

Chapter Two: Accelerating Engagement

In the mid-1990s, the United States and Kazakhstan had both overcome the initial shock of the collapse of the Soviet Union and found agreement on the most acute matter in their relationship, the nuclear weapons on Kazakhstan's soil. They could now move toward developing their bilateral relationship. This took place against the backdrop of several important developments. First, the United States struggled with defining exactly what its policy toward Central Asia would be, and how it would relate to its relations with Russia.

Kazakhstan, for its part, dealt with the more formidable challenge of building its foreign policy institutions and setting the priorities of the new state's relationship with the world. During the course of the 1990s, several priorities were at the focus of U.S.-Kazakhstan relations. One was the continued intensification of the Caspian oil and gas industry; another was the growth of ties in the security sphere; and a third was the dialogue over Kazakhstan's domestic reform agenda. From the fall of 2001, however, the question of Afghanistan dominated the agenda of bilateral relations, generating for a time a closer dialogue than ever before. Yet within a few years, the era of accelerating engagement gave way to a temporary lull overshadowed by the Iraq War and popular upheavals in regional states.

Central Asia and Kazakhstan in U.S. Policy

As the previous chapter suggests, there was little preparation in the U.S. government when the USSR collapsed for developing a policy toward

Central Asia. In fact, it took some time for U.S. policy-makers to realize the need for one. During the early 1990s, a Russia-first atmosphere prevailed in Washington, but gradually gave way to a greater appreciation for the need for relations with the non-Russian republics of the former USSR. Because it was able to command attention during both of these phases, Kazakhstan stands out in the regional context.

It will be recalled that President George H.W. Bush was decidedly skeptical to the prospect of the Soviet Union's dissolution. Fearing an uncontrolled collapse leading to mayhem across Eurasia, Bush took the opportunity of a speech to the Ukrainian parliament in August, 1991, to pour cold water on the movement for independence from the USSR. But few foresaw the August 1991 hardliner coup, or the subsequent decision by the Presidents of Russia, Ukraine and Belarus in December 1991 to effectively dismantle the Soviet Union. President Bush's Administration had focused its energies on its relationship with Gorbachev, and appeared relatively cool toward Russian leader Boris Yeltsin, whom it viewed as a populist firebrand. The issue found its way into the U.S. Presidential election campaign of 1992, with Democratic candidate Bill Clinton criticizing Bush for failing to side with the advocates of freedom in the USSR, and focusing on "stability" at the expense of democratic change.⁷

Clinton won the 1992 election, and by all accounts focused substantial energy on U.S. policy toward the former Soviet Union. Much like its predecessor, the Clinton administration made the security of the Soviet Union's nuclear weapons a key priority. Aside from that, he invested considerable U.S. prestige in supporting the reform agenda in Russia and more specifically in his personal relationship with President Boris

⁷ Michael Cox, "The Necessary Partnership: The Clinton Presidency and Post-Soviet Russia," *International Affairs*, vol. 70 no. 4, 1994, pp. 635-658.

Yeltsin. The logic behind this policy was simple: there was a historic opportunity to turn Russia into a liberal democracy, and if this succeeded, Russia would become a key partner for the United States while fundamentally shifting the nature of global politics for the better.

Initially, there seemed to be no contradiction between a partnership with Russia and attention to the non-Russian successor states, known in Washington at the time as the “Newly Independent States” or NIS for short. In the immediate period following the USSR’s collapse, Russia’s foreign policy took on a pro-Western orientation, and sought to jettison what the new Russian foreign policy leadership viewed as liabilities in the former Soviet Union. In this view, personified by Foreign Minister Andrey Kozyrev, Russia would focus on rebuilding its own economy and society, and thus become a natural point of attraction for the countries of the former Soviet Union.⁸ But already by 1993, Clinton’s first year in office, the situation became much murkier. Reform processes in Russia appeared to grind to a halt, and Yeltsin’s domestic power was challenged by conservative forces – many with a background in the Soviet power structures, who had decidedly different ideas about Russian foreign policy.

Over time, Yeltsin himself came to embrace a foreign policy that focused on continued Russia’s predominant influence over what Russians now called the “Near Abroad.” The term itself suggested that many in Moscow had yet to fully accept the reality that the constituent republics of the USSR were now fully independent states. Russian policy, primarily in the South Caucasus and Ukraine, indicated that the neo-imperialist tendencies had come to wield considerable influence over the Russian government. This presented a dilemma for the Clinton administration.

⁸ Mohiaddin Mesbahi, “Russian Foreign Policy and Security in Central Asia and the Caucasus,” *Central Asian Survey*, vol. 12 no. 2, 1993, pp. 181-215.

Its policy came to be viewed as a “Russia-first” approach that neglected the non-Russian republics. It appeared to appease Russia in spite of its growing interventions in the affairs of neighboring states, with a view to supporting Yeltsin’s government and its purported reformism. But as one scholar put it at the time, to non-Russian republics, Clinton’s approach looked eerily similar to that of the Bush Administration which he had so recently criticized. Clinton now appeared to favor “some partial reconstruction of the Union from which they had so recently escaped, or was prepared to turn a blind eye to Russian activities in the so-called ‘near abroad’.”⁹

This was visible primarily in Washington’s ambivalence on the issue of NATO enlargement. Yeltsin overtly opposed such a move, and leaders in Warsaw and Prague were particularly disappointed by the creation of NATO’s Partnership for Peace (PFP), conceived as a compromise intended to bring eastern Europeans closer to NATO without offering them membership. While the compromise neither convinced Russia of America’s friendly intentions nor satisfied the eastern Europeans, PFP would become a valuable instrument for cooperation in security matters between the U.S. and Central Asian states, particularly Kazakhstan.

In Washington, criticism of Clinton’s policy mounted. Republican opposition zeroed in on Clinton’s record, and Republican Senators like Bob Dole, Mitch McConnell and Richard Lugar all castigated Clinton for excessive optimism regarding the overlap of Russian and American interests. But criticism was not just partisan: President Carter’s National Security Advisor Zbigniew Brzezinski emerged as one of the leading critics of Clinton’s policy, and focused in particular on his neglect of the non-Russian republics. Brzezinski urged the United States to be crystal clear about its defense for the sovereignty and territorial integrity of all

⁹ Cox, p. 648.

post-Soviet states. While much of the criticism of Clinton focused on Eastern Europe and Ukraine, the analytic community also began to pay increasing attention to the South Caucasus and Central Asia. Symptomatic of this shift was the creation in 1996 in Washington of the Central Asia-Caucasus Institute, the first institution to view the region as the focus of its energies rather than as a peripheral concern.

By the beginning of Clinton's second term, the U.S. rapidly intensified its engagement with the Caucasus and Central Asia. In March 1997, newly appointed National Security Advisor Sandy Berger singled out Central Asia and the Caucasus in speech on foreign policy priorities for the second term.¹⁰ And in July, speaking at the Central Asia-Caucasus Institute, Deputy Secretary of State Strobe Talbott presented the first statement on U.S. policy toward this region, in which he termed Central Asia and the Caucasus a "strategically vital region."¹¹

American engagement was a result of several factors. One was a growing disillusionment with Russia, particularly following the onset of the war in Chechnya, and a newfound resolve not to allow Moscow a veto over U.S. relations with post-Soviet states. A second was the growing American interest in Caspian oil – not just Chevron's involvement in Kazakhstan, as several U.S. companies took a keen interest in Azerbaijan as well. A third, deeper factor was the strategic interest of the U.S. Defense Department in building relations with these newly independent states encircled by Eurasia's largest powers.

¹⁰ Samuel R. Berger, "A Foreign Policy Agenda for the Second Term," Center for Strategic and International Studies, Washington, D.C., March 27, 1997. (<https://sites.temple.edu/immerman/samuel-r-berger-a-foreign-policy-agenda-for-the-second-term/>)

¹¹ Strobe Talbott, "A Farewell to Flashman: American Policy in the Caucasus and Central Asia," Address at the Central Asia-Caucasus Institute, July 21, 1997. (<https://1997-2001.state.gov/regions/nis/970721talbott.html>)

A key element in the new U.S. approach was its understanding of the strategic connection between Central Asia and the Caucasus. Given geographic realities, U.S. policy emphasized the role of the South Caucasus as the gateway to Central Asia, without which there would be no connection between the region towards the West. It also emphasized the role of Turkey as a U.S. partner in assisting regional states in their outreach to the West. As will be seen, the U.S. took an active role in supporting the development of pipelines to export Caspian oil and gas in a western direction, while intensifying security cooperation with Central Asian militaries. A stumbling block in U.S. engagement remained the issue of democratic development, because it soon became clear that Central Asian states were not building democratic institutions at the same speed as Central European states. There was at the time limited understanding for the deep structural impediments to democracy-building in the region, and as a result a vocal group of critics emerged particularly in American civil society to urge for greater pressure on regional states to democratize.

The election of George W. Bush in November 2000 signaled continuity rather than change in U.S. policy. In fact, there was considerable bipartisanship in Washington concerning policy toward Central Asia and the Caucasus. Events, however, would lead to dramatic shifts in the years to come. The first of these was the September 11, 2001, terrorist attacks on the United States, which momentarily led to an intensification of U.S. attention to the region given its role as a transit area for U.S. operations in Afghanistan. As viewed below, however, this would be short-lived, not least because the U.S. invasion of Iraq and the subsequent troubles in that country began to divert U.S. attention from Central Asia and the Caucasus. The second shift resulted from the upheavals in Georgia, Ukraine and Kyrgyzstan between 2003 and 2005. Americans interpreted these upheavals, motivated largely by popular frustration with weak and

corrupt governments, as long-awaited transitions to democracy. American advocacy for “regime change,” whether explicit or implicit, would lead to a growing rift between Washington and key countries in the region, where leaders came to question American intentions.

Throughout this period, countries in Central Asia and the Caucasus competed for the attention of U.S. officials. Kazakhstan, because of its involvement in nuclear talks, was by far the country with the most elaborate network among American officials. Still, other regional states increasingly built a case for the U.S. to focus greater energies on them. Azerbaijan used the American interest in the energy sector to its advantage and drew the attention of an impressive range of senior American officials to its strategic importance. Kyrgyzstan, for its part, capitalized on its relatively more open political system to market itself as the “island of democracy” in Central Asia. Still, its small size and meager resources meant that only few American officials for a short time seriously considered making Kyrgyzstan the centerpiece of U.S. engagement with the region.

Uzbekistan, by contrast, made a strong case for itself by adopting a strong pro-American stance on most international issues, and showcasing its large population, relative independence from Russia, and strategic location bordering every Central Asian country including Afghanistan. But Uzbekistan’s increasingly restrictive domestic practices made it the main target of Western democracy advocates, curtailing a deeper relationship with the United States. Kazakhstan, by contrast, methodically continued to build its relationship with the United States. When President Nazarbayev visited the White House in November 1997, his parting words to President Clinton were telling: “Mr. Talbott and I

talked about how your policy now is not only focused on Russia but also on our part of the world. We are happy with this development.”¹²

The Rise of Kazakhstan’s International Profile

While the United States had the luxury of deciding how much attention to pay to Central Asia, Kazakhstan was in a more delicate position. In the early 1990s, the future of Central Asia was by no means assured. No state had ever existed with either the name or approximate boundaries of the five states that became independent in 1991. The Kazakh khanate was the historical state that most closely approximated modern-day boundaries but, as a tribal confederation, it had mostly symbolic value to modern-day Kazakhstan. The new state faced significant challenges, ranging from its economic integration with Russia, the weak demographic position of Kazakhs in the country, and the Islamic radicalism stirring to its south, to name only a few.

An existential concern for Kazakhstan was to maintain positive relations with Russia while simultaneously building Kazakhstan’s independence. This concern, which remains central to Kazakhstani decision-makers today, from the outset inspired a certain level of caution in Kazakhstani foreign policy as well as in the management of domestic affairs. These are by necessity interlinked: the significant ethnic Russian population of Kazakhstan is a matter of both domestic and foreign policy, given Moscow’s direct interest in the fate of Russians abroad. The backlash against Yeltsin’s reformism, including the rise of the “red-brown” forces in Russia in the early 1990s, may have been merely a disappointment to President Clinton. But it was met with considerable alarm in Kazakhstan. Even before the Soviet breakup, leading Soviet dissident Alexander

¹² White House, “Meeting with Kazakhstani President Nazarbayev : Bilateral Relations, Caspian Energy, Iran,” Declassified per E.O. 13526, Clinton Presidential Library.

Solzhenitsyn had called into question the sovereignty of Kazakhstan, claiming much of Kazakhstan among territories he claimed had been “ceded” to neighboring republics and should be returned to Russia. Similar claims were made by nationalist firebrands like Eduard Limonov and Vladimir Zhirinovskiy. The latter, leader of Russia’s far right and misnamed Liberal Democratic party, was himself a native of Almaty, whose childhood appears to have sown great animosity toward Turkic peoples in general and Kazakhs in particular.¹³ The bottom line is that Russian nationalists since the early 1990s continuously voiced irredentist claims on Kazakhstan’s territory, presenting Kazakhstan’s leaders with a quandary: they had to find ways to suppress the popularity of such opinions among Kazakhstan’s large Russian population, without attracting the ire of Russian leaders. As will be seen below, this required an astute balancing act in domestic affairs.

Meanwhile, Kazakh leaders had to contend with the instability to the south of Central Asia. They were fortunate not to share a direct border with Afghanistan – or with Tajikistan, a republic that descended into civil war in 1992. But southern Kazakhstan is less than 150 miles from Uzbekistan’s Ferghana Valley, which was rocked by a burst of Islamic radicalism in the late Soviet period. Kazakh leaders could scarcely afford to ignore the danger of extremism to its south. Simultaneously, like the rest of Central Asia, Kazakhstani society harbored a considerable fear – boosted in part by Soviet propaganda – of Chinese expansion toward the west.

These concerns informed Kazakhstan’s approach to regional affairs. President Nazarbayev took the lead in working tirelessly to slow the

¹³ Wendy Sloane, “Making of a Russian Nationalist: In interviews and an autobiography, Vladimir Zhirinovskiy portrays himself as a victim of continuous ethnic injustices,” *Christian Science Monitor*, December 24, 1993.

breakup of the Soviet Union and maintain collaborative institutions both on the level of all former Soviet republics as well as among Central Asian states. Nazarbayev enthusiastically supported the creation of the Commonwealth of Independent States to replace the Soviet Union, and Kazakhstan was among the six republics to sign a treaty in Tashkent in May 1992 to establish a Collective Security Treaty, which would eventually grow into a full security organization in 2002. Similarly, Kazakhstan took an active role in the Shanghai Five format, originally created to delimit and demilitarize the former Soviet republics' borders with China, and later turning into the Shanghai Cooperation Organization in 2001. In both structures, Kazakhstan has played an important role in countering efforts to take these organizations into a full-fledged anti-Western direction.

Most important, however, was President Nazarbayev's initiative, presented at a speech in Moscow in May 1994, to create a Eurasian Economic Union. While this idea was largely ignored in Russia at the time, Vladimir Putin would pick it up a decade later. As will be seen in a subsequent chapter, Mr. Putin's understanding of the union had a much more political nature than that envisaged by President Nazarbayev – whose plan safeguarded the political independence of all member states while joining in a common currency and common economic and trade policies.¹⁴ The initiative reflects Kazakhstan's longstanding effort, which has remained unchanged, to maintain both its political sovereignty and economic integration among former Soviet states.

In parallel, however, Nazarbayev worked to develop cooperation at the Central Asian regional level. In 1994, Kazakhstan and Uzbekistan agreed to create a single economic space, which Kyrgyzstan immediately asked

¹⁴ Anders Åslund, Martha Olcott, and Sherman Garnett, *Getting it Wrong: Regional Cooperation and the Commonwealth of Independent States*, Washington: Carnegie Endowment for International Peace, 2000, p. 24.

to join. President Nazarbayev touted the creation of this Central Asian Union in his meeting with President Clinton in 1997, indicating the importance Kazakhstan attached to it. In subsequent years, however, security troubles in southern Central Asia led to roadblocks in the development of Central Asian cooperation. Moreover, Russian efforts to promote pan-Eurasian cooperation instead of Central Asian cooperation would further complicate matters following Vladimir Putin's arrival to power in 1999.¹⁵

Kazakhstan very early also made it clear that it would not contain its foreign policy efforts to the post-Soviet region. In fact, President Nazarbayev made a bold proposal already at his first appearance at the UN General Assembly in 1992, proposing the creation of a Conference on Interaction and Confidence-building in Asia, an analogous institution to Europe's OSCE. This initiative may have come as a surprise to many Asian states that knew little of Kazakhstan. But through continued dedication to the idea, Kazakhstan would succeed in making CICA a reality some years later, and a first summit would be held in 2002. This early initiative was significant, as it provided an early indication of Kazakhstan's ambition to establish itself on the international scene as a proactive force and a contributor to international peace and security. In the 2000s, Kazakhstan would build on this by mounting a successful bid to chair the OSCE, gain a seat in the UN Security Council, and take a role as a mediator in a series of important international disputes and conflicts. In the 1990s, however, Kazakhstan focused on building and implementing a conceptual basis for its long-term foreign policy. This concept was developed by President Nazarbayev in tandem with his then-Foreign Minister, current President of Kazakhstan Kassym-Jomart

¹⁵ See extensive discussion in Svante E. Cornell and S. Frederick Starr, *Modernization and Regional Cooperation in Central Asia*, Washington & Stockholm: Silk Road Paper, 2018.

Tokayev. From outside, Central Asian geopolitics have been viewed largely as a “New Great Game” in which the main actors were not Central Asian states but the surrounding powers. Initially, the new regional states were being told they were the object of a zero-sum game where they could win only by casting their lot irrevocably with one party or another.¹⁶ Thus, for example, Tajikistan initially relied on Russia for its security; Uzbekistan did the opposite, seeking to oppose Russia’s regional dominance and instead sought a relationship with the United States. But it soon became clear that this did not serve the interest of regional states. Turkmenistan realized this, and adopted a policy of “permanent neutrality” that essentially rejected involvement in any geopolitics whatsoever. But this meant formulating foreign policy in an essentially negative way, emphasizing what the country would not do rather than what it would do, and led to a certain isolation from the region as a whole.

Kazakhstan, however, under the leadership of President Nazarbayev and then-Foreign Minister Kassym-Jomart Tokayev, developed a new strategy for dealing with this complex reality, one that would eventually be adopted to some extent by all regional states. Its goal was to balance Russian dominance in order to safeguard and consolidate independence. But it did so not on an ad hoc basis, but through a comprehensive approach based on the concept of *positive* balance, i.e., by balancing close relations with Russia by building close relations with China, as well as the United States and Europe. This thesis was laid out in a 1997 book by

¹⁶ S. Frederick Starr, “In Defense of Greater Central Asia”, Policy Paper, *Central Asia-Caucasus Institute & Silk Road Studies Program*, September 2008, p. 15.

https://www.silkroadstudies.org/resources/pdf/SilkRoadPapers/2008_09_PP_Starr_Greater-Central-Asia.pdf

then-Foreign Minister Tokayev.¹⁷ It was also enunciated in Nazarbayev's text "*Kazakhstan 2030*," adopted in 1997:

To ensure our independence and territorial integrity, we must be a strong state and maintain friendly relations with our neighbours, which is why we shall develop and consolidate relations of confidence and equality with our closest and historically equal neighbour—Russia. Likewise we shall develop just as confident and good-neighbourly relations with the PRC [People's Republic of China] on a mutually advantageous basis. Kazakhstan welcomes the policy pursued by China for it is aimed against hegemonism and favours friendship with neighbouring countries.¹⁸

This description of China as a non-hegemonic power clearly reflects the balancing act that underlay Kazakhstan's new strategy. In the Central Asian context, "hegemony" could only be understood as referring to Russian domination. Kazakhstan continuously developed its relationship with its great eastern neighbor, despite concerns of future Chinese economic domination of the region.

At the same time, it worked to maintain cordial relations with Russia. In 1997, Tokayev explicitly used the term "balance" in describing Kazakhstan's foreign relations, noting the strategic relationships with both Russia and China. Following this, Kazakhstan sought to broaden its energy security by agreeing to and eventually building (against Moscow's wishes) an oil pipeline to China, completed in 2005. Gradually, and without the use of harsh rhetoric, Kazakhstan asserted its sovereignty and independence. The challenge for Kazakhstan was to

¹⁷ Tokayev, "*Pod Styagom Nezavisimosti*". Also S. Frederick Starr, "Kazakhstan's Security Strategy: A Model for Central Asia?" *Central Asia Affairs*, no. 3, January 2007, p. 4.

¹⁸ See "*Kazakhstan 2030*," *Embassy of Kazakhstan to the United States and Canada website*, <http://kazakhembus.com/Kazakhstan2030.html>; emphasis added

balance positive relations with the multiple strategic partnerships in ways that would be mutually beneficial, that minimized or curtailed the worst tendencies of each partner, and that in the end strengthened the sovereignty and independence of Kazakhstan itself. Because the strategy viewed each strategic partner as complementary to the other, both relationships, and the relation between them, had to be based on trust. All this required delicacy and finesse on Kazakhstan's part.¹⁹

A further step in the building of Kazakhstan's place in the world was the country's active engagement with multilateral institutions – something that could be termed an additional “vector” in Kazakhstan's multi-vector foreign policy. Kazakhstan's nuclear diplomacy placed it well to pursue closer cooperation within the framework of United Nations organizations. Furthermore, Kazakhstan took on an active role within the OSCE and, as will be seen in the next chapter, made a successful bid to chair this organization. Similarly, as discussed below, Kazakhstan approached cooperation with NATO more systematically than any of its neighbors. The purpose of this multilateral diplomacy was the same as with Kazakhstan's outreach to the world's major powers: build a web of relations that would give a maximum number of influential actors on the international scene a stake in Kazakhstan sovereignty and success.

Oil and Gas Diplomacy: Kazakhstan and the East-West Corridor

A key area in U.S.-Kazakhstan relations during the period was the development of the country's oil and gas reserves. For Kazakhstan, these were the country's most valuable marketable commodities, which could help kick-start the country's development. For the United States, oil and gas were key assets that could build the independence of the region's states, while also contributing to international and particularly European

¹⁹ Starr, “Kazakhstan's Security Strategy: A Model for Central Asia?” p.8.

energy security. The fact that large U.S. corporations took leading roles in Caspian energy development obviously played an important role as well.

While much of the interest of energy multinationals centered on Azerbaijan, Kazakhstan has considerably larger reserves of oil and gas than its Western neighbor across the Caspian. But the energy development of Azerbaijan and Kazakhstan has always been linked: for Kazakhstan, Azerbaijan is a major transit route for its oil exports. For Azerbaijan, Kazakh oil was an important factor in making its own pipeline infrastructure to carry oil to Western markets economically feasible. And for the United States, the link across the Caspian was the backbone of the East-West corridor U.S. policy-makers envisaged connecting Central Asia with Turkey and Europe.

Oil is not an ordinary commodity, and Kazakh leaders knew well the risks involved with an economy dependent on natural resources. In 1997, in an address to the nation, President Nazarbayev made this clear:

World experience shows that many countries with natural resources were not able to dispose of them properly and never came out of poverty. The East Asian countries, poor in natural resources, have demonstrated the most dynamic development.²⁰

As will be seen, Kazakhstan sought to avoid the proverbial “resource curse” by establishing a sovereign wealth fund to manage hydrocarbon incomes, while investing windfall revenues into long-term development goals including large-scale education projects.

The 1990s were a busy period that culminated in the conclusion of a number of energy projects in Kazakhstan. Kazakhstan’s energy reserves

²⁰ Quoted in Ariel Cohen, *Kazakhstan: The Road to Independence*, Washington: Central Asia-Caucasus Institute, 2009, p. 117.

are significant, but pale in comparison to those of the Persian Gulf or, say, Venezuela. But they still attracted intense attention of multinational corporations. The reason was simple: the overwhelming majority of world oil at the time was owned and operated by governments, mostly through state-owned oil companies. Middle Eastern states had moved toward the nationalization of oil in the 1970s, as did Venezuela.

For oil companies seeking to grow, or just to replace depleting assets, the options were precious few. Kazakhstan, alongside Azerbaijan, was among the very few countries where oil majors were able to conclude production sharing agreements whereby they came to control part of the reserves, rather than functioning only in a capacity of subcontracting to government-owned corporations. While Kazakhstan welcomed foreign investors in the oil and gas sector, it also ensured it remained a stakeholder in large energy projects through the state-owned Kazmunaygas corporation. Even in the former Soviet context, however, the Caspian states have stood out compared to Russia. Following the rise to power of Vladimir Putin, Russia moved toward the nationalization of energy projects, through the takeover of the assets of Yukos and (in part) of Royal Dutch Shell in the mid-2000s. As will be seen, Kazakhstan sought to renegotiate terms of the troubled Kashagan project in the late 2000s, but like Azerbaijan, it has largely respected the sanctity of contracts and thus remained an appealing destination for foreign direct investment.

In April 1993, the Kazakhstani government and Chevron finalized their agreement on the development of the Tengiz field, with recoverable reserves estimated at 6-9 billion barrels. This was a major deal, which also involved ExxonMobil in a more limited capacity, implying that with the exception of a small Russian stake in the project, Tengiz was a keystone Kazakh-American cooperative project. This was followed by the

agreement to develop the Karachaganak field in 1997. In contrast to Tengiz, Karachaganak was largely a Kazakh-European affair. While Chevron has an 18 percent stake in the project, it is led by Italy's ENI and British Gas (later acquired by Royal Dutch Shell) as operators. Karachaganak's Phase II began producing oil in 2004. Last but not least among Kazakhstan's oil projects is Kashagan which, unlike Tengiz and Karachaganak, is offshore and a new discovery rather than a revamped Soviet-era field. When discovered in 2000, Kashagan was the largest discovery in the world for nearly three decades, with recoverable reserves estimated at 13 billion barrels. While exploration began in 1993, the project has been marred by significant delays and controversy, leading to a restructuring of the consortium in 2007, and the delay of production until 2016. Mobil (now ExxonMobil) is the sole American company involved in Kashagan, which is operated by ENI.

Kazakhstan's problem was in bringing its oil resources to market. At independence, its only pipelines led north to Russia. Both the Kazakh government and the United States sought to diversify Kazakhstan's energy export options, in order to reduce the country's dependence on a single country for the export of its most valuable commodity. But while Kazakh and American perspectives overlapped, they were not identical. Kazakhstan was open to a number of directions for the diversification of energy exports, including China and Iran alongside westward transit across the Caspian Sea and Azerbaijan. The United States, by contrast, strongly opposed the Iranian option, was lukewarm to indifferent regarding China, while ardently promoting the export option across the Caspian and the South Caucasus.

It is important to note that the United States did not oppose Kazakh oil exports through Russia. Quite to the contrary, the U.S. government supported the construction of a pipeline linking northwestern

Kazakhstan to the Russian Black Sea port of Novorossiysk. This project, whose stakeholders included the Russian and Kazakh governments, as well as shareholders in the Tengiz field, had been promoted by Chevron's Richard Matzke. It resulted in a pipeline that was operational by 2001. Since then, the Caspian Pipeline Consortium (CPC) Pipeline has been an important element in Kazakhstan's oil export infrastructure, carrying oil not only from the Tengiz field but from Karachaganak and Kashagan as well.

The United States' support for the CPC Pipeline project indicates that while American policy was not anti-Russian, it was decidedly anti-monopolistic. CPC was one of three key infrastructure projects promoted by the U.S. Government; the other two were the Baku-Tbilisi-Ceyhan (BTC) pipeline and the Trans-Caspian pipeline project. The latter, which was planned as a gas pipeline connecting Turkmenistan to Azerbaijan, has yet to come to fruition. The BTC pipeline, by contrast, was among the most visible successes of U.S. policy in the region.²¹ From the U.S. point of view the BTC pipeline served the purpose of bringing Caspian oil to markets while eschewing dependence on either Russia or Iran. It would connect the western shores of the Caspian through Georgia to the Turkish Mediterranean coast; and by doing so, would provide strong incentives for east Caspian producers, chiefly Kazakhstan, to use the pipeline for additional oil exports.

This matter was a delicate one for Kazakhstan, because the Russian government saw the BTC pipeline as a political project designed to reduce Russia's influence over Central Asia and the Caucasus. In spite of this opposition, President Nazarbayev viewed the project as being

²¹ See S. Frederick Starr and Svante E. Cornell, eds., *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, Washington: Central Asia-Caucasus Institute, 2005.
(https://www.silkroadstudies.org/resources/pdf/Monographs/2005_01_MONO_Starr-Cornell_BTC-Pipeline.pdf)

aligned with Kazakhstan's national interest. As a result, he lent his government's support to the initiative. In 1998 President Nazarbayev, along with his Turkish, Azerbaijani, Georgian and Uzbek counterparts, signed the Ankara declaration supporting the pipeline. In 1999 he was a signatory to the Istanbul Declaration, signed on the sidelines of that year's OSCE summit in Istanbul, with U.S. President Bill Clinton in attendance. Kazakhstan's steadfast support for the project culminated in President Nazarbayev's presence at the pipeline's opening in Baku in May 2005. This enabled producers to ship Kazakhstani oil to Western markets by barge connecting to the BTC pipeline at Baku. This proved a more economic solution than the previous practice, whereby Kazakhstan would ship oil to Baku for transport by railroad to the Georgian port city of Batumi.

Kazakhstan did not look only westward, however. While U.S. pressure led Kazakhstan to abandon the idea of significant oil exports toward Iran, Kazakh leaders saw great potential in their large, energy-hungry eastern neighbor. In 1997, Kazakhstan and China agreed to build a pipeline linking Western Kazakhstan to China's Xinjiang province. The Atasu-Alashankou pipeline was completed in 2005, marking the creation of the first direct pipeline bringing oil into China. This would be followed in 2009 by the Central Asia-China gas pipeline, linking Turkmenistan's gas fields to China via Kazakhstan and Uzbekistan. For Kazakhstan, the balancing of westward energy exports with exports to China provided a key step towards the country's overall independence, while also building strategic ties with China.

From an American perspective, China's growing role in Central Asian energy had advantages as well as drawbacks. While Chinese imports made the construction of Trans-Caspian pipeline less appealing, it paralleled America's own role in supporting the diversification of energy

export routes from Central Asia, thereby contributing to the development of a more independent region. In this sense, American and Chinese interests in the region were aligned.

Domestic Reforms and the Coordination of U.S. policy

U.S. policy toward the former Soviet Union stands out in comparison to its posture in other world areas. As enshrined in the Freedom Support Act of 1992, support for democratic forms of government was from the outset a guiding principle for U.S. policy toward, and assistance to, post-Soviet countries. This reflected a peculiar western conviction of the era, which scholars have termed the “transition paradigm.” As Thomas Carothers explains, its core assumption was that “any country moving *away* from dictatorial rule can be considered a country in transition *toward* democracy.”²² It assumed that underlying conditions – whether economic, political, or institutional – “will not be major factors in ... the transition process.”

This thinking derived from the experience of democratic transitions in southern Europe and Latin America, which were built on coherent and functioning states. Yet, as Carothers puts it, this line of thinking “did not give significant attention to the challenge of a society trying to democratize while it is grappling with the reality of building a state from scratch or coping with an existent but largely nonfunctional state.”²³ The latter conditions, of course, were precisely the ones that prevailed during the formation of such newly independent states as Kazakhstan. However, the Freedom Support Act did not treat “democratization” as something embedded in a series of social, economic, institutional and political conditions, each of which had to advance before democracy

²² Thomas Carothers, “The End of the Transition Paradigm,” *Journal of Democracy*, vol. 13 no. 1, 2002, pp. 5-21.

²³ Carothers, p. 8.

could flower. Instead, it appeared to view it as a close relative of the “human rights” that U.S. leaders assumed would flower naturally once the Soviet system was dismantled.

It is now clear that this assumption was erroneous. Democratic transitions have only proved sustainable in countries that had had a previous existence as independent states, where indigenous democratic traditions existed, and where massive Western support was present, as well as the prospect of membership in the EU and NATO. Even then, the recent controversies over backlashes against the new institutions in Central Europe show the inherent difficulties in building and consolidating democratic government.

In the 1990s and early 2000s, however, the prevailing U.S. expectation was for Kazakhstan, and all Central Asian states, to evolve in a manner similar to, say, Estonia, although possibly at a slower pace. Across Central Asia, however, the analyses made by leaders were quite different. It was not lost on regional observers that the four states of Central Asia and the South Caucasus that had engaged in liberalization processes during the transition to independence (Armenia, Azerbaijan, Georgia and Tajikistan) all ended up experiencing armed conflict. In Russia, too, the democratic transition soon turned sour as President Yeltsin used military force to subdue a recalcitrant parliament in 1993. Everywhere, the transition from communism to a market economy was accompanied by substantial dislocations and dramatic reductions of GDP that spurred popular resentment and unrest.

In Kazakhstan itself, the Constitution passed by the Supreme Soviet in 1993, provided for a relatively powerful role for parliament compared to the presidency. Meanwhile, the country saw the rise of ethnic nationalist movements among both Kazakhs and Slavs – with growing controversies over both the past and present. This forced the government to walk the

fine line between maintaining inter-ethnic harmony while making enough concessions to the Russian minority to strengthen the attachment of its members to the new state of Kazakhstan. This became particularly acute following the strong showing of nationalist firebrand Zhirinovskiy in the Russian elections of December 1993, which not only gave him a platform to demand the annexation of parts of Kazakhstan, but also pushed the Russian government to adopt increasingly nationalist positions, for example, the provision of dual citizenship to ethnic Russians in Central Asia.

At the same time, the government needed to respond also to the pent-up demands of Kazakhs to be in control of their homeland. As Nazarbayev remarked when passing a language law that made Kazakh the national language, Kazakhs had been 90 percent of the population in the early twentieth century, but were only 30 percent in by the 1950s as a result of the mass starvation and forced collectivization in the early 1930s and the mass in-migration of Slavs during the 1960s. Elsewhere in the Soviet Union far less traumatic grievances than these had led to ethnopolitical violence. This meant that Kazakhstan's leaders faced the delicate challenge of simultaneously managing the rise of Kazakh nationalism and accommodating the frustrations of local Slavs.

As a result, the leadership of Kazakhstan adopted a model of political and economic development of its own that differed from the one envisaged by the United States. While performing as a leading economic liberalizer, Kazakhstan adopted a top-down approach to state-building and an evolutionary approach that put economic reform before political reform. This model emphasizes evolutionary progress, organic development through a political process based on national consensus, rather than an immediate transition to European-style democracy with

pluralistic and ideologically competitive political processes where reforms emerge out of ideological and group competition.

As will be seen in a subsequent chapter, Kazakhstan has more recently come to feel secure enough to embark on political reform as well. In the 1990s, however, the question of political reform was an important element of the U.S.-Kazakhstan dialogue, culminating with the adoption of the Freedom Agenda in the early 2000s. Before the divergence of U.S. and Kazakh perspectives on these issues, their relationship advanced relatively well. Kazakhstan was among four post-Soviet states with which the U.S. created a binational commission to further the bilateral relationship. This commission, termed the “Gore-Nazarbayev Commission”, was chaired by President Nazarbayev and Vice President Gore, and covered a number of areas, including the development of democracy in Kazakhstan. During President Nazarbayev’s second visit to Washington in early 1994, he and President Clinton signed a “Charter on Democratic Partnership.” This Charter was envisaged as the long-term basis for the U.S.-Kazakh relationship.

While its title reflected a focus on democratic governance, the implementation of the Charter focused largely on cooperation in science and defense, business development, and environmental issues. As a result, an ambiguity was present from the start: the U.S. viewed its cooperation with Kazakhstan within the framework of a cooperation among existing or aspiring democracies, while Kazakhstan stressed cooperation in a range of areas, other than the development of participatory institutions.

A first disagreement took place in 1995. When Kazakhstan’s Constitutional Court dissolved parliament, a new constitution entered into force that reflected the leadership’s emphasis on a strong executive capable of implementing far-reaching economic reform and maintaining

social stability. Moreover, the Assembly of Peoples of Kazakhstan announced a referendum the same year to extend President Nazarbayev's authority until 2000, thus doing away with the presidential elections scheduled for 1996. While the referendum was approved by over 90 percent of voters, the U.S. considered the move to be step back from the process of democratization. This led to what one observer termed a "cooling period" in the relationship between the two capitols.²⁴ But in 1997, following the Clinton Administration's renewed strategic focus on the region, the relationship once again flowered. First Lady Hillary Clinton traveled to Kazakhstan that fall, followed a week later by another official visit by President Nazarbayev to Washington. By this time, the focus of the relationship had moved from democracy to economic, energy and security issues.

The period 1995-97 was illustrative for a pattern in U.S. relations with Kazakhstan and the region more broadly: the U.S. never succeeded in correlating the promotion of democracy with its other interests in the partnership – be they in the field of nuclear weapons, trade promotion, energy security, defense, or security. When the U.S. prioritized other areas in the relationship, its criticism over issues of democracy and human rights would subside. This pattern would be repeated during the Bush administration. Following 9/11, U.S. policy squarely emphasized security and counter-terrorism. Once the Taliban had been defeated, however, it gradually shifted, culminating in the Freedom Agenda in 2004. While these shifts of emphasis may not have been clear to the Americans, they undermined the credibility of U.S. demands for democratic development in the eyes of Central Asians. Though they adapted as necessary to America's changing moods, Kazakhstan and its

²⁴ Murat Laumulin, "Kazakhstan and the West: Relations During the 1990s in Retrospect," *Central Asia & Caucasus*, no. 2, 2000. https://www.ca-c.org/online/2000/journal_eng/eng02_2000/05.laum.shtml

neighbors largely stuck to the model of development they deemed appropriate at the time.

The Development of Strategic Partnership

The development of bilateral security cooperation with the newly independent states was not an immediate U.S. priority. Only during the second half of the 1990s would it become a key area of the relationship. On this issue Kazakhstan was unique because in one sense its security relationship with the United States predated the Soviet breakup. America's concern to secure Kazakhstan's nuclear arsenal (along with those of Belarus and Ukraine) caused it to enter into early discussion with Kazakhstan's leaders over the possible renunciation of the nuclear weapons on their territory. As noted in the previous chapter, this issue led to direct contacts in the autumn of 1991 that became the foundation for U.S.-Kazakhstan relations, and led also to Washington's recognition of President Nazarbayev as an international statesman.

From the outset, President Nazarbayev sought to maximize Kazakhstan's interests. We have seen how he successfully argued for transforming the Strategic Arms Reduction Treaty (START) from a bilateral to a multilateral format. Whereas both Moscow and Washington initially preferred to keep bilateral, it became instead an agreement that gave equal status to Kazakhstan, Belarus and Ukraine.²⁵ In order to commit to full nuclear disarmament, Kazakhstan extracted important security assurances from both Washington and Moscow.

Security cooperation advanced in 1993 when President Nazarbayev and Vice President Gore signed an agreement to dismantle the SS-18 missiles and their silos on Kazakhstan's territory. By 1994 Kazakhstan concluded

²⁵ Joseph Fitchett, "Ex-Republics as START Signatories: Move Over, Superpowers," *International Herald Tribune*, May 20, 1992,

it had achieved as much as was feasible in terms of security assurances, and committed to join the Non-Proliferation Treaty as a nuclear power. This followed a period of negotiations, during which Kazakhstan made the point that it was a *de facto* nuclear state that sought to transition toward a status of a non-nuclear one.

The assurances received came in the form of the Budapest memorandums, through which three nuclear powers – Russia, the United Kingdom and United States – reaffirmed their commitment to Kazakhstan’s independence, sovereignty, and territorial integrity. France and China issued separate, more vaguely worded statements. Recent violations of Ukraine’s territorial integrity have called into question the value of such assurances, given that Ukraine received the same assurances as Kazakhstan. Still, at the time, they constituted a multilateral format in which both Russia and the United States formally recognized Kazakhstan’s sovereignty and territorial integrity. Given the domestic debates in Russia regarding the so-called “near abroad” at the time, this was no small achievement for Kazakhstan.

By 1995, nuclear warheads were removed from Kazakhstan to Russia, while the United States, in a secretive operation termed project Sapphire, removed over 1,300 pounds of highly enriched uranium from Kazakhstan. By 2000, Kazakhstan had secured the nuclear test site at Semipalatinsk as well. A key instrument for U.S. policy in this regard was the Nunn-Lugar Act, also known as the Cooperative Threat Reduction Program. Nunn-Lugar proved particularly important for Kazakhstan because, unlike Belarus and Ukraine, Kazakhstan had been a nuclear testing site and therefore had on its territory not only warheads that could be easily transported but also large amounts of unused nuclear weapons material. It took Kazakh, American and Russian scientists

seventeen years to entomb a “plutonium mountain” at the Semipalatinsk test site and make its nuclear material inaccessible to scavengers.²⁶

Through a number of initiatives, including mediation efforts in the Iranian nuclear issue, Kazakhstan has continued to pay close attention to nuclear issues. Still, after the mid-1990s, the bilateral security relationship turned to other issues, not least because of the success of cooperation in the nuclear field. That said, Kazakhstan and President Nazarbayev continued to benefit from the good will generated during earlier phase, as senior U.S. officials became aware of Kazakhstan’s contribution to international security.

The next phase of the security relationship consisted of the development of military-to-military relations, which included bilateral ties as well as Kazakhstan’s participation in NATO’s Partnership for Peace. Following the Soviet collapse, strategic planners at the U.S. Department of Defense took note of the opportunities that emerged from the creation of independent states in the Eurasian heartland, where the U.S. had previously been unable to establish a presence. It seemed natural for the Department to establish fruitful relations with the new Central Asian states, and to seek a role in building their military forces. NATO’s Partnership for Peace (PFP) played a critical though often underestimated role. East European states derided PFP as a bad substitute for full NATO membership, while Russia dismissed it as a symbolic move devoid of content. But to Central Asian states, it built closer cooperation with Western militaries, and has played an important role in the training and education of countless regional officers, as well as providing a platform

²⁶ David Frum, “The Bombs that Never Went Off,” *The Atlantic*, March 27, 2021. (<https://www.theatlantic.com/ideas/archive/2021/03/the-quiet-end-of-kazakhstans-denuclearization-program/618424/>)

for exercises that have forged bonds between western and regional militaries.

Kazakhstan joined PFP on its creation in 1994. That same year, the U.S. and Kazakhstan signed a bilateral Defense Cooperation Agreement, which was expanded the following year to encompass cooperation in nuclear security and defense conversion.²⁷

The U.S. and NATO also strongly promoted military cooperation among the Central Asian states. This fully aligned with the priorities at a time when Kazakhstan, Uzbekistan and Kyrgyzstan were creating a Central Asian Union. Within this framework, they created a joint peacekeeping unit in 1995 that received enthusiastic support from the U.S. Central Command. This initiative also formed the cornerstone for the Central Asia Battalion's CENTRASBAT exercises, held from 1997 onward. That year, U.S. and Central Asian forces completed the longest airborne operation in history, starting from a Louisiana air base and deploying 7,700 miles away in Central Asia. Similar exercises would be held on a yearly basis, always inviting representatives from Turkey, Russia, and South Caucasus countries. These exercises became a symbolic representation of U.S. security interest in Central Asia, and the region's positive role in PFP.

Incursion into the Ferghana Valley by terrorists from the Islamic Movement of Uzbekistan in 1999 and 2000s raised concerns over the domestic politics of the entire region. Certain academics and NGO representatives in Washington blamed religious radicalism on the weakness of democratic institutions in the region. Little evidence was advanced to support this claim, and subsequent research on the causes

²⁷ Richard Giragosian and Roger McDermott, "U.S. Military Engagement in Central Asia: 'Great Game' or 'Great Gain'?", *Central Asia and Caucasus*, no. 7, 2004. (https://www.cac.org/journal/2004/journal_eng/cac-01/07.gireng.shtml)

of extremism have failed to substantiate such arguments.²⁸ Still, the belief in a causal link between “repression” and “radicalization” would find its way into U.S. foreign policy.

Following the 9/11 terror attacks, NATO further intensified its engagement with Central Asia. At the 2004 NATO summit in Istanbul, relations with Central Asia and the South Caucasus were embraced as a priority of the alliance. Kazakhstan became the first Central Asian state to take advantage of NATO’s Individual Partnership Action Plan (IPAP) program. This agreement, concluded in 2006, provided for intensified NATO assistance in security sector reform and improved interoperability of armed forces.²⁹

From 9/11 to the Freedom Agenda: The End of an Era

The initial U.S. response to the 9/11 attacks intensified America’s already growing attention to Central Asia. Kazakhstan was an important element in the NATO war effort because it offered land and air routes to and from Afghanistan. However the U.S. did not require military bases in Kazakhstan, nor did Astana volunteer any. As will be seen in the next chapter, this would later prove beneficial as U.S. bases in Kyrgyzstan and Uzbekistan became contentious issues in both countries.

In the long run, two factors led to a temporary pause in the otherwise intensified relationship between the U.S. and Central Asia: the Iraq War and America’s “Freedom Agenda.”

²⁸ “Central Asia: Where Did Islamic Radicalization Go?” in *Religion, Conflict and Stability in the former Soviet Union*, eds. Katya Migacheva and Bryan Frederick, RAND Corporation, 2018.

²⁹ Asiya Kuzembayeva, “NATO-Kazakhstan Cooperation within the Partnership for Peace Programme: Lessons and Perspectives of Further Development”, *ҚазҰУ хабаршысы. Халықаралық қатынастар және халықаралық құқық сериясы*. No. 4, 2014. (<https://bulletin-ir-law.kaznu.kz/index.php/1-mo/article/download/602/597>)

In 2003 the U.S. invaded Iraq and rapidly deposed long-time American foe Saddam Hussein. Kazakhstani troops were deployed in Iraq following that invasion. But as the Iraq situation deteriorated subsequently, both America's attention and resources shifted from Central Asia and Afghanistan to the Middle East. As U.S. policy-makers became preoccupied with salvaging the situation in Iraq, their focus on both Central Asia and Afghanistan weakened. U.S. aid budgets for Central Asian states were slashed as assistance was redirected toward Iraq. Subsequent confusion over the extent of the U.S.'s commitment to Afghanistan would create further tensions between the U.S. and Central Asian leaders.

Meanwhile, the theory of a causal link between repression and radicalization gained wide acceptance in U.S. political circles following 9/11. While Vice President Dick Cheney and Secretary of Defense Rumsfeld seemed skeptical to this theory, it found a strong supporter in Condoleezza Rice, who served first as National Security Advisor and later as Secretary of State to President George W. Bush. Most importantly, it appears that President Bush himself adopted this line of thinking, particularly toward the end of his first term in office.

The beginning of Bush's second term coincided with the so-called "color revolutions" that swept several post-Soviet states from 2003 to 2005. These upheavals were largely the result of popular dissatisfaction with weak and corrupt governments in Georgia, Ukraine and Kyrgyzstan. But leading American officials and experts embraced these upheavals, portraying them as long-awaited democratic revolts against long-serving but repressive leaders. Matters were made worse when Michael Stone, head of the U.S.-supported NGO Freedom House in Bishkek, announced

“mission accomplished” when President Askar Akayev was overthrown.³⁰

Officials across the region feared that the U.S. was systematically working to stir up popular revolts against national leaders. Such fears were actively fanned by conspiracy theories spread by U.S. adversaries, and the U.S. government did little to counter their spread or to reassure regional leaders. Indeed, the Bush Administration openly embraced the building of democracy in its new “Freedom Agenda.” While mainly focused on the Middle East, it pertained to Central Asia as well. This initiative held that stability and the eradication of terrorism required a rapid transition to democracy. The invasion of Iraq was defined as the starting point of this broader agenda, and that the creation of a democratic island in the Middle East would contribute to democratic transformation to other countries there. Similarly, it was believed that democratic upheavals in Georgia, Ukraine and Kyrgyzstan would also have ripple effects and lead to democratic transitions in neighboring countries.

This line of thinking, so much at odds with long-standing U.S. policy, turned out to be built on faulty assumptions. Iraq did not develop into a democracy but into chaos, and Georgia, Ukraine and Kyrgyzstan all experienced anti-democratic backlashes. Within Kazakhstan, the Freedom Agenda fundamentally contradicted the strongly held belief of the country’s elite: that the best and most successful path forward would be through gradual and evolutionary reform, and that revolutionary change would bring only instability and retrogression.

The Freedom Agenda negatively impacted America’s relations with other regional states, notably Uzbekistan and Azerbaijan, where both

³⁰ Gerald Sussman, *Branding Democracy: U.S. Regime Change in Post-Soviet Eastern Europe*, New York: Peter Lang, 2010, p. 172.

presidents Islam Karimov and Ilham Aliyev suspected the United States sought to overthrow their governments. Kazakhstan's reaction to the Freedom Agenda was more measured, and did not result in a deterioration of relations. Still, it led Kazakhstan to reassess its relationship with the United States and to assume a more cautious posture with respect to Washington.