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

Smeets Niels,
Reykers Yf,
Adriaensen Johan,

Institute for International and European Policy, KULeuven, Belgium


Abstract

How can the European Union (EU) maintain a relevant, effective player in a multipolar world? Past studies have sought to address such question 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. Relying upon the EU’s experiences from the past and the present, it is argued that greater effectiveness can be achieved by being more sensitive to the (political, economic and societal) conditions that foreign decision-makers face. The urgent need for a more prominent role of the external perspective becomes especially important when taking into account the various pressures peripheral countries are confronted with in an increasingly multipolar world. In a case study on the EU’s relations with Kazakhstan, it will further be demonstrated that the presence of alternative powers brings new challenges to the front for the EU which can best be dealt with by having a good knowledge about what attracts or detracts.

Introduction

The increasing manifestation of emerging powers in the international arena warrants a reappraisal of the effectiveness of the European Union’s (EU) foreign policy. 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. Instead we depart radically from the EU-centred approaches that – for natural reasons– have come to be the dominant framework to explain the choice for particular strategies and assess their (limited) influence. In looking for potential answers we advocate a stronger
inclusion of the external perspective to understand whether or under which conditions the EU can exert influence abroad. Understanding the political and economic conditions that foreign decision-makers face, 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.

Giving a more prominent role to this external perspective is crucial in a multipolar world where different powers vie for influence. Peripheral countries exposed to multiple offers and pressures now need to decide whether to abide with the policy package proposed by one or the other pole. Integrating the external perspective enables us to calibrate the policy mix so that it is the most attractive policy option for third countries. The extent to which the EU is able to incorporate such a perspective will determine whether it can remain an important player in a multipolar world.

The paper is structured in four parts. In a first 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. Drawing from past studies on the EU’s Development, Trade and Foreign policy we show that this is not as self-evident as it may sound. This will be the focus of the second section. In this part, we will also elaborate how the emerging economies further complicate this exercise. In the third section, we apply the argumentation to the specific case of Kazakhstan. We round up with a conclusion and briefly summarize our main policy recommendations.

1. From improving internal cohesion to enhancing effectiveness

1.1 Overcoming institutional constraints

In order to understand the EU as an international actor, one cannot neglect the complex relations between member states and European institutions. Conflicts among those member states and between the European institutions make representing a common EU position a daunting task, especially in light of the complex patchwork of mixed and exclusive competencies. The concept of “EU actorness” was introduced to increase our understanding of the EU’s ‘capacity to act’ (Jupille and Caporaso 1998:214). Cohesion and the ability to speak with one voice has featured prominently in assessing actorness¹. A distinction is often made between cohesion in policy objectives to pursue (preference cohesion), policy
instruments to be used \textit{(Procedural-tactical cohesion)}, and the way in which different actors represent the EU position \textit{(output cohesion)} (Jupille and Caporaso 1998). Evidently, lack of cohesion on policy goals and instruments to be used also affect the scope for output cohesion.

Subsequent research has shown that EU actorness varies across policy domains and on policy issues (see e.g. Nuttall, 1997; Chaban, Elgström & Holland, 2006; Groenleer & Van Schaik, 2007). The effect on policy outcomes is a bit more complex. As has been emphasized by multiple scholars, actorness is not to be equated with effectiveness (Groen & Niemann, 2011; Thomas, 2010). Being able to speak with one voice is not a sufficient condition to attain the policy objectives set out. However, most scholars would agree that EU actorness is an important factor in explaining the degree of influence the EU can attain at international fora (Wouters, De Man & De Jong, 2010:10; Jørgensen, Oberthür & Shahin, 2011). Since its very inception EU foreign policy has been plagued by the inability to meet the expectations set for such a large economic power. This expectations-capabilities gap was due to three primary components: the ability to agree, resource availability and the instruments at the EU’s disposal (Hill 1993). Whereas consecutive treaty reforms have largely addressed the two latter components, the former still persists. This led to the identification of the “consensus-capabilities gap” as the main hindrance in the pursuit of an effective EU foreign policy (Toje 2008), which manifests itself most prominently when selecting the appropriate policy instruments.

It is easier to agree on common policy objectives or a set of norms and values than on the instruments through which such goals should be achieved. There might be an agreement on the desirability of high labour standards but whether this implies the EU should go as far as making concessions on other trade objectives to make such standards enforceable, is a question on which opinions diverge. 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 “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.” (Toje, 2008:139)

Many scholars and EU-officials have focused their attention on overcoming the internal institutional hurdles to improve EU actorness and thereby potentially increasing its effectiveness at the international level. These studies have helped us greatly in identifying the conditions under which the EU can act as a proper foreign policy player. Institutional reforms required to create such favourable conditions can

\footnote{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.}
easily follow. These reforms encompass socialization through the creation of a common set of values but also the adoption of routines of informal coordination, methods of representation all the way up to adjusting the allocation of budgets or the shifting of competencies to create more homogeneous competencies (see e.g. Kissack, 2007; Blavoukos & Bourantonis, 2011). A clear manifestation of the need for these modifications in the EU’s activities concerning issues of peace and security have been given in the 2003 European Security Strategy. By stressing the need for a “more active, more coherent and more capable” Union (ESS, 2003), 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” (EU Consilium, 2008). 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.

In other words, we prefer to look for ways in which the EU –given its reliance on softer forms of power- can enhance the effectiveness of its policy. This, we argue in the following sections, can occur through placing a greater emphasis on the external perspective.

1.2 Incorporating External Perspectives

Accepting 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 sui generis soft power (Nye, 1990). 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 (in casu the EU). What is considered attractive for the EU is only one side of the story, however. External images are indispensable to complete the picture (Chaban, Holland, & Ryan, 2009; Lucarelli & Fioramonti, 2010). 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 across. 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.²

² This argument applies a fortiori to the idea of Smart Power. Smart use of power implies a well-balanced mix between hard and soft forms of power (Nossel, 2004). The external perspective is not only important to assess the desirability of specific proposals but also to delineate the limitations of soft and hard power. Striking the right
The need to incorporate the outside-in perspective resonates well with the normative ethics proposed by Manners of the EU as ‘being reasonable’ in international affairs (Manners, 2008: 78). A proper understanding of the partner’s domestic socio-economic and political constraints is critical if one wants to come across as sensible. Frederica Bicchi argues that a key difference between the conception of a civilizing and a normative power has to do with the degree of inclusion and reflection. The former refers to the incorporation of external partners’ perspective while the latter implies the anticipation of effects on non-members (Bicchi, 2006: 288). Evidently, both are mutually enforcing as larger inclusion can improve our reflection on the potential outcomes.

The plea to incorporate the external perspective might seem a relatively straightforward observation. Recent studies inquiring into the effectiveness of EU foreign policy, indicated that there is substantial scope for improvement, though. In the following section, we will highlight the various ways in which a stronger focus on the EU’s foreign partners can help improve the effectiveness of its policy.

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

Studies applying an outside perspective on the EU’s foreign policy have learnt us that the EU’s self-image as a soft, gentle power is not universally shared. The first two parts of this section elaborate the findings of these studies. The third part, goes one step further and takes into account how the ascendance of a multipolar world further complicates the incorporation of an external perspective.

2.1 Subjective perceptions: Norms that bite and sanctions that attract

In its relations with third 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 get, for example, financial aid or become part of a trade relationship (Burnell, 1994; Crawford, 2001). In taking these norms as the 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 common, has been balance implies knowledge on the effectiveness of different instruments given the specific domestic context in which the foreign policy partner operates.
disputed as a universal norm. The self-centeredness in the EU’s foreign policy became most apparent in the justification of such promotion, as was done by reference to the EU’s own historical experience (Bicchi, 2006: 294). A similar observation was made by Haukkala (2008) when observing the EU’s relations with its Eastern neighbourhood and Russia by observing 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, 2008)

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 (Haukkala, 2008, p. 37). But also in their relations with ACP countries, a perception gap can be observed. EU-ACP relations can be characterized by their strong connection between both aid and trade objectives (Schmidt, 2012). Also multiple criticisms from African civil society representatives and policy officials on human rights and democracy conditions imposed by the EU have been noted in the past years. Research by Fioramonti for example, took note of the following statement, made by a Chair Holder of the African Civil Society Organizations (African Union): “there is no basis for Africa to accept conditions that are predetermined by others.” (Fioramonti, 2009, p. 8) As such, it can be argued that the norms proclaimed and imposed by the EU are not always as easily acceptable for the recipient country.

While the EU’s self-perception is one of being a promoter of stability and democratic values, in practice, the receivers of EU aid often have a very different interpretation of the EU’s motivations. It seems for example that ACP countries, like mentioned earlier, criticize the provisions in the Cotonou agreement as being ineffective. Even more important, they often regard the conditions proclaimed by the EU as being driven by a certain form of self-interest (Santosi, 2000). 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, this has not been perceived as such in the South. Gonzalez-Garibay (2009) analysed the perceptions of Brasil, 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. The following statement by a South African government official at the WTO clearly illustrates this discrepancy:
“(...) the EU is using some of its levers illegitimately. It should be negotiating these things in a global forum, and not use the stick of trade (...) By linking them to trade you are making us poorer. You are exacerbating global inequalities.” (Gonzalez-Garibay, 2009, p. 775)

These arguments, however, are not only applicable to the relations between the EU and ACP countries, the same holds for its relationships with the various Central and Eastern European Countries (CEECs). 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 (2009), for instance, highlights that despite the importance of ties with Ukraine in the EU’s eastern relations, the country has been most 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 has, until recently, been seen as 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 (Melvin, 2008: 146). The promotion of democratic values then stands in diametrical opposition to the EU’s economic and energy security interests.

Above, the argument was made that soft, norms-based foreign policy is not necessarily perceived as such. Norms can bite. At the same time, harder approaches such as legally enforceable standards can at times be preferred over a soft approach. Two examples can illustrate such occurrence. 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 reason, might have to do with signalling credible commitment. To attract foreign direct investments, investors seek strong protection from expropriation. A strong bilateral investment treaty can signal potential investors that the country takes such protection seriously (Guzman, 1998; Salacuse & Sullivan, 2005). 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. Norms can bite, and sanctions can attract. A proper understanding of a country’s politico-economic context can enhance EU effectiveness.

2.2 External perspectives and effectiveness

External perceptions largely play a role in making sure that messages are effectively send across. A thorough understanding of the partners domestic socio-economic context is, however, also desirable to
enhance potential effectiveness of the policy reforms requested. This has been especially recognized in (the EU’s) development policy. Williamson (2009) argues that this problematic can mainly be brought back to an information asymmetry, where the donor country, or donor region in this case, lacks the necessary information to couple the right incentives to the requested policy or norm changes. Various studies applying an in-depth approach towards EU aid relations with ACP countries criticized the EU’s approach for not being sensitive to the recipients country’s characteristics in the establishment of aid relations and agreements. These criticisms already date back to aid provided in the earliest phases of the Lomé Agreements. Banthia (2007), for instance, argues that aid delivered to Sierra Leone in the 1980s suffered from wrong and hurried choices, resulting in little impact. The same is true for the case of Cameroon, she argues, where the EDF funded aid did not manage to deliver benefits for the local population (Grilli, 1996; Banthia, 2007).

A similar critique was made in relation to the European Commissions’ ‘Governance Incentive Tranche’ (ECGIT). The ECGIT, which is part of the 10th European Development Fund (2006-2013), forms the financial source for ACP countries which carry out adequate governance reforms (European Commission, 2009). Molenaers and Nijs (2009) highlight various shortcomings in the provisions of this framework. For example, while giving Mali support through the ECGIT, the country could receive a funding from the US’ MCA program, i.e. the Millennium Challenge Account, which is about 2.5 or even 3 times higher. This example clearly illustrates that the European Commission fails to take into account the incentive structure the respective recipient countries are confronted with. Another example further adds to this argument. The tranches in which the ECGIT is divided illustrates that the European Commission did not take into account the relative dependence of the respective ACP countries upon the EC’s aid. Moolenaers and Nijs (2009, p. 574) in this regard give the example of Ethiopia and Togo, which are respectively dependent on the budget for 7 and 25% of their aid. The ‘one size fit all’ approach in the tranches applied by the EC clearly makes the former less inclined to adapt to the EC’s provisions than the latter, purely because of the limited incentives delivered.

2.3 Complications in a multi-polar world

The above discussion complicates if we take into account the presence of other global players. If a country is exposed to multiple forms of power 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 player 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. Choosing sides in a military conflict is different from deciding whom can develop ones’ oil industry. The art, then, comprises into identifying what the
policy-maker’s utility function looks like. What will the others offer, and how does my proposal fare in comparison to those of the other poles? What becomes clear from the examples above is that the EU certainly has room to enhance such capacity.

Incorporating the presence and strategic interests of other global players can lead to the identification of both threats and opportunities at the same time. 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 of the EU, like China, have been better able to anticipate such needs of those recipients. 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 story towards 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 (Berger & Wissenbach, 2007; Hackenesh, 2011), it offers two advantages that sharply contrast to 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 recipients countries. Second, the combination of this with the emphasis on non-interference, put into practice by not expecting major policy or government reforms, strongly marks the difference with EU’s – not always appreciated – approach of conditionality and anticipates on the resistance existing towards adopting rules that are perceived as being predetermined by others. The following statement by Tull (2006) further highlights 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 of the enemy of my enemy as a friend. The recent tense relations between the US and Venezuela, have created many opportunities for Russian investors to develop the oil producing capacity and led to the lucrative agreements for the purchase of military equipment (Gorst, 2013). But opportunities can also present it selves through a country’s desire to reduce its economic dependence on a single partner for trade or investments or through the
sensitivity of former colonies *vis-à-vis* their states. Examples are not strictly related to conflicting interests, opportunities 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.

By now, it is clear that the proper integration of an external perspective is crucial to identify such opportunities and threats. This, as we have argued earlier, can contribute to the effectiveness of the EU’s foreign policy without necessarily requiring organizational change or treaty reform.

### 3. Kazakhstan’s multi-vector energy policy

The above framework 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 whereas the third part elaborates how the presence of alternative powers creates both threats and opportunities for the EU.

#### 3.1 The case of Kazakhstan

Central Asia has become the focal point of the EU’s hope for alternative energy supply routes. The Caspian Region serves both as a backup to unstable Middle Eastern oil and to keep Russia from monopolising the energy routes (Freire & Kanet, 2010: 31). Within Central Asia, Kazakhstan has been treated as a privileged partner because of its wealth of energy resources and its reputation of being the most Westernized country, from an economic as well as from a political perspective, in comparison with neighbouring authoritarian regimes as Uzbekistan and Turkmenistan.

The economic wealth is mainly derived from the energy sector. Kazakhstan is one of the major suppliers of non-OPEC oil, next to Russia and Azerbaijan. Kazakhstan accounts for 3.2% of the world’s proven oil reserves and produces 1.8% of the world’s oil output (Guliyev & Akhrarkhodjaeva, 2009). The country is the second, after Russia, largest oil producer among the former Soviet states and is ranked as one of the top 10 countries in oil and gas deposits. Moreover, the EU is the first trading partner of Kazakhstan, with bilateral trade worth over €15 billion whilst Kazakhstan is the 29th partner of the EU (Bhavna, 2008). About 75% of the country’s exports to the EU consists of oil and gas (Melvin, 2009).

Although the country can be considered rather Westernized in comparison with its neighbours, Kazakhstan remains a political regime which is based on a clan-structure where crony capitalism is a way of controlling the major state owned energy companies. 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 dominating power in parliament. Furthermore, the opposition is closely monitored, whereby the government practically imposed censorship and seeks to control the flow of information over the Internet (Bhavna, 2008). According to Freedom House, Kazakhstan’s political status is “not free” (Freedom House, 2012). In April 2011, Nazerbayev was re-elected in a snap election, reportedly receiving 96 per cent 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 (Freedom House, 2012).

Notwithstanding these major violations against democracy and human rights, Kazakhstan became an attractive pole to energy consuming countries thanks to its massive energy wealth and relative openness to foreign investors and trade partners. China, the US and Russia are all actively involved in the Kazakhstani energy sector. This multipolar environment makes Kazakhstan an interesting case of testing the interaction effect of alternative trade partners 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 Kazakhstani 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 nature of the regime of its strategic trade partner. The EU should stick to its own values, and at the same time balance it against energy security interests. First, this balancing act between EU values and economic and security interests will be assessed within the EU-Kazakhstan relationship. Second, the multipolar environment is drawn into the picture, putting the EU policy in perspective of a competitive environment. Both opportunities as well as challenges of multiple actors are discussed.

3.2 EU-Kazakhstan balancing act

The growing importance of Central Asia to the EU, and Kazakhstan in particular, is reflected by the 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. The emphasis on energy security has been articulated in a memorandum of understanding, agreed upon in late 2006 (EU and Kazakhstan, 2006). In this document, the EU stresses the importance to diversify its energy supplies. Kazakhstan is seen as one of the major alternative energy suppliers. It is a clear reaction to the energy cut-off between Russia and Ukraine at the beginning of 2006.
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 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 (European Council, 2007). 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 (Council of the European Union, 2010). Moreover, the emphasis on the regional approach has been criticised because of the lack of taking into account specific external concerns i.e. the divergent economic, energy, foreign and security policies and strategic orientations of the Central Asian and Black Sea littoral states (Dellecker & Gomart, 2011: 27).

Given the lack of human and political rights protection, the EU’s goal to reconcile the promotion of democratic values with economic and energy security benefits is problematic. The essential stumbling block is the EU’s lack of sensitivity to the Kazakh rather economic interpretation of the bilateral relationship. The political values are perceived by the Kazakhstani elite to undermine their domestic power. The different response to the Kyrgyzstan crisis serves as a clear example. On the background of the coloured revolutions, the Kyrgyzstan crisis in April 2010 once again showed the dangers of large opposition protests, which ousted president Bakiyev from office. The SCO explicitly refrained from interfering in the subsequent Osh riots. This is in large part because regional elites consider state/regime security as paramount. Moreover, the SCO’s central principle of non-interference is deemed to take precedence over intervention on humanitarian grounds (Aris, 2012). Another regional security organisation, the Collective Security Treaty Organisation (CSTO), declined to intervene, arguing that it was a domestic political event and not an act of aggression requiring a collective response (Marotte, 2010). The EU, however, refers to the Kyrgyz crisis as “providing an opportunity for the EU to contribute to the process of democratic reform” (Council of the European Union, 2010: 10). However, such utterances only stir up the fears of a possible EU intervention, 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 support of the EU. Although Astana promised to improve its human right situation, both prior to and during the chairmanship period, no significant movement has been noticed (Marotte, 2010). Rather than accentuating the human dimension, Foreign Minister Kanat Saudabayev emphasized security and economic priorities of the Kazakhstan chairmanship (Saudabayev, 2010). The under-emphasis of the human dimension raised some criticism from the EU (Spanish Presidency of the European Union, 2010). At the OSCE Astana summit, the EU repeated its criticism by stressing that at the core of the OSCE comprehensive security concept lies the promotion and respect for human rights and fundamental freedoms, democracy and the rule of law (Belgian Presidency of the European Union, 2010). However, no improvements of the political and human rights has been established. On the contrary, according to Human Right Watch, Kazakhstan’s human rights record has seriously deteriorated following violent clashes in December 2011 between police and demonstrators, including striking oil workers (Human Rights Watch, 2012). The EU effectiveness on improving the respect for human rights, good governance and democracy by means of blaming and shaming on the political level seems to have had a limited impact. On the contrary, by supporting the regime’s bid for the OSCE chairmanship, the EU 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.

Within the energy dialogue between the EU and Kazakhstan in the framework of INOGATE, there is, however, a clear common interest. 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 its energy supplies and is looking for energy transit routes across the South Caucasus and Caspian Sea (Melvin, 2009). The conclusions of the Ministerial Conference on Energy cooperation between the EU, the Caspian Littoral States and their neighbouring countries (The Baku Initiative) clearly shows the EU concern of its own security of supply. The final goal would be the integration between the respective energy markets and the EU market (European Commission, 2004). More interestingly, the text remains quite technical, not referring explicitly to Human Rights, the Rule of Law nor democracy (European Commission, 2006). The main objectives of the Baku initiative are:

a. Converging of energy markets on the basis of the EU internal energy market principles taking into account the particularities of the Partner Countries
b. Enhancing energy security by addressing the issues of energy exports/imports, supply diversification, energy transit and energy demand
c. Supporting sustainable energy development, including the development of energy efficiency, renewable energy sources and demand side management
d. Attracting investment towards energy projects of common and regional interest.

This lack of clear conditions in a field where the EU does possess leverage thanks to its most attractive economic instrument, the EU market, is an indication of an ineffective application of conditionality. To put it differently, it undermines the bargaining power in disseminating EU values.

Besides the political level, EU companies could bolster Kazakhstani development as well. International energy companies are important because of the technologies, know-how and investments they bring along. EU energy concerns such as GDF-Suez, Eni and E.ON can provide advanced technology, worker safety and health protection norms, which is often lacking in Kazakhstani mines. Of course, “immoral deals” of 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, the improvement of working conditions is part of the acquis. To achieve this, a deeper alignment between EU companies and the EU should be realised. 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 by local rules of the game, which includes bribes, violations of labour standards, etc. 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, the EU companies should remain cautious as they are increasingly being challenged by National Oil and Gas companies (Freire & Kanet, 2010). Since 2004, Kazakhstan 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.
3.3 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 realised. A multi-vector policy needs to attract as many partners as possible in the exploitation of the country’s natural resources, and needs to develop a multitude of routes connecting those resources to several consumer-countries (Hanks, 2009).

Since May 2006, Kazakhstan also ships to China through the newly built Atasu-Alashankou pipeline. It is a clear indication of Kazakhstan’s multi-vector policy which tries to engage with as many actors as possible. It is seen as a political guarantee against dependence on a single neighbour, 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 (Bhavna, 2008).

Until recently, Kazakh oil reached Europe exclusively through Russia’s transit pipelines (Bhavna, 2008). 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 would use a fleet of tankers to carry Kazakh crude oil to the Azerbaijani Sangachal terminal to be fed into the Baku-Tbilisi-Ceyhan pipeline (BTC) (Guliyev & Akhrarkhodjaeva, 2009). This BTC-pipeline is the core infrastructure of the American strategy to create an East-West energy corridor, bypassing Russia. It is this westbound route from which the EU could benefit as well. The diversification of export routes is in the interest of both Kazakhstan and European consumers to become more independent 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 (Guliyev & Akhrarkhodjaeva, 2009).

[A] 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, US shared cause for democracy and human rights, together with policy of keeping Russia from becoming a regional great power eased the way for the EU’s diversification.

---

The monopoly of Transneft was breached with the launch of the Caspian Oil Consortium pipeline to 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.
strategy. US investments in Kazakhstan are significant. Chevron and Exxonmobil respectively hold 50% and 25% in ownership of the Tengiz field, the second largest oil field in Kazakhstan. US investments in Kazakhstan reached 47 billion dollar by 2010 (Trenin, 2011: 171). Moreover, the EU was able to effectuate its diversification policy towards Central Asia thanks to major US investments in the BTC-pipeline, rather than its own policy. The EU’s Nabucco project, which could bypass Russia through a “Southern corridor”, remains in the planning phase (Roberts, 2011).

Secondly, the Kazakh elite, and president Nazarbayev in particular, are concerned about a too close relationship with Russia. The proposal of Putin to create a political Eurasian Union reinforced Kazakh’s fears that this would imply a new Soviet Union. After gaining independence from the Soviet Union, Kazakhstan is fond of its state 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 clearly 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 a 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” (Lavnikeyevich, 2013). 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. This fear of becoming too closely related to its biggest neighbour once again stimulates Kazakhstan’s leadership to engage with other major players, including the EU.

[B] Challenges: Chinese hunger for resources

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. However, for the moment being, they acquire assets which the Western companies have not been interested in. In the near future, this might change, challenging the available resources for export to the EU.

---

4 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 (Rywkin, 2005). 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.
Furthermore, the Chinese investments have contributed to strengthening the Kazakhstani bargaining power vis-à-vis other investors (Freire & Kanet, 2010: 279). Kazakhstan is not dependent anymore on a single country’s investments as was the case during Soviet times. China not only invests in the energy sector, but also adds to the local welfare, by granting a loan of $1.7bn to Kazakhstan’s national welfare fund and China’s commitment to help construct a railroad connection between Astana and Almaty (Hook & Gorst, 2011). This investment policy answers the needs of Kazakhstan’s society in its quest for economic development.

Moreover, China’s no-strings-attached 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 the Kazakhstani 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.

3.4 An EU policy with respect to its values and interests in a multipolar environment

Given this differentiated energy infrastructure, Kazakhstan has the choice to select trading and investment partners, among which the EU. The basis on which this choice is made seems to consist of several factors:

- The fear of becoming too dependent on Russian pipelines
- The need for economic development through exporting energy resources
- The resistance against interference on the basis of human rights and democracy

On the one hand, this offers opportunities to the EU. Kazakhstan is seeking to diversify its export routes to other major consumers to become more independent from Russia. The EU could profit from the American investments in the BTC project to open a western corridor bypassing Russia. Moreover, Kazakhstan to a certain extent acts as an economic optimizer, seeking to select that partner country who offers the highest price. Russia has a strategy to buy cheap Central Asian oil and gas and to re-export it to Europe. For example, rather than developing the more costly Russian gas fields in the Far North, Gazprom relies on cheaper Central Asian gas (Heinrich, 2008). Therefore, it is in Kazakhstan’s economic interest to find direct export markets of its oil and gas supply to Europe.
On the other hand, challenges to the selection of the EU as a partner country emerge. The EU is 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 also displayed an ability and willingness to overpay for resources. Moreover, the EU’s direct linkage between the promotion of EU values and the support for the opposition – in a country where journalists are prosecuted whenever they dare to criticise the president – improves the chances of Asian consumers such as China to consolidate supply contracts with Kazakhstan. In the near future, this so called no-strings-attached policy could imply a serious challenge the EU’s energy diversification policy towards Kazakhstan. The risk for the EU of being pushed to the side-line in a multipolar world remains significant.

**Conclusion**

In this paper we attempted to stress the need for the adoption of the external perspective in the EU’s foreign policy. Illustrations from the past show that without a proper view of what attracts and what detracts, the EU will probably have great difficulties to compete with the growing number of alternative (great) powers in the various peripheral and non-peripheral countries it would like to deal with. The case study of Kazakhstan definitely is a very clear example of this phenomenon. Regardless of their nature, relationships with foreign countries are increasingly put under pressure by the divergence between the EU’s approach towards these countries and the approaches applied by powers such as the USA, Russia or China. This problematic become more and more manifest with the growing visibility of the latter two countries in fields like developmental and economic (trade) policy, where the EU once used to be predominant.

Although EU values are important, they should be framed carefully, taking into account sensitivities of the partner country. The Kazakhstan case showed that the statement on the Kyrgyz crisis as an opportunity to contribute to the process of democratic reform raises anxiety about the destructive power of those norms. In an environment of CIS sub-regional organisations which promote non-intervention, support to the opposition is perceived as an outright attack on the political stability of the country in particular, and the region in general.

The multipolar environment, however, constrains the EU’s potential influence. China pursues a no-strings-attached policy, avoiding the possible negative effect of democratic norms. This in combination with its willingness to pay a higher price for its energy in Kazakhstan, and to invest in highly needed infrastructure ACP countries makes China a strong competitor. The EU could counter this by framing
its values in a less intrusive way, rather than causing fears of intervention. 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 Kazakhstani 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. The EU companies then reflect social and human rights standards, thereby contributing to the improvement of the situation on the ground.

At the same time, a multipolar environment opens windows of opportunities. The EU can count on the support of the normatively likeminded US. The American investments in the BTC-pipeline offered the EU an infrastructure to make alternative oil supplies possible. Furthermore, Kazakhstan’s attempt to move out of Russia’s shadow inclines it to look for alternative energy consumers.

The main corollary of our findings is that any one-size-fits-all approaches are out of question (Börzel & Risse, 2004). 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 are identical for two countries is rather slim.

References


Hook, Lesley, & Gorst, Isabel. (2011, 22 February). Kazakhstan embraces Chinese investment, *The Financial Times* Retrieved from [http://www.ft.com/cms/s/0/8c25e008-3e5e-11e0-9e8f-00144feabdc0.html#axzz2PmSe4cWZ](http://www.ft.com/cms/s/0/8c25e008-3e5e-11e0-9e8f-00144feabdc0.html#axzz2PmSe4cWZ)


