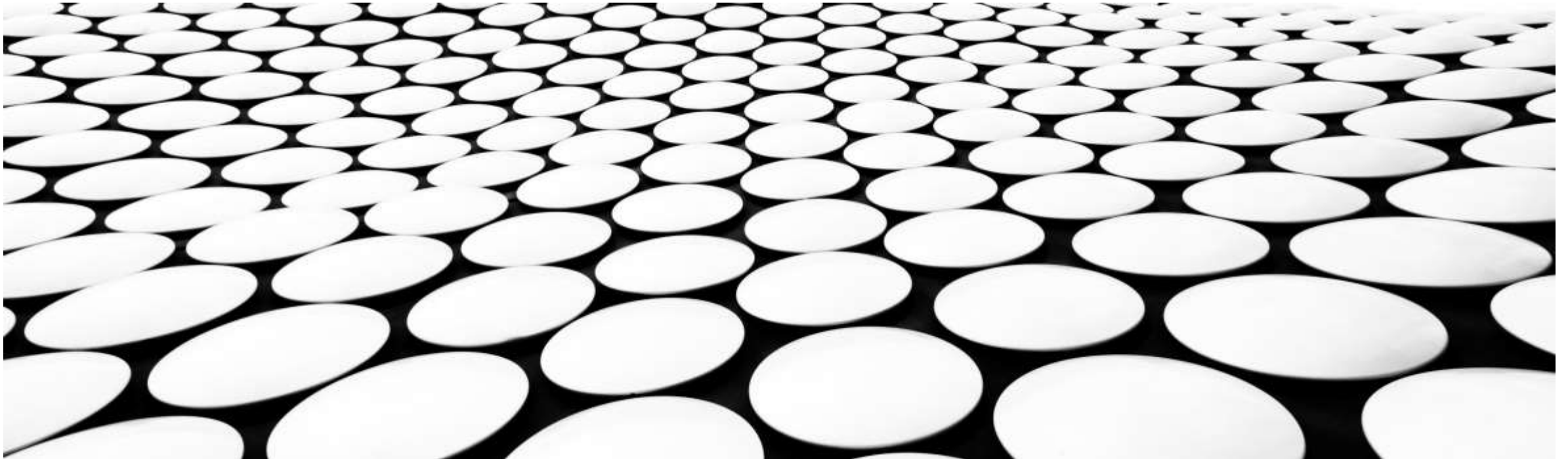

THE IMPACT OF SANCTIONS ON RUSSIAN-KAZAKH COOPERATION

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INTRODUCTION

- The Republic of Kazakhstan is of great geopolitical importance for Russia. A significant amount of cargo, which is extremely in demand by both countries, is sent through the republic. The announcement of sanctions against Russia by Western countries has an undoubted impact on the nature of socio-economic relations between the Russian Federation and the Republic of Kazakhstan, despite the deep internal connection that has formed between enterprises of both countries over a period of their independence

DEVELOPMENT OF CROSS-BORDER COOPERATION BETWEEN RUSSIA UND KAZAKHSTAN

- 1. Until 1990, the territories of modern Russia and Kazakhstan developed as a single economic complex. A significant part of the territory of the Kazakh SSR, especially its northern side, was poorly developed and required a large investment of labor and capital for its development. Since the beginning of the 90s, border infrastructure is being formed, checkpoints are being built and the procedure for crossing the state border is being determined.
- 2. The stage is associated with the establishment of the EurAsEC; after the ratification of the agreement with all member states in 2001, the stage of integration of the economic systems of the participating countries into the common economic space begins. At this stage, a noticeable impetus was given to trade and economic relations between Russia and Kazakhstan, which became the basis for the inclusion of other participating countries. During this period, the activity of interaction between countries in an intermunicipal format increases, joint cultural events are organized, and cross-border trade intensifies.
- 3. However, the introduction of covid restrictions in the early 20s. slowed down cooperation between countries, limiting the mobility of business and humanitarian contacts between them, which contributed to the transfer of relations exclusively to the level of interstate cooperation. This third stage soon develops, against the backdrop of Russia's special military operation (SMO), into the suspension of all intermunicipal events and the curtailment of business cooperation between entrepreneurs in border areas.
- 4. Since the beginning of the SMO (2022), the dynamics of trade exchanges between Russia and Kazakhstan have not undergone significant changes. However, the share of Russia in the structure of foreign trade relations of the Republic of Kazakhstan gradually decreased as the dynamics of trade relations of the Republic of Kazakhstan with other countries increased - from 24.2% in 2021 to 19.4% in 2022. For this period, Russia ranked third among the largest investors in Kazakhstan



METHODOLOGY

- in order to identify the factors of influence of sanctions on economic cooperation between Russia and Kazakhstan, the method of excluded alternative is used, which assumes that the influence of sanctions is less pronounced, the less pronounced a possible alternative to the sanctioned action is. The purpose of the method is to identify special parameters of the socio-economic situation of interacting countries according to their influence on the country of the counterparty

FACTORS PROMOTING ECONOMIC COOPERATION BETWEEN RUSSIA UND KAZAKHSTAN

- Over 90% of Kazakh oil exports are delivered through the territory of Russia, transported through the Caspian Pipeline Consortium (Tengiz - Astrakhan - Novorossiysk, CPC) and the Atyrau - Samara oil pipeline, as well as by rail. The throughput capacity of the CPC is 67 million tons per year (with the prospect of increasing to 80 million tons by 2024), and the capacity of the Atyrau-Samara oil pipeline reaches 15–18 million tons per year.
- Many enterprises of the Republic of Kazakhstan not only have markets for their products in Russia, but also receive a significant part of their raw materials and components from Russian enterprises. From 2019 to 2023, the number of Russian enterprises in the Republic of Kazakhstan increased from 6.5 thousand to 18 thousand units. At the moment, the number of enterprises with Russian capital is already 45% among enterprises with foreign capital, whereas in 2019 there were only a third.
- Another important problem of the republic is the noticeable lag of the northern regions adjacent to the borders with Russia. This lag is confirmed by both economic indicators and demographic trends

COMPARATIVE ANALYSIS OF THE PARAMETERS OF SOCIAL AND ECONOMIC CONNECTIVITY IN THE DEVELOPMENT OF RUSSIA AND KAZAKHSTAN

Comparison parameters	Russia	Kazakhstan
Investments in the counterparty country	\$19 billion	\$5.6 billion
The number of companies in the neighboring country	18 thousand.	no information
Import demand	Steel, ore, uranium	Energy, mineral fertilizers, railcars
Export volumes to the counterparty country (2023)	\$16 billion.	\$9.8 billion
Number of Kazakh/Russian population in the counterparty country/percentage of total number	591 970/0,4%	3000 611 /15,8%

FACTORS THAT INFLUENCE THE DEVELOPMENT OF RELATIONS BETWEEN STATES

- 1. Foreign economic – factors that determine the nature of export-import interaction between neighboring countries, the degree of their economic dependence on each other.
- 2. Investment - factors that are formed on the basis of the placement of capital of entrepreneurs from one country on the territory of another country. Investments in the economy of a neighboring country, like nothing else, makes the business communities of neighboring countries feel interested in the development of these countries.
- 3. Ethnic-national factors, which are determined by the concentration of the population representing the titular nationality of the neighboring state in the counterparty country. The significance of this factor is due to the common values and interests of residents of neighboring states, their readiness to expand socio-economic cooperation between countries, and interest in the development of humanitarian contracts.

CONCLUSION

- All these groups of factors lay down certain institutional restrictions on the actions of political leaders of states in determining the strategic directions of state economic policy. The changes occurring under the influence of these factors form stable preconditions for excluding alternative options in the development of the country in order to neutralize the threats of destruction of the existing socio-economic model.
- For example, with those presented in table. 1, in terms of the structure of export-import operations, the advantage goes to the country that has a product that has no analogues in the counterparty country. Therefore, Kazakhstan is an indispensable partner for Russia, through whose territory a significant part of imported products enters the country, including sanctioned.
- The relations between business structures of Russia and Kazakhstan that have developed over many years are an important factor in countering the sanctions policies of third countries.

RISKS

- It is likely to result that Russia's transition to a mobilization economy and a decline in civilian industrial production may cause a decline in Russia's role in the economy of Kazakhstan. Increased investment in Kazakhstan from Western countries in exchange for the export of Kazakh oil will encourage the Kazakh government to introduce additional measures to comply with sanctions against Russia/
- the financial sanctions are most effective, since developing countries are largely dependent on the policies of leading financial centers. And it is extremely difficult to overcome this addiction. It was this dependence that served as the reason for Kazakh banks to join in blocking payments from Russian companies and to stop servicing Russian Mir cards.