Customs Union—Condition or Obstacle for Kazakhstan’ Accession to WTO?

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Abstract: In spite of obvious potential of the Customs Union of the Republic of Belarus, Republic of Kazakhstan and Russian Federation and functioning of Unified Economic Space of these states, long-term positive trend in development of national economy and growth in prosperity level of Kazakhstan people in conditions of globalization is possible only through active interaction with world market of goods and services after Kazakhstan's joining to WTO. Thus, the author puts forward the hypothesis that the Customs Union must be solid foundation for success in such interaction.

Key words: The Customs Union · The Eurasian Economic Commission · WTO · Integration processes · Coordinated actions · Collective decision

INTRODUCTION

The wish to reinforce the Customs Union and UES is reflected in the Letter of the President of the Republic of Kazakhstan N. Nazarbaev to the Kazakhstan people: “Kazakhstan-2050 strategy”: new political course of a successful state” [1]. In turn, in the organizational document of the Customs Union of Belarus, Kazakhstan and Russia—“Contract about the Customs Union and UES” dated 26.02.1999—“the wish of the Parties to become members of WTO” is clearly stated [2] and later, in the “Contract about Functioning of the Customs Union in the framework of multiple trade system” the wish disproportions grow up. In the same time Kazakhstan producers. External-trade disproportions grow up. In the same time Kazakhstan of the parties to join WTO as soon as possible on coordinated conditions is confirmed once again [3].

Main Part: Following the logic of adoption of organizational documents of the Customs Union of Belarus, Kazakhstan and Russia we can conclude that integration association is a kind of (if we use rocket-space terminology) an “accelerating block” for successful “launching” of national economy to the orbit of global market of goods and services presented by WTO.

However, analysis of the latest events in internal-and external-economical life of the country points out to the possibility of mutually exclusion or impossibility of simultaneous participation in both trade organizations-WTO and the Customs Union, at least such simultaneous participation does not seem successful.

This is clearly understood from the Speech of the President of Kazakhstan, at the meeting of Supreme Eurasian Economic Council which took place in the end of October this year in Minsk. Pointing out to some positive results of integration association he in the same time assessed rather critically the conditions of its existence. “Free moving of goods complicated the work of Kazakhstan producers. External-trade disproportions grow up. In the same time Kazakhstan goods do not go freely onto the markets of Russia and Belarus, which use out-of-tariff technical obstacles, overestimated sanitary and phyto-sanitary standards. Kazakhstan can not sell electric energy to Belarus by transit through the territory of the Russian Federation” [4].

In the same time 2 aspects of his speech are important:

- Activity of the EEC itself;
- Influence of the USA on the process of Kazakhstan’s accession to WTO in conditions of membership in the Customs Union.

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It may seem strange, but both issues are connected by one common feature—their obvious politicization. If politicization in the 1st issue manifests itself in the President’s words: “Russian members of EEC participate openly at the meetings of the Russian Federation Government, get appropriate orders though in accordance with the Contract about the Commission members of the Board can not be subordinate to national governments” [5-6] and here the supernational status of EEC is exposed to suspicion, including its unbiased character, in regard to 2nd issue politicization becomes clear from the USA’s position. Such problem-setting by American partners clearly testifies the dilemma before Astana: either integration with the Russian Federation through the Customs Union or integration with world market through WTO. The choice is up to you.

In my opinion, such pressure of Washington on Astana is quite understandable in terms of geo-political American interests taking into account the competition between them and the Russian Federation for influence in Central-Asian region. But making choice in such situation would be a big mistake for the government of our country. That is why N. Nazarbaev made a wise decision: “The only solution—to form Russian-Kazakhstan delegation to talk to EU and America which does not allow us to join WTO, to conduct negotiations” [7].

In my opinion, this proposition looks very logical because of the following reasons. First of all it is in the spirit of the Russian Federation’s obligations to facilitate Kazakhstan in its joining to WTO. This was said in November of 2011 by the Head of united negotiation delegation, the Head of department of trade negotiations of Ministry of Economic development of the Russian Federation Maxim Medvedkov. If we trust his words that “Russian Government will facilitate its Customs Union’s partners-Kazakhstan and Belarus-accession to WTO [8], then Kazakhstan negotiators can expect help from their Russian colleagues, who have already had some experience in joining WTO.

This is reinforced by the fact that this dilemma, as it is understandable from the speech, can seriously spoil “fault-free functioning of the Customs Union and UES” [9]. The President means that Kazakhstan is in difficult situation when opportunity to become WTO member is directly tied up with the obligations in the framework of membership in the Customs Union. And Russia, “if functioning of the Customs Union and UES” really matters, must apply corresponding efforts because this is not only Kazakhstan business.

The opportunity to join WTO as soon as possible is geo-political tool which is clearly politicized—this is understood through the fact that almost all the Customs Unions in the world—to be exact, absolute majority of members of such Unions—are WTO members. For example, European Union or NAFTA. Existence of these organizations does not prevent from WTO activity. But we are pointed out that is not our case. The reason, in our opinion, is reproaches from White House to Kremlin’s address that it is still wanting to re-establish the Soviet Union. “The US is trying to prevent Russia from recreating a new version of the Soviet Union under the ruse of economic integration” [10]—this was officially said by Hillary Clinton at the press-conference in Dublin in December, 2012. And the level of the customs protection offered by the USA in the framework of accession to WTO about which Nazarbaev told testifies one of such “attempts”. Former National Security Adviser in Jimmy Carter Administration, Zbignev Brzezinski, agrees with H. Clinton on the pages of the Financial Times: “Moscow’s current geopolitical goal, shaped by President Vladimir Putin’s nostalgic obsession with the country’s imperial past, is to recreate in a new guise something akin to the old Russian empire or the more recent Soviet “union”” [11]. Influential paper The Washington Post also thinks that “the Moscow-led customs union that would be an E.U. rival—and a means of realizing Mr. Putin’s dream of recreating something like the Soviet Union”. [12]. The National interest believes that “Putin’s plan was to consolidate “willing” countries around the already existing Customs Union trade block of Russia, Belarus and Kazakhstan and, following the example of EU integration, slowly transform into a political unit. But Moscow’s project was immature and flawed from the very beginning” [13]. More diplomatic in its estimates but also very categorical is the Financial Affairs which claims that “After his election as president in 2000, Putin added to this agenda an overarching goal: the recovery of economic, political and geostrategic assets lost by the Soviet state in 1991” [14]. And finally, the title of the American Thinker, not so diplomatic: “Putin’s Russia: Still an Empire, Still Evil” [15]. And in this situation the proposition of Nazarbaev to allow Turkey—a member of NATO-join the Customs Union seems absolutely logical as a response to Washington fears and show that Kazakhstan stands only for pragmatic economic solutions.

Secondly, the wish of Moscow enforce not only (and maybe just “not”) economic but political integration is real and obviously provokes natural resistance from Washington-by any available means, including active participation in the negotiations about Kazakhstan’s accession to WTO. This only proves once again the direct relationship between economy and politics (geo-politics). I tried to establish ratio between economy
and policy within the Customs Union, by oral interview of some Russian scientists and experts whom I met in Moscow (Economy Institute of the Russian Academy of Sciences, the Highest School of Economy, Diplomatic Academy of the MFA of Russia, MSU named after M. Lomonosov). In general, all respondent while still echoing the official rhetoric about “equal rights of independent states in economic integration” still agreed at prevalence of political motives of the Kremlin over economic ones.

**CONCLUSION**

So, we can conclude that Moscow’s position greatly complicates the process of adjustment and finding appropriate for all balance of interests [16] in the Customs Union, which automatically and very much, influences the process of Kazakhstan’s accession to WTO.

**Inference:** All said above means that at present stage of its development the Customs Union of Belarus, Kazakhstan and Russia can become both foundation and the obstacle for Kazakhstan’s accession to WTO and this depends not only on Kazakhstan government. And if you believe G. Chesterton who claims that “We make our friends; we make our enemies; but God makes our next-door neighbour” [17], then in this case “the cradle of personal success in life is keeping your nearest neighbor’s friendship, trust and respect” (B. Washington) which must be demonstrated not only by Kazakhstan but its neighbors as well.

**REFERENCES**