

## **KAZAKHSTAN-RUSSIAN CROSS-BORDER COOPERATION (TRADE-ECONOMIC ASPECT)**

Lazat Nurbayevna Nursultanova<sup>1</sup>, Aigerim Nuralievna Ospanova,  
Panu Kalynbaevna Kilybayeva, Aiman Makhsotovna Azmukhanova  
and Akdidar Ikilassovna Moldaliyeva

***Abstract:** The key aspects of Kazakhstani-Russian cross-border cooperation are discussed in this article, which is of great importance in bilateral relationship generally, and in the context of creating a common economic space. The great opportunity that has been possessed by the boundary regions should be used with more efficiency, as far as such cooperation encourages to the business prosperity of both countries and integration deepening, too. The establishment and the development of the legal base have been studied and analyzed as well as the contemporary state and the primary areas of the boundary connections. Analyzing the topics of the Forums, the authors came to the conclusion about the positive trends in the cross-border cooperation that come out to new level and at the present time is determined by prospectively and mutually-beneficial projects.*

***Keywords:** Kazakhstani-Russian cross-border cooperation, trade economic relationships, bordering regions, integration process, the Convention on the cross-border cooperation of member states of the CIS, an interregional cooperation forum of Russia and Kazakhstan, the Concept of the foreign policy of the Republic of Kazakhstan for 2014-2020, export/import and investment.*

### **1. INTRODUCTION**

The issues of the cross-border cooperation between the countries are substantial part of the modern interstate cooperation, affecting the foreign policy, economic, humanitarian and the other contacts of the neighboring states. Specifying that, the cross-border cooperations are the coordinated actions on the development of relations between the boundary regions being under the jurisdiction of the different states. In the recent times along both sides of the state borders there are active processes of forming the trans-border communication network that creates a new political and social and economic reality.

These processes are the essence of the cross-border cooperation. In some cases, the cross-border cooperation encourages to solve the backlog problems related to

---

<sup>1</sup> L.N. Gumilyov Eurasian National University, Satpayev Str.,2, Astana, Republic of Kazakhstan, 010008

interstate relations based on the historically developed relations of the population in neighboring regions, and due to this, more specific knowledge of the real needs and partners' possibilities.

Generally, we can emphasize that the close cross-border cooperation creates favorable conditions for the trade, business prosperity in regions and also encourages to accelerating the integration processes, as well as strengthening the security and, certainly, plays an important role in the system of global and regional international relations.

## **2. METHODS**

On the basis of the above, the study of the current state of the Kazakh-Russian cross-border cooperation is currently acquiring a new quality in terms of Eurasian integration; the analysis of bilateral cooperation opportunities and risks of states at the present stage, a comparison of policies of partner countries in this area are of particular interest for authors and the main purpose of the study. One of the objectives of the work is to identify the format of mutually beneficial opportunities and to identify existing and potential risks, to give suggestions on harmonization of cooperation between the countries.

The authors use historical, systemic and comparative approaches to achieve their goals in assessing the state of cross-border cooperation at the international level. In addition, the legal and institutional levels of regulation of bilateral international relations take the main place among the research methods.

The novelty of the work is, above all, the need to continue research on the topic. Since academic interest in the issue has been predetermined, as well as the goals that the authors of this publication have set, the fact that although the main trends in cross-border relations of Russia and Kazakhstan been studied owing to local publications (Tursunbayeva T.A., Dzhaganova A.K., Muzaparova L. and others), as well as Russian researchers (Vardomskiy L.B., Golunova S., Zhundubayeva M.K.), in general, we can state the lack of study of the problem. In particular, in our opinion, in Kazakhstan there is no analytical work that could characterize the state and give an assessment of the prospects for cross-border cooperation.

As a result of this study, an analysis of forms of cooperation, the formation of its institutional and legal frameworks, the degree of its effectiveness and disintegrating factors, the characteristics of the inter-regional and sub-regional relations will enable to make certain conclusions necessary to develop a strategy for further mutually beneficial cooperation between Kazakhstan and Russia on the level of bilateral relations and in the format of the integration blocks whose members are our states.

The interaction of regions, in turn, as the world practice shows, became one of the factors of integration, which is also important for Kazakhstan and Russia, which are the initiators and active participants in almost all integration structures in the post-Soviet space. It is also important to consider the possibility of more effective solutions

to common environmental, infrastructure and other problems in connection with obtaining certain investments and technologies for the regions of our country, bordering with Russia.

### 3. RESULTS

The problem of the cross-border cooperation is particularly important both for Kazakhstan and Russia, as far as both states are inside the top ten countries of the world by the territory and, therefore, they have an enormous boundary perimeter. With about seven and a half thousand kilometers of the common borders between them, Kazakhstan and Russia are not entitled to use this potential in the benefit of the political, socio-economic and humanitarian development of the countries. In fact, as expected by a number of Kazakhstani and Russian experts in one or another way are involved in this problematic, Kazakhstani-Russian relations are one of the most successful examples of the interstate cooperation in the ex-Soviet space that create a strong basis for the cooperation of the neighbored regions. It should be clarified that the neighboring areas are 7 (seven) regions of the Republic of Kazakhstan (Atyrau, Aktobe, East-Kazakhstan, West-Kazakhstan, Kostanay, Pavlodar and North-Kazakhstan regions) and 12 (twelve) regions of the Russian Federation (Republic of Altai, Altai Territory, Astrakhan, Volgograd, Kurgan, Novosibirsk, Orenburg, Omsk, Samara, Saratov, Tyumen and Chelyabinsk regions), and the number of population is more than 32 million people (Table 1).

In turn, the interaction of regions according to the world practice became one of the factors of integration, which is also important for Kazakhstan and Russia that have been the initiators and the active partners practically of all integration structures in the ex-Soviet space. It is also important to take into account the possibility of the most effective solution of the common ecological, infrastructural and other issues, obtaining the certain investment and technologies for the regions of our Republic which are bordering with the Russian Federation.

**Table 1**  
**The number of population of the Republic of Kazakhstan is living in the bordering regions with the Russian Federation.**

<i>The Republic of Kazakhstan (boundary regions)</i>	<i>The number of population (at the beginning of 2015)</i>
Atyrau	581,473
Aktobe	822,522
East-Kazakhstan	1,395,324
West-Kazakhstan	629,951
Kostanay	881,456
Pavlodar	755,778
North-Kazakhstan	571,759
Total:	5,638,263

(Source: according to the data from the statistical agency of the Republic of Kazakhstan)

Based on the above mentioned information, the study of the current state of Kazakhstani-Russian cross-border cooperation, which in terms of the Eurasian integration is currently acquiring a principally new quality, is of particular interest to the authors. In addition, the predetermined academic interest to the issue, as well as the goals that have been set by the authors of this publication, and the fact that although the primary trends of the cross-border relations between the Russian Federation and the Republic of Kazakhstan are relatively well investigated through the local publications, such as: (Tursunbaeva T.A., Dzhaganova A.K., Muzaparova L., and the others), as well as by Russian researchers, such as: (Vardomsky L.B., Golunova S., Zhundubaeva M.K.), generally, we can state somewhat insufficient study of the given problem.

According to our point of view, a consideration of the instrument for cooperation, forming of the institutional-legal framework, the effective level and disintegrated factors, as well as the characteristics of interregional and sub regional relations will allow to making certain conclusions, which are necessary for the development strategy for further mutually beneficial cooperation between Kazakhstan and Russia, both at the level of bilateral relationship, and in the format of the integration blocks, the member of which is our country.

#### **4. DISCUSSION**

##### **4.1. The institutional-legal framework of the cross-border cooperation**

It is necessary to form a relevant institutional-legal framework for the effective cooperation of the states in any field. By describing the characteristics of current institutional-legal framework of the Russian-Kazakhstani cross-border cooperation there is clearly determined a multi-level structure of the regulatory framework for securing cross-border cooperation.

Firstly, the main component in the conceptual plan is ambiguous regulatory legal acts adopted at the interstate and intergovernmental levels within the international organizations, the members of which are Russia and Kazakhstan. It should be emphasized that, the main international legal document which is also particular sample for the legal reconciliation of the cross-border cooperation of the post-Soviet states, had become the European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities dated May 21, 1980. The given Convention was adopted within the context of the Council of Europe, the member of which is the Russian Federation which is fully engaged in the processes of the interregional cooperation with other European countries and ratified the given document in 2002.

In addition, Kazakhstan and Russia determine the key aspects of their cooperation as the members of the Commonwealth of Independent States (CIS) as a part of the legal framework of this organization. In particular, it is based on the following documents: the Concept of interregional and cross-border cooperation of the member states of the CIS approved by the Decision of the Heads of the CIS States Council

dated September 15, 2004, and the Convention on the cross-border cooperation of the member states of the CIS, adopted by the Decision of the Heads of the CIS States dated October 10, 2008. (Convention on cross-border cooperation of members of the Commonwealth of Independent States).

On the 16<sup>th</sup> of February, 2010, Kazakhstan also signed and ratified the given act that creates the conditions for an extensive joint activity of the bordering states. The given document outlines the key business lines of the Parties in the border areas and the possibility of creating within them a free economic area and taking the actions aimed at a simplification of border crossing, customs, migration procedures and other types of control.

In April, 2015 in a IV panel session of the Council for interregional and cross-border cooperation of the member states of the CIS have been approved the draft Concept of interregional and cross-border cooperation of the CIS countries for the period till 2020, as well as the Convention relating to interregional cooperation of the CIS countries. It must be noted that, the Chairman of the Council for the interregional and cross-border cooperation of the member states of the CIS had been selected the Vice-Minister of national economy of the Republic of Kazakhstan Mr. Timur Zhaksylykov (Protocol of IV session of the Council on interregional and cross-border cooperation of the member states of the CIS).

Within the terms of the Commonwealth of the Independent States the documents have also been developed related to concrete directions of the cross-border cooperation. For example, in the field of environment protection and natural management, the Agreement is in force on the cross-border cooperation in studying, development and protection of mineral resources dated May 31, 2001. (Kazakhstan joined on February 14, 2005). Its implementation facilitates to the mutually joint beneficial development of fuel & energy and raw material resources with account for environmental problems which is more important for Kazakhstan, as a number of cross-border cooperation projects are related to the joint venture activity especially in this sphere. Note that the formation of the legal base of the cross-border cooperation was given much more attention within the terms of other integration associations in the post-Soviet space. However, any specific agreements have not been signed yet.

Secondly, the important components of the legal base of cooperation are bilateral Russian-Kazakhstani contracts and agreements. As a whole, a contractual legal framework of Kazakhstani-Russian cooperation is about more 300 (three hundred) documents. The basis of the strategic partnership is the Treaty of Friendship, Cooperation and Mutual Assistance between the Republic of Kazakhstan and the Russian Federation dated May 25, 1992 and the Treaty of Good Neighborliness and Alliance in the XXI century dated November 11, 2013. (Effective since December 22, 2014) (Cooperation of the Republic of Kazakhstan with the Russian Federation).

As of today's, there is an implementation of the Joint Operating Plan between Russia and Kazakhstan for 2013-2015, which was signed on December 19, 2012 in

Moscow by the Presidents of both countries – a strategic document, that defines the top-priority goals for the bilateral cooperation.

The specific regulation of the cross-border cooperation between Kazakhstan and Russia was assigned to the number of agreements: Agreement on cooperation of the border areas of the Russian Federation and the Republic of Kazakhstan dated January 26, 1995; Agreement for the cross-border cooperation of regions of the Russian Federation and the Republic of Kazakhstan for 1999-2007 dated September 24, 1999; Agreement between the Government of the Russian Federation and the Government of the Republic of Kazakhstan on interregional and cross-border cooperation dated September 7, 2010.

The programs of the interregional and cross-border cooperation had a significant role in the development of the cross-border cooperation. The third document of a similar nature shall be effective to date (after the programs of 1995 and 2007) – the Program of interregional and cross-border cooperation between the Russian Federation and the Republic of Kazakhstan for 2012-2017 dated September 15, 2011. These Programs concretize the top-priority goals of cooperation and include the implementation of joint projects and actions.

A special place in the structure of the legal framework of the cross-border cooperation between Kazakhstan and Russia takes the documents on cooperation between the ministries and agencies of the countries. As an example, there will be an Agreement between the Ministry of Internal Affairs of the Republic of Kazakhstan and the Ministry of Internal Affairs of the Russian Federation on cooperation of internal affairs agencies of the bordering regions dated July 6, 1998 (Register (List) of the signed international documents on interregional and cross-border cooperation of the member states of the CIS).

The important structural elements of the legal framework for the cross-border relations are the agreements, which are related to the concrete lines of cooperation (free trade, protection of environment, customs and so on). For example, we can note the Agreement on joint use and the protection of the trans-border water bodies from the 7<sup>th</sup> of September, 2010, which replaced a similar agreement dated from the 27<sup>th</sup> of August, 1992.

In accordance with this Agreement the panel sessions of the Russian-Kazakhstani Commission on joint use and protection of the trans-boundary water bodies are annually held, where the reports made by working groups (The working groups are formed within the Commission on the river-basins, such as: the Ishim, the Irtysh, the Tobol, the Ural, the Bolshoy & the MalyUzen), for the next year and plans for the coming year are accepted, the tasks are set and decisions on water-protective measures in the river-basins are taken, as well as the exchange of hydrological, hydraulic and hydro chemical information is carried out (The Republic of Kazakhstan. Agreements with the government of the member states of the CIS).

It should be noted that the institutional base of the Kazakhstani-Russian cross-border cooperation on the bilateral level is the Intergovernmental Commission on cooperation between the Russian Federation and the Republic of Kazakhstan, which was established on June 28, 1999. The major tasks of the Commission are: analysis of the Russian-Kazakhstani cooperation, identification of its the most perspective directions and the ways to improve the forms of interaction. Within Commission there is a Sub-Commission on the cross-border cooperation. The Sub-Commission deals with the problems of the current state and development trends of the trade and economic cooperation in the border areas of the Russian Federation and the Republic of Kazakhstan, cooperation in the field of customs and border control, prevention of emergency situations and their liquidation, migration and demography, agricultural sector and land resources management, environment protection, tourism & sport, as well as issues of coordination of the dates of exhibitions for regional manufacturers and border agricultural fair between the boundary regions (Agreement between the Government of the Russian Federation and the Government of the Republic of Kazakhstan in Intergovernmental commission on cooperation between the Russian Federation and the Republic of Kazakhstan).

The essential element of the institutional and legal base for cooperation between Kazakhstan and Russia in general, including at the interregional and border levels, are annual forums, which are held by the heads of the border areas of Kazakhstan and Russia. We would like to stress that, of course, the interaction between the regions of the two countries is greatly facilitated by close political contacts, especially, at the highest level. In this respect, a significant attention was given to the forums by the Presidents of both countries, such as Kazakhstan and Russia and the annual Forums of the boundary regions of the two countries are carried out under the leadership of these presidents.

The first such Forum was held in Omsk in April, 2003. The Russian-Kazakhstani forums allow having an ongoing conversation across a wide range of issues of the regional cooperation and offering the opportunity for the exchange of views on the questions of the bilateral relationship. In September, 2015 the next XII Forum of the interregional cooperation between Russia and Kazakhstan was held in Sochi (Russia) on "Cooperation in the field of agro-industrial complex & food supply security". The Russian President Vladimir Putin, speaking at this forum told that, such measures played a significant role in the development of diversified strategic partnership between these two countries (XII Forum of Interregional Cooperation of Russia and Kazakhstan).

According to our point of view, the fundamental legal documents on the cross-border cooperation are the regulatory documents, which were signed in the format of the bilateral relations and at the level of the specific regions of Kazakhstan and Russia. Mainly, these are the Agreements, memorandums and protocols between the state governments of the Russian Federation and the regions of Kazakhstan on the cooperation of overall nature or in a specific sphere at the level of the regional administrations. Such agreements have been signed since 1990s. There are also a range

of agreements between some departments of regional administrations, agreements and contracts between business entities. Note that, the contacts of businessmen of the RK&RF are carried out via the Russian-Kazakhstani Business Council on the cross-border cooperation (RKBC). It was established in September, 2006 initiated by the Chamber of Commerce & Industry of the Republic of Kazakhstan and the Russian Federation and is an ongoing advisory-consultative body on the trade and economic cooperation between the bordering regions of these two countries.

And, finally, according to our point of view, the most important element of the regulatory & legal framework for the cross-border cooperation is the domestic legislation of the partner-countries. It should be noted that, at the present time neither in Kazakhstan nor Russia there is no any special legal document not, which defines the concept, targets and principles of the cross-border cooperation, forms and procedures of its implementation, that means a legal mechanism of the cross-border cooperation must be approved recently. The legal status of the cross-border cooperation in the Republic of Kazakhstan at the present time is currently governed by the national legal acts, such as: the Law of the Republic of Kazakhstan dated from the 12<sup>th</sup> of April, 2004. 1544 «On regulation of the trade activity» (item 26 “The border trade”), the Decree of the Government of the Republic of Kazakhstan from the 5<sup>th</sup> of May, 2007. #272 «On adoption of regulations on realization of cross-border trade».

In Russia, the main principles of the border policy are identified by the Concept of the cross-border cooperation in the Russian Federation from the 9<sup>th</sup> of February, 2009, where the number of participants of the cross-border cooperation is characterized, their powers are distinguished, the types and directions have been defined for the cross-border cooperation. Within the framework of the realization of given Concept the measures for organization and stimulation of the border trade and economic cooperation with the neighbored territories of other states must be worked out by the executive branch of the territorial entity of the RF.

Nevertheless, adoption of the legislative act regulating set of issues related to the cross-border cooperation is believed as appropriate according to our opinion. Generally, the institutional – legal framework of the cross-border cooperation between Russia and Kazakhstan has passed a certain stage of its development and is important integrating factor.

#### **4.2. Potential factors of the cross-border cooperation at the present stage**

In the Concept of the foreign policy of the Republic of Kazakhstan for 2014-2020 years approved by the President of the Republic of Kazakhstan N. Nazarbaev on the 21<sup>st</sup> of January, 2014 was underlined that, the Republic of Kazakhstan will continue to strengthening the relations with the Russian Federation in all spheres of political, trade-economic and cultural-humanitarian cooperation, based on the Treaty on neighborliness and alliance in XXI century. Certainly, the relations between Kazakhstan and Russia are characterized by a considerable dynamism, especially, in trade-economic



sphere. Such relationships have been caused by a mutual desire of Parties to develop and consolidate a strategic partnership and alliance (Foreign policy concept of the RK for 2014-2020 years).

At the plenary session of the X Interregional Cooperation Forum in Yekaterinburg in 2013 the President of the Republic of Kazakhstan N. Nazarbaev noted the importance of developing the cross-border and interregional trade for deepening the trade-economic partnership between the two countries (Table 2). He made the point that; the commodity exchange between the neighboring regions has increased significantly and it must be accounted for about 70% of a mutual trade turnover (Time-proven friendship. X Forum of cross-border cooperation between Kazakhstan and Russia).

Speaking at the XII Annual Interregional Cooperation Forum between Russia and Kazakhstan in Sochi in September, 2015, the President of the Republic of Kazakhstan N. Nazarbaev emphasized that, Russia has traditionally been the largest trading partner of Kazakhstan. At the present stage, the average annual volume of the mutual trade turnover is about more than 21 billion dollars (Statement for the press at the conclusion of Russian-Kazakhstani negotiations).

In general, the percent of the bilateral trade turnover is about 20% from the total foreign trade of the Republic of Kazakhstan.

The Russian companies participate in the development of Kazakhstan's largest raw hydrocarbon deposits. There are more about 5600 enterprises with Russian capital in Kazakhstan. Today, 20 the largest joint investment projects have been implemented within the terms of the Industrialization Map of Kazakhstan, there are 4 (four) projects

**Table 2**  
**The export of RK into RF on border areas (2014)**

<i>The name of regions in RK</i>	<i>The name of regions in RF</i>	<i>Thousand US dollars</i>
Aktobe	Orenburg region	45 422,0
Atyrau	Astrakhan region	2 461,0
West-Kazakhstan	Volgograd region	543,6
	Orenburg region	5 914,9
	Samara region	5 727,5
	Saratov region	4 094,6
Kostanay	Kurgan region	3 642,7
	Orenburg region	3 042,7
	Chelyabinsk region	743 897,5
Pavlodar	Altai Territory	5 719,6
	Novosibirsk region	4 588,7
	Omsk region	9 510,4
North-Kazakhstan	Kurgan region	8 084,7
	Omsk region	6 702,1
	Tyumen region	937,8
East-Kazakhstan	Altai Territory	17 354,1
	The Republic of Altai	2 556,6

(Source: according to the data from the statistical agency of the Republic of Kazakhstan)

at the implementation stage and 3 (three) of them are provided in the long-term, - said Nursultan Nazarbaev (The state visit of the Russian President V. Putin into Kazakhstan).

The Russian President V. Putin, in turn, paid attention to increasing of mutual investment flows. The total volume of accrued Russian investment into Kazakhstan's economy has exceeded more than 9 (nine) billion dollars. Kazakhstan's investment into Russia is in the order of about more than 3 billion US dollars. The major character is an interaction in a fuel and energy sector. Through the territory of Russia there is a base quantity (total volume) of Kazakhstan's oil transit on the foreign markets, which is about more than 20 billion tons (Statement for the press at the conclusion of Russian-Kazakhstani negotiations).

A particular attention is paid to interaction between these two countries in the spheres, as: trade, investment, energy, transport, space and peaceful application of atomic energy. Thus, Kazakhstan and Russia are characterized by high intensity of the trade-economic cooperation. In the context of the cross-border cooperation, the analysis of the main regulatory-legal documents in this field shows that, they also include a wide range of the contact's directions. The field of cooperation includes the trade-economic sphere, ecology, education, culture, and information technology and security problems. However, the various aspects of economic relations are at the first stage, and, certainly, the trade-economic cooperation has been prevailed.

The annual Interregional Cooperation Forum between Kazakhstan and Russia has a significant role in the dynamic development of the trade-economic relations between the regions of two countries. As mentioned previously, the XII Forum has taken place in Sochi this year and the next one will be held in autumn of 2016 in Astana city. The framework documents have already been adopted at the I Forum in Omsk in May, 2003 and had been discussed a wide range of issues, providing for the cooperation between two countries at Caspian Sea, in a fuel and energy sector, and also in the field of transport, energy, ecology, customs and legal developments and in the sphere of high-tech technologies. As noted by the Russian researcher Mr. Zhundybaev M.K., if the first Forum took place with the participation of only boundary regions, so, since the V Forum to the present day, heads of Kazakhstani and Russian regions have also been participated at such Forums which are not included to boundary areas of the states. Therefore, the forum of boundary regions actually became as the Interregional Cooperation Forum between Russia and Kazakhstan (Zhundubaev 2014).

It must be confessed that, the seniority level and the list of participants (entry list) at the forums (the XII Forum was participated by all Kazakhstani regions and 76 subjects of the Russian Federation) and had enhanced the role of the cross-border cooperation's concept at the present stage.

«Afield» at Forums, according to the list of participants and the range of issues do not have any analogues in the post-Soviet space, the current problems have been discussed, but, also the short-term and long-term prospects have been identified for the cross-border cooperation between Russia and Kazakhstan. The topical questions

have been discussed at the forums for the cooperation in the sphere of aerospace, joint use of Baikonur complex, water management, protection of the transboundary rivers and industrial-innovative interregional development.

A special attention is regularly given to the problems of an effective interaction over a period of years in the field of fuel and energy complex. For example, at the VI Forum in 2009 in Orenburg the agreement was reached on the foundation of a joint venture for processing Karachaganak gas at Orenburg Gas Plant (OGP). The another example is a signing of Memorandum on cooperation between JSC "Samruk-Energo" and JSC "INTER RAO UES of Russia" on the realization of a project "Construction of the power unit <sup>1</sup> 4 at Ekibastuz regional hydro-electric power plant-2" for a total amount of 900 billion dollars at the Forum in Pavlodar in 2012. In September, 2014 the XI Forum on the theme "Innovations in the hydrocarbon field" took place in Atyrau. At this Forum 30 different companies from Kazakhstan and Russia have presented their services. At this Forum a number of important economic agreements were signed, including the construction and maintenance of the nuclear power plant by Russian party in Kazakhstan and the construction of joint gas-chemical cluster in Orenburg region. An important direction for the development of the cross-border cooperation in the energy sphere is also the cooperation in the field of peaceful application of nuclear energy. Among the most perspective and mutual beneficial projects is a creation of joint incorporated company in the sphere of civil atomic energy and as well as the Russian content in the construction of Atomic Power Station in Kazakhstan.

In addition, continuing a tradition of strengthening the relations between the regions, there are signed such documents as the Agreement between the Government of the Republic of Bashkortostan (the Russian Federation) and the Akimat of Atyrau region (the Republic of Kazakhstan) on the cooperation in the trade-economic, scientific-technological and humanitarian spheres and also the Agreement between the Government of the Republic of Tatarstan (the Russian Federation) and the Akimat of Atyrau region (the Republic of Kazakhstan) on the trade-economic, scientific-technological and cultural cooperation.

The main problem at the Forum 2015 was the development of agro-industrial complex between Kazakhstan and Russia. Both parties are insisted on a necessity of expanding the production cooperation in agrarian sphere. Speaking at the Forum, the President of the Republic of Kazakhstan Mr. N. Nazarbaev has called the priority to developing the new standards and requirements of the technical regulations in the part of a clear definition of the product contents. The President of Kazakhstan has also noted the importance of innovation in agricultural sector. N. Nazarbaev emphasized the importance of cooperation in the field of mutual investments, the creation of trans-border joint ventures, forming the production chains and supplying a high-quality transport & logistic infrastructure in the agribusiness sector (Participation at XII Panel Session of Interregional Cooperation Forum between Kazakhstan and Russia).

According to the opinion the president of the Chamber of Commerce & Industry of the Russian Federation by Mr. Katyryn S.N., speaking at panel session of RKBC in Sochi on the "fields" of the Forum about expansion of the interregional cooperation with Kazakhstan taking into account of its potential as a supplier of food products and agricultural commodities is particularly topical in the current situation. "The main objective of cooperation between Russia and Kazakhstan is to join efforts in solving the mutual problems and eliminate the barriers in order to develop the cooperation between our countries. And Russian-Kazakhstani Business Council should play a key role here", -accented head of the Chamber of Commerce & Industry of the Russian Federation.

It should be noted that, the entrepreneurship of two countries is lead by the RKBC, which includes the representatives of the Chamber of Commerce and Industry of the Russian Federation and "Atameken" National Chamber of Entrepreneurs of Kazakhstan on the basis of cooperation agreement between organizations will conduct an active interaction, seeking solutions to many important business issues. For example, there is provided the involvement of businessmen from Kazakhstan and Russia to the work of an advisory commission created by the Eurasian Economic Commission and to the public discussions on projects of decisions accepted by commission. In addition, that the panel sessions of the RKBC, which was held in Yekaterinburg in 2013 and in Atyrau in 2014 within the terms of the Interregional Cooperation Forum between Russia and Kazakhstan had been marked by the high efficiency of developing the direct economic relations (The South Urals Chamber of Commerce and Industry).

Therefore, it should be emphasized, indeed a significant role in the development of cross-border cooperation plays the Russian-Kazakhstani Business Council on the cross-border partnership. In 2006-2014 years the work of RKBC was sent for the development of recommendations and proposals to state and integration structures on improvement of conditions of cross-border economic cooperation; and assistance to establish the direct contacts and business of the boundary regions between Russia and Kazakhstan, their involvement in the project implementation in various sectors of the national economy; expanding the forms of cooperation in business and finance quarters through in the boundary regions of different activities (exhibitions, conferences, seminars and etc.); interaction and strengthening of relations with economic and financial institutions, the chamber of commerce & industry, with companies from Russia and Kazakhstan and also from other countries, the exchange of business information, informing the entrepreneurs about the current issues of foreign economic activity (Russian-Kazakhstani Business Council).

As a result, between regions of the Russian Federation and the Republic of Kazakhstan had been signed more than 240 agreements in the sector of trade-economic, scientific-technological, humanitarian cooperation and also cooperation in the field of environmental protection, natural resources utilization and ecological safety in boundary areas, as well as in the field of damage control, catastrophes, natural disasters and liquidation of their consequences and so on. In particular, only in 2014 according

to the information of the Commercial Agency of the Russian Federation in the Republic of Kazakhstan in the course of business-missions between Russian and Kazakhstani partners were signed more than 70 bilateral documents, including 35 contracts of export supply of Russian products & services into the Republic of Kazakhstan, 10 commercial contracts and agreements, 28 memorandums and protocols of intent (The Russian delegation's visit).

Therefore, the processes of real cross-border cooperation between Russia and Kazakhstan are ongoing to facilitate the development of many-sided economic relations. The intensity of interaction has notably increased and a range of the trade-economic cooperation has been expanded, too. In our opinion, the given process is the best variant of social-economic development in the regions of both partner-countries, which allows improve the economic climate and raising the living standards of population.

#### **4.3. The cross-border cooperation between Russia and Kazakhstan under current conditions: factors, challenges and opportunities**

The context analysis of the cross-border cooperation between Kazakhstan and Russia shows that, the relationships between these two countries develop quite dynamically. But, nevertheless, the great potential of cooperation, which is noted by both parties; has a number of unsolved challenges.

According to our opinion, it is necessary to identify a number of factors for the development of cross-border cooperation between these two countries. Firstly, the most important factor in cross-border cooperation is the geopolitical location of the Russian Federation and the Republic of Kazakhstan, as these two countries which take 1<sup>st</sup> and the 9<sup>th</sup> place in the world by the territory with a common border of 7 500 kilometers, located in the center of the Eurasian continent. The particularity of the Kazakhstani-Russian cross-border area is, that it includes a central part of the Eurasian continent (or "heartland" in geopolitical terminology), that inevitably attracts the interest of all leading powers of the world. It should not go unnoticed the influence of geopolitical factors, and that the links of regions are nearly located to the largest international transport hubs.

Kazakhstan and Russia are aimed at creating of a common economic space and strengthening the economic relations. Accordingly, the principal of the cross-border relations is identified by the general level of cooperation between these two countries, which can be appreciated as quite high. In addition, the status of cooperation can be influenced by such factors, like: favorable demographic factors in the boundary areas (for example, in the border regions of Kazakhstan lives a significant part of population of the country, which is aimed at the profitable contacts with the regions of Russia) and ethno-cultural features of bordered areas, that have been effected an intercultural communication. The regulatedness of the boundary challenges between these both countries and enabling for a free movement of people in a visa-free space also impacts on the development of cooperation.

However, an impact of disintegration factors has been seen in actual practice of cooperation in the bordered areas. Among them, an important role has been played the level of socio-economic development in the boundary regions. There is disproportion in the economic-social development of the Kazakhstani-Russian border-zone (in particular, according to the level and diversification of the household income and the state of the labor market). As a result, the Kazakhstani party is very interested in cooperation, which is due to the fact that, for a number of the boundary regions of Kazakhstan, the Russian market is an essential one. On the contrary, the business-community of the bordered areas of Russia finds the business-partners outside of Kazakhstan.

We can't but agree with the opinion of the Kazakhstani expert Mrs. Muzaparova L., who indicates to the absence of a clear definition of investment priority between Kazakhstani-Russian interaction in the sectoral and territorial section, as well as to the significant level of inequality exchange of the relative volume of the external turnover between the territorial entity of the RF and Kazakhstan, which also locks an effective cooperation between these two countries (Muzaparova2009, pp. 134).

The problem for the growth of cross-border relations are, in our opinion, the differences in a legal system of the states and the absence of specific national legislation which are dealing with the cross-border interaction. This view is substantiated by opinion of the Russian expert Mrs. Chernobay O.L., who as an example of the relationship of the Novosibirsk region with the bordered areas of Kazakhstan claims, that the given challenge restrains the mutual deliveries of products, including the other reasons, inconformity of the national legislation.

In addition, the important aspect is a status of the cross-bordered infrastructure, including the bordered crossing points. So, from the point of view of the aforementioned expert, the underdevelopment in the boundary areas of the Novosibirsk region is not conducive to the growth of the external turnover in the field of transport-logistic infrastructure, shopping complexes and social infrastructure (Chernobay2015).

In this respect, it should not go unnoticed the fact that, the border between Russia and Kazakhstan is "transparent" and alongside with an advantage for the purpose of business-contacts creates a threat to safety is associated with international drug traffic, illegal migration, cross-border fraud (smuggling) and other types of cross-border criminalization links.

In turn, a degree of cooperation has significantly been affected by the powers of the state government in fulfillment of the international activity. A noticeable emphasis is in the development of the cross-border cooperation at republican (federal for Russia) levels. Although, according to the best practices, the most preferable aspect must be an activity of the state government. It is also important, in our view the lack of information in the regions of the opportunity for cooperation that also indicates at a minor activity, if we can say correctly, a creativity of the regional management. A more active role of the regions, however, is one of the key factors in the efficiency of

foreign economic policy of the states. In this case, the role of the bordered areas is-so called "under support" of a foreign policy priority of the country and a potential resource for the development of important bilateral relationships.

It should be noted, generally, a positive influence of the ethno-political situation in the border of the northern and eastern regions of Kazakhstan, where there is a sufficiently high percentage of Russian population in the existing relations between the both countries. However, this factor becomes more important, whenever the subject of an internal discourse is the policy of the Russian Federation in the Central Asia in terms of influencing the factors of the Russian nationalism and "Returning of Russia" into the region. In this regard, a position is interested by the French researcher Mrs. A. Ting, who finds a great length of the borders of the Russian Federation and, in particular, is indicative of Russian diaspora, especially, in the bordered areas of Kazakhstan. This is a significant impact factor of the Russian Federation on the foreign policy of the countries "as so-called the neighboring countries" of Russia", - concluded Mrs. A. Ting (Tinguy, N. D.). According to the opinion by the researcher of the French Center for International Studies Mr. B. Balsa, the given factor can be used, in particular, in the case of unilateral refusal of Kazakhstan's membership in Eurasian Economic Union, as noted by the French researcher; Kazakhstan is a founding member of the Union and always said that, Kazakhstan can move out of the Union, if it will be required by the interests of the country (Balci, N. D.).

It should be pointed out, that we agree with the position by the researcher Sultanov B.K., who believed that, the Border Cooperation Forums are new form of interaction between friendly states, which are not conducive not only to deepening the bilateral bordered cooperation, but also the entire spectrum of Kazakhstani-Russian interaction, in general. According to our opinion, a real positive dynamics of cross-bordered relations should encourage strengthening of friendly and allied relations between of our countries (Sultanov2006, pp. 10).

Speaking at X Interregional Cooperation Forum in Yekaterinburg in 2013 the President of the Republic of Kazakhstan Mr. N. Nazarbaev emphasized that, "in the post-Soviet space Kazakhstan and Russia have done much more activities than other countries to keep relations between people, enterprises and economy". We are neighbors and neighbors could not be chosen. So, our ancestors lived, we live and our descendants will live in such way. It is very important to improve the relations, because it is a basis for the life of our future generation.

In this regard, it is recognized that, the formation of Customs Union (2010) and Common Economic Space (2012) had considerably simplified the procedures of crossing the flows of commodities via the state border and, certainly, had been caused by the changes in the bordered relations of the member-states and had created the new opportunities for a mutual beneficial cooperation in all spheres.

From January 1, 2015 the Eurasian Economic Union has started to work, and surely, it should be the starting point of new phase in the development of cross-border

cooperation between Kazakhstan and Russia. It must be emphasized that, the new terms of interaction are related to the membership in EEU and creating additional advantages for the development of boundary areas on both sides of the border.

Certainly, in the current economic conditions the researchers have been given the task to identify emerging trends and the interaction level and also give an assessment of the integration affect within the EEU for the cross-border cooperation and defining of its future. The given process analysis in the Kazakhstani-Russian border-zone is really relevant; because on the basis of it can be worked out the more efficient management solutions for the regional and republican agencies.

## **5. CONCLUSIONS, RECOMMENDATIONS AND FORECAST**

So, in view of the above said, it can be concluded, that the cross-border cooperation between Kazakhstan and Russia is characterized by a positive dynamics and a high intensity of interaction in the wide range of issues. A certain institutional-legal base for the bordered relations had been formed. A spectrum of the cross-border cooperation has been expanded and has been as a strong basis for a bilateral interaction between the countries, as a whole. However, there is a necessity of regulating many problems that occur between these two countries.

In general, the solution of the above mentioned problems, in our point of view, is possible by an integrated development of the border-zone between Russia and Kazakhstan on the basis of joint programs for the development of the boundary areas. It is necessary to facilitate the most effective forms of an economic cooperation, including the best global experience. The experience is required to analyzing “euro-regions” and the East-Asian “poles of the economic growth”, where the Russian regions have been participated for a long time and possibilities of using them in practice of Kazakhstani-Russian relations. Of course, the positive performance results of the joint ventures, free economic zones and implementation of joint infrastructure projects must be developed, which were conducted on the basis of the current Program of interregional and cross-border cooperation.

There is a goal to expanding the powers of the regions, which should be used by provided political-legal and trade-economic instruments for solving issues of the economic growth. In this regard, there is a topical task to fill the gaps in national legislation relatively to the cross-border cooperation. A promulgation of a law about the cross-border cooperation will establish the legal framework to implementing the bordered links, regulating the activities of participants in the processes of the cross-border cooperation, as well as unifying a state legislation and providing the regions by equal rights and possibilities in realization of the bordered contacts. The given task has not been resolved also in the Russian Federation, where the Federation Council of the Federal Assembly of the RF had submitted a draft federal law “On cross-border cooperation” in the State Duma, but, however, the present law has not been accepted by this time. Meanwhile, an adoption of such law in our republic “on the cross-border



cooperation” would allow in a unified order to resolving the issues of delimitation of authority between different levels of the state government, as a whole, would have a positive impact on the development of the cross-border links (Draft law “On cross-border cooperation”).

As the result, the close cross-border relations between Russian and Kazakhstan may become the locomotive of the interstate cooperation. Therefore, a development outlook of the cross-border cooperation depends on an adequate institutional-legal base for coordination and a comprehensive support from the leadership of the states, and, mainly, from the active regions in the joint venture.

### References

- XII Forum of Interregional Cooperation of Russia and Kazakhstan. (2015). Retrieved August 15, 2016, from <http://kremlin.ru/events/president/news/50299>
- Agreement between the Government of the Russian Federation and the Government of the Republic of Kazakhstan in Intergovernmental commission on cooperation between the Russian Federation and the Republic of Kazakhstan. June 28, 1999. Moscow. (1999). Retrieved August 15, 2016, from <http://kazembassy.ru/ru/dvustoronnesotrudnichestvo/dogovornayabaza/78-mezdunar>
- Balci, B. (N. D.) Union économique eurasiennne : vers un retour de Moscou en Asie centrale? Retrieved August 15, 2016, from <http://www.sciencespo.fr/cei/ceirispire-user/7226/2529>
- Chernobay, O.L. (2015). The cross-border cooperation of the Novosibirsk region with the Republic of Kazakhstan. *Authority*, 1: 87-90.
- Convention on cross-border cooperation of members of the Commonwealth of the Independent States. Unified register of legal acts and other documents of the Commonwealth of the Independent States.(N. D.). Retrieved August 12, 2016, from <http://cis.minsk.by/reestr/ru/index.html#reestr/view/tet?doc=2510>
- Cooperation of the Republic of Kazakhstan with the Russian Federation. (2013). Retrieved August 18, 2016, from <http://mfa.gov.kz/index.php/ru/vneshnyaya-politika/sotrudnichestvo-kazakhstana/sotrudnichestvo-so-stranami-sng/12-material-orys/428-sotrudnichestvo-respubliki-kazakhstan-s-rossijskoj-federatsiej>
- Draft law «On cross-border cooperation».(N. D.). Retrieved August 15, 2016, from <http://docs.cntd.ru/document/902135391>
- Foreign policy concept of the RK for 2014-2020 years.(N. D.). Retrieved August 15, 2016, from <http://mfa.gov.kz/index.php/ru/vneshnyaya-politika/kontseptsiya-vneshnoj-politiki-rk-na-2014-2020-gg>
- Muzaparova L. (2009). Kazakhstani-Russian economic cooperation: status and perspectives. In B.K. Sultanov (Eds.). Perspectives of cooperation between Kazakhstan and Russia in new geopolitical terms: materials of the 4<sup>th</sup> bilateral international research-practical conference KISS-IWEIR, Moscow city, 2009, April, 9. Almaty: Kazakhstan Institute for Strategic Studies under the President of RK, pp. 127-134.
- Participation at XII Panel Session of Interregional Cooperation Forum between Kazakhstan and Russia. (2015). Retrieved August 15, 2016, from <http://www.akorda.kz/ru/events/>

- international\_community/foreign\_visits/uchastie-v-plenarnom-zasedanii-xii-foruma-mezhregionalnogo-sotrudnichestva-kazahstana-i-rossii
- Protocol of IV session of the Council on interregional and cross-border cooperation of the member states of the CIS. (2015). Moscow. Retrieved August 15, 2016, from <http://www.e-cis.info/index.php?id=976>
- Register (List) of the signed international documents on interregional and cross-border cooperation of the member states of the CIS.(2012). Retrieved August 19, 2016, from <http://www.e-cis.info/page.php?id=22682>
- Russian-Kazakhstani Business Council. (N. D.).Retrieved August 15, 2016, from [http://www.alttpp.ru/deyatelnost\\_i\\_uslugi/vneshneekonomicheskaya\\_deyatelnost/rossijskokazahstanskijundefindeddelovojuundefindedsovet](http://www.alttpp.ru/deyatelnost_i_uslugi/vneshneekonomicheskaya_deyatelnost/rossijskokazahstanskijundefindeddelovojuundefindedsovet)
- Statement for the press at the conclusion of Russian-Kazakhstani negotiations. (N. D.).Retrieved August 15, 2016, from <http://kremlin.ru/events/president/transcripts/50512>
- The Republic of Kazakhstan. Agreements with the government of the member states of the CIS. (2012). Retrieved August 20, 2016, from <http://www.e-cis.info/page.php?id=22681><http://www.e-cis.info/page.php?id=22681>
- Time-proven friendship. X Forum of cross-border cooperation between Kazakhstan and Russia.(2013).Retrieved August 15, 2016, from <http://pricom.kz/?p=27236>
- The state visit of the Russian President V. Putin into Kazakhstan. (2015).Retrieved August 15, 2016, from<http://kazembassy.ru/ru/mpolitika/7376-2015-10-15-07-19-47>
- Statement for the press at the conclusion of Russian-Kazakhstani negotiations. Retrieved August 19, 2016, from<http://kremlin.ru/events/president/transcripts/50512>
- Sultanov, B.K. (2006). Ural forum of the boundary areas of RK and RF and its role in deepening of the bilateral cooperation. *Kazakhstan-Spectrum*, 3: 10-18.
- Zhundubaev M.K. (2014) The cross-border cooperation between the Republic of Kazakhstan and the Russian Federation at the present stage: types of development, challenges and future. (The dissertation for the science degree of PhD in Political Science). Chelyabinsk State University. Moscow.
- The South Urals Chamber of Commerce and Industry. (2015). September, 16 in Sochi within the XII Interregional Cooperation Forum between Kazakhstan and Russia with the participation of the leadership of the states was held an extended session of Russian-Kazakhstani Business Council. Retrieved August 15, 2016, from [http://tpp74.ru/obshchaya4/yutpp/index.php?ELEMENT\\_ID=55047](http://tpp74.ru/obshchaya4/yutpp/index.php?ELEMENT_ID=55047)
- The Russian delegation's visit. Retrieved August 15, 2016, from<http://www.rustrade.kz/start.htm>
- Tinguy, A. (N. D.) La Russie et ses frontières, vingt ans après l'éclatement de l'empire soviétique – September 2009. Retrieved August 17, 2016, from<http://www.ceri-sciences-po.org>