



A case study of Kazakhstan's accession to the WTO

A neorealism approach of international politics and organizations

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Abstract. In 2015, Kazakhstan joined WTO. IN 2017, it had a dispute with Ukraine on anti-dumping duties. During this process, Kazakhstan has made significant reforms in various domains. It complied with and defected the rules of WTO. Therefore, this essay's main topic is to research why Kazakhstan decided to join the WTO and the logic behind a case study of a dispute between the WTO of Kazakhstan and Ukraine, showing why an individual state would defect from an international organization. This paper will mainly discuss the event from the perspective of neorealism theories, showing that the relative gain theory deeply affects Kazakhstan's participation in international politics. Its policies and behaviours are also influenced by the priority of survival and the need of dominance since it is long threatened by neighbouring countries such as Uzbekistan and Russia. Therefore, Kazakhstan is eager to join WTO to benefit economically, reduce its dependence on Russia and step toward a dominating state in central Asia. In conclusion, the essay advances knowledge regarding Kazakhstan's WTO membership and the variables that influence a country's participation, which may contribute to future advancements in both theories and the WTO itself. This essay's limitations, such as the absence of alternative viewpoints on the incident, are also examined.

Keywords: Kazakhstan, International Organizations, WTO, Neorealism

1 Introduction

In June 2015, Kazakhstan officially became a member of the WTO. It took Kazakhstan nearly 20 years to eventually participate in this international organization. To become a member, it made significant alterations. Also, in 2017, there was a dispute between Kazakhstan and Ukraine on anti-dumping duties. Consultations have been going on, yet nothing has been achieved because of the global crisis. As a former Soviet Republic, it is especially fascinating to investigate why Kazakhstan participated more often in international organizations and international affairs. Thus, an investigation of this topic in the theoretical structure of neorealism theory is carried out in this essay.

In order to understand the theoretical approach of this paper, we would have to look into the subjects first.

Kazakhstan, formally the Republic of Kazakhstan, is a landlocked country in central Asia which said to be dominating the region. It is formerly a Soviet republic, thus sharing significant similarities in political and economic policies with Russia. Crude oil and gas industries contributed nearly 60% of its GDP [1].

Additionally, it exports a substantial amount of energy abroad. It was the ninth-largest coal, ninth-largest crude oil, and twelfth-largest natural gas exporter in the world in 2018 [2].

It is also important to note that Kazakhstan has been eager to join international organisations ever since the USSR's demise. Between 2013 and 2015, it not only joined the WTO but also won a seat at the Eurasia Meeting, penned a partnership and cooperation pact with the EU, declared Astana as the host city for the 2017 EXPO, and put forth a request for a rotating seat on the UN Security Council [3].

On the other hand, WTO is an intergovernmental organization that regulates and facilitates international trade [4]. Generally, it is beneficial to economic growth by promoting trade processes and reducing trade barriers [5].

Also, it contributed to the formation and influence of trade agreements [6]. The effectiveness of WTO is under debate from some aspects [7] [8].

However, in the scope of discussion of this essay, the author believes that such criticisms do not affect the eventual outcome, and WTO could be seen helpful generally as it helps boosts Kazakhstan economy.

Kazakhstan requested to join the WTO in 1996, following accession processes such as multilateral and bilateral market access negotiations for nearly 20 years. After a series of reforms, it became a member of the WTO on 30th October 2015.

Kazakhstan, as a landlocked former Soviet republic rich in resources, is a fascinating case study of international politics, international political theories, international organizations, and their applications. Considering that Central Asia is essential in international politics because of the energy reserves and its geographical locations (Boarding to Russia, China, Caspian Sea), it is also essential to give a theoretical analysis of it.

Thus, considering the unique stance of Kazakhstan in international politics, the essay is separated into three sections in terms of the main body. First, the essay will examine the background and reasons for Kazakhstan's accession to WTO in a neorealism scope after the introduction. Second, it will also look at a dispute case study between Kazakhstan and Ukraine and how the event might fit into any theoretical approaches. Third, the essay will analyze possible future outcomes and the influence of the subjects in Kazakhstan and WTO.

2 Why Kazakhstan wants to join the WTO – a geopolitical background

All states need to deal with their neighbors. A potential threat from somewhere near is always urgent for a state. In that case, Kazakhstan borders the following countries:

1. Russia. Russian Federation is a country that owns the world's most powerful nuclear weapon and is considered an authoritarian and aggressive state under the leadership of Vladimir Putin.

2. China. The second-biggest economy in the world, the largest standing army in terms of military manpower, and the second-largest military budget are all attributes of the nuclear-weapon state China.

3. Several central Asian countries, including Kyrgyzstan, Turkmenistan, and Uzbekistan. Kazakhstan seems to have a good relationship with these three countries under the Commonwealth of Independent States, or CIS, created by the Belovezha Accords, when the leaders of these central Asian countries met in Ashgabat on December 13th, 1991. However, that is not the case. Though the relationship was generally improving in the past few decades, interactions have not been peaceful since 1991; There have always been border disputes and economic problems between these countries [9].

Russia, as the main successor of the Soviet Union and the strongest among the Soviet Republics, did not have a good relationship with Kazakhstan. In the times of the USSR, Kazakhstan people, especially the Kazakhs, faced significant trauma. In the process of releasing the collectivization process, During Joseph Stalin's rule, Soviet authorities exterminated more than half of all Kazakh homes and more than 80% of the livestock that served as the backbone of the Kazakh economy and its traditional culture. The actions of Nikita Khrushchev also caused the emigration of Kazakh farmers and a new ethnic balance [10]. Therefore, we can consider that the Kazakhs were once harmed.

In 2013, Vladimir Putin claimed that "Kazakhs had never had statehood [11]." It seems to be a response and a threat to a growing nationalism among Kazakhstanis. The threat has come true, but not to Kazakhstan. In 2020, Russian Federation invaded Ukraine. It turned out that the relationship between Russia and Kazakhstan deteriorated considerably after the event. As a response, Kazakh Foreign Minister Mukhtar Tileuberdi said the government of Kazakhstan does not recognise the Luhansk and Donetsk areas of eastern Ukraine, which are under the authority of rebels supported by Russia, as autonomous [9]. The Crimea annexation has led to concern and the possibility that the northern part of Kazakhstan will be separated. This has caused conflicts between Russian and Kazakhs, and the argument is supported by groups including Russian nationalists and the Cossacks [12].

Secondly, China might also be a potential threat to Kazakhstan. Since the Han Dynasty, the Chinese have had contact with the Kazakhs and held a relatively good tie with them for nearly 1500 years. After the collapse of the USSR, China and Kazakhstan established their diplomatic relations in 1992 and have had much economic and cultural communication since then. However, though the Chinese are not aggressive, it is still considered that China might be a potential threat to its military personnel amount and defence budget.

Thirdly, the central Asian countries had relatively bad relationships with the Kazakhstanis. Historically, for example, when a civil war broke out in Tajikistan in the spring of 1992, border problems appeared. As a response, Uzbekistan closed its border with Tajikistan. Also, Uzbekistan set up checkpoints on its borders with the newly independent Central Asian countries at that time. To make a further illustration, there have been landmines on Uzbekistan's borders with Kyrgyzstan and Tajikistan. For Kazakhstan, the circumstance is similar. For instance, after the Tulip Revolution in Kyrgyzstan that ousted President Akaev in March 2005, this was considered unwelcome by various governments, including that of Kazakhstan.

Meanwhile, economic concerns arose a lot in the region. Though

Kazakhstan president Nazarbayev was devoted to forming a neutral economic Union, specifically EEU (Eurasian Economic Union), to boost its economy and stabilize the economic environment in central Asia. However, the cause of building a neutral economic Union was never successful because of the interruption of the Kremlin and other Central Asian countries. The conflicts are apparent and longstanding. For example, in 1993, when Kyrgyzstan was the first among the five central Asian countries to introduce its currency, the rest, including Kazakhstan, condemned Kyrgyzstan because they feared it would become dumping zones for the Russian Ruble. Therefore, e.g., Uzbekistan retaliated by turning off the natural gas supply to Kyrgyzstan [12].

It could be easily concluded that before 1995 when Kazakhstan joined WTO, the surrounding political and economic environment was very intense and dangerous. The conflict between Kazakhstan, other Central Asian countries, and Russia shows that the international environment is anarchic for Kazakhstan and other Central Asian countries. There is a key assumption that states need to be 100% rational and act for their sovereignty and survival.

The first instinct for a country in such an environment is to seek power and dominance. This is because the best way to ensure a state's safety is to confirm that it either economically dominates the region or has the most fearsome army. Therefore, only when relative gains are received can Kazakhstan seek relative security compared with other central Asian countries such as Uzbekistan or Tajikistan.

In this anarchic case, Kazakhstan joined the WTO for several reasons.

Imagine person A is representing Kazakhstan's government and facing potential threats from Russia, China, and other central Asian countries. There are limited possibilities for having similar military forces and economic power to Russia and China. Nevertheless, he still needs to protect himself. In order to protect the country, the government will need economic power (including natural and human capital) and military power. Also, the primary condition is that the country is abundant in coal, crude oil, and minerals. It also owns complete energy extraction and transportation system. In that case, he may find a reliable trade partner, a (or several) potential allies that are strong in force to provide mutual defence against a potential enemy, and other allies that could increase your reign if possible. Meanwhile, he might also think about having a good relationship with possible threats that might decrease his cost in defence budget or similar expenses.

In that case, WTO is a perfect target to aim at. At first glance, it promoted trade processes and reduced trade barriers, which helped Kazakhstan find possible global oil and gas exportation customers, which might lead to possible allies, e.g., the EU. Also, it might create trade agreements and more discussions between the surrounding countries which could lead to a more peaceful environment.

Theoretically, neorealism theories fit into the discussion. The basic situation concluded could be categorized and specified into the following arguments theoretically:

1. The key actors in international politics are states, instead of international organizations or leaders.

2. No supranational forces can enforce states; therefore, the international environment is anarchic.

3. States are rational to survive.
4. States desire power to seek survival [13].

In conclusion, neorealism perfectly describes Kazakhstan's behavior in accessing WTO.

3 A dispute case study of Kazakhstan in WTO

In order to study the compliance and defects of Kazakhstan and the role of international organizations compared to a state in international politics, the dispute case study of Kazakhstan is a good example.

In accordance with anti-dumping measures imposed to specific types of steel pipes within Kazakhstan's customs area, Ukraine sought discussions with Kazakhstan on September 19, 2017. WTO considers Kazakhstan to be violating some of the articles cited in its accession and started consultations between Kazakhstan and Ukraine. Later on 10 October 2017, Russian Federation requested to join the consultation as it has a "substantial interest" in it.

The Russian Federation did not ask to join in the consultation without reason. Russia and its close political and economic partners from central Asia – most importantly Kazakhstan - are in the EEU or Eurasian Economic Union. However, Ukraine is not a member of the EEU and has been in conflicts with Russia. Specifically, after the 2014 Ukraine revolution, there have been military actions between the two countries. On the other hand, Moscow enjoyed substantial economic, political, and soft-power influence in the region of central Asia and Kazakhstan, therefore suggesting that Kazakhstan is intentionally defecting WTO rules.

As a precondition, according to GATT Article VI and the anti-dumping agreement of WTO, also the related investigation of this dispute is convinced that the measures of Kazakhstan on Ukrainian steel pipe are not appropriate and awaits further consultation. This has proven that Kazakhstan disobeyed its promises when joining WTO and defected. Since all states are rational, there must be a reason for doing so.

Also, under the premise that a country's priority is to seek survival in the international system and Kazakhstan is standing in between WTO and EEU, we need first to understand the stance of Kazakhstan in these two organizations.

For EEU, though President Nazarbayev is devoted to building this economic union, it is still broadly considered that Russia is the most influential among the EEU countries, and the post-Soviet republic faces political and economic influence from Russia. For WTO, Kazakhstan, Ukraine, and Russia are all members who do not have privileges over each other. They joined it for the reason of potential economic growth and international cooperation.

Since Ukraine is not in EEU and is in a constant conflict with Russia because of ethnic conflicts, we could consider that Kazakhstan defected to WTO for the reason of potential disadvantages brought by Russia. We can foresee the possible punishments if Kazakhstan choose to stand with Ukraine or EU, as later history would've proven. Kazakhstan could lose the advantage against neighbouring central Asian countries in developments and energy trade with Russia. If the cooperation with Ukraine or EU has

deepened, there may even be military threats. The threat is not just a hypothesis - Russia has been increasing its military potential in Central Asia by supporting the Kazakhstan's potential enemies including Kyrgyzstan and Uzbekistan. The readiness of the troops has been tested by frequent military drills [14]. Therefore, in favour of relative gains, Kazakhstan will not accept the fact that their dominance in Central Asia may be threatened and therefore it will defect with WTO.

It is also reasonable that the defect may not be consistent - when Ukraine was invaded, Kazakhstan realized the fact that there is no reason now to sustain the collaboration with Russia., Because the threat from Russia is now the biggest as it has been proven aggressive enough to invade neighbouring countries. Also, after nearly ten years of complying and cooperating with WTO and EU, Kazakhstan has gained potential allies from the West, economically or culturally.

This has again proven the argument that states are rational actors in an anarchic environment who are most in favour of gaining relative gains and dominance.

Looking back at two different choices of Kazakhstan, which are to either defect to WTO rules or condemn Russia and deepen economic cooperation with the EU and the West (e.g., the Caspian Sea oil pipe construction), we can deduce that the key actors in international politics are not international organizations, but states and countries.

First, international organizations, including WTO and EEU, are not powerful enough to influence Kazakhstan's behaviour in international politics. WTO also cannot force Kazakhstan to comply when a defection happens – consultations and negotiations have never been solved between Kazakhstan and Ukraine on the anti-dumping matter. Second, though international organizations are beneficial in promoting trade and reducing trade barriers, the benefits do not outweigh the potential threats of enemies, showing that international organizations are not as important as states, considering that survival is the critical component in a state's obligation. The anarchic international environment has also deepened the explanation, as possible enemies lie around a state when interests vary among these subjects.

In conclusion, the dispute between Kazakhstan and Ukraine is not simply about anti-dumping duties, and it reveals that it is a defection of Kazakhstan for its interest, which neorealism theories could explain. Also, the case study, featuring Kazakhstan, Ukraine, Russia, WTO, and EEU, has shown that the critical actors in international politics are states but not international organizations, which differs from neorealism theories.

4 Conclusion

The essay mainly discussed why Kazakhstan joined the WTO and analysed a dispute case study between Kazakhstan and Ukraine. The theory of neorealism was applied overtly and again proven by the policies and background of Kazakhstan recessively. In the basic description of Kazakhstan's diplomatic policies against other states, including Russia and Uzbekistan, the essay deepens our understanding of international politics by which the argument that all states are rational and fight for dominance and survival in the anarchic international environment. The explanation of the disputes has further discussed the point and pointed out that states are key actors in international politics.

There are also limitations as there is no opposite point of view and comparison from another theory, e.g., neoliberalism. Also, one single case study of dispute may not be able to explain the actual situation comprehensively. An implication of constructivism may also be helpful as it stands in a point of view against either neorealism or neoliberalism. Further research topics could be pointing at collecting more research data and forming different explanations using various theoretical approaches to international politics and organizations.

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