

GEOPOLITICS OF INTERDEPENDENCE BETWEEN KAZAKHSTAN AND OTHER CIS COUNTRIES (*Conceptual Aspect of Interaction*)

Gulnar RINGROSE

*Ph.D. (Geogr.), independent expert
(Almaty, Kazakhstan)*

Geopolitical Background

The current geopolitical situation that determines the key aspects of Kazakhstan's socioeconomic development has a distinctly regional character. In the context of global development trends, the economic and political importance of Central Asia depends on two groups of factors: its geographical proximity to such great powers as Russia and China, and its abundant natural resources, especially oil, gas and nonferrous metals. These groups of factors, for their part, are made up of numerous constituents, which are closely intertwined and are in a state of dynamic imbalance.

The geostrategic interest taken by leading countries of the world in the economy of the Republic of Kazakhstan is due precisely to its resource potential and specific geopolitical position. The mineral resource base of Kazakhstan, just as of all other FSU republics, was formed with due regard for the needs of the U.S.S.R. as a closed economic space, while the deployment of consumers of mineral resources was dictated by the principles of large-scale integration, which was often conducive to highly efficient use of the all-Union mineral potential. For example, major titanium and zirconium deposits in Ukraine provided all the necessary raw materials for three titanium-magnesium integrated works located in different parts of the U.S.S.R.: Zaporozhye (Ukraine), Berezniki (R.S.F.S.R.) and Ust-Kamenogorsk (Kazakhstan), and also resolved all the problems in providing Soviet plants with zircon. The unique deposits of magnetic iron ore in Northern Kazakhstan supplied raw materials for steel mills in the Urals and Western Siberia, and the creation of the U.S.S.R.'s largest mineral resource base for the production of bauxites, also in Northern Kazakhstan, ensured the steady operation of the country's aluminum subindustry.¹ Today Kazakhstan's major geopolitical partners—Russia, U.S.A., PRC and Britain—are attracted by its abundant mineral and agricultural resources, and also by its advantageous geostrategic position in Central Asia at the junction of transportation routes running to Russia and China. In addition, this factor helps Kazakhstan to take a regional lead in developing economic transformation processes.²

The geo-economic and geopolitical advantages of our state—its location in the center of Eurasia at the intersection of the shortest transcontinental transportation and communication routes—are of interest to large foreign companies and transnational corporations, giving the republic a chance to turn transit through its territory into a key revenue item of the state budget. This advantage also enables the country to attract foreign investment for the development of its transport and communication complex on sufficiently favorable terms. As history would have it, virtually all domestic, interregional and oth-

¹ See: S.Zh. Daukeev, "Mineral'no-syrievye resursy Kazakhstana: vozmozhnosti nauchno-tehnicheskogo razvitiia. Voprosy kompleksnoi pererabotki syria Kazakhstana," *Trudy pervoi mezhdunarodnoi konferentsii*, Almaty, 2003, p. 457.

² See: S.S. Satubaldin, *Aziatski krizis: prichiny i uroki*, AO Sak, Almaty, 2000, p. 680.

er international routes running across the country coincide with each other, forming a favorable pattern of territorial transit arteries. That is why the establishment of international transportation corridors will help to develop the republic's internal transportation system, so that investment in this infrastructure will not lead to an imbalance between the state's internal and external interests. In this respect, it is particularly important today to formulate a correct strategy in relations with Russia, China, Kyrgyzstan and Uzbekistan.

Consequently, the development of optimal transportation routes of international importance is a major aspect of effective management of Kazakhstan's transport and communication complex, and it can and must be used to realize the advantages of the republic's geopolitical position as a transit territory between Europe and Asia. This implies the maximum use of the potential of the country's geo-economic position (GEP) at macro, meso and micro levels.

Kazakhstan's macro position depends on its extreme remoteness from the leading centers of the world economy. For example, the countries of the European Union lie three thousand kilometers away from the republic's western borders, and some of its major geopolitical partners, such as Britain, the U.S.A. and Japan, lie more than six thousand kilometers away.

The republic's meso position is characterized by its common borders with other CIS republics and China and its relative proximity to the countries of the Middle East. The development of relations between these groups of countries determines the proportions and scale of economic development in Kazakhstan, and also the republic's place in the international territorial division of labor within the framework of Eurasia in accordance with its natural and economic potential. Needless to say, these are only prerequisites of GEP, which either can or cannot be used in the process of economic reform. This means that the country's territorial-production structure should become a part and not an appendage of the potentially huge economic system that will sooner or later take shape in the territory of Eurasia. Despite the formation and development of the republic's national economic complex as part of the U.S.S.R.'s single economic space, GEP was regarded as a dynamic system of multi-aspect and multi-scale spatial relations with foreign countries that depended on structural changes both within and outside the republic. But in Soviet times this system could not utilize the aforesaid advantages of macro or meso position, since Kazakhstan was not an agent of the world economy, while its economic relations with neighboring countries were distorted by ideological tenets and by the peculiarities of central planning.

Meanwhile, use of the opportunities offered by Kazakhstan's microeconomic position relative to Uzbekistan, Kyrgyzstan and China has been and remains the basis of its interregional cooperation. In this light, it is important to assess, among other things, the specific features of the republic's land and sea borders.

Kazakhstan's maritime boundary begins on the Caspian, not far away from the Volga delta, on the border with Russia; it runs along the southern part of the Atyrau and the western part of the Mangistau regions of Kazakhstan, and then comes close to the shores of the bay of Kara Bogaz Gol (now Turkmenbashi) lying in the territory of Turkmenistan. Its total length is 1,730 km. The main port here is Atyrau, which is a busy junction for sea, river, rail and automobile routes and oil pipelines. In effect, it is a combined sea and river port. In addition, links with Azerbaijan, the Northern Caucasus, the Lower Volga Region and Turkmenistan are effected through the ports of Bautino, Aktau and Eraliev, which are gradually assuming the character and status of international ports. In the structure of economic relations between the countries of the Caspian basin, the main focus is on oil and oil products, building materials, timber, fish, machinery and equipment. However, things have been changing. More active foreign economic relations with Caspian countries and via the Volga with other states will enhance the status and increase the geopolitical importance of the Atyrau commercial seaport, necessitating its significant expansion and renovation.

So, an analysis of the republic's geopolitical priorities should start from the assumption that the conceptual interaction vector should be directed so as to bring out and explore the possibilities for active use of the factors of Kazakhstan's physiographic and socioeconomic environment (and reasonable influence on it) in the interests of the state's military, economic and environmental security.

Geopolitical Traits

In 1991, Kazakhstan and all the other CIS republics were faced with the challenge of national self-determination, with the need to assert their independent statehood and to find their bearings in the geopolitical environment. At the same time, the breakup of the single sociocultural space, the disruption of the well-established system of production links, and the transitional condition of the newly formed mechanisms of interaction between states led to an aggravation of some geopolitical and geo-economic problems.

After the collapse of the U.S.S.R., the FSU countries were plunged into a systemic crisis, which clearly manifested the need for closer political and economic ties between them. This need derived from the necessary demolition of the rigid political structures that constituted the basis of Soviet statehood. The Soviet Union fell apart within a record time, and it was in the interests of the newly independent states not only to dismantle the totalitarian system, but also to rule out the possibility of its restoration. Clearly, even today Kazakhstan (like many other CIS countries) still has inadequate experience of independent statehood. This is due to a number of factors: the republic's "truncated" economy resulting from the disintegration of the single national economic complex; lack of long-term practical experience of regional interaction, including bilateral relations between sovereign republics in Central Asia; and a slackening of control over socioeconomic, political, sociocultural and psychological ties in every CIS state.

At the first stage of the CIS countries' independent development, the idea was to pattern their future economic interaction on the model developed and time-tested in the European Union. But proper implementation of this model was prevented by two delusive circumstances. The first was that the economic "transparency" of interrepublican borders was retained for some time after the breakup of the U.S.S.R., while the single currency (the old Soviet ruble) continued to operate until the fall of 1993. Hence the paradoxical situation: it appeared that the main components of an economic union, which the EU countries had accumulated for almost four decades, existed with the framework of the CIS from the very beginning. Consequently, the task appeared to be as follows: to complete the construction of the "lower floors" of the integration building (to create a customs union and a single capital market) while retaining and strengthening its existing "roof." The second circumstance was as follows: the prevailing view at the time was that the overall situation in the CIS was much more favorable than in the EU, whose members prior to their unification had been independent states with their own economic, legal and institutional peculiarities. The situation in the CIS appeared to be fundamentally different: all its countries were identical, because their national economies had only recently been a single whole and were well-adjusted to each other. In other words, the states of Western Europe had to feel their way ahead, moving forward by trial and error, whereas the CIS republics already knew where to go and would make rapid progress along the road paved in Soviet times.

However, for objective reasons the "transparency" of interrepublican borders evaporated very quickly. The different pace of reform in the national economies of the CIS countries led to a different degree of liberalization of their domestic prices, resulting in significant differences in price levels. This triggered a flight of goods, including vital resources, from countries with relatively low domestic prices to countries where prices were higher. The outflow of material resources caused by the abolition of the state monopoly on foreign trade was also very tangible. Raw materials, fuel and metals streamed out to Far Abroad (non-CIS) countries, that is, to the world market, where they could be sold at a higher price for hard currency. Such outflows often passed through the customs territory of other CIS countries. All of that compelled Russia and the other Commonwealth states to introduce tight tariff and quota restrictions on exports and to establish frontier customs houses.

Yet another problem appeared with the erosion of the single currency area. Even while the Soviet ruble remained the single means of payment in the CIS zone, the independent national banks of the Commonwealth states were enabled to issue book money without control and to use this money to settle accounts with each other and especially with Russia, which accounted for up to 80% of the foreign trade of

most of these states. As a result, Russia was flooded with depreciated money, which fueled the country's galloping inflation still further. Russia was obliged to introduce its own currency and to pursue a tight credit policy toward the other CIS countries. Each of these countries, for their part, introduced its own national currency.

One of the main problems facing Kazakhstan, like all the other CIS countries, is to strengthen state sovereignty and to harmonize ethnic relations. The existing ethnic problems of national minorities in our republic (Uighurs, Kurds, Dungans and others) require close attention. The ethnopolitical phenomenon has assumed great importance as one of the key phenomena in the post-Soviet space at interstate, internal political and geopolitical levels. The prospects for an advance toward economic integration within the Commonwealth depend on each member state's readiness to give up part of its sovereignty, since their real integration will only be possible if they bring their geopolitical priorities closer together by curtailing their ethnopolitical aspirations.

A crucial geopolitical question that has arisen since the breakup of the U.S.S.R. is that of political and trade control over vast energy resources, especially in the Caucasus and Central Asia. The substance of the new geopolitical game consists in gaining control over the production of hydrocarbons and over the pipelines that carry oil and gas to Western markets. In this context, the most urgent geopolitical problems facing Kazakhstan today are associated with the exploration, production and transportation of Caspian oil. The presence in this area of such large corporations as Agip KCO, British Gas, Shell and ExxonMobil determines the geostrategic interests of a number of world powers in Kazakhstan. Caspian oil has become the scene of an intense competitive struggle between the U.S.A. and some West European states. In the geopolitical situation around the Caspian region, the U.S.A. is gradually coming to the fore. Its growing role is connected not only with Washington's constant rivalry with Beijing and Moscow in this strategically important region of the world, but also with the natural resources (oil) that turn this region into a strategic one.³ The alternative routes for the transportation of this oil that are currently under discussion (Kazakhstan-Russia, Kazakhstan-Azerbaijan, Western Kazakhstan-Western China, Kazakhstan-Iran-Persian Gulf, Kazakhstan-Turkmenistan-Pakistan) are of geopolitical interest to the leading world powers.

Centripetal and Centrifugal Trends

According to N. Speakman, the state can become a regional organizing center if it has a high integral rating based on 10 key parameters: mineral resources; national spirit; territory and climate; borders; population; ethnic diversity; political stability; social integration level; economic, technological and financial development; and quality of managerial elite. In geopolitical and geo-economic terms, the CIS republics are characterized by a combination of two main processes. On the one hand, the Commonwealth countries are structuring their nation-state interests and, on the other, they have a growing awareness of the legitimacy of economic integration within the CIS framework. This situation implies the need to select priorities. In my view, the advisability of closer economic relations is quite obvious.

Economic integration objectively slows down the advance toward sovereignty, but at the same time it is the "price" one has to pay for economic modernization. In addition, the existence of destabilizing factors becomes dangerous in the conditions of the post-militarist legacy. The newly independent FSU states have inherited the roles they used to play in the days of the U.S.S.R. The specific features of the policy currently pursued by Russia as the geopolitical and geo-economic leader in the Eurasian space (in

³ See: A.A. Aubakirova, *Geopoliticheskie i geograficheskie faktory v formirovanii vneshnepoliticheskoi strategii respubliky Kazakhstan*, Ekonomika, Almaty, 2003, p. 270.

relation to other CIS countries) go back to the period when the construction of national statehood in these countries coincided with the revival of Russian statehood proper, a process which for historical reasons proceeded at a faster pace. This has enabled Russia to overtake the other CIS republics in developing a systems approach to foreign policy and to play the leading role in relations with them. Russia has more dynamic opportunities to exercise economic, communicational, ethnodemographic, military and informational control in the post-Soviet space. Consequently, in the solution of complex problems facing the Commonwealth countries it is Russia's interests that are taken into account in the first place. At the same time, the current geopolitical balance of power induces Russia to look for new ways of ensuring its interests in accordance with its changed role.

The economy of any state "looks" at the external world through the "prism" of its national interests, priorities and foreign economic institutions. The stability of its position in the modern economic world depends on the coherence of three strategic components: the situation in the external sphere, the state of the "prism" and the situation in the national economy.⁴ The record of Kazakhstan's independent development shows that the differing interests of the CIS countries are a secondary factor compared to other, more important tasks. Firstly, these republics have to determine their own priorities within the system of bilateral relations with their Commonwealth partners, and secondly, they have to gear these efforts toward the main goal: systemic resistance to the possibility of reanimating the old "center-periphery" relations. In view of the specific operation of numerous economic, political, social, ethnic and other factors, two opposite trends are at work in the economic space of the CIS: disintegration (centrifugal) and integration (centripetal). The centrifugal trend prevailed in the first three years after the establishment of the Commonwealth and is still evident today. It is connected with the disintegration of the old economic system, including the elimination of central planning and state funding, which came into conflict with the need to form market relations. Kazakhstan, like other CIS states, is both an agent of these changes and is influenced by them. One should note that with the development of this trend the mechanism whereby the Center "funds" the less developed republics (mostly through a flow of capital from Russia) is eliminated, which is ultimately reflected in the main macroeconomic indicators of the CIS countries (see Table 1).

In recent years (especially in 1999-2003), political problems in the CIS have prevailed over economic problems despite their interconnection. This points to the significant influence of geopolitical centers on political processes underway in the Commonwealth states.

In the first half of 2000, an unexpectedly steady economic upturn was already registered in virtually all the CIS countries: their gross domestic product increased by 6% compared to the same period of the preceding year. This growth was promoted by both external and internal factors. Steady demand in Western Europe stimulated an expansion of exports from transition economy countries and pushed up prices for their products, which had a favorable effect on suppliers of primary commodities.

The trend toward economic growth in the Commonwealth countries continued in 2001-2002. In 2002, their gross domestic product increased by 5%, industrial output by 4%, agricultural output by 2%, fixed capital investment by 6%, and retail trade by 10%. GDP growth rates were highest in Azerbaijan, Armenia, Kazakhstan and Tajikistan (9-13%); in Moldova the increase was 7%, and in Belarus, Georgia, Russia, Uzbekistan and Ukraine, 3-5%. In Belarus, such growth rates have been recorded over the past four years, and in Uzbekistan, over the past six years; in Russia and Ukraine, growth has somewhat slowed down compared to 2001 (when their GDP increased by 5% and 9%, respectively) (see Table 2).

The geopolitics of Kazakhstan's interdependence with other CIS countries should be based on the following principles: equality and responsibility; strict compliance with interstate agreements; mutual recognition of the existing state and political institutions of the CIS countries; recognition of territorial integrity and inviolability of borders; renunciation of economic, political and other forms of pressure in

⁴ See: E. Kochetov, *Globalistika. Teoria, metodologia, praktika*, Moscow, 2002, p. 647.

Table 1

**Main Macroeconomic Indicators
(CIS averages)**

	2002 as % of 2001	2001 as % of 2000	2002 as % of 1991
Population	100.2	99.6	98.8
Gross domestic product*	104.8	106.1	75.1
Industrial output	104	107	68
Agricultural output	102	108	75
Fixed capital investment	106	112	40
Freight transportation by transport companies (excluding pipelines)	104	105	26
Passenger transportation by transport companies	99	99.4	77
Retail turnover (through all sales channels)	110	112	97
Paid services (through established sales channels in the CIS countries)	101	103	33

* This and subsequent indicators are given in constant prices.
S o u r c e: Express Report of the CIS Statistical Committee, 2003.

Table 2

**Real GDP Growth
in the CIS Countries**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	Real GDP in 2002 (1993 = 100)
Azerbaijan	-19.7	-11.8	1.3	5.8	10	7.4	11.1	9.9	8.8	62
Armenia	5.4	6.9	5.9	3.3	7.3	3.3	6	9.6	8	74
Belarus	-12.6	-10.4	2.8	11.4	8.4	3.4	5.8	4.1	3	91
Georgia	-11.4	2.4	10.5	10.8	2.9	3	2	4.5	3.5	37
Kazakhstan	-12.6	-8.2	0.5	1.7	-1.9	2.7	9.8	13.2	7.6	84
Kyrgyzstan	-20.1	-5.4	7.1	9.9	2.1	3.7	5.1	5.3	2	71
Moldova	-31.2	-1.4	-5.9	1.6	-6.5	-3.4	2.1	6.1	3.5	37

Table 2 (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	Real GDP in 2002 (1993 = 100)
Russia	-13.5	-4.1	-3.4	0.9	-4.9	5.4	8.3	4.9	4.1	64
Tajikistan	-18.9	-12.5	-4.4	1.7	5.3	3.7	8.3	10.3	7	56
Turkmenistan	-17.3	-7.2	-6.7	-11.3	5	16	17.6	12	13.5	96
Uzbekistan	-4.2	-0.9	1.6	2.5	4.4	4.1	4	4.5	2.5	105
Ukraine	-22.9	-12.2	-10	-3	-1.9	-0.2	5.9	9.1	4.5	46
Total	-14.1	-4.9	-3.4	1	-3.7	4.5	7.9	5.9	4.4	64

S o u r c e: European Bank for Reconstruction and Development, 2002.

interstate relations, etc. In accordance with these principles, the geo-economic horizons of these countries should correspond to their national goals, strategies and tasks projected onto the geo-economic atlas of the world.

Barriers to Economic Integration

From the standpoint of geo-economics, integration and disintegration are effective instruments of the state. Theoretically speaking, these processes are rooted in the problem of behavior of complex systems (communities), in the search for optimal control units, etc. Sluggish integration in the CIS area is in large part due to the indistinctly market character of this process and excessive orientation toward the development of interstate contacts. Current problems of cooperation between producers, trade associations and business companies are often resolved not by the market players involved, but by ministries and departments. However, real integration between market-oriented national economies can develop successfully only based on direct business links between enterprises and organizations in the CIS countries. Cooperation between them can take different forms: production, financial and trade associations of the holding company type, joint ventures, financial and industrial groups, and consortia of enterprises from different countries. A liberalization of the integration process should also help to invigorate contacts between small and medium-sized firms.

There is a danger of domination by Russia as an imperial state. Russia's policy toward the Central Asian countries is of a specific nature. One should note that geopolitically this region is at a disadvantage, because it has no outlets to the sea. Moreover, it is the world's largest continental mass which depends on other states in access to world trade routes. Geostrategically, however, Central Asia lies within the zone of priority interests of the leading world powers. The military potential of its states cannot pose a threat to neighboring countries, and economically this region, at least in the medium term, will remain on the periphery of the world economy: implementation of the plans for socioeconomic and sociopolitical modernization is held back by the lack of an appropriate base. In addition, there are significant differences and contradictions between the Central Asian states themselves in a number of economic and political indicators: competition in the distribution of water resources and attraction of foreign investment, different vectors of political regimes, etc.

The impact of disintegration policy was evident in the erosion of the CIS countries' single customs territory and single currency area (1992-1994) caused by their different levels and development specifics, by the peculiarities of organization and implementation (or non-implementation) of economic reforms. This led to significant differences in price levels in the Commonwealth countries, which encouraged speculation and export of key material resources. A peculiar kind of link between the Western markets, Russia, Kazakhstan and other Central Asian republics was provided by the Baltic states, which were a staging post for uncontrolled export of valuable raw materials, including copper, zinc, lead and other goods from Kazakhstan. These processes also eroded the common currency area based on the free circulation of the old ruble as the single means of payment in the CIS countries.

In the solution of Kazakhstan's geopolitical and geo-economic problems, an important role is played by the process of gradual reintegration, an advance from the current state of mostly bilateral economic relations between the CIS countries to an orderly system of multilateral cooperation and coalescence within the framework of an economic union. But on the way to such a union the FSU states are confronted with a number of medium and long-term obstacles. In the medium term, four barriers are obviously of particular importance.

The first of these is the economic mechanism inherited from the U.S.S.R. As we know, this mechanism was based on rigidly centralized planning from top to bottom, with a concentration of all material and financial resources in the hands of the Center, which was fully empowered to redistribute them among the various regions and industries. The political breakup of the U.S.S.R. occurred at the very beginning of the transition from the command-and-distribution economic model to a market model. That is why the economic space of the former Soviet Union divided among 15 newly independent states was no longer run through a single centralized mechanism, but through a host of smaller, fragmented mechanisms of the same type as the old one. A large part of industry, transport and other infrastructure facilities, and even a certain part of agriculture in the CIS republics remain in state ownership.

The second medium-term obstacle is the massive decline in production characteristic of any transition economy, which was recorded, in particular, in Hungary, Bulgaria, Poland, Slovakia and other countries. In the CIS area, the decline is exacerbated by the disruption of economic ties.

The third obstacle is engendered by the fact that for a number of historical and current political reasons the CIS countries are going over to a market economy model at a different pace. This means that for some time now the post-Soviet economic space has been a patchwork of diverse transitional economic models. But apart from everything else this asynchrony in transition generates an outflow of goods to countries with higher domestic prices. With the introduction of national currencies, this process was spurred by factors connected with different market exchange rates.

The fourth medium-term obstacle is associated with changes in the price structure after the lifting of government price controls. As domestic prices approach world prices, this reveals the irrationality of some interrepublican commodity flows. These have to be reduced, and economic agents are often obliged to look for new partners outside the CIS, which leads to a relative reduction in trade within the Commonwealth. In the future this trend will be maintained by the demand for resource and energy-efficient technologies due to the rise in the prices of energy resources and raw materials, which in the days of the U.S.S.R. were artificially underpriced. In order to purchase such technologies, the CIS countries will have to partly reorient their foreign trade relations toward the West, a process which will indirectly prevent their reintegration for quite a long time. This will continue until a new balanced structure of trade relations takes shape between the Commonwealth countries, with a new country-specific model of international export specialization. For the time being, integration between the CIS countries is proceeding at different speeds (a phenomenon known as multi-speed integration). This has resulted in the establishment of a number of subregional groupings based on different cooperation principles (see Table 3).

Unfortunately, in the years of their existence none of these subregional integration groupings have achieved any tangible successes, while the Commonwealth itself, according to many experts, is about to be abolished, since it has long since turned into a representative and lobbying body for those of its member countries which are still hoping to get something from Moscow. The existence of

Table 3

Agreements between CIS Countries

Organization	Member countries	Year of signing
CIS Economic Union	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan	1994
Eurasian Economic Union	Kazakhstan, Russia, Belarus, Kyrgyzstan, Tajikistan	1995 (Customs Union) 2000 (Eurasian Economic Community)
Central Asian Economic Union	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan	1995
GUUAM	Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova	1996
Agreement on a Common Agrarian Market	Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan	1998

numerous problems in these groupings is due to the fact that they are still in the process of forming institutional, legal, social and political conditions characteristic of the market economy, without which interstate integration cannot develop successfully. Integration processes can take an active turn only if all their participants start performing the obligations they have assumed in the trade and economic sphere.

In view of the technological similarity of production in the CIS countries and transportation links between them going back to the Soviet era, the main line of integration among them should be a high degree of economic interdependence.

Kazakhstan's striving for regional economic integration is an objective and natural process. Along with globalization of the world economy, such integration is an ever more pronounced trend of world development. Economic integration with other countries of the world provides our republic with ample opportunities for resolving a whole complex of economic and social problems. The initial period of independence created an urge to establish an integration union on a fundamentally new basis, and this urge was embodied in the Commonwealth of Independent States. Geopolitical position, historical roots, common borders, abundant natural resources, transportation routes and other communications linking the CIS states—such are the factors that create prerequisites for economic integration, cooperation of industrial production, establishment of joint ventures and interaction in the agroindustrial sector.

Historical Common Features and Peculiarities

In analyzing the geopolitics of Kazakhstan's interdependence with other CIS countries, let us note the following.

- First, the disruption of economic ties between the FSU republics led to a decline in production levels in all the newly independent post-Soviet states. Industrial regions with a concentration of highly specialized lines of production and enterprises of the military-industrial complex met with the greatest difficulties. At the same time, economic relations began to be reoriented toward Russian suppliers and consumers, which objectively served to strengthen the single economic space. In 1995, the negative potential of the disintegration process was largely exhausted.
- Second, while being an economically justified step, price liberalization put an end to the long years of suppressed inflation, bringing it out into the open. Inflation triggered a number of negative processes in the economy of the republics, resulting, among other things, in serious price distortions and widening interregional differences in living standards. Poorly controlled price rises led to recurrent outbreaks of the currency crisis. In some republics, the authorities used inflation as a pretext for conserving elements of the old economic system (goods rationing, stringent price controls, etc.). One can assume that in this context the tough anti-inflationary measures taken by the governments of the CIS countries were perfectly justified.
- Third, inflationary processes undermined the incentives to long-term investment, exacerbating the difficulties experienced by large industrial regions in the CIS in the absence of such investment.
- Fourth, in the conditions of market reform in the inflationary economy of the CIS countries, still burdened with a large state sector, there are no effective bankruptcy procedures and the banking system has many deficiencies, which causes non-payments crises.
- Fifth, the positive process of involvement of the Commonwealth countries in the system of international division of labor has further sharpened the existing interregional socioeconomic contrasts. On the one hand, resource-rich countries with a high export potential find themselves in an advantageous position. On the other hand, the situation in some areas with many enterprises which cannot compete against imported manufactures has worsened.

Consequently, in the current geopolitical conditions the importance of traditional evaluation factors (geo-economic position, availability of mineral resources, peculiarities of terrain, climate, hydrographic network, etc.) keeps changing, but they always have a role to play. An analysis of geopolitical interdependence between the CIS countries shows that in the transition period it is conditioned by geo-economic factors. However, reintegration processes in the post-Soviet space, the gravitation of the newly sovereign states toward different geopolitical partners, and their different approaches to economic reform testify to the growing role of foreign direct investment in the system of geopolitical relations.

The prospects of CIS advance toward economic integration depend on the member countries' readiness to curtail their sovereignty, since real integration between them will only be possible if they curb their ethnopolitical aspirations and bring their geopolitical priorities closer together.

Main Conclusions

The current geopolitical situation is characterized by a transformation of national economies into economic populations of a new kind in accordance with geo-economic conditions, national strategic interests and priorities. With the breakup of the U.S.S.R. and the gradual involvement of the newly independent states in world economic ties, it is not only the mechanism of mutual relations that undergoes a change, but also the main economic, political, geographical and historical concepts. It is quite obvious that a new conceptual and terminological apparatus is taking shape. In this context, it is only natural that since 1991 we have witnessed a radical change in the main geopolitical constants of the Commonwealth

countries: geo-economic position, distance and geospace, territorial alignment of political and strategic military forces in the world community. Hence the need to study the interaction between the elements of territorial systems through the prism of geopolitical realities, and not only based on the distinctions between them.

A priority task here is to investigate the geopolitical significance of the existing pattern of resource, commodity, financial and human flows and global governance systems such as transnational corporations. As I see it, first, the interdependence of Kazakhstan and other CIS countries should become increasingly multidimensional, because political or economic indicators alone or even their combination will not suffice. As current dynamic shifts are superimposed on inertial social structures, this contributes to the increasingly mosaic character of the CIS countries. Second, assuming the interdependence of the Commonwealth republics, it is necessary to study the activities of new political entities emerging in the world arena. The existing nation-state system of social organization is in the midst of a serious crisis, sending us in search of new institutional forms of states. In this context, geopolitics is faced with the important problem of correlating changes in the territorial and political organization of society at different levels. Some CIS countries cannot cope with domestic problems which acquire a global dimension, while conflicts between them are ever more difficult to resolve solely on the basis of interstate relations. The growing interdependence of states has strengthened the new political forces (transnational business, international nongovernmental organizations, opposition movements, etc.) whose sphere of activity goes far beyond the framework even of the largest countries. This fact does not bear witness to a crisis of the states, but they are obliged to look for opportunities to delegate some of their functions to international institutions (both with broad powers and specialized) and for new rational forms of dispute resolution.

Effective integration of market-oriented national economies can take place only on the basis of direct economic ties between enterprises and organizations in different countries. Hence the need for a thorough and objective study of geopolitical and geo-economic approaches, for a realistic assessment of the prospects of integration within the CIS, and for the development of constructive approaches to upgrading cooperation between independent states.

All things considered, the geopolitics of interdependence between the CIS countries should be regarded as a tool for the solution of numerous problems arising in the practice of mutual relations both between and within the CIS states.