LEARNING TO TALK THE TALK:
RE-APPRAISING THE EXTERNAL PERSPECTIVE IN THE EU’S FOREIGN POLICY

Niels Smeets
KU Leuven

Johan Adriaensen
KU Leuven

Yf Reykers
KU Leuven

Abstract
How can the European Union (EU) remain a relevant and effective power in a multipolar world? Past studies have sought to address such questions through a focus on the internal constraints the EU faces in its foreign policy. Instead we propose leaving the beaten path by stressing the need for a stronger inclusion of the external perspective in the EU’s foreign policy. This need, we argue, becomes increasingly important in a multipolar world as peripheral countries find themselves in a position to side by whichever power presents the most interesting proposition. In a case study on the EU’s relations with Kazakhstan we will demonstrate in more detail how the presence of (re-)emerging powers brings new challenges to the front for the EU. Challenges which can best be dealt with by having a good knowledge about what attracts or detracts.

Keywords: European Union, Kazakhstan, multipolar politics, outside-in perspective

1. Introduction

How can the EU retain or improve its position as an important and relevant player in a multipolar world? The re-occurring observation that the EU is internally constrained by the need to forge a consensus is not particularly helpful for the identification of potential remedies. Most such remedies involve further integration or more intense coordination, features that cannot be accomplished overnight. Instead, we depart from the EU-centred approaches that have come to be the dominant framework to explain the choice for particular strategies and assess their (limited) influence.

More recently, research applying an outside-in perspective has questioned the overall desirability of the EU’s policy proposals. It is suggested that this external perspective can explain the limited effectiveness of the EU’s foreign policy. Understanding the political and economic context within which foreign decision-makers operate allows policy-makers to adjust the policy mix so that effective influence can be attained. This is especially the case for a constrained power like the
EU that relies for a large part on the ‘power to attract’. Knowing what attracts or detracts is impossible without a proper understanding of the motives of the foreign partner.

In this article, we argue that providing a prominent role to this external perspective is even more important in a multipolar world where different powers vie for influence. Partner countries exposed to multiple offers and pressures now need to decide whether to abide with the policy package proposed by a pole. Understanding the complex web of relations of a specific country with various powers is important to offer an attractive and calibrated policy mix. The extent to which the EU is able to achieve this will determine whether it can remain an important player in a multipolar world.

To fully appreciate the prominence of the outside-in perspective within a multipolar context, we propose a novel two-step analytical framework. The first step refers to the incorporation of the partner’s perception of the EU’s policy communication. The second step elaborates how the ascendance of new powers further complicates this exercise. In so-doing this article seeks to contribute to an ever-growing literature on the role of external perspectives as a precursor of effectiveness in the EU’s foreign policy.

The article is structured as follows: in the following section, we will revisit the literature on the EU’s external policy and argue why a reappraisal of an outside-in perspective is unavoidable when assessing potential influence abroad. Following this review we introduce our analytical framework and provide some illustrative examples based on existing scholarship. In the subsequent section we apply this framework to the specific case of Kazakhstan. The final section concludes by reflecting on the implications of our findings and proposes some ideas for further research.

2. From improving internal cohesion to enhancing effectiveness

Since its very inception, EU foreign policy has been plagued by a perceived inability to meet the expectations set for such a large economic power. Behind this perception lies the observation that the EU often cannot act as a single foreign policy actor or lacks the required ‘actorness’. Subsequent research has shown that EU actorness varies across policy domains and on policy issues. Cohesion and the

2 Simon Nuttall, “Two Decades of EPC Performance,” in Foreign Policy of the European Union: From EPC to CFSP and Beyond, ed. Elfriede Regelsberger, Philippe de Schoutheete and Wolfgang Wessels (Boulder, CO: Lynne Rienner, 1996); Natalia Chaban, Ole
ability to speak with one voice has featured prominently in assessing actorness.\textsuperscript{3} In the absence of a consensus on a specific strategy to pursue such common goals, the EU’s foreign policy often digresses in pronouncing the norms or goals on which the member states could agree. Asle Toje therefore concludes that:

\begin{quote}
The consensus–expectations gap is set to continue to prevent the EU from engaging in effective crisis management, leaving the Europeans to continue making statements and setting examples – rather than actually shaping world affairs.\textsuperscript{4}
\end{quote}

The effect on policy outcomes is a bit more complex. Actorness should not to be equated with effectiveness.\textsuperscript{5} Being able to speak with one voice is not a sufficient condition to attain the policy objectives set out. Here, the external context matters as power differentials and perceptions can influence the ultimate outcome.\textsuperscript{6} However, it is safe to argue that EU actorness is an important factor in explaining the degree of influence the EU can attain at international fora.\textsuperscript{7} Many scholars and practitioners have focused their attention on overcoming the internal institutional hurdles to improve EU actorness and thereby potentially increasing its effectiveness at the international level. Institutional reforms required to create such favourable conditions can easily follow. These reforms encompass socialization through the creation of a common set of values, the adoption of routines of informal coordination, methods of representation but also adjustments in the allocation of budgets or shifting competencies to create more homogeneous competencies.\textsuperscript{8} A clear manifestation of the need for these modifications in the EU’s activities can be observed in the 2003 ‘European Security Strategy’. By stressing the need for a “more

\textsuperscript{3}In addition to cohesion, Jupille and Caporaso also suggested authority, recognition and autonomy to constitute actorness. We decided not to discuss these latter three concepts and only focus on the issue of cohesion.
\textsuperscript{5}Lisanne Groen and Arne Niemann, “EU Actorness and Effectiveness Under Political Pressure at the Copenhagen Climate Change Negotiations” Mainz Papers on International and European Politics n°1.
\textsuperscript{6}Ibid.
active, more coherent and more capable” Union\textsuperscript{9}, the EU implicitly embraced the idea of such reforms. The subsequent 2008 ‘Report on the Implementation of the European Security Strategy’ further highlighted the need for strengthening the EU’s coherence “through better co-ordination and more strategic decision-making”.\textsuperscript{10} All such reforms, be it an organizational transformation, the fostering of a European identity among officials or a treaty reform, cannot occur overnight. For that purpose, we think it is useful to assess whether an increase in effectiveness can also be attained within the confines of the EU’s internal constraints.

Maintaining the observation that the EU is institutionally constrained, implies acknowledging that a large part of its policy is based on diplomacy, setting examples or engaging in dialogues turning it into a \textit{sui generis} soft power.\textsuperscript{11} Soft power goes beyond the application of non-coercive (or remunerative) means to achieve influence. As originally conceptualized, it reflects the power to attract countries into adjusting their policies conform the desires of the influencing actor (\textit{in casu} the EU). However, what is considered attractive for the EU is only one side of the story. In a communicative relationship, there is always a sender and a receiver. The receiver, however, interprets the message of the EU through its own local lens. Looking at those third country interpretations is a necessary condition for effectively sending a message through. The effectiveness of soft-power, and by expansion EU foreign policy, therefore hinges on the assumption that what the EU proposes is perceived as desirable. If that is not the case, influence will remain limited. External images are therefore indispensable to complete the picture.\textsuperscript{12}

The plea to incorporate the partner’s perspective in assessing the EU’s external relations is not completely new. In discussing the impediments for the EU to become a true pole in a multipolar world Karen Smith acknowledged “the challenge of adapting foreign policy behavior to match the new international environment”.\textsuperscript{13} Therein she contributes to a small but growing literature emphasizing the neglect of

\textsuperscript{12} Natalia Chaban, Martin Holland and Peter Ryan, eds., \textit{The EU through the Eyes of Asia, Volume II: New Cases, New Findings}. (New Jersey: World Scientific, 2009); Sonia Lucarelli and Lorenzo Fioramonti, Lorenzo \textit{External perceptions of the European Union as a global actor} (Oxon: Routledge, 2010).
an outside-in perspective within the development and study of the EU’s foreign policy.\textsuperscript{14}

Figure 1: Theoretical framework

We seek to contribute to this nascent literature in three ways. First, by conceptualising the problem within a larger context of multipolar politics, we heighten the salience of the outside-in perspective. Secondly, by developing and applying a basic framework (Figure 1) to study the various ways in which external perspectives can matter, we hope to foster further empirical research in this area. And finally, our case focuses on a region that has received limited attention within EU foreign policy analysis.

3. Lost in translation? Incorporating the outside-in perspective

The added value from incorporating the partner country’s perspective to explain the EU’s (lack of) effectiveness becomes apparent in two ways: on the one hand it allows a reassessment of the desirability of the EU’s offerings while on the other hand through an appraisal of the international context within which the particular partner operates. This is indicated by relation ① and ② respectively in Figure 1. We will elaborate each of these in the following sub-sections.

3.1 Subjective perception: Offensive norms and attractive sanctions

In its relations with peripheral countries, and particularly when dealing with developing countries, the EU generally takes a normative stance, concentrating on human rights, social justice and good governance practices. These norms and principles became common ground in the EU’s external relations in the 1990s and nowadays constitute the core of the conditions which third countries need to adhere to in order to earn, for example, financial aid or become part of a trade relationship. In taking these norms as a basic premise, the EU neglects the importance of (developing) country’s receptiveness for such ‘liberal’, or ‘Western’ standards. The universality of European norms and values should not be taken for granted. The promotion of regional integration, a prominent focus in the EU’s external policy, has been disputed as a universal norm.

A similar observation was made by Haukkala when observing the EU’s relations with its Eastern neighbourhood and Russia by noting that:

no one seems to doubt for a minute the Union neighbourhood’s overall receptiveness to the Union’s ideals and its application of its “normative” or “soft” power in the region adjacent to it, assuming that it gets its own policy ‘right’.

Haukkala further argues that the Union in this way acts from a self-perception of being a normative magnet at the heart of Europe, while in fact this normative power becomes gradually vulnerable to erosion.

18 Ibid.
While the principle aim of the European Neighbourhood Policy (ENP) is the promotion of stability and prosperity through the emphasis on political and economic reforms, the outcomes have not always been as expected. Wolczuk, for instance, highlights that despite the importance of ties with Ukraine in the EU’s eastern relations, the country has been mostly disgruntled with the framework imposed by the EU, resulting in only limited outcomes or transformations. In the case of more autocratic regimes, a trade-off between economic/energy benefits and the promotion of democratic values exists. Turkmenistan was, until recently, the most stark example of a country in which the interests of the EU (principally access to gas) stand in opposition to its commitment to the values of democracy and to human rights. The promotion of democratic values, then, are diametrically opposed to the EU’s economic and energy security interests.

A similar perception gap can be observed in their relations with the African, Caribbean and Pacific-countries (ACP). EU-ACP relations can be characterized by their strong connection between both aid and trade objectives. Here too, multiple criticisms have been voiced by African civil society representatives and policy officials on human rights and democracy conditions advocated by the EU. The debate about labour standards in trade agreements is a typical example. While CSO’s and public opinion in the EU portray it as a universal, democratic and developmentally friendly value, it has not been perceived as such in the South. Gonzalez-Garibay analysed the perceptions of Brazil, Chile, India and South Africa towards the EU’s trade-labour linkages. She concludes that such linkages are interpreted by many of these countries as a protectionist ploy to curtail their comparative advantage in low wage labour. Even more importantly, they often regard the conditions in the Cotonou agreement proclaimed by the EU as being driven by a certain form of self-interest.

In the paragraphs above the argument was made that soft, norms-based foreign policy is not necessarily perceived as such. At the same time, harder approaches such as legally enforceable standards can at times be preferred over a soft approach. Two examples illustrate such a conclusion. A first case occurs when policy-makers wish to bind the hands of following generations. A strong enforceable commitment can ensure that future policy-makers shy away from negating on prior agreements. A second case involves signalling credible commitment. To attract foreign direct investments, investors seek strong protection from expropriation. Solid bilateral investment treaties can signal potential investors that the country takes such protection seriously. Incorporating the external perspective can help the EU attaining more ambitious outcomes without necessarily paying a cost. To improve the effectiveness of the EU’s foreign policy, it is critical to understand how the different demands are perceived by the international partner. A proper understanding of a country’s politico-economic context can enhance EU effectiveness.

3.2 Complications in a multipolar world

The above discussion is complicated further if we take into account the presence of other global players. If a country is exposed to the influence from different powers it is in a position to choose. Assuming a certain degree of rationality, the policy-maker will abide by the demands or suggestions of that power that can offer it the most attractive policy package. This can imply a weighing of benefits offered but also the balancing between lesser evils depending on the issue at hand. The art, then, comprises of identifying what the partner country’s needs and desires are, what the other relevant powers will offer, and how the EU’s proposal fares in comparison to those of the other poles. Barry Posen has argued that multipolar systems are more “complex, flexible, and full of options, [which] seduce the creative expansionist into a search for opportunities, which occasionally exist” The observed complexity and flexibility resonates with Kenneth Waltz’s hypothesis on the inherent instability of multipolar systems. That is, if we were to define stability in reference to the various relations between the poles and peripheral countries.

The emergence of new global powers has increased the prominence of triads as a fundamental unit to study interactions among nations. As opposed to a dyad, triads

allow for a greater variety in the relations to be studied. An explicit focus on the direct relation between the EU and a partner country (dyad) misses the broader context within which the partner country operates. We will focus our discussion on two manifestations of such complexity: the potential threats or opportunities that can arise in a multipolar context for the EU’s foreign policy effectiveness.

A good example of the former concerns the involvement of China in Africa. The EU’s insistence on protection for human rights and good governance has often been met with lukewarm support. Moreover, the proposed reforms have not always been adapted to the needs of the recipients. Upcoming competitors to the EU like China appear better at anticipating these needs. Although it is true that the explicit emphasis on the principles of non-interference and respect for state sovereignty is too often combined with a neglect of some basic ethical norms, it needs to be said that China does take into account the point of view from the recipient countries. One very important actor in the Chinese relationship with Africa, for instance, is the EXIM-Bank, a Chinese state-owned investment bank. By granting loans to African governments for infrastructure projects without stressing the need for any political or economic conditionality, it offers two advantages that sharply contrast the EU’s approach. First of all, the constant focus on infrastructure projects and industry at least gives the impression that China follows a clear and straightforward line in meeting the basic needs of the recipient countries. Second, the emphasis on non-interference anticipates the resistance existing towards adopting rules that are perceived as being predetermined by others. These advantages marks the difference with EU’s—not always appreciated—approach of conditionality. The following statement by Dennis Tull corroborates these observations:

By offering their African counterparts a mix of political and economic incentives, the Chinese government is successfully driving home the message that increased Sino-African cooperation will inevitably result in a ‘win-win situation’ for both sides.

However, taking into account this multipolar context can also help in the identification of opportunities. The most straightforward example concerns the declaration that ‘the enemy of my enemy is my friend’. The recent tense relations between the US and Venezuela, have created many opportunities for Russian

investors to develop the latter’s oil producing capacity and led to lucrative agreements for the purchase of military equipment. But opportunities can also present themselves through a country’s desire to reduce its economic dependence on a single partner for trade or investments or through the sensitivity of ex-colonies vis-à-vis their former colonizers. Finally, opportunities can also arise when different poles share a common goal. Such an opportunity is not only reflected through the increase in bargaining power, but also through the possibility that one can free-ride on others’ efforts.

4. Kazakhstan’s multi-vector energy policy

Following the above discussion, several cases could be examined to study the growing challenge of the multipolar context to EU effectiveness. The selected case – Kazakhstan – combines two important traits. First of all, Kazakhstan is an assertive partner country where an open struggle for its resources by multiple power centres takes place. The growing political assertiveness is reflected in Kazakhstan’s foreign policy. President Nazarbayev even enunciated the country’s multi-vector policy as striking a balance between Russia, China, the USA, and the EU (in this order of importance) thereby identifying the various poles that are of concern for our further analysis. The EU then not only deals with resilient Kazakh hybrid state/business actors, but also faces increasing competition from Russia, China and the USA in their struggle for access to natural resources. In this setting, EU effectiveness is put to the test.

Secondly, and in contrast to many African countries, Kazakhstan has inherited relatively strong institutions and a managerial class which has been socialised into a corporatist mode of controlling the energy sector. Moreover, since 2007, a new wave of resource nationalism characterises Kazakhstan’s state-business relations, tilting the balance in the government’s favour. For instance, the 2007 amendments of the law on Subsurface Operations, which grant the Kazakh government the exclusive right to cancel contracts unilaterally if the actions of the subsurface user

30 Isabelle Gorst, “Venezuela and Russia, Ties that Bind” Financial Times; March 7, 2013.
31 Nursultan Nazarbayev, Poslanie Prezidenta strany narodu Kazakhstana 2006 [State of the Nation of the President to the people of Kazakhstan] (Astana, 1.03.2006), available at http://www.mfa.kz/ru/#!/informatsiya_o_kazahstane/poslaniya_prezidenta_stranyi_narodu_kazahstana/44/, last accessed September 4, 2013; other powers acknowledged within the multi-vector policy were the neighboring countries in Central-Asia and the Islam world. In both cases, cultural and historic bonds were cited as main drivers for their inclusion in the multi-vector policy, rather than economic/security interests. Moreover no specific countries or regional actors were identified.
32 Wojciech Ostrowski, Politics and oil in Kazakhstan (London: Routledge, 2010), 60.
should ‘lead to considerable change to the economic interests of the Republic of Kazakhstan’, leaves ample scope for arbitrary interpretations.\textsuperscript{33}

Our case-study analysis is based on primary Kazakh documents, as well as the secondary academic literature and newspapers. We also spoke with stakeholders in the field on state-business relations and clan politics. These informal interviews took place in August 2013 in Almaty.

The framework as depicted in Figure 1 will now be applied to the case of Kazakhstan. First we frame the case and provide the necessary background information. In the second part, we discuss the EU’s direct relations with the case-country (relation ①) whereas the third part elaborates how the presence of alternative powers creates both threats and opportunities for the EU (relation ②).

4.1 The case of Kazakhstan

Central Asia has become the focal point of the EU’s hunt for alternative energy supply routes. The Caspian Region serves both as backup to unstable Middle Eastern oil and as an alternative corridor to keep Russia from monopolising the energy routes.\textsuperscript{34} Kazakhstan is one of the major suppliers of non-OPEC oil, next to Russia and Azerbaijan. The country is the second largest oil producer among the former Soviet states, after Russia, and is ranked as one of the top 10 countries in oil and gas deposits. Kazakhstan accounts for 3.2% of the world’s proven oil reserves and produces 1.8% of the world’s oil output.\textsuperscript{35} Moreover, the EU is Kazakhstan’s main trade partner, accounting for 48.5% of total exports,\textsuperscript{36} whilst Kazakhstan is the EU’s most important partner in Central Asia, with bilateral trade worth over €15 billion.\textsuperscript{37} About 75% of the country’s exports to the EU consists of oil and gas.\textsuperscript{38}


\textsuperscript{34} Maria Raquel Freire and Roger E. Kanet, Key players and regional dynamics in Eurasia: the return of the 'great game' (Basingstoke: Palgrave Macmillan, 2010), 31.


In comparison with neighbouring authoritarian regimes such as Uzbekistan and Turkmenistan, Kazakhstan has been treated as a privileged partner because of its reputation of being a more Westernised open economy. Kazakhstan, however, remains an authoritarian regime which is based on informal clan relationships, where crony capitalism is a way of redistributing energy rents from the state owned energy company KazMunayGaz. The Kazakhstan’s 1995 constitution and subsequent amendments have vested unlimited constitutional and *de facto* powers upon the office of the president. The presidential party, Nur Otan, named after the president, is the dominant power in the parliament. According to Freedom House, Kazakhstan’s political status is “not free”. In April 2011, Nazarbayev was re-elected in a snap election, reportedly receiving 96% of the vote. Many potential challengers had been disqualified or boycotted the election, leaving three mostly symbolic opponents. After the country suffered an unusual series of minor attacks that were blamed on religious extremists, the government pushed through a new law in October that stepped up state control over religious groups and restricted public religious expression.

Notwithstanding these major violations directed against democratic rule and human rights, Kazakhstan became an attractive pole for energy consuming countries thanks to its massive energy wealth and relative openness to foreign investors and trade partners. The EU, US, China and Russia are all actively involved in the Kazakh energy sector. This multipolar environment makes Kazakhstan an interesting case to study the effect of multipolar presence on the bilateral relations between the EU and Kazakhstan. In a competitive environment, the EU has to offer an attractive policy package which is adapted to Kazakh interests and sensitivities if it wants to be successful in securing an alternative energy corridor. At the same time, the EU’s diversification policy is challenged by the authoritarian regime of its strategic trade partner. However, the EU’s goal of democracy promotion as one of the six priorities of the EU strategy for a new partnership with Central Asia may be tempered if the EU has strong economic interests. The EU then has to balance between interest-based and value-based approaches.

41 Ibid.
4.2 EU-Kazakhstan balancing act

The growing importance of Central Asia to the EU, and Kazakhstan in particular, is reflected by the gradual intensification of bilateral and regional relations. A Partnership and Cooperation Agreement between the EU and Kazakhstan was signed in 1999, forming the legal basis of the bilateral relationship. This instrument mainly focused on economic co-operation and trade, and paid only secondary attention to democratisation and the respect for Human Rights.  

In 2004, the bilateral approach was supplemented with a regional energy strategy, “the Baku Initiative”. The main objective is the gradual development of regional energy markets in the Caspian Littoral States and their neighbouring countries, enhancing the attraction of funding for new infrastructures, embarking on energy efficiency policies and programmes and making progress towards a gradual integration between the respective energy markets and the EU market. In 2007, the General Secretariat of the Council reinforced its regional approach by developing a regional strategy for Central Asia. This political document vaguely links the promotion of human rights, rule of law, good governance and democratisation to further cooperation in the fields of education, economic development, transport, environment and energy. Although progress has been made in the latter fields, the overall progress with respect to the dispersion of EU-values has been limited, and in some instances regression can be observed. The Commission’s Regional Strategy paper for assistance to Central Asia over the period of 2007-2013 only indirectly mentions democracy as part of the ‘good governance and economic reform’ package. This reflects a shift towards a more pragmatic, interest-based logic in the EU’s regional strategy towards Central Asia.

Moreover, there exists a different interpretation of the function that the dispersion of EU values has. The Kazakh elite perceives them as an EU tool to undermine their domestic power. The different response to the Kyrgyzstan crisis serves as a clear example. The large opposition protests in spring 2010 which ousted president Bakiyev from office incited fears of spreading colour revolutions. The Shanghai Cooperation Organisation (SCO) explicitly refrained from interfering in the subsequent Osh riots. This is in large part because of the SCO’s central principle of

non-interference, which is deemed to take precedence over interference on humanitarian grounds.\textsuperscript{47} Vinokurov and Libman speak of protective integration, an SCO mutual support mechanism between autocracies to protect each other from popular uprising.\textsuperscript{48} The Collective Security Treaty Organisation (CSTO) refused to intervene, arguing that it was a domestic political event and not an act of aggression requiring a collective response.\textsuperscript{49} Conversely, the EU refers to the Kyrgyz crisis as “providing an opportunity for the EU to contribute to the process of democratic reform”.\textsuperscript{50} However, such utterances only stir up fears of possible EU interference, supporting the (Kazakh) opposition (financially) in their fight against the repressive regime. In this way, linking values of rule of law and human rights directly to democratisation and regime change, it comes as no surprise that the Central Asian elites feel threatened in their own existence.

The willingness to democratize was put to the test when Kazakhstan was granted the chairmanship of the OSCE in 2010, with active EU support. Although Astana promised to improve its human rights situation, both prior to and during the chairmanship, no significant progress has been achieved.\textsuperscript{51} Rather than accentuating the human rights dimension, Foreign Minister Kanat Saudabayev emphasized security and economic priorities of the Kazakh chairmanship.\textsuperscript{52} The under-emphasis of the human rights dimension raised some criticism from the EU.\textsuperscript{53} At the OSCE Astana summit, the EU repeated its criticism by stressing that the promotion and respect for human rights and fundamental freedoms, democracy and the rule of law lies at the core of the OSCE comprehensive security concept.\textsuperscript{54} However, no improvements in these political and human rights have emerged. On the contrary, according to Human Rights Watch, Kazakhstan’s human rights record

\textsuperscript{50} Council of the European Union, \textit{Joint Progress Report by the Council and the European Commission to the European Council on the implementation of the EU Strategy for Central Asia} (Brussels: General Secretariat, 2010), 10.
\textsuperscript{51} Eric Marotte, “Kazakhstan's OSCE Chairmanship”.
\textsuperscript{52} Kanat Saudabayev, “Statement of Mr. Kanat Saudabayev, Chairman-in-office of the OSCE and secretary of state and minister for foreign affairs of the Republic of Kazakhstan”, at the 789th meeting of the OSCE Permanent Council. (Vienna, 14 January 2010).
\textsuperscript{53} Spanish Presidency of the European Union. ‘EU statement in response to the address by the CiO, Secretary of State and Minister for Foreign Affairs of Kazakhstan, H.E. Kanat Saudabayev. (Vienna, 14 January 2010).
\textsuperscript{54} Belgian Presidency of the European Union. (2010). \textit{EU statement in response to the address by the Chairperson-in-Office, Minister of Foreign Affairs of the Republic of Kazakhstan, His Excellency Mr Kanat Saudabayev.} (Vienna, 14 January 2010).
has seriously deteriorated following violent clashes in December 2011 between police and demonstrators, including striking oil workers.\(^{55}\) The EU effectiveness in promoting respect for human rights, good governance and democracy by means of blaming and shaming on the political level seems to have crumbled away. On the contrary, by supporting the regime’s bid for the OSCE chairmanship, the EU \textit{de facto} endorsed the Kazakh regime. This policy of ‘blowing hot and cold’ at the same time clearly undermines the coherence component of EU actorness.

There is, however, a clear common interest, between the EU and Kazakhstan with respect to energy in the framework of INOGATE. Astana is keen to diversify its exports routes to diminish its dependence on Russian export routes. At the same time, the EU is anxious to diversify energy supplies and is looking for transit routes across the South Caucasus and Caspian Sea.\(^{56}\) The conclusions of the Ministerial Conference on Energy cooperation between the EU, the Caspian Littoral States and their neighbouring countries (The Baku Initiative) clearly demonstrate EU concerns over its own security of supply. The final goal would be integration between the respective energy markets and the EU market.\(^{57}\) The other main objectives of the initiative are to support sustainable energy development and to attract investments towards energy projects. More interestingly, the text remains quite pragmatic, neither referring explicitly to Human Rights and the Rule of Law nor to democracy-related issues.\(^{58}\)

This interest-based approach devoid of political conditionality is also strikingly articulated in the immediate aftermath of the 2005/2006 energy crisis between Russia and Ukraine. Kazakhstan is seen as one of the major alternative energy suppliers fitting seamlessly into the EU’s objective to diversify suppliers. In a memorandum of understanding, agreed upon in late 2006, the parties stressed the mutual interest in facilitating energy transportation infrastructure, thus addressing


\(^{56}\) Neil Melvin, “The European Union, Kazakhstan and the 2010 OSCE chairmanship”.

\(^{57}\) European Commission, \textit{Conclusions of the Ministerial Conference on Energy Cooperation between the EU, the Caspian Littoral States and their neighbouring countries}, (Brussels, European Commission, 2004).

\(^{58}\) European Commission, \textit{Ministerial Declaration on Enhanced energy co-operation between the EU, the Littoral States of the Black and Caspian Seas and their neighbouring countries}. (Brussels, European Commission, 2006).
the joint interest to diversify energy supplies. Political values were cautiously left out of the discussion.59

However, as a result of this narrow focus on economic interest, the EU actually supports clan politics rather than promoting democratic rule. Nazarbaev has sought to consolidate a super-presidential system in which his network controls natural resources. KazMunayGaz, the vertically integrated state-owned energy company, is a stakeholder in virtually every Kazakh oil or gas project of significance.60 The company is the exclusive partner for every foreign investment in the Kazakh energy sector. In 2011, president Nazarbayev appointed his then Deputy Prime Minister Umirzak Shukeev, a member of the Elder Clan, to lead the National Welfare Fund Samruk-Kazyna, which has a 100% share in KazMunayGaz. Moreover, one of Nazarbaev’s sons-in-law is the director of a monopolistic pipeline company and is influential in the lucrative oil and gas sectors.61 Nazarbayev’s grandson, Aysultan Nazarbayev is set to marry Alima Boranbayeva, the daughter of the head of KazRosGas energy venture.62

As a result of this clan control over energy assets, energy wealth has been diverted disproportionately to Nazarbaev’s clan.63 The Elder Clan, based on Nazarbaev’s kinship relations, gained in political power and wealth as a result of massive inward foreign direct investments – especially in the oil sector.64 Energy wealth, in conjunction with rising oil prices until 2008, had bolstered Nazarbayev’s regime, allowing him to invest in his power structures.65 The oil rents are used to take over ‘independent media’, currently controlled by Nazarbayev’s daughter, Dariga Nazarbaeva, to finance the pro-presidential party Nur Otan and to invest in the national security service, headed by his son-in-law, to repress the opposition. By focussing narrowly on its energy interests, EU investments are at least partially responsible for financing undemocratic clan politics.

61 Kathleen Collins, Clan politics and regime transition in Central Asia,(Cambridge: Cambridge University press, 2009), 301.
63 Kathleen Collins, Clan politics and Regime transition in Central Asia.
65 Kathleen Collins, Clan politics and Regime transition in Central Asia, 301.
Besides the political level, EU companies could bolster Kazakh development as well. International energy companies are important because of their technologies, know-how and investments they bring. EU energy concerns such as Total and Eni can provide advanced technology, worker safety and health protection norms, which are often lacking in Kazakh worksites. Of course, “immoral deals” in the private sector cannot be excluded. It is challenging to enter into competition with domestic and foreign companies which apply lower labour standards. However, this is what the EU stands for and the improvement of working conditions is part of the *acquis*. To achieve this, a deeper alignment between EU companies and the EU should be realized. Corporate Social Responsibility would help as firms are the most visible actors on the field and could lead by example.

All too often, EU companies are tempted to play the game by adhering to local rules, which entail bribes and violations of labour standards. For instance, the UK-based company “GPW Consultancy”, at a conference in Kazakhstan, recommended investors make friends among the *Akims* (local representatives of the president). Moreover, raising awareness of the “EU-ness” would breach the strong links of the current national champions to the national level. Such an ‘EU-clause’ would fit the goal of liberalizing the EU market, whilst at the same time helping to disseminate core EU values abroad. It would strengthen EU actorness as a protector of human rights and labour standards by offering an answer to the needs of the foreign partner: avoiding mine disasters and repression against strikers by improving labour conditions and the respect for human rights.

However, EU companies should remain cautious as they are increasingly being challenged by National Oil and Gas companies. Since 2004, Kazakhstan has gradually consolidated its power over foreign oil firms and in general pursued a policy line of resource nationalism aimed at consolidating the state’s control of the petroleum sector. The risk then consists of long-term technological investments which turn out to be unrecoverable.

### 4.3 The gradual move towards a Multipolar Competitive Environment

As a Soviet legacy Kazakhstan traditionally supplies its oil and gas to Russia. Before 2001, almost all Kazakh oil exports went through the Atyrau-Samara pipeline, which was fully controlled by Transneft. From this moment on, a gradual export differentiation has been realized. A multi-vector policy was put in place to attract as many partners as possible in the exploitation of the country’s natural resources, and

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67 Maria Raquel Freire and Roger E. Kanet, *Key players*, 31.
to develop a multitude of routes connecting those resources to several consumer countries.\textsuperscript{68,69}

Since May 2006, Kazakhstan began shipping to China through the newly built Atasu-Alashankou pipeline. It is seen as a political guarantee against dependence on a single market, Russia. The final stage of the pipeline, running from Kazakhstan’s Caspian shore to Xinjiang province, was completed in 2011. There are, however, concerns over the economic viability of the pipeline. High transportation costs make the economic benefits of the pipeline to Kazakhstan uncertain.\textsuperscript{70}

Until recently, Kazakh oil reached Europe exclusively through Russia’s transit pipelines.\textsuperscript{71} On November 14, 2008 Kazakhstan and Azerbaijan concluded an agreement with respect to the development of a Trans-Caspian oil transport system to distribute Kazakh oil to western markets. The new transport system consists of a fleet of tankers to carry Kazakh crude oil to the Azerbaijani Sangachal terminal which is then to be fed into the Baku-Tbilisi-Ceyhan pipeline (BTC).\textsuperscript{72} This BTC is the core infrastructure of the American strategy to create an East-West energy corridor, bypassing Russia. The diversification of export routes is in the interest of both Kazakh and European consumers to gain more independence from the Russian pipeline network. In the case of the EU, it is a matter of supplier diversification, for Kazakhstan the diversification of export markets is equally important. Despite this process of opening up alternative energy routes, 80% of Kazakh oil is still transported through the Russian pipeline network.\textsuperscript{73}

\textbf{4.3.1 Opportunities: the American BTC and Russia’s Eurasian Union}

The multipolar environment creates some opportunities for the EU to build closer relations with Kazakhstan. First and foremost, the US’s shared concern for democracy and human rights, together with the policy of keeping Russia from becoming a regional great power eased the way for the EU’s alternative energy corridor. By virtue of major US investments in the BTC-pipeline the EU could

\textsuperscript{68} The monopoly of Transneft was breached with the launch of the Caspian Oil Consortium pipelineto the Novorossiysk-2 Marine Terminal on Russia’s Black Sea coast, in which Transneft still has the biggest share (31%, but a consortium of international oil companies also participates). Still, all oil exports were targeted at Russia.


\textsuperscript{70} Dave, Bhavna “The EU and Kazakhstan”, 43-67.

\textsuperscript{71} Ibid.

\textsuperscript{72} Farid, Guliyev and Nozima, Akhrarkhodjaeva, “The Trans-Caspian energy route,” 3171-3182.

\textsuperscript{73} Ibid.
effectuate its diversification policy towards Central Asian suppliers. US investments in Kazakhstan are significant, reaching 47 billion dollar in 2010.\textsuperscript{74} ExxonMobil’s stakes in the Tengiz and Kashagan fields facilitated Kazakh supplies to the BTC.\textsuperscript{75} In contrast, the EU-backed Nabucco project, which could bypass Russia through a “Southern corridor”, turned out redundant with the acceptance of the Trans-Adriatic Pipeline.\textsuperscript{76}

Secondly, the Kazakh elite, and president Nazarbayev in particular, are concerned about developing an overly close relationship with Russia.\textsuperscript{77} Russia’s political interpretation of a Eurasian Union reinforced Kazakh’s fears of a revamped Soviet Union. This stands in firm contrast to the cherished jewel of national sovereignty. In 2012, the Customs Union between Russia, Belarus and Kazakhstan expanded into the single economic space (SES). The SES – which primary goal is to promote the free movement of goods, capital, services and people – is based on principles of respect for the universally recognized norms of international law, including respect for sovereignty, which reaffirms Kazakhstan’s position as an independent player. Therefore, the president holds back when political integration on the Eurasian continent is discussed:

I want to stress this once again, that the Eurasian integration, which is taking place on my personal initiative, Kazakhstan, never was and never will be targeted at the reincarnation of some kind of political union, not to speak of the former Soviet Union.\textsuperscript{78}

The Single Economic Space, which became operational on 1 January 2012, is rather interpreted as an exclusive economic instrument to further Kazakhstan’s exports and investments flows, as well as to attract Russian investments into Kazakhstan. The


\textsuperscript{77} The main reason for moving the capital from Almaty to Astana was to gain a stronger Kazakh presence in the Northern part of the country (see Michael Rywkin, “Stability in Central Asia: Engaging Kazakhstan,” \textit{The Journal of the National Committee on American Foreign Policy}, 27 no5(2005): 439-449). Some Russian nationalists, including Solzhenitsyn, demanded the incorporation of today’s Northern provinces to the Russian Federation, since a significant minority of ethnic Russians are located in this region.

fear of staying overly dependent on its largest neighbour once again stimulates Kazakhstan’s leadership to engage with other major players, including the EU.

4.3.2 Challenges: Attractive Alternatives

The EU is, however, not the only actor willing to pay a higher price to secure its energy supply. China’s booming economy with its accelerating energy demand affects the orientation of trade flows to and from the region. Chinese companies have displayed an ability and willingness to overpay for resources. Furthermore, Chinese investments have contributed to strengthening Kazakh bargaining power vis-à-vis other investors. Kazakhstan is no longer dependent on a single country’s investments as was the case during Soviet times. China not only invests in the energy sector, but also committed itself to constructing a railroad connection between Astana and Almaty and granted a $1.7bn loan to Kazakhstan’s national welfare fund. This investment policy answers the needs of Kazakhstan’s society in its quest for economic development. Moreover, China’s non-interference policy is less threatening than the EU’s quest for democratic reform which directly questions the position of the current ruling elite.

The EU must find ways to bend its value approach from being an obstacle towards a positive story of answering the needs of Kazakh society. Instead of focussing on supporting the opposition, selective social and technical assistance could improve the local situation, reflecting positively on the EU’s image. In terms of goal attainment, it might also be more productive to focus on those social or democratic reforms that are feasible within the domestic context than those that are politically sensitive and run the risk of being implemented haphazardly.

The attractiveness of the EU’s foreign policy towards Kazakhstan is, however, also affected by Russia’s long term political ambitions. As a result of the five day war over Abkhasia and South-Ossetia, several pipelines, among them the BTC, were temporarily shut down because of security reasons. This demonstrates the high vulnerability of the Southern Energy Corridor to political events in the CIS, on which the EU has only very limited leverage. Russia also remains dominant in Central Asia’s gas industry, and controls Central Asian hydroelectric power. As a consequence, today’s alternative suppliers could easily fall prey to the ever increasing regional

79 Maria Raquel Freire and Roger E. Kanet, *Key players*, 279.
82 Martha B. Olcott, “Kazakhstan’s Oil and gas development: views from Russia and Kazakhstan”. 
and global political ambitions of the Russian Federation. In this case, the promotion of democracy might offer the only long term insulation against Russia’s ambition to unite the Eurasian space under its leadership. Conversely, challengers such as Russia and China explicitly refrain from promoting democracy which would undermine Nazarbayev’s rule. Both superpowers advocate a strong state, norms that match Kazakhstan’s interests in strengthening its power base.

5. Conclusion

In this article, we have stressed the need for the adoption of an outside-in perspective in the EU’s foreign policy. While a growing literature is starting to acknowledge the added value of such a perspective to enhance the EU’s effectiveness, the severity of such a need is not fully apprehended. Following the increasing assertiveness of multiple global powers, we argue that the incorporation of an external perspective has become imperative. To study the impact of incorporating such a perspective on the EU’s effectiveness, we propose a two-step analysis. In a first step, we focus on the direct relation between the EU (as a sender) with the partner country (as a receiver). How are the EU’s political actions interpreted by the partner country? Most existing studies advocating the incorporation of an external perspective fit within this category. In a second step, we suggest to bring in the other great powers active within the particular partner country. This novel approach can reveal both threats as well as opportunities.

This framework was then applied to the study of EU-Kazakhstan relations. Our findings reveal that EU effectiveness is constrained by a limited degree of empathy. In an environment of CIS sub-regional organisations which promotes non-interference, EU’s support to the opposition is perceived as an outright attack on the political stability of the country in particular, and the region in general. Moreover, non-state actors such as EU-companies also bear responsibility for the EU’s democratic image abroad. In addition, the EU inadvertently lends support to non-democratic clan clientelism by focussing on energy interests, rather than fostering democratisation. However, in a resource-laden country such as Kazakhstan, the EU is not the only active power. Russia still remains a strong regional power which retains a lot of geopolitical leverage over its ‘near abroad’. China adheres to a policy of non-interference, avoiding the possible negative effect of democratic norms and the US is looking for lucrative investments and geopolitical control over energy sources and transit pipelines. Potential threats to EU effectiveness abound. Fortunately, the Kazakh desire to diversify its export

markets away from Russia as well as the American’s common interest in the region, provide ample opportunities as well.

The implications of our findings for policy-making are threefold. First of all, any one-size-fits-all approaches are to be avoided. Incorporating an external perspective implies tailoring foreign policy demands to each partner’s economic and political context. The odds that the eventual policy mix of soft and hard instruments will be identical for two countries is rather slim. The second lesson to be drawn refers to the need to search for creative ways to balance both the value and interest-based approaches that permeate in the EU’s foreign policy. In the case study presented, the EU could frame its values in a less intrusive way, rather than fostering fears of interference. If EU companies would engage in disseminating labour and safety standards, Kazakh mines would become more effective and workable. This would answer the need to develop the Kazakh economy and improve the living standard of its population. Insisting on Corporate Social Responsibility binds private trade and investment contracts which ensures that EU normative objectives do not conflict with private economic interest. In such case, EU companies would reflect social and human rights standards, thereby contributing to the improvement of the situation on the ground. The third and final implication that we draw from our study is the growing importance for the EU to strengthen its foreign expertise both at home as well as abroad. Keeping track of partner country sensitivities while assessing the strategic opportunities and threats posed by the other global powers requires a large and high performing diplomatic service. As Barry Posen noted “Diplomacy becomes a respected career again under multipolarity”. The logical question that follows, then, is whether the EU’s External Action Service is able to live up to such a task. Clearly, future research could benefit from integrating both inside-out and outside-in approaches to understand the occurrence of limited EU effectiveness, but also to help identify the required reforms to address such challenges.

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