

**AGREEMENT BETWEEN THE GOVERNMENT OF AUSTRALIA AND  
THE GOVERNMENT OF THE REPUBLIC OF KAZAKSTAN ON  
ECONOMIC AND COMMERCIAL COOPERATION, DONE AT  
ALMATY ON 7 MAY 1997**

**[2003] ATNIF 17**

**Documents tabled on 8 October 2003:**

**National Interest Analysis**

**Text of the Proposed Treaty Action**

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**NATIONAL INTEREST ANALYSIS: CATEGORY B TREATY**  
**Agreement between the Government of Australia and the Government of the**  
**Republic of Kazakhstan on Economic and Commercial Cooperation,**  
**done at Almaty on 7 May 1997**  
**[2003] ATNIF 17**

**Date of Tabling Proposed Treaty Action**

1. 8 October 2003.

**Nature and Timing of Proposed Treaty Action**

2. It is proposed that Australia bring into force, by an exchange of notes, the Agreement between the Government of Australia and the Government of the Republic of Kazakhstan (“the Parties”) for Economic and Commercial Cooperation (the “Agreement”). The Agreement will enter into force as soon as both Parties have completed their domestic legal requirements. Kazakhstan completed its domestic requirements in July 1997.

3. The Agreement was signed on 7 May 1997 and tabled in the Australian Parliament in August 1997. Two public hearings were held. The second JSCOT report (Report 11) recommended that the Agreement’s entry into force be delayed until the commercial difficulties being experienced by Telstra in Kazakhstan at that time had been resolved. JSCOT recommended that a revised National Interest Analysis (NIA) be tabled prior to any future binding treaty action being taken.

4. Mr Downer and Mr Vaile agreed on 25 September 1999 that, as Telstra’s difficulties had been resolved, a revised NIA should be prepared. Elections intervened, but in August 2001 Senator Hill recommended to Parliament that the Agreement be ratified and foreshadowed the preparation of a revised NIA. Finalisation of the revised NIA has been delayed due to competing work priorities and an absence of any significant pressure from Australian business.

**Overview and National Interest Summary**

5. The Agreement is intended to facilitate trade and economic cooperation between Australia and Kazakhstan. While recent levels of trade have been disappointingly low, Kazakhstan is rich in resources and is now enjoying strong economic growth. This Agreement will help position Australian traders for the future, as Kazakhstan works its way to realising its significant economic potential.

6. The Agreement provides a formal context within which future commercial disputes can be managed. Among other things, the Agreement encourages due regard for the protection of intellectual property and obliges each country to encourage alternative dispute resolution procedures. The Agreement also requires the Parties to grant each other Most Favoured Nation treatment in respect of duties, taxes or charges imposed in connection with the import or export of goods. These measures provide a framework of protection that is useful in Kazakhstan’s commercial environment where linkages between business and government are strong.

7. It is an appropriate time to take binding treaty action as previous significant commercial disputes have been resolved, and the economic situation in Kazakhstan is more stable.

## **Reasons for Australia to take the proposed treaty action**

8. Australia and Kazakhstan established diplomatic relations in 1992 and commenced negotiations on the Agreement during a period of optimism over Kazakhstan's economic prospects and potential as a trading partner. Australia opened an embassy and an Austrade office in Almaty in 1995 in recognition of this potential and to support a number of Australian exporters exploiting trade opportunities in the region.

9. Subsequent commercial progress in Kazakhstan was disappointing. During the mid-to-late 1990s Australia's major investor in Kazakhstan, Telstra, encountered difficulties with its joint venture partner, the state owned Kazakh-Telecom. The economic environment in Kazakhstan also deteriorated due, in part, to the economic crisis in neighbouring Russia. As a result, several Australian companies pulled out of the country, and in 1999 the Australian Embassy was closed.

10. Since the publication of JSCOT's 1997 report, Telstra's difficulties with Kazakh-Telecom have been resolved. In March 1999 Telstra advised it had received the final cash debts owing to it from the liquidation of its joint venture (SATEL), and Kazakhstan advised Australia that Kazakh-Telecom and Telstra no longer had "financial liabilities to each other". Telstra has been generally satisfied with the process of this liquidation, although it noted the process was slow and some assets could not be recovered. Telstra's operational activities in Kazakhstan have largely concluded, although Telstra maintains a majority shareholding in the international carrier REACH which has a limited operation in Kazakhstan.

11. In October 2002, Kazakhstan's Finance Minister Kakimzhanov acknowledged the problems which had occurred with Telstra and other early Australian investment along with the failings in the Kazakh system which had contributed to them. He said that Kazakhstan was now ready to welcome greater foreign trade and investment.

12. The economic situation in Kazakhstan has improved since the 1997 hearings. High rates of GDP growth have been recorded over the past three years: 9.8 per cent in 2000, 13.2 per cent in 2001, and 9.4 per cent in 2002. Kazakhstan has the second highest GDP per capita in the Commonwealth of Independent States (CIS) (after Russia) and the highest average monthly earnings (just ahead of Russia). Kazakhstan's currency is relatively stable and inflation has been reduced to the manageable level of 6.0 per cent in 2002. The banking system is considered the strongest in the CIS, and monetary policy is administered in a disciplined and competent manner.

13. Foreign investors describe the investment environment in Kazakhstan as relatively welcoming, especially in comparison with other Central Asian and CIS countries. Austrade considers that "consistently strong economic growth, the relative stability of the Kazakhstan economy and favourable investment conditions are creating a climate favourable to an increase in trade". A business culture and the rule of law are developing slowly, but more needs to be done. Commercial opportunities remain limited while many important reforms remain outstanding. Corruption, particularly in the court system, remains an impediment to the development of a functional market economy. Australian lawyers working in Kazakhstan have reported frustration at having to deal with a corrupt judiciary.

14. The taking of binding treaty action in relation to this Agreement will be useful in strengthening the framework which commits Kazakhstan to facilitate and develop trade on a stable and predictable basis. It should also prove useful in an environment where linkages between business and government are strong. This judgement was echoed by a development company with significant operations in Kazakhstan, SMEC International (see Annex A). “There is still...a significant lack of awareness of the way in which contracts work – both in terms of intent and practical implementation. In this environment we will increasingly depend on the protection provided by this Agreement.”

15. Although trade with Kazakhstan in previously forecast areas (largely agribusiness) has proved disappointing, new areas of commercial interest are developing. A country rich in natural resources, the oil and gas sector now dominates the economy of Kazakhstan and has emerged as the big ticket item for potential Australian trade and investment. Kazakhstan has worked to establish relations with the West, to attract substantial investment to its fast-growing oil and gas sector from American and European sources, and to increase its energy exports. US investment in the energy sector is currently valued at US\$6 billion.

16. The Kazakh government is conscious of the need to diversify its industrial base and is trying to promote investment and exports in other sectors. Opportunities are opening up in transport and logistics, processed foods, mining equipment, consultancy and technical assistance roles, and as a supplier of consumer goods. Austrade is optimistic regarding the potential for Australia’s trade with Kazakhstan, particularly in the agribusiness, construction, food, oil and gas, and education sectors. Consultations show that a number of Australian companies, for example Illawarra Technology Corporation International, have been involved in Kazakhstan in the past, and have a continuing interest in the country.

17. Although this Agreement does not cover services it may pave the way for the future export of services to Kazakhstan by Australian companies in sectors such as education and consultancy. The Kazakh government is sponsoring several post graduate students in Australia and there are a small number of private students. There are large scale World Bank and Asian Development Bank programs in Kazakhstan which could be exploited by Australian businesses. Several companies we consulted, including Illawarra Technology Corporation International, have participated previously in this type of development work in Kazakhstan and have a continuing interest in the country. In encouraging trade with Kazakhstan the Agreement will support the work of the Austrade Moscow office whose role is to increase trade with Kazakhstan, Russia and the Commonwealth of Independent States.

18. There is no clear evidence of any Kazakh business interest in Australia although the Kazakh government has indicated an interest in bringing a business delegation to Australia in the future.

19. The current Australian Ambassador accredited to Kazakhstan from Moscow, Mr Leslie Rowe, visited Kazakhstan in October 2002 to present credentials. Discussions with Ministers and Foreign Ministry officials revealed a high degree of awareness of, and goodwill towards, Australia. Australia’s profile in Kazakhstan is probably higher than in any other country of the CIS, with the exception of Russia. As SMEC International remarked, the immediate value of this Agreement for Australian traders is the maintenance of this profile and the “publicity and awareness of Australia as a trading partner that the Agreement generates”. Further, the Agreement “enhances generally the status and profile of Australia, and hence Australian organisations, in the eyes of Kazakhstan agencies with

which we do business.” Similarly, Austrade has noted that the Agreement would develop the profile of trade at the government-to-government level.

20. Kazakhstan is aware of the reason behind the delay in this Agreement and would see steps by Australia to proceed as a positive signal of our interest in the relationship. Conversely, a decision not to ratify risks sending a negative signal about Australia’s interest in the future trade relationship.

21. Ratification could also support Australia’s broader foreign policy goal of further integrating Kazakhstan into the world economy. As supporters of trade liberalisation, Australia would like to see Kazakhstan function as a fully fledged market economy. Australia is participating in Kazakhstan’s World Trade Organisation (WTO) negotiations and has been encouraging greater progress in economic reforms aimed at achieving compliance with WTO trade rules. As part of the WTO accession process, Australia is conducting bilateral market access negotiations with Kazakhstan on goods and services.

22. It is in Australia’s interest to explore other modest, low cost actions which can best position us for our longer term economic future with Kazakhstan. The Department of Foreign Affairs and Trade (DFAT) is currently considering establishing an Honorary Consul in Almaty to assist with the consular workload and to provide a visible Australian presence in the country and region.

### **Obligations**

23. The Agreement is a standard trade and commercial agreement. Similar agreements exist with the Czech Republic, Estonia, Italy, Latvia, Lithuania, Romania and Ukraine. We understand that Kazakhstan has signed similar agreements with the United Kingdom, Spain and the Federal Republic of Germany, among other countries.

24. Articles 1 and 2 require the Parties to take all appropriate measures, subject to their laws and regulations, to facilitate, strengthen and diversify bilateral trade. This includes encouraging and facilitating the negotiation of commercial contracts, the development of industrial and technical cooperation and the interchange of technical representatives. The Agreement also obliges the Parties to encourage businesses to hold and participate in technology and trade fairs and exhibitions. To this end, the Agreement provides exemption for businesses of both Parties, in accordance with existing laws and regulations, from payment of import duties and taxes on articles for display at fairs and exhibitions, as well as samples of goods for advertising purposes imported from the other country. Austrade has noted that this exemption may act as a practical incentive for an increase in participation at exhibitions.

25. Article 3 requires the Parties to grant each other Most Favoured Nation treatment in all respects concerning customs duties, internal taxes or other charges imposed on or in connection with imported goods, customs and other related formalities, regulations and procedures, in the issue of import and export licences and any provision of foreign exchange connected therewith. This provision derives from the WTO (Article 1 of the GATT 1994) which entitles a country to receive treatment for its products that is no worse than the treatment accorded to products from any other country.

26. Article 4 states that this treatment shall not apply to preferences or advantages accorded by each Party under an established preference system; or in accordance with any agreement or arrangement constituting or leading to the establishment of a free trade area or a customs union; or accorded to other countries in order to facilitate frontier traffic. This also mirrors WTO provisions.

27. Article 7 requires the Parties to encourage, subject to their respective laws, the use of alternative dispute resolution procedures, including arbitration, for the resolution of disputes arising out of commercial contracts between commercial enterprises of the respective countries. Companies and governments consulted commented favourably on the inclusion of this provision. Austrade observed, “[t]he Agreement provides a framework for cooperation and a mechanism for dispute resolution which may offer some assurance to business that there is a commitment to facilitating, strengthening and diversifying trade with Kazakhstan”. The Queensland government specifically welcomed this provision as providing greater transparency and predictability to business dealings. Similarly, SMEC International noted that “[a] framework for dispute resolution will ... be a long term benefit to all parties”.

28. The Agreement also requires the Parties to encourage periodic meetings of the Governments, including sessions of a Joint Commission, to discuss the development and enhancement of bilateral trade relations and to seek solutions to any problems that may arise in the course of development of trading relations between the two countries (Article 8). We have reached agreement with Kazakhstan that these Commissions be held on an ad hoc or “as needed” basis, and chaired at a Deputy Secretary or vice Ministerial level should the need arise.

### **Implementation**

29. The Agreement will be implemented within the framework of Australia's existing laws and policies relating to trade. It does not seek to change the Australian regulatory framework and no new legislation is required to give effect to the obligations contained therein.

30. No changes to the existing roles of the Commonwealth or the States and Territories will arise as a consequence of implementing the Agreement.

### **Costs**

31. No additional direct costs will be incurred as a result of entering into the Agreement. Some costs may be incurred in fulfilling the aims of the Agreement, for example, holding periodic government-to-government meetings and Joint Commissions (Article 8(b)) should the demand arise. These costs would not be large and would be met from existing departmental resources. Such costs could be expected to be incurred even without the Agreement as we would provide the usual assistance to any Australian companies that were interested in the Kazakhstan market who sought our support.

## **Consultation**

32. The consultation process for this Agreement primarily targeted the Australian energy and resources and agribusiness sectors, as these are the dominant export industries in Kazakhstan. DFAT also consulted Australian companies and business organisations engaged in emerging sectors. Relevant government departments in each State and Territory were also contacted for their views on the Agreement. Further detail on consultations can be found in the Consultations Annex (Annex A).

## **Regulation Impact Statement**

33. The Productivity Commission has advised that a Regulation Impact Statement is not required for this bilateral treaty.

## **Future Treaty Action**

34. The text of the Agreement has no explicit reference to the negotiation of future legally binding instruments or a procedure for its amendment. Hence, this Agreement may be amended at any time by agreement between the Parties in accordance with the Vienna Convention on the Law of Treaties. Amendments would be subject to Australia's domestic treaty process.

35. Article 10 provides that no amendments to this Agreement, or its termination, will affect contracts previously concluded between enterprises of the Parties.

## **Withdrawal or Denunciation**

36. Article 9 provides that the Agreement will remain in force for an initial period of five years, and thereafter it shall remain in force until the expiration of ninety days from the date on which either Party receives from the other written notice of its desire to terminate the Agreement.

## **Treaty title**

37. When the Agreement was signed by the Parties in 1997 the standardised Roman spelling of the country name was "Kazakstan". This spelling is used throughout the treaty text and when referring to the treaty by its proper name. Kazakhstan advised in 1998 that the correct standardised Roman spelling is now "Kazakhstan". This standard is used in all official documentation by the Kazakhstan government and is adopted throughout this National Interest Analysis and supporting documentation.

## **Contact details**

Northern, Southern and Eastern Europe Branch  
Americas and Europe Division  
Department of Foreign Affairs and Trade.

## **Annex A Consultations Annex**

### **Agreement between the Government of Australia and the Government of the Republic of Kazakhstan on Economic and Commercial Cooperation, done at Almaty on 7 May 1997 [2003] ATNIF 17**

The consultation process for this Agreement primarily targeted the Australian energy and resources and agribusiness sectors. DFAT contacted individual companies we knew to have had previous interest or experience in Kazakhstan, including Woodside Energy. We contacted major industry groups, such as the Australia Meat Council, in order to reach companies in these sectors which may have an interest in the region but which have not previously come to our attention.

DFAT also consulted Australian companies and business organisations engaged in emerging sectors. Austrade assisted by identifying new businesses with an interest in Central Asia and Kazakhstan in particular. The Australia-Russia and Newly Independent States Business Council (ARNIS) also assisted in this process by providing a list of members who had expressed an interest in the region.

The contact officer made initial contact by telephone with most industry partners to gauge their interest in the treaty. The response, while not overwhelming, was positive. This was followed up by a letter from the Assistant Secretary, Northern, Southern and Eastern Europe Branch, setting out the purpose of the Agreement and seeking formal comment on the proposed ratification. A copy of the treaty text was included for information.

#### **A. Industry partners consulted**

<b>Business Name &amp; Address</b>	<b>Industry</b>	<b>Response</b>
Federation Agribusiness Employers' SA	Agribusiness	No response
General Manager Australian Meat Council NSW	Agribusiness	Identified and contacted interested exporters to provide comment.
Director Australian Centre for International Agricultural Research ACT	Agriculture & Agribusiness	Currently no activities in Kazakhstan, and none in foreseeable future. Activities in developing countries (such as Burma and North Korea) organised by Ministerial directive or AusAid initiative.



<b>Business Name &amp; Address</b>	<b>Industry</b>	<b>Response</b>
General Manager Corporate Development SMEC ACT	Consulting services	Commends DFAT on this initiative and fully supports ratification of the Agreement. SMEC is active in Kazakhstan and has an office in Almaty. Immediate value of Agreement is that it enhances the status and profile of Australia as a trading partner. Regards the long-term benefit of the Agreement as establishing a dispute resolution framework.
Managing Director Southern Cross Enterprises ACT	Consulting services	Keen to see the relationship develop to a considerably higher level. Considers the Agreement an important and “very much needed tool in developing relations between the two countries”.
ProVice Chancellor International &Enterprise Curtin University of Technology WA	Education services	Supports the ECCA as a means of developing Australia’s profile in Kazakhstan and eventually facilitating educational export activities.
Coordinator Graduate Studies in Strategy & Defence Curtin University of Technology WA	Education services	Supports the ECCA and measures to promote relations with Kazakhstan and other former Soviet states. Participated in an Austrade-led delegation in 2001 to Kazakhstan to promote education in Australia. Universities generally cautious about entering region.
ITC International Illawarra Technology Corporation NSW	Consulting services	Registered with Asian Development Bank to carry out contracts in Kazakhstan. Interested in future opportunities in Kazakhstan.
Group Manager Australia Education International Department of Education, Science & Training ACT	Education and training	Supports cooperative arrangements. AEI sees limited short-term commercial benefits for Australia’s international education sector from the Agreement, but is happy to explore any opportunities which may arise in the future.
Commercial Business Manager TAFE Global NSW	Education and training	No comment.

<b>Business Name &amp; Address</b>	<b>Industry</b>	<b>Response</b>
Marketing Manager Sydney English Language Centre (SELC) NSW	Education and Training	No response.
General Manager Corporate & Community Affairs WMC Resources Ltd VIC	Mining and resources	No response.
Vice President Government Relations BHP Billiton VIC	Mining and resources	No response.
Manager Government and Corporate Relations Rio Tinto Ltd VIC	Mining and resources	No response.
Government Affairs Manager Woodside Energy WA	Mining and resources	Currently no interest in Kazakhstan, and hence no specific comment.
Oil Industry Industrial Association c/- Shell Australia VIC	Mining and resources	No response.
Minerals Council of Australia ACT	Mining and resources	No response.
Telstra Relationship Manager REACH NSW	Telecommunication	After restructuring its operations in 2001, Telstra is no longer involved in active operations outside Australia, except through joint ventures. REACH, a joint venture company, in which Telstra has a majority shareholding, has a relatively small international voice commercial relationship with Kazakhstan Telecom. Notes with interest the cooperation being developed by the Department and fully supports the Agreement.
Managing Director Gateway Travel Pty Ltd NSW	Tourism	No response.

**B. Government stakeholders consulted**

<b>Government Agency</b>	<b>Response</b>
<p>Manager, Government Industry &amp; Policy Group AUSTRADE</p>	<p>Austrade is supportive of ratification of the Agreement which will develop the profile of trade at a government-to-government level. Austrade is optimistic regarding the potential for Australia's trade with Kazakhstan, particularly in the agribusiness, construction, food, oil and gas, and education services sector.</p> <p>The Agreement provides a framework for cooperation and a mechanism for dispute resolution which may offer some assurance to business that there is a commitment to facilitating, strengthening and diversifying trade with Kazakhstan.</p>
<p>Director, Business ACT ACT Chief Minister's Department</p>	<p>No response.</p>
<p>Executive Director, Trade &amp; Business Services Division NSW Department of State &amp; Regional Development</p>	<p>No response.</p>
<p>Director, International Relations &amp; Strategy Northern Territory Department of Business, Industry &amp; Resource Development</p>	<p>No response.</p>
<p>Senior Policy Officer, Policy &amp; Coordination Northern Territory Chief Minister's Department</p>	<p>No response.</p>
<p>Executive Director, Trade Division Queensland Department of State Development</p>	<p>Queensland government is aware of a small amount of interest among Queensland companies in commercial opportunities in Kazakhstan. There is stronger interest in opportunities arising from funding of aid and development activity in Kazakhstan.</p> <p>The provisions in the Agreement that provide more transparency and predictability to business dealings are welcome, particularly Article 6 on payment and Article 7 on dispute resolution.</p>
<p>Executive Director, Strategy, Policy &amp; Communications South Australian Department for Business, Manufacturing &amp; Trade</p>	<p>No response.</p>

<b>Government Agency</b>	<b>Response</b>
Senior Policy Analyst, Policy Division Tasmanian Department of Premier & Cabinet	No response.
Director, Industry & Regional Policy Victorian Department of Innovation, Industry & Regional Development	No response.
Executive Director, Policy Planning & Coordination West Australian Department of Industry & Resources	Supports the ratification of the ECCA, although Kazakhstan is not a priority target market for Western Australia. “The principle of mutually beneficial cooperation which underlies agreements of this nature can be advantageous to particular companies seeking to enter or expand their business activities in developing economies, such as Kazakhstan”.

## **Annex B**

### **Kazakhstan Political Overview**

Since gaining independence from the former Soviet Union in 1991, Kazakhstan has been recognised as one of the more stable countries in Central Asia. It has considerable economic and trading potential. Thirteen years on from independence, however, work remains to be done on further reforms, particularly in the political arena.

President Nursultan Nazarbayev, former regional head of the Communist Party, has been President of Kazakhstan since independence when he was elected on 1 December 1991 with 98 per cent of the vote. The current Prime Minister, as of 13 June 2003, is Mr Daniyal Akhmetov.

While regular elections have been held since independence, political power is increasingly concentrated in President Nazarbayev's hands. This is due to a number of decrees introduced over the past ten years enabling him to annul existing laws, demand the government's resignation, or order new parliamentary elections without recourse to parliament. In April 1995 a referendum abolished the maximum age and two term limit of the presidency and extended the presidential term of office from five to seven years. Nazarbayev is currently 63 years old and it is not clear whether he will stand for office when his present term expires in 2006.

There is a high degree of fragmentation within Kazakhstan's political system. Economic and ethnic differentiation has led to the appearance of more than 2,000 social organizations, movements, political parties, and social action funds across a broad political spectrum. In contrast to other Central Asian states, Islam is not well established and there is no national religious-political network. Most of Kazakhstan's political parties and organisations have little or no influence on presidential decision making. Fragmentation of the political landscape has allowed Nazarbayev to consolidate further executive power.

The media is generally free, although state control over the media tightened in the 1990s. All television stations are now government owned or controlled by the State Television and Radio Broadcasting Corporation. Strictly enforced laws forbid personal criticism of the president or members of the president's family.

Kazakhstan generally adheres to international human rights standards. There have been no recorded instances of extrajudicial killings or disappearances, or of unsubstantiated grounds for arrest. International organisations record no instances of torture or of deliberately degrading treatment.

Kazakhstan's record on economic reform is strong. It has made slow but steady progress with structural reforms and is considered one of the most decisive reformers in the Commonwealth of Independent States (CIS). Since 1993, Western aid organisations have administered technical assistance programs to support Kazakhstan's transition to market economy and its integration into the international trading system. Notable achievements include privatisation, price and exchange rate liberalisation, and reforms in the pension system, the civil service, finance and banking, public procurement, tax administration and communal services. The Kazakh economy has sustained high GDP growth rates over the past several years.

Due to this strong macroeconomic performance and financial health, Kazakhstan became the first former Soviet Republic to repay all of its debt to the International Monetary Fund (IMF) in 2000, seven years ahead of schedule. As a result of the achievements made in stabilising the economy, the favourable medium to long term outlook for the country, and the low probability that Kazakhstan will have to borrow from the fund in the future, the IMF will not replace their representative in Kazakhstan when his term expires in 2003.

The stable and relatively favourable investment climate in Kazakhstan has attracted substantial foreign investment. However, the economy is heavily reliant on energy earnings. Kazakhstan recognises that the diversification of its economic and export base will be needed to withstand commodity price shocks and to create opportunities for small to medium sized enterprises in the future. Kazakhstan has acknowledged in a speech to the WTO that deeper and faster reform is needed in areas of national productivity, unemployment, and income disparity.

Since independence, Kazakhstan's foreign policy has focused on maximising economic opportunities while balancing relations with its powerful neighbours to the north (Russia) and east (China). Kazakhstan has been an active supporter of the CIS and has maintained good relations with Russia, with which it has an extensive and growing commercial relationship. This is reflected in Kazakhstan's membership of Russian dominated regional forums: the CIS, the Eurasian Economic Forum, the Shanghai Co-operation Organisation and the Collective Security Treaty which promotes regional military integration.

Kazakhstan's foreign policy also recognises the strategic and economic importance of China. This once tense relationship is steadily improving and there are now ambitions for economic cooperation. Kazakhstan is working with China to delimit its extensive open borders to control population migration and illicit drug trafficking.

In recent years Kazakhstan has worked hard to develop its relations with the West. Its main interest has been to establish a reliable customer base for Kazakh energy resources, as well as to achieve some balance with dominant Russian interests. Kazakhstan has successfully attracted substantial US and EU investment to its fast-growing oil and gas sector. Kazakhstan is a member of the United Nations, Organization on Security and Cooperation in Europe, and North Atlantic Cooperation Council. It is also an active participant in NATO's Partnership for Peace program.

Kazakhstan seized on the events of 11 September to strengthen its relationship with the West. It cooperated fully in the war against terror, offering its airspace and bases for use by the coalition. Kazakhstan also took action to ratify international conventions on terrorism and to combat terrorist financing. This has contributed to a strengthening of its bilateral relationship with the United States - particularly in areas of security and non-proliferation.