their historical homelands could be studied within the theories of international migration or theories of diasporas: the latter has a wider spectrum of analytical instruments and includes several levels of analysis; from macro to micro, including biographical analysis as well as specifics of the domestic politics of the receiving country and the parties concerned. It is necessary to study how the processes of diaspora fragmentation take place; whether they are instigated by the group itself, the government or the receiving society as well as the external party; for instance, the ruling regime in the historical homeland.

In addition, it is necessary to study the mood of ethnic migrants before and after arrival in Kazakhstan.

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Shipment of Hydrocarbons: Environmental and Economic Aspects

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The fuel and energy complex is one of the major polluters of the environment. The peculiarity of this sector is that at all stages of its activities it is impossible to avoid a negative impact on the environment and significant changes in the natural conditions it produces. The stages of exploration, development and operation of hydrocarbon fields are accompanied by the growing manmade impact on the landscape and territory: ground layers are shifted, soil horizons are transformed, and the beds of surface and subsoil water flows are changed which intensifies marsh formation and soil degradation and changes the habitat of the flora and fauna. Furthermore, fuel and energy enterprises' activities are accompanied by emissions of large amounts of greenhouse gases and toxic compounds. Significant environmental risks also emerge during the transportation of hydrocarbons by the various modes of transport: pipeline, rail, road, water and others. Accidents during transportation pollute sizeable areas with petroleum products, highly mineralized waters and other aggressive substances.

Kazakhstan's hydrocarbon resources, which are concentrated in its western regions and onshore and offshore areas of the Caspian Sea, are mostly shipped to domestic and foreign markets by networks of pipelines, rail and by tankers to Azerbaijani, Iranian and Russian ports.

Since independence was obtained in 1991 the oil and gas output in the former Soviet republics – Kazakhstan, Russia, Azerbaijan and Turkmenistan – has been growing steadily, making the problem of supplying the commodity to foreign consumers increasingly acute with each passing year. In addition to increasing the capacity of the existing routes, specific projects to build new pipelines across the Caspian Sea and along its coast are being drafted.

The desire of the Caspian-littoral countries to feature in global markets and expand their export potential is understandable. The environmental risks accompanying trans-Caspian projects are also obvious. The risks stem from a considerable "breakdown potential" that inevitably accompanies a complex system of oil and gas transportation and the level of risk considerably increases in the seismic and landlocked conditions of the Caspian basin.

Statistics suggest that pipelines are one of the safest modes of transport. This conclusion is based on human casualties and injuries but does not take into account environmental damage [1]. Despite this claim, the scale of the industry's impact on the natural systems is vast: the construction of a pipeline degrades the farming land and destroys historical and natural reserves. Oil spills caused by breakdowns and incorrect use are the main causes of contamination of water sources, land and housing estates, damage to the habitat of the flora and fauna and their death*, not forgetting major

* According to the Kazakh Ministry of Environmental Protection, violations of environmental protection legislation, obsolete technologies and industrial accidents have resulted in the pollution of about 200,000 ha of land in western Kazakhstan, mostly along the Caspian Sea shore.

manmade disasters: explosions and fires, often with human casualties. Oil spills in water sources are particularly hazardous*.

Many of these phenomena become irreversible if counter-measures are not taken, however they still could be prevented from happening in the first place. Industry statistics show that the main causes of accidents on pipelines are [2]:

- corrosive damage to pipes and shutoff and control valves;
- violations of standards and rules for construction works and repairs, including deviations from the original design;
- violations of technical requirements during the production of pipes and equipment;
- errors by operational and repair personnel;
- external physical (forcible) impact on pipelines, including illegal hookups leading to leaks, acts of terrorism, sabotage and so on.

Estimates imply that about 75% of all leaks from pipelines may be prevented by operators and regulators and that only 25% are caused by a force majeure that is hard to predict and prevent: weather conditions, earthquakes, mudslides, malicious acts by individuals and so on [1].

The irony is that oil and petroleum products are relatively cheap to freight and operators incur much larger losses due to decreases in transit capacities when pipelines are suspended for scheduled or unscheduled repairs than from direct oil leaks and spills. Only strict legislation and sizeable fines and other sanctions for environmental damage can force operators to conduct strict monitoring of the condition pipelines are in and to install quality systems to detect leaks.

It is worth noting that land reclamation and measures to clean up water sources are very expensive and often cannot be fully funded by the guilty party even when it is possible to establish what was to blame. That is why these costs are usually transferred to local budgets.

As a result, efforts by legislative, executive and regulatory bodies, operating companies and the

public should be concentrated on the prevention of accidents through the creation of a comprehensive set of measures that takes foreign experience into account.

The high costs of cleanup works make it feasible to adopt mechanisms of insurance and create emergency funds for the areas that are likely to be affected.

In order to reduce the likelihood of breakdowns, the requirements for the reliability of pipelines should be constantly increased. This primarily concerns the monitoring of processes surrounding the natural physical wear and tear of pipes, installations and equipment and of their scheduled replacement, as well as strict adherence to the latest technology in pipe-casting and laying pipelines.

It is necessary to apply the latest technologies** and regularly renew the anticorrosion coating of pipelines, thoroughly examine the terrain they cut through and analyze the territories for geodynamic risks relating to endogenous and exogenous issues. Fleets of specialized vehicles and equipment should also be constantly renewed and the best technological solutions to eliminate the consequences of manmade disasters should be acquired and adopted***.

Efficient systems to detect leaks are vital in order to improve the reliability of pipelines. Devising these systems should be a priority not only for transport companies but also for specialized research establishments and should be supported by the government.

In order to regulate this sphere the relevant normative documents – technical regulations**** – should be drafted and adopted and they should specify the requirements set for systems that detect pipeline leaks, selection mechanisms and application methods and identify responsibility for accidents.

Toughening environmental requirements in Kazakhstan have already led to progressive companies that own pipelines and the operators of pipeline networks voluntarily adopting up-to-date systems

* Estimates suggest that a liter of oil uses up the oxygen stored in 40,000 liters of seawater and a metric ton of oil pollutes up to 12 km of the sea's surface.

** International experience shows that flexible pipelines of reinforced plastic with an unlimited term of use are the most efficient.

*** An efficient way of fighting oil spills is the use of biotechnologies: special microorganisms oxidize petroleum products, decaying them and rendering harmless.

**** Kazakhstan now makes use of Russian standards and regulations that have been subsequently approved in Kazakhstan.

to monitor the condition of pipelines*, involving a wide range of methods from patrolling (including aerial patrols) by specialists to monitoring of the pipeline facilities via satellite**.

Unfortunately, this conscientious approach is not widespread among subsoil operators. In practice it is precisely on environmental protection measures where companies try to make savings. In many cases, the heightened breakdown potential is formed at the initial stages of design and construction of pipelines and other facilities to extract, refine and transport hydrocarbons.

Specialists say that the big problem has been the quality of transport construction. Rules and criteria governing the selection of contractors need to be overhauled. This problem is relevant not only to small projects but also to major ones. For example, a paramount factor defining the reliability of the construction and use of pipelines and other facilities is control over the quality of work carried out. Obviously, this function should be assumed by the owner of the facility, but in reality the situation is different; quality control and often the necessary technical monitoring are placed in the hands of general contractors, which naturally distorts the very reason for performing control measures, as a result those conducting the control and quality checks are dependent on and vulnerable to those being measured.

Another important safety factor is the cost of controlling the quality of work. This expenditure does not constitute more than 3% of the total project costs but some owners' irresponsibility and pursuit of super profits result in savings being demanded on these costs. This practice drives reputable companies with a high level of responsibility and professionalism working in line with international standards out of the market and replaces them with small semiprofessional structures that are ready to implement projects at rates imposed on them because of cost-savings on technologies, equipment, materials and qualifications of their staff. These firms compromise the notions of pro-

fessional ethics and responsibility in their pursuit of preserving beneficial contractual relations with their client, which does not only lead to poor quality work and the formation of significant breakdown potential but also reduces the overall level of quality control across the market as a whole. Globally, it loses its competitiveness. As a result, the country's reputation suffers and reputable companies lose incentives to invest.

Experience shows that oil pipelines are a relatively cheap way of transporting oil; the construction costs are recovered within two to three years. The mode of operation of a pipeline is barely influenced by weather conditions and the human factor is also minimized. As a result, the pipeline mode of transport is economically profitable, and in some conditions is even indispensable. However, according to transport statistics, the bulk of international oil shipments are still performed by oil tankers***.

In recent years the sea transport market in the Caspian Sea has been expanding, with increasingly fierce competition for future volumes. Each littoral country is putting effort into the creation and development of its own fleet of tankers and corresponding port infrastructure.

However, the main condition for the competitiveness of a tanker shipment in harsh weather conditions and the continuing uncertainty around the legal status of the Caspian Sea is not volumes of oil shipped but rather guarantees of the security of the shipment and the preservation of the quality of petroleum products shipped.

Tanker shipments contain considerable environmental risks and are associated with a number of hazards. Many seaways are congested which increases the breakdown potential and reduces the manageability and reliability of shipments. Fierce competition for freight and the pursuit of ever-cheaper shipments pushes tanker owners to reduce ship crews by automating ship management. To this end, the technology used to build tankers is simplified. Something that is extremely dangerous

* Kazmunaigas is implementing a comprehensive environmental program in 2006-2015 which aims to monitor the Kazakh sector of the Caspian Sea and detect oil slicks using satellites, as well as prevent and eliminate consequences of oil and petroleum product spills. The company named the creation of an efficient system for environmental monitoring as a priority.

** Distant methods using satellites make it possible to take pictures in a multispectral range, including using laser and radar technology.

***Up to 80% of global oil output is now transported by sea.

for oil tankers*. Unfortunately, breakdowns on oil vessels and platforms take place with appalling frequency and are always accompanied by pollution of the sea and coastal areas and the large-scale demise of flora and fauna.

Environmentalists estimate that 30% of sea and ocean surfaces are now covered with a film of oil** [3]. At the same time, there are presently no efficient ways of eliminating large-scale oil spills and we can see this demonstrated in the operation to fight the consequences of the explosion on BP's oil platform in the Gulf of Mexico in 2010. An oil spill region always becomes an environmental disaster zone. The oily film that covers the water surface damages the exchange of heat and gas between the air and the sea, killing the phytoplankton and zooplankton that are the basis of the food pyramid, which in turn destroys the food source for schools of fish and sea mammals, reducing their numbers and increasing disease. In the enclosed water body of the Caspian Sea any accident may have fatal consequences.

In November 2010 at a summit in Baku, the presidents of the five Caspian-littoral countries defined the preservation of biodiversity and environmental balance in the Caspian Sea as a priority, but these sentiments obviously contradict many commercial projects, including the construction of trans-Caspian pipelines under the sea and through protected areas in the Caspian basin.

Guarantees for the environmental safety of future oil and gas pipelines cannot be given at the present level of technological development. There are no absolutely safe methods of extracting and transporting hydrocarbons, especially in an enclosed sea located in a seismic zone. Aside from risks of major leaks, the acoustic vibrations created by undersea pipelines present a significant threat. This may affect the natural migration routes of the sturgeon and their reproductive health.

However, we have to be realistic and understand that for at least three out of the five littoral countries oil and gas are major export items and a source

of budget revenue. That is why it is obvious that Kazakhstan, Azerbaijan and Turkmenistan will not abandon their ambitious oil and gas projects and will continue to increase their export and transit potential, compete in the global commodity markets and become involved in rivalry for favorable transit routes and profitable trade channels.

Having said that, an imminent conflict of economic interests should by no means create a threat to the region's environmental security.

Any route to supply Caspian hydrocarbons to the global markets in the interests of third parties should undergo thorough environmental expert examination by all the littoral countries and, if in doubt, it should be rejected rather than accepted. We are not able to agree with the position of some littoral countries, in particular Turkmenistan, which has stated that "the construction of an undersea pipeline in the Caspian Sea should be conducted with the approval of only those states on whose sectors of the seabed the pipeline will be built."***

The Caspian Sea is an indivisible and very fragile ecosystem, which is why a situation in which one country benefits and one country loses from third party actions should not be allowed. The price of the mistake will be too high. The dialogue between the countries should achieve a balance between the development of natural resources and the preservation of the Caspian Sea's unique ecosystem.

Obviously, the range of the existing environmental problems is very wide and many of them bear a crossborder nature, and are often even global in nature, and cannot be solved nationally. That is why the Caspian states should abandon rivalry in favor of efficient cooperation in all spheres of regional security: military-political, energy, economic, environmental, socio-humanitarian and so on. This has to become a domestic and foreign policy priority for these countries.

We believe that cooperation in ensuring environmental security is particularly important, especially in the sphere of the prevention and

* Tankers with even larger deadweights of over 300 meters ship over 100,000 metric tons of oil at once. Without double hulls and other improvements, they may fail to withstand water pressure and spill oil.

** Environmental monitoring in the northern part of the Caspian Sea in March-April 2012 commissioned by LUKOil-Nizhnevolzhskneft using satellites established that the total area of the sea surface polluted at that point was 53.7 square kilometers. Shipping was named as the main cause of pollution. Of that, 78% of the oil slicks detected were in the Kazakh sector of the sea along the shipping routes to the south of the port of Aktau. The largest slick, 69 sq km, was detected in the Russian sector near Makhachkala.

*** Turkmen President Gurbanguly Berdimukhamedov's official statement at the Caspian summit in Baku in November 2010.

elimination of the consequences of natural and manmade disasters.

Because of the potential growth in tanker fleets and pipeline networks the Caspian-littoral states should closely cooperate in development of the emergency rescue structures and systems to protect the sea and coast from possible spills of oil and petroleum products.

We should commend Kazakhstan for signing (on August 12, 2011) the first Protocol on Regional Preparedness, Response and Cooperation in Combating Oil Pollution Incidents to the Framework Convention for the Protection of the Marine Environment of the Caspian Sea (adopted in Tehran on November 4, 2003).

A comprehensive approach to ensuring environmental security should include:

- risk assessment;
- programs for mobilization and elimination of emergency situations;
- necessary equipment; and
- personnel training.

This approach will make it possible to minimize damage from accidents and ensure the maximum return from investment in equipment needed for both scheduled cleanups of polluted sectors and for use in emergency situations.

In order to improve the environmental situation and prevent accidents during the transportation of hydrocarbons the Caspian-littoral states should take the following actions:

- conduct mandatory and regular tests on oil and gas pipelines, including tests of forward pressure in pipes;
- systematically conduct aerial and satellite monitoring of pipelines;
- take measures to protect pipelines from corrosion (treatment with special compounds and so on);
- based on data collected, develop a constantly updated electronic environmental map;
- maintain the instant preparedness of rescue tugboats and other specialized vessels and equipment to assist damaged tankers;
- conduct regular drills to maintain the preparedness of special subunits to fight large-scale oil spills and other accidents;
- in mining contracts mandatorily include provisions on the responsibility for violations of environmental protection legislation;

- sign contracts with owners of transport and logistics facilities on the joint fight against the consequences of spills of oil and petroleum products;
- certify all vessels involved in the shipment of oil and petroleum products;

- prohibit vessels that do not meet safety requirements from entering the sea;

- harmonize methodologies to define the state of the Caspian ecosystem used in all the regional countries, which should help overcome conflicts, and draft a common road map for the solution of environmental problems;

- direct the work of permanent working groups and scientists from Caspian-littoral countries to assess and monitor the current state of the Caspian environment, in order that they draft proposals on the preservation of the region's biological resources;

- harmonize environmental legislations across the Caspian Five through interparliamentary dialogue;

- thoroughly monitor climate change;

- conduct scrupulous environmental expert examination of every project to extract and ship hydrocarbons in a pentilateral format;

- adopt strict control over the activities of national and multinational companies regarding their compliance with environmental legislation and social and tax obligations; and

- consider the establishment of supranational institutions to protect the Caspian environment and improve the environmental situation in hydrocarbon exploration and transportation zones and to provide mutual assistance during natural and manmade disasters, as well as eliminating the consequences of these, and also to assist the population of the region.

Undoubtedly, these measures would slow managerial decisions on the exploration, refining and shipment of hydrocarbons. In the current extremely dangerous environmental situation these measures and the inevitable economic losses should be regarded as justified.

The intraregional investment basis should be strengthened and a favorable investment climate should be created for the regional partners. This may be achieved through the creation of special financial institutions (banks and funds along the lines of the Eurasian Development Bank, set up

by Russia and Kazakhstan), the main objective of which will be to fund and insure joint projects that pass all-round expert examination and to support measures to preserve the environment and biodiversity in the region.

In order to fully tap the region's export potential, policy coordinated by the countries should as much as possible aim to develop the most economically feasible yet environmentally safest routes for the transportation of Caspian energy resources, reconstruct the existing routes and build new transport corridors that meet intraregional interests.

It is also feasible to establish a permanent supranational body (council or assembly) designed to protect the region's interests and security on the international stage and prevent militarization in the Caspian Sea and conflicts between the littoral states.

As a result, the need for a coordinated and comprehensive approach involving all five countries to the problems caused by economic activities in the region is absolutely obvious. The protection of the Caspian Sea should not be a one-off exercise, but permanent and with long-term aims. Environmental protection policy in the Caspian Sea should be common to all countries; otherwise it will simply mask the plundering of the sea. To this end, the governments, extractive companies and the general public of the Caspian Five should combine their efforts to raise the environmental protection standards and technological requirements for any economic activity in the Caspian Sea to a level that makes it possible to reduce emissions and keep pollution to a minimum.

This is why it is extremely important for Kazakhstan to:

- draft and adopt technical regulations on the safety of pipelines for the transportation of oil and gas;*
- adopt a new national program for prevention of oil spills and response to these in the sea and lakes in Kazakhstan, which in turn should become the applied guidelines in the event of an accident;

- create a reserve fund to cover the financial responsibility for oil spills, taking international experience into account. Oil and sea shipment companies' ports operating in the Kazakh sector of the Caspian Sea should found this fund, which should be involved in environmental protection research, satellite monitoring and aerial photography that can detect oil slicks in the sea, the creation of training programs for their personnel, the development of an oil-spill response and so on;

- increase civil defense forces in the country's western region, hold regular training courses for specialists on the prevention and elimination of oil spills, possible fires, manmade disasters in oil and gas extraction and transport facilities;

- adopt measures to increase the level and quality of training in the transport construction sphere, including fostering the notions of business ethics, professional duty, social responsibility and environmental literacy;

- increase control over the technical state of transportation methods involved in shipping oil, gas and products by sea and land;

- adopt a single tariff policy for controlling the quality of work (including control over materials violating and not violating the controls);

- increase government control over the construction of oil and gas facilities; and

- create a Kazakh association of companies responsible for controlling quality to closely support the currently disconnected organizations, help coordinate their activities and bring national legislation in line with international standards.

It is obvious that at the moment environmental protection issues relating to the extraction and shipment of oil require government regulation. The government agencies' objective should be help form conditions for the use of natural resources under which the producers' interests would prompt them to act in the interests of the state and the sustainable development of society.

Thus, the safety of pipelines is a financial, environmental and social issue, beyond individual enterprises and the sector and is an important problem for the state to address and demands an immediate

* In June 2012, Kazakh President Nursultan Nazarbayev signed the Laws *On Main Pipelines and Amendments and Addenda to Some Legislative Acts Relating to Issues of Main Pipelines and Taxation*. The pipeline law aims to ensure the efficient, reliable and safe operation of pipelines, strengthen the country's economic, energy and environmental security and assure the state's right to take part in new pipeline projects, as well improving legislation in this sphere.

solution. Moreover, in the unique environmental and climatic conditions of the Caspian Sea this problem cannot be solved within a given nation and so it necessitates close regional integration and cooperation.

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China's Influence on Central Asian Economy

DARIA MUKHAMEDZHANOVA

The economies of Kazakhstan and other Central Asian countries are historically and geographically intertwined with the development of the Chinese economy. Since the 2000s, China has become an important player in the Central Asian market. Modern pre-conditions for the strengthening of China's economic influence on Central Asia have developed on different levels of economic relations: global, regional and bilateral.

China's *global influence* on the Central Asian region is asserted in the following ways:

- firstly, indirectly, through its growing influence on the global economy. The main factor in the global economic downturn is the economic problems being faced by the developed countries, in particular, the euro zone countries. The developing countries and countries with transitional economies* remain the drivers of the global economy, although their growth in 2012-2013 will be lower than the rates achieved in 2010-2011. According to IMF forecasts, the Asian region will show a steady economic growth of 5.9% and 6.4% this year and next, while the Chinese economy will grow by 8.2% in 2012**. Indicators point to growing importance of the Asian economies that are backed by steady domestic demand and improving prospects for global economic recovery. However, the risks of further global recession persist because of uncertainty in Europe;

- secondly, through influence on formation of the multilateral architecture in Asia-Pacific which is where the center of financial, economic and innovative development is drifting toward. Mechanisms of regional summits are creating a new multipolar system of regional cooperation and development in Asia, and this organically includes Central Asia.

China's *regional influence* on the Central Asian countries is also being asserted:

- firstly, and primarily, through involvement in the SCO. In the ten years that it has been in existence the SCO has become the main strand in the emerging model of regional cooperation between the Central Asian countries and China. Today, the SCO does more than merely impact the formation of economic trends in the Central Asian region; it also sets global macroeconomic trends. One can safely say that the dynamics of the global economy and global trade are formed under the influence of the SCO, in particular China and Russia. The SCO's share in global GDP increased from 4.8% to 9.1% (in 2000-2009) and in global trade from 4.9% to 12.3% (China's share grew from 5.2% to 9.1% and 3.7% to 9.9% respectively). At the same time, the share of the EU in global GDP and trade fell from 33.7% to 30.5% and 37.4% to 33.9% respectively*** (Figure 1 and Figure 2);

* For oil and gas exporters in Central Asia the 2012 growth is expected to stand at 6.5% and for importers 5.3%. // The Caucasus and Central Asia. IMF Report. <http://www.imf.org/external/russian/pubs/ft/reo/mcd/2011/10>

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*** In 2010 global trade was \$30,415.5bn, the EU's foreign trade was \$10,215.6bn, Germany's \$2,339.4bn and China's \$2,974.5bn. Global GDP in 2009 was \$49,400bn, the EU's GDP \$15,100bn, China and SCO's \$4,500bn respectively.

- secondly, the establishment of the Customs Union of Russia, Kazakhstan and Belarus provides for the expansion of the format of cooperation between China and the Customs Union member states that are strategic partners and participants

in the SCO. China is now the main trading partner of the Customs Union as a whole. It accounted for 11.8% of the Customs Union's foreign trade in 2011* (Figure 3);

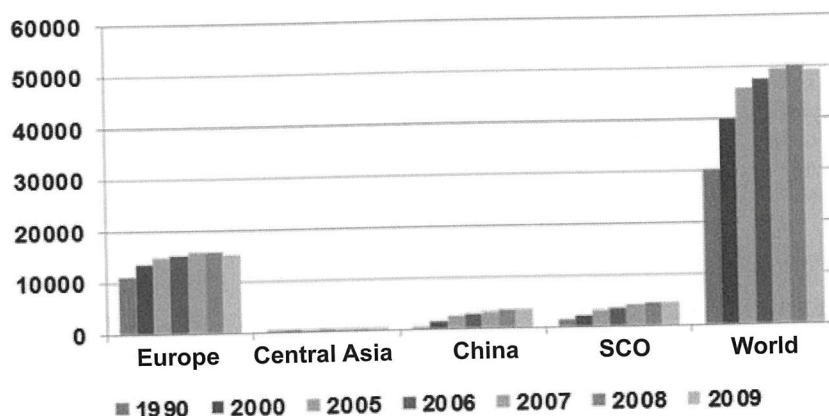


Figure 1. The shares of regions, trade blocs and China in global GDP in 2000-2009, %

Source: Statistical Yearbook for Asia and the Pacific 2011. UN publication, October 2011 // <http://www.unescap.org/survey2011k>

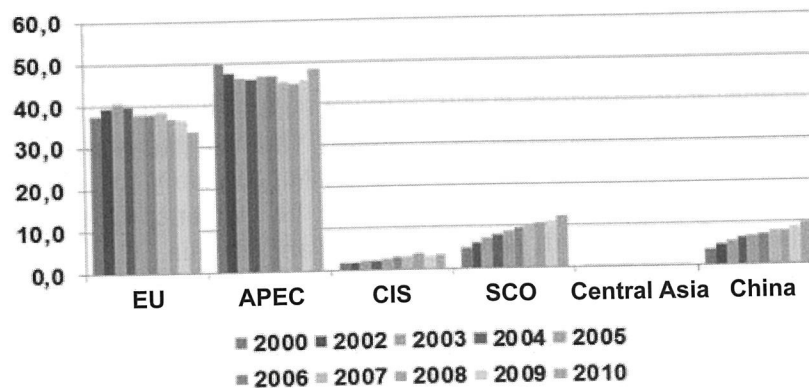


Figure 2. The share of regions, trade blocs and China in global trade in 2000-2010, %

Source: Source: 2010 International Trade Statistics Yearbook. On December 14, 2011. // <http://comtrade.un.org/pb>

* In 2011 trade between the CU and China was \$107.8bn. China is also a major trading partner of EU countries. In 2009 China accounted for 17.9% of the EU's imports and 7.5% of exports from the EU.

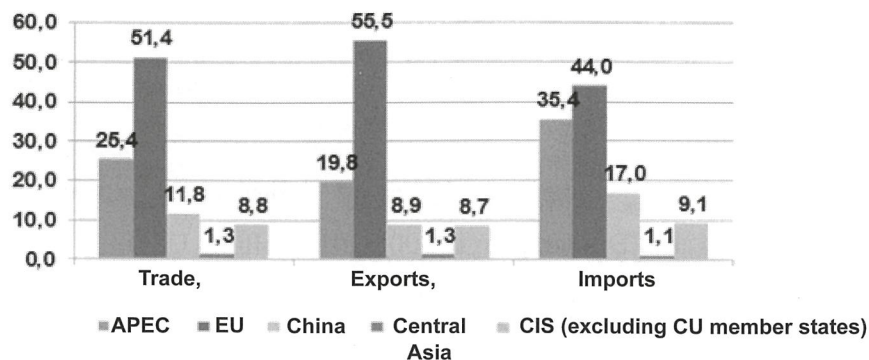


Figure 3. Foreign trade of the Customs Union member states by region in 2011, %

Source: Source: <http://www.tsouz.ru>

- thirdly, China's involvement in regional economic integration (with Asia-Pacific in the format of ASEAN) is expanding China's sphere of influence on the Asian economy;

- fourthly, a growth in China's economic influence on the Central Asian countries, and Kazakhstan, in particular, is directly proportional to a decrease in the dynamics of the development of the EU (the main regional partner during the entire period of the establishment of the independent economies of the Central Asian countries), including in terms of inward and outward investment in Europe and Asia. Global flows of investment (inward and outward foreign direct investment) from the EU fell by 32.8% between 2005 and 2010, while inward and outward FDI from Asia increased

by over 60% (61.3% and 65.8%)* (Figure 4 and Figure 5).

Bilateral cooperation between China and Central Asian countries reflects the growing significance of China in foreign trade and investment policy, industrial and infrastructure projects**. Cooperation with Kazakhstan, we believe, reflects the nature of China's cooperation with the Central Asian region as a whole, as Kazakhstan is China's main trading partner in the region. Kazakhstan accounts for:

- about 70% of GDP of the Central Asian region*** (Figure 6);

- 67.9% of China's trade with the Central Asian countries, including 56.4% of exports and 81.8% of imports of the region**** (Figure 7);

* In 2010, global inward and outward FDI in the EU stood at \$407.3bn and \$304.7bn and in Asia \$244.6bn and \$357.9bn respectively. In 2010 China's outward FDI was \$889.6m. Only China is capable of investing money in projects that do not yield immediate returns.

** The main stages of the development of China's presence in the region: 1992-2001—defining China's economic interests in Central Asia; 2002-2005—increasing economic presence in the region; 2005-2011—penetration into major sectors of neighboring countries' national economies and linking the region's energy sources with the Chinese economy.

*** In 2010, the combined GDP of the Central Asian countries stood at \$216.8bn, the combined population was 63.2 million people, with Kazakhstan's share at 68.1% and 25.9% respectively. Kazakhstan's GDP was \$184bn in 2011.

**** The shares of Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in China's trade with the Central Asian countries were 13.9%, 4.8%, 5.2% and 8.2% respectively in 2010. In 2010, the share of Europe and Asia in China's trade was 19.3% and 52.7% respectively, while Kazakhstan's share was 0.7%.

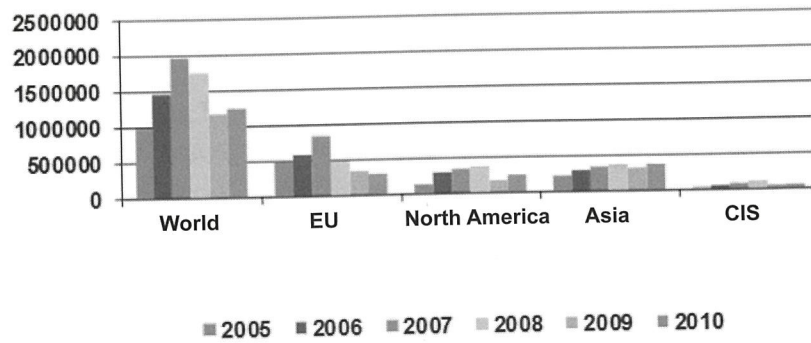


Figure 4. Global inward FDI by region in 2005-2010, million USD

Source: World Investment Report, 2011. UNCTAD
www.unctad-docs.org/files/UNCTAD-WIR2011

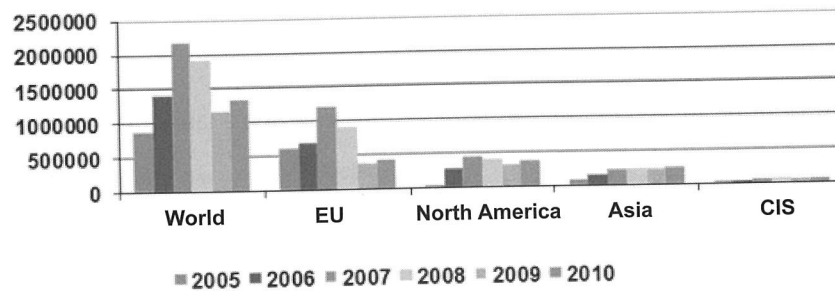


Figure 5. Global outward FDI by region in 2005-2010, million USD

Source: World Investment Report, 2011.
[UNCTAD/www.unctad-docs.org/files/UNCTAD-WIR2011](http://www.unctad-docs.org/files/UNCTAD-WIR2011)

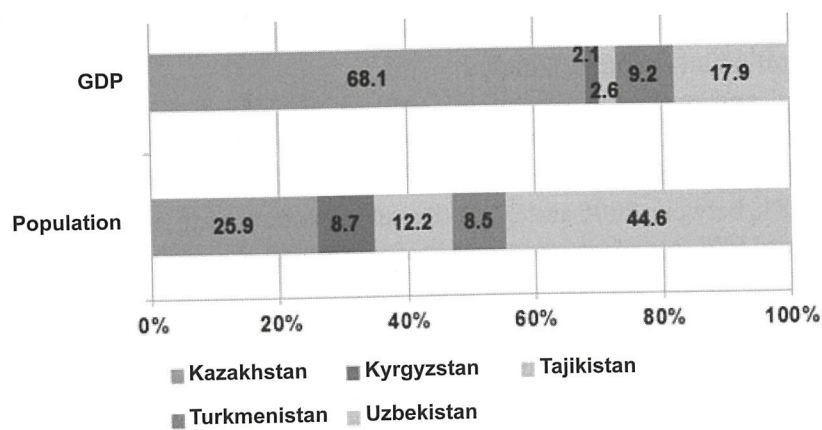


Figure 6. GDP and population of Central Asia by country in 2010, %

Source: Caucasus and Central Asia. Report by IMF.
[www/http://www.imf.org/external/russian/pubs/ft/reo/mcd/2011/10](http://www.imf.org/external/russian/pubs/ft/reo/mcd/2011/10)

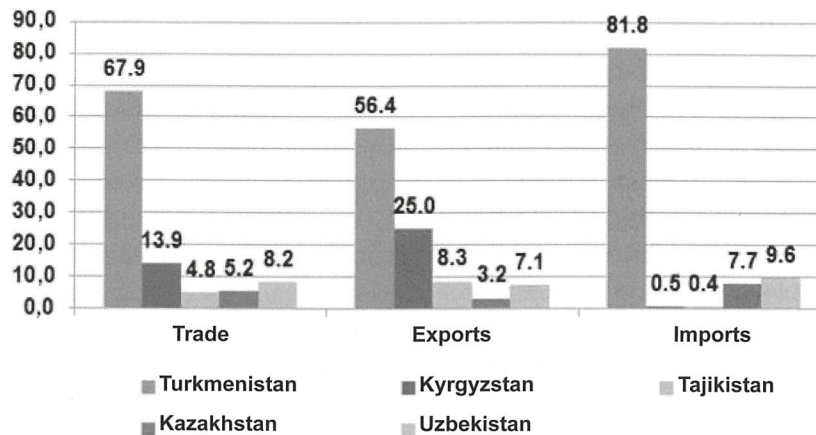


Figure 7. China's trade with the Central Asian countries in 2010, %

Source: China Statistical Yearbook 2011. //www.stats.gov.cn/tjsj/ndsj/2011

China's share in Kazakhstan's foreign trade is 20.9% (Figure 8); China accounts for 62% of Asian FDI in Kazakhstan*.

Strengthening cooperation with China is helped by the following factors:

- China borders three Central Asian countries and Russia and this impacts both the nature and scale of cooperation**;

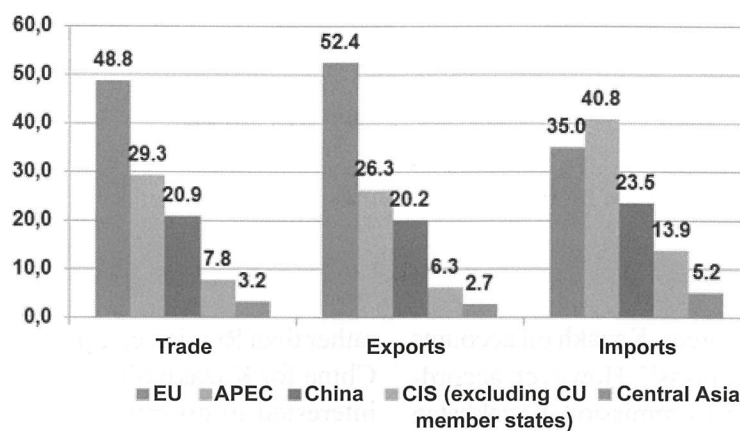


Figure 8. Kazakhstan's foreign trade with regional blocs and China in 2011, %

Source: http://www.tsouz.ru

* In 2011, Kazakhstan's trade with China totaled \$21.7bn and with the EU \$50.8bn (or 48.8% of Kazakhstan's total foreign trade).

** An important factor of China's presence in the Central Asian economies is the implementation of the concept of "outward regionalism" that envisages the creation of regional international economic areas that include border provinces of China, on the one hand, and border areas of neighboring countries, on the other. Two such areas are being created on the CIS borders. One district with a center in Harbin (includes Russia's Baykal and Primorye regions) and the other with a center in Urumqi (includes Central Asian countries) // Савкович Е. Проекты экономической интеграции Китая и Казахстана// www.apn.kz/publications/article

- economies of the Central Asian countries are mutually dependent. China expresses its interest in Central Asia as a reliable supplier of energy resources to ensure the continued high growth rates of its economy, which is extremely energy-hungry;

- Central Asia is a region which is geographically remote from Russia's foreign trade flows (which are mostly directed at Europe and Asia-Pacific) and does not have access to the sea; China is more interested than Russia in developing and diversifying Central Asia's road infrastructure.

China's rapid expansion into the Kazakh economy is primarily linked to the intensive penetration of Chinese corporate capital into the Kazakh oil sector*. Chinese companies control significant oil and gas reserves (1 billion metric tons), have raised oil output in Kazakhstan to 15 million metric tons, own 50% stakes in the Shymkent oil refinery and the

Kazmunaigas national company, and constructed the Western Kazakhstan-Western China oil pipeline and the Central Asia-China gas pipeline***.

As a result, Chinese companies have a high level of participation in the oil industry (over 20%) through reserves, the extraction and refining of hydrocarbons, pipeline networks and gas stations, and present serious rivalry to Kazmunaigas in both domestic and foreign markets.

The Central Asian region's economic importance to China is explained by the region's natural resources and the opportunities for utilizing these and the need to construct transport infrastructure to increase imports from China and demand for its services. Central Asia now accounts for 1% of China's foreign trade (Asia as a whole amounts to 52.7% and European countries 19.3%) (Figure 9).

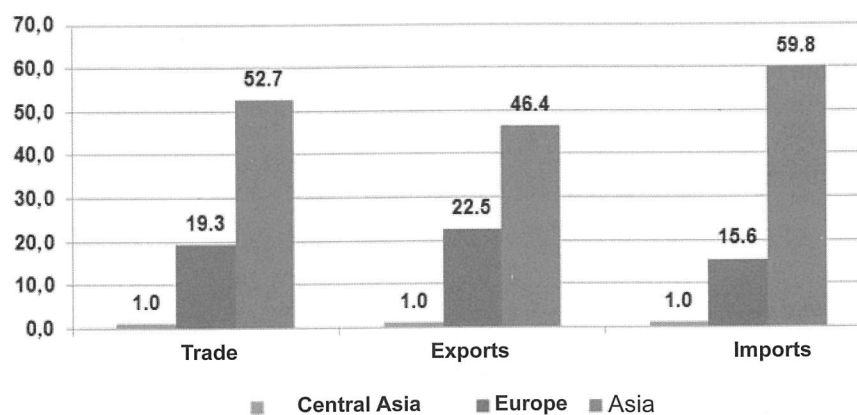


Figure 9 China's foreign trade by region in 2010, %

According to some sources, Kazakh oil accounts for just 3% of China's imports**. However, according to the Customs Union Commission, Kazakhstan supplies 34.3% of the oil China imports from Customs Union member states, while Russia supplies 65.7%. It is currently Western (including European)

rather than Russian companies that compete against China for Kazakh oil and these companies are not interested in diversifying the main export routes from Kazakhstan to allow Kazakhstan to increase its oil exports to Asia.

* China has acquired assets to develop oil and gas fields: CNPC controls CNPC-Aktobemunaigas and has licenses to extract hydrocarbons in three fields; it has acquired a 65% stake in the North Buzachi oil field from Chevron-Texaco and a 35% stake from Saudi Arabia's Nimir Petroleum; 70% of shares in the Canadian company PetroKazakhstan; Sinopec has acquired America's FIOC (200,000 tons of oil per year) and others // Егоров О.И. Европейский союз-Китай-Россия: перспективы сотрудничества с Китаем. Proceedings of the 4th International Scientific-Practical Conference (Almaty, June 21, 2011) / Edited by Sultanov B.K. - Almaty. KISI under the President of the Republic of Kazakhstan, 2011.

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*** Шустов А. Россия и Китай в Центральной Азии: соперничество или сотрудничество.// www.fondsk.ru/news/2011/10/26/

Thus, the Central Asian economies are now in the sphere of gravitation of the Russian and Chinese markets, as well as of the EU and Kazakhstan's own integration plans. At the current pace of penetration into the Central Asian economies, scales of the economy and global growth prospects, China has a real chance of "turning into a dominant player" in the Central Asian economies. An important factor boosting China's presence in the Central Asian regional economy is its strategy for integration with the Central Asian region based on the concept of border regionalism with the Central Asian countries.

The importance of the Central Asian region and Kazakhstan to China will increase with the implementation of the projects that are intended to create an Asian-European transport corridor and the prospects for the implementation of projects to service the China-Middle East and China-South Asia energy corridors.

The chief problem faced by the Central Asian countries is the loss of potential for sub-regional integration and the impossibility of overcoming the existing situation in the sphere of regional trade in the near future, combined with a lack of investment capacity and insignificant domestic demand.

For Kazakhstan it is fundamentally important to ensure the future development of the idea of Eurasian integration (where the key role is given to the Central Asian region, and this is then shared with Russia, China and the EU), as well as balancing strategic interests in the Central Asian region. Kazakhstan will have to create the conditions to change the direction of trade and economic cooperation towards the non-extractive sector of the economy and also to turn attention to jointly solving regional environmental and economic security problems in an innovative manner.

Renewable Energy: Long-term Objective for Diversification of Kazakhstan's Fuel and Energy Complex

KAMBAR MUSSABEKOV

The energy industry is one of the key sectors of the economy of any country, and by its level of development and potential we can judge the country's economic power. In the coming decades, the energy sector will remain the most important foundation of the development of the global economy, despite a significant reduction in energy consumption due to the global crisis of 2008-2009. The global economy as a whole spends about 20-24% of total GDP on accumulation, while only 1-1.2% is spent on developing the energy sector (4-5% in Russia). Energy consumption per capita increased by 400% in the second half of the 20th century, whereas the population grew by 150%. Increasingly more energy is being produced in the world mainly by burning fossil fuel. At the same time, over 80% of the energy trapped in it is uselessly emitted into the atmosphere as heat and industrial gas.

Meeting global energy needs in this and the coming centuries will hinge on a strategy that is chosen by global economic politics. Today we are dealing with unprecedented high demand for energy resources. According to the IAEA, the modern international community uses energy on a large scale and energy consumption is growing at a breathtaking speed. In the past quarter-century, humankind consumed two times more energy than it had previously consumed in its entire history.

According to the International Energy Agency, in the past three years alone China's energy con-

sumption equaled the annual energy consumption of Japan. Should energy consumption increase at the current pace, global energy demand will be 50% more than the current level by 2030, with China and India accounting for 45% of the total. By 2020 the share of coal in the global energy balance is expected to increase to 25% with China and India accounting for 80% of total coal consumption (these two countries currently account for 45% of global coal consumption). Japan imports 16% less oil now than it did 30 years ago, even though Japan's GDP doubled during this period.

In a wider sense the energy sector covers the entire national economy and is integrated into the global system. The global energy crisis of the 1970s when humankind faced the threat of significant depletion of fossil fuel deposits encouraged the search for alternative sources of energy. International experts anticipate a genuine energy revolution to take place in the second quarter of the new century, and that it will be characterized by cardinal changes in the structure and primary sources of energy. Truly renewable sources will significantly cut the share of oil and other fossil fuels. Moreover, the revolution will also impact the consumption of energy products when demand for these resources starts falling.

A decrease in the consumption of fossil fuel would make it possible to stabilize the total emission of carbon dioxide into the atmosphere from 2020 and gradually reduce air pollution from 2050.

That is why everything is leading to the realization of the concept of an outstripping growth in the energy sector even earlier than in other sectors of the global economy. This is helped by a significant increase in global prices for oil and volatility on the global oil and gas market, and, as a result, the accelerated adoption of energy-saving technologies by developed countries.

In the second half of the century the global energy balance is expected to acquire a fundamentally new structure, with the rapidly increasing prices of hydrocarbons resulting in super profits. Wishing to maximize this and to use favorable, long-term market conditions, countries are increasing their fuel production and exports. Against the backdrop of this race, deposits are becoming depleted, oil debits are falling, while environmental pollution in oil-producing areas is increasing rapidly. Some forecasts suggest that in 20 years global oil consumption will be 40% higher than the current level. At the same time, the intensity of oil and gas extraction in the world's major fields is reaching maximum capacity.

New deposits of energy sources are being discovered mostly in regions with complex natural, economic and, often, political conditions that ultimately complicate oil and gas extraction. Insufficient supply in a situation of growing demand is leading to fierce competition for existing resources.

It is possible that the crisis will only be solved if profit-taking were to cease, the pace of the development of fuel deposits were to slow and measures were to be taken to diversify the economy and boost its competitiveness through developing energy-saving technologies. A country's national security is linked to its sustainable development, the basis of which is reliable energy supply. That is why scientists all over the world are working hard on various energy projects and are studying potential energy sources comparing them to oil, natural gas and coal, i.e. finite resources. Alternative sources cater for only about 2% of the global demand for primary energy resources at the moment, whereas the non-traditional energy sector, according to forecasts, could meet up to 20% of demand by 2020. High oil prices, the potential energy scarcity in the world and the environmental burden caused by the development of hydrocarbons, especially coal,

have forced many countries to intensify their search for non-traditional renewable sources of energy. Forecasts for the development of the global energy sector suggest the share of renewable sources will be growing in the future. These include wind, solar power, biomass, geothermal waters and ocean and sea tides. The share of renewable energy sources, where solar power plays a basic role, is expected to grow steadily and some forecasts suggest it may exceed 65% by the end of the 21st century. In developed countries the growth rates of the renewable energy sectors are very high and reach as high as 63% per year. The attractiveness of alternative energy is based on several rationales. It is accessible across the planet and its use makes sense in every country because it can meet their energy independence needs. An environmentally clean source of energy may be used at an ever-growing scale without a negative impact on the environment: a practically infinite source of energy, available all the time.

The use of renewable sources of energy (RSE) as an alternative to traditional energy sources is becoming increasingly more topical and is a strategic objective nationally and regionally. The unquestionable advantage of using renewable sources – their inexhaustibility and environmental cleanness as well as meeting the need to ensure a country's energy security by diversifying its fuel and energy sector, reducing hazardous emissions and preserving energy resources for future generations – has led to the rapid development of renewable power generation as a very competitive sector of the economy. However, for the use of renewable energy to reach a sufficient level it is necessary to usher in a revolution in our understanding of these sources and to create the conditions in society for the wide use of renewable resources.

The energy sector is one of the strategic spheres of Kazakhstan's economy. The country is rich in reserves of fossil fuel, which account for about 4% of the global reserves. In 2005 the total production of primary energy resources stood at about 1.05 billion metric tons of oil equivalent (TOE) in Kazakhstan, of which exports were about 550 million TOE. Coal accounts for about 67% of domestic energy consumption, oil about 21% and gas about 12%. Kazakhstan has significant resources of renewable energy in form of hydro, solar and

wind power. The country's hydropower potential is estimated at 170 billion kWh per year and wind power at 1,820 billion kWh per year. Despite this, with the exception of a tiny amount of hydropower in the country's fuel and energy balance (about 8 billion kWh per year, or 13%), these resources have not yet been widely tapped.

The main consumer of fuel in Kazakhstan is the production of electricity and heating. This sector consumes about 25 million TOE per year. The fuel balance of power stations is made up of coal for 75%, gas 23% and fuel oil 2%.

Kazakhstan cannot stay out of the global race for the quick adoption of renewables. Renewables will provide endless sources of cheap and safe energy that in turn ensures a switch to a qualitatively new level of economy.

For a long time Kazakhstan has not been investing sufficiently in power generation. Estimates indicate that the modernization of the existing power generation facilities and the construction of new ones will require 2,800 billion tenge by 2015. It is obvious that it is impossible to achieve this funding from tariffs alone. Another important issue is the shortage of loans. We should note that the sluggishness of the development of the energy sector is linked to the lengthy construction timespan and long lead-time for cost recovery.

The legislation in effect in the power generation sphere does not take the reality into account because it was drafted for a period of power shortages relating to the dynamic growth of the economy and increase in consumption by the population. The current situation is defined by a decrease in power consumption and production, while the capacity of power stations remains underused and both the wholesale prices and (as a result) the investment attractiveness of the sector are falling. The issue of restoring the power generation sector is one of national security and the level of development of power generation and infrastructure will have an impact on the country's future. Most importantly, resolving this will mean that a long-term problem of the country's competitiveness is solved, investment is placed within the country and jobs are created.

Economic policy that aims at the sustainable development of Kazakhstan envisages diversifying the economy and developing the non-extractive sectors, in particular, hi-tech, industries and ser-

vices sector. This does reflect other countries' experience, whereby a strategy of non-material flows is becoming increasingly significant and valuable. This means the development of technology and financial, legal, managerial and other services. The mining sector is also diversifying and its main goal is increasingly about exporting finished products, not raw material. Finished products cost much more than raw oil, making it possible to reap greater profits without increasing extraction. The coefficient of resource-use is to increase gradually by 37% by 2012, 43% by 2018 and 53% by 2024. Kazakhstan should also develop a strategy for sustainable energy generation from renewable sources for the next 50 years similar to those of major energy-consuming developed countries

The Kazakhstan-2030 Strategy defines the use of energy resources as a long-term priority for sustainable development. Moreover, despite the country's vast reserves of energy resources, it has not been able to meet domestic demand for power in a number of regions over the past years. In any developed country power generation grows not on a par with the economy but at an outstripping pace in order to serve as a foundation for developing the entire economy. Power consumption grows no more than 3.6% per year in Kazakhstan (4.8% in 2008), significantly lagging behind economic growth (8-10%). Economic growth has caused power generation to reach 76 billion kWh in recent years, of which the population consumed only 12%. In 2008 Kazakhstan generated 80 billion kWh, a 4.8% year-on-year growth. The country will soon reach the power consumption levels last seen in 1990 when Kazakhstan consumed over 107 billion kWh of electricity.

Kazakhstan's power generation has its own peculiarity; the uneven concentration of energy sources, divided transportation and distribution over a huge territory. A rise in electricity charges decreases the consumption but increases the price of products and worsens the social wellbeing of vulnerable groups of population. However, for a number of objective reasons the charges will continue to rise further. Simultaneous increase in the price of fuel for the power stations and electricity charges is possible given the fact that 85% of energy is generated by thermal power plants in Kazakhstan.

The development of the non-traditional energy sphere makes it possible to solve the problems of economic efficiency and attract small and medium-sized businesses to invest in the energy sector, offset negative impact on the environment and reduce excessive centralization of the power generation and distribution system as well as dependence on exhaustible hydrocarbons. Kazakhstan has prospects for developing renewable energy resources that are not inferior to those in densely-populated Europe. Studies conducted in many countries show that wind turbines may be efficiently used in the areas where the average annual wind speed exceeds 3-5 m/s, which is similar to most of Kazakhstan's climate conditions.

All sectors of the economy have an interest in reducing the cost of energy, quite apart from the power generation sector itself, which has to increase the operational reliability of its equipment and ensure quantitative and qualitative indicators of power supplied. This requires vast investment both in the renovation of obsolete equipment and efficient environmental protection measures as well as the development of new generation capacity.

As a result of the steady growth of the economy, sufficient conditions are being created for the development of alternative energy sources. Facilities operating on renewable energy sources are affordable for small and medium-sized businesses and they may be built very quickly and independently from one another; they make use of inexhaustible energy resources of mountainous rivers and winds that are not exposed to price increases. The production costs of the power they generate do not include the purchase of fuel that grows in price, unlike the impact of fuel in the production costs of power generated by thermal plants that is more than 50% of the production cost.

Kazakhstan is a major emitter of greenhouse gases into the atmosphere in Central Asia. Its emissions were estimated to total 320 million tons of CO₂ equivalent in 1990. According to the

International Energy Agency data for 2004, the CO₂ emissions to GDP ratio stood at 6 kg of CO₂ per USD. The energy sector accounts for 80% of the total CO₂ emissions, of which 45% come from the power and heating generation sphere. The reliance on coal inflicts sizeable damage on the environment and human health. Emissions of hazardous substances into the atmosphere by power plants is in excess of 1 million metric tons per year while the total amount of pollutants released into the environment exceeds 11 million tons. Power plants are a major source of greenhouse gas emissions in Kazakhstan. They account for about 43% of total emissions. The energy sector's emissions were expected to exceed the 1990 level in 2010 as a result of increased power generation. As a signatory to the UN Framework Convention on Climate Change, Kazakhstan has assumed certain obligations to carry out measures and programs to reduce its negative impact on atmosphere. According to experts, the cost of damage Kazakhstan's coal power generation inflicts on the environment is estimated at 7.7 tenge per kWh of electricity generated and is several times higher than the cost of electricity itself. Taking into account the volume of electricity generated by coal power plants, the cost of damage may be as high as \$4.3bn per year.

The measures must be taken now to achieve the goal of having a developed renewable energy production infrastructure by 2034, otherwise Kazakhstan's energy industry will remain dependant on traditional resources, coal in particular, and, therefore, may jeopardize energy its security.

The strategy aimed at more efficient use of renewable energy resources in the future will contribute into maintenance of sustainable social and economic development of the country, it will also enhance the country's energy security and eventually help Kazakhstan to join the world's top 50 most competitive countries.

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The Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan (KazISS) was established on June 16, 1993, by the Decree of the President of the Republic of Kazakhstan.

Since its foundation the mission of the KazISS as the national research institution is to provide analytical support to the President of the Republic of Kazakhstan.

The KazISS enjoys a reputation of the leading think tank of Kazakhstan as it employs a highly professional pool of experts; at present it includes nine doctors and thirteen candidates of sciences, who specialize in political science, history, economics and sociology.

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- ♦ анализ двусторонних отношений Казахстана с Россией, Китаем, США, Турцией, странами ЕС и СНГ;
- ♦ исследование проблем интеграции на постсоветском пространстве;
- ♦ изучение вопросов борьбы с терроризмом и экстремизмом.

2. Общественно-политические и социальные процессы в современном Казахстане:

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- ♦ анализ этнодемографической ситуации и миграционных процессов в Казахстане;
- ♦ исследование процессов демократизации и становления политических институтов в стране.

3. Экономическая безопасность:

- ♦ исследование проблем экономической безопасности;
- ♦ изучение тенденций развития мировой экономики и анализ их влияния на экономику Казахстана;
- ♦ исследование проблем участия Казахстана в международном экономическом сотрудничестве;
- ♦ социально-экономический мониторинг Республики Казахстан.

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Институт проводит фундаментальные исследования по стратегическим проблемам внешней и внутренней политики, социально-экономического развития Казахстана, готовит материалы прогнозно-аналитического характера для руководства страны.

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