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Italian Business in Central Asia
In and Around the Energy Sector

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Abstract While distant and little-known to the Italian public, Central Asia plays an important role for Italy. Kazakhstan is an important supplier of oil to Italy and Italy is the principal customer for Kazakhstani oil. This article concentrates on Italy-Kazakhstan relations because they represent the lion's share of Italy-Central Asia relations, while also providing a rationale to explain the diverging pathways that allowed Kazakhstan to interact more proficiently with foreign companies, rather than its close neighbours. By focusing on the energy sector, this article also highlights how trans-national companies (TNCs), such as Italy's Eni, transfer practices from their global experience in oil and gas to their destination countries in Central Asia. In particular, this article analyses the cost-cutting practices of outsourcing services and outstaffing workforce, for which Italian companies and joint ventures have become instrumental.

Keywords Italy. Central Asia. Oil and gas. Business. Kazakhstan. Turkmenistan.

Summary 1 Introduction. – 2 Italy in Central Asia's Energy Projects. – 3 The Eni World in Central Asia. – 4 Manpower and Local Content: The Example of Kazakhstan. – 5 Conclusion.

1 Introduction

Italian participation in Central Asia energy business has been rampant since 1991, when the USSR collapsed and the Union Republics became independent. Diplomatic relations were established in 1992, together with the first business expeditions. Following their experience in post-colonial contexts, Italian businesses – especially in the energy sector – penetrated the Central Asian market with the same well-oiled strategies they had implemented in Africa, Latin America, or the Middle East.

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This article tracks some of the trends involving Italian business activities in Central Asia, with a particular focus on the energy sector, because Italy-based companies became among the top explorers and producers of hydrocarbons in the region and Italy is a key market, especially for oil exports from Kazakhstan. Table 1 below, highlighting the latest figures on Italy-Central Asia trade turnover, justifies the rationale for the article, which is skewed towards Kazakhstan, Italy's largest commercial partner in the region, and in particular the oil business. Italy-Kazakhstan trade turnover represented 87% of Italy's total commercial exchanges with the region. Statistics also show that Italy-Kazakhstan relations are firmly guided by the extraction and trade of oil, which represented 80% of Italian imports from Kazakhstan 2018.

Table 1: Italy-Central Asia trade turnover (in millions of euros)

2018	Italian export to	Italian import from	Total turnover
Kazakhstan	1,032.4	2,038.5	3,070.9
Kyrgyzstan	22.6	1.4	24
Tajikistan	27.2	14.8	32
Turkmenistan	32.8	44.9	77.7
Uzbekistan	320.6	17	337.6

Source: Italian Ministry of Foreign Affairs at http://www.infomercatiesteri.it (2019-11-27)

In terms of energy markets, Turkmenistan and Uzbekistan have historically been tied to Russia, via the Moscow-centric gas pipelines inherited from the Soviet period. Recently, due to a commercial spat turned political, Russia stopped buying Turkmen gas in 2016 and resumed in 2019 (*Reuters* 2019). Since 2010, Turkmenistan directed the bulk of its gas exports to China through the Central Asia-China gas pipeline, to which Uzbekistan and Kazakhstan are also tributaries. Plans for a trans-Caspian gas pipeline that would bring Turkmen gas to Azerbaijan and further to Europe have floated around policy circles in Brussels and Washington for decades, but the costs and risks could be an unsurmountable hindrance for years to come. While Kazakhstan also exports oil to China, its main export vector is oriented westwards to Europe, where its main customer is Italy.

The pathway from the Soviet command economy to post-Soviet capitalism – in its various facets – was not uniform in Central Asia, especially for what concerned the energy industry, because subsoil resources remained property of the state and privatisation was carried out through different and diverging strategies. In a similar vein to Sorbello (2018), this article highlights how the initial asymmetrical openness of each Central Asian country provoked slight adjustments to the corporate policies of Western businesses, in this case Italian, throughout the first quarter-century of bilateral relations. The peculiarities of the oil and gas business, with its geographic specificities, its global impact, its significance for the state economy, and its regulatory framework, ascribe it to a paragon for transnational business strategies.

The following section delves into the ramification of Italian interest in Central Asia's energy projects. While it remains focused on oil and gas, especially in Kazakhstan and Turkmenistan, this article also touches upon a few tangential cooperation projects, such as the Rogun dam in Tajikistan. In the third section, the article moves closer to the main actor in Italy's penetration in Central Asia: Eni, a large oil and gas producer partially owned by the Italian government, together with a constellation of service companies, essentially represents Italy in Central Asia.

The fourth section focuses on the impact of Italian business in the labour market of Kazakhstan, where manpower agencies – often owned or operated by Italian managers – help Eni and other companies in their "optimisation" practices. In the oil and gas industry jargon, optimisation often means laying off direct employees in favour of temporary workers hired by agencies, which essentially became middlemen, sidelining both human resources departments and trade unions.

2 Italy in Central Asia's Energy Projects

Italian business interest towards Central Asia is essentially confined to the extractive industry, whether directly related to it, with energy companies such as Eni and Saipem, respectively extracting hydrocarbons and building infrastructure to transport it, or indirectly linked to the oil and gas business, with construction companies such as Bonatti, Sicim, and Rosetti Marino.

In terms of volume, the lion's share of Italy's FDI to Central Asia goes to Kazakhstan. Between 2013 and 2017, Italian investment to Kazakhstan represented around 90% of Italy's FDI to Central Asia, between 550 and 815 million euros annually. Kazakhstan's position as the main resource-rich country and the most investor-friendly market in Central Asia allowed early Italian participation in international oil and gas consortia. Other countries lagged behind both because of the limited market opportunities and because of their more hostile business climate.

In Kazakhstan, Italy participates in two of the largest international energy-producing consortia: Eni, part-owned by the Italian government, holds a 29.25% share in the Karachaganak gas and condensate field in the north of the country and a 16.81% share in Kashagan, one of the most promising offshore oil fields of the past few decades. In Turkmenistan, Eni holds a 90% share in the Burun oil field it acquired in 2008. In 2014, it extended its contract to 2032 and ceded a 10% stake to the Turkmen national oil company.

Energy major Eni and several of its affiliate service companies, as well as many other specialised companies that work in the global oil and gas industry, have entered these markets thanks to their ability to explore oil and gas fields internationally. Some of the oil and gas fields in the region were either underdeveloped or developed under low-tech industrial regimes, so the arrival of Italian companies, as well as other trans-national companies (TNCs), helped develop these fields. Italian companies also operated within a framework of trust with the authorities, which they had gained already during Soviet times. The nature of trust that was established was both of a cultural and a business nature, owing to historically good relations between the Italian Communist Party and the Soviet Communist Party.

Strapped for cash, the Central Asian economies welcomed the participation of Italian as well as other international companies to help them restructure the backbone of their economy. Natural resources, and their international trade, were the key to the survival for these countries, the budgets of which were marred by the effects of the Asian and the Russian rouble crises of the mid 1990s. It was precisely at this time, when Italian companies signed two important Production Sharing Agreement (PSA) with the government of Kazakhstan, creating two consortia to develop the Karachaganak and Kashagan fields. Under these PSA, the companies would invest first and then start sharing the profits from the sale of oil and gas only after their costs were recovered. Other key fields in Kazakhstan, Turkmenistan, and Uzbekistan were either captured by other international consortia without Italian participation or kept under the state umbrella and exploited by the national oil and gas companies owned by the government.

Historical research showed that there was the fundamental divide between a 'statist' and a 'corporate' approach to oil and gas development (Sorbello 2018). These approaches were not static in time and governments proved to be flexible in adopting one of the other according to the circumstances (Blackmon 2009). For example, after approximately a decade of corporatist approach, Kazakhstan switched to a more state-directed approach which emphasised public ownership or at least part-ownership of key oil and gas fields. The creation of NC Kazmunaigas in the early 2000s implied that the state-owned company would control at least 50% of any new project. This new legal and business configuration also changed the way that international companies approached both Kazakhstan and other countries which had taken a more state-centered approach. Once NC Kazmunaigas was created, TNCs willing to invest in oil and gas in Kazakhstan had to negotiate with yet another subject in the country: representing the government, NC Kazmunaigas appeared along with local administrations, ministries, and agencies in the central government. The unspoken rule, however, was that TNCs always had to seek the ultimate seal of approval in the office of the president, in Kazakhstan as elsewhere in Central Asia.

In the first decade since independence, FDI towards Turkmenistan remained marginal in volume (UNCTAD, 2003) in line with the country's neutral international policy and isolationist attitude. In the energy sector, the strategy of then-President Saparmurat Niyazov was even more evident, as Turkmenistan "[avoided] any liberalisation and [kept] its country and hydrocarbon reserves closed off to external actors" (Sorbello 2018, 112). The first major energy contract with Mobil in 1998 for the development of the Garashsyzlyk oil and gas field (Canzi 2004, 165) was only followed by another major contract in 2007 with China's CNPC, which denotes a more sluggish opening of the market.

In Kazakhstan, President Nursultan Nazarbayev ruled for nearly 30 years before leaving his post in March 2019. In Uzbekistan, President Islam Karimov died in office after 27 years at the helm. In Turkmenistan, President Saparmurat Niyazov also died in office after 21 years, replaced by Gurbanguly Berdymukhamedov, who has since ruled unopposed for over a decade. Continuity at the highest post in both Kazakhstan and Uzbekistan was ensured by the appointment, albeit in different circumstances, of former political affiliates of the so-called First Presidents: in Uzbekistan, long-time Prime Minister Shavkat Mirziyoyev became interim president and later organised elections in which he ran virtually unopposed; in Kazakhstan, Nazarbayev resigned knowing that his position would be taken, according to the Constitution, by Senate Speaker Kassym-Jomart Tokayev, who had served both in diplomatic and high-ranking government posts. Foreign investors applauded the conduct of these governments who put an emphasis on the principles of stability and continuity during their terms in power.

A stable political environment favoured the corporate interest of the TNCs, removing potentially upsetting externalities, such as violent uprisings and, after September 11, terrorist threats against their assets in the countries. Anti-terrorism and anti-extremism became part of these countries' legislation and were often used to curtail freedom of speech, association, and religion. The three energy-rich countries in Central Asia displayed various strategies, from Turkmenistan's isolation, to Uzbekistan's selective cooperation, to Kazakhstan's international prestige-seeking efforts.

In its search for prestige, Kazakhstan's government made a point to maintain favourable relations with Italy, its main partner in the oil sector. Cooperation with Kazakhstan was also easier to justify before the Italian public, compared to potential partnerships with Turkmenistan, whose leader has been repeatedly accused of human rights violations. In 2009, for example, Eni and NC Kazmunaigas signed a key cooperation document in November 2009, during Nazarbayev's official visit to Rome (Frappi 2012, 135). In the same period, Italian officials embarrassingly tried to cover up the visit of Berdymukhamedov, Turkmenistan's president (Anceschi 2010, 107).

Energy is always on the agenda when officials from Italy and Kazakhstan meet. In June 2014, during Italy's Prime Minister Matteo Renzi's official visit to Kazakhstan, Nazarbayev said: "Italy is a strategic economic partner of Kazakhstan in Europe. Italy accounts for 13 percent of Kazakhstan's foreign trade […] Moreover, Italy is the largest consumer of Kazakhstan's oil". Renzi answered with cerimonious gratitude: "I am grateful to Kazakhstan for the support you provide to our companies here […] our country is in need of partners such as Kazakhstan, where there is always stability and prosperity" (Orazgaliyeva 2014). Renzi and Nazarbayev also met the following year on the occasion of the World Expo in Milan in 2015, further cementing Italy-Kazakhstan relations. In an interview with *The Astana Times* (2014), then-ambassador of Italy to Kazakhstan Stefano Ravagnan said that "Kazakhstan [is] quite an important part of our energy consumption". In fact, together with Azerbaijan, Kazakhstan is the fastest-growing supplier of crude oil and refinery feedstocks to Italy (IEA 2016, 157).

Interestingly, while energy relations between Italy and Kazakhstan seem thriving, periods of friction have mushroomed. During tense political relations, energy became a crucial platform for dialogue between Italy and Kazakhstan. In May 2011, labour activists called a general strike in the oil-rich Mangystau province, with the goal of improving salaries and working conditions for local employees at oil producing and service companies. Along with state-controlled companies, a substantial participation to the strike was registered among Ersai workers. Ersai, a joint venture between Italian service company Saipem and the Lancaster Group, a holding owned by a group of wealthy businessmen in Kazakhstan, is among the key contractors for foreign and local companies in the oil extraction and infrastructure business. Strikers were laid off en masse and the company, along with other companies involved in the labour dispute, ignored their requests. The tension continued for eight months until special police forces clashed with unarmed oil workers in the main square of Zhanaozen, a wind-swept oil town, killing at least 17 in December 2011 (Satpayev, Umbetaliyeva 2015). While the incident is still regarded as a dark page in Kazakhstan's history book, the labour dispute had a marginal effect on working conditions. Instead, the deaths were used as political currency to crack down on independent trade unions, a measure welcomed by foreign investors.

Another incident that shook Italy-Kazakhstan relations was the extraordinary rendition of Alma Shalabayeva, the wife of ex-banker-turned-opposition-leader Mukhtar Ablyazov. Shalabayeva lived in Rome until she was sent back to Kazakhstan in May 2013 with a special operation organised by the Italian intelligence. Clouded by mystery, the case had resonance in Italy, where journalistic and legal investigations alleged potential ties between the two governments and Eni in the operation (Mondani 2013). Eni denied any involvement (*La Repubblica* 2013), but the incident had a negative resonance on the various actors involved, prompting a subsequent buck-passing and lack of transparency (Vanuzzo 2013).

In both instances, relations were restored rapidly by the governments, whose choice for *Realpolitik* and cooperation trumped the potential grievances (Indeo 2013). As energy investments and trade are a large part of Italy-Kazakhstan relations, these disputes were likely resolved through the mediation of the sides' interests in the oil and gas sphere.

In other Central Asian countries, Italy's presence is marginal. In July 2016, however, the Tajik government unexpectedly inked a 3.9 billion US dollars contract with Italy's Salini Impregilo for the construction of a dam and hydroelectric power plant at the site of Rogun, on the Vakhsh river, that would double Tajikistan's current power production. Observers have noted that "it is not clear where the government will get the money" to pay for the contracted amount, given its macroeconomic outlook and the government's dependence on migrant workers' remittances to sustain its GDP (Menga 2018, 83). Nevertheless, it represents one of the largest business partnerships outside of the oil and gas business in Central Asia.

3 The Eni World in Central Asia

Eni is among the world's largest oil and gas companies in terms of market capitalisation. Based in Rome and Milan, it operates in oil and gas fields across the world, through several subsidiaries. In Central Asia, Eni controls shares in three projects, two in Kazakhstan and one in Turkmenistan (see above). Eni also owns shares in international pipelines designed to bring Central Asian oil to Europe. It controls a 2% equity in the Caspian Pipeline Consortium (CPC), running from the oil fields of Kazakhstan's Atyrau region to Novorossiisk in Russia's Black Sea coast. The Italian giant also owns a 5% stake in the Baku-Tbilisi-Ceyhan (BTC), a pipeline designed to bring oil from Azerbaijan to the Turkish port of Ceyhan. Over the years, albeit intermittently, Kazakhstan has sold oil to BTC through the Aktau-Baku vector across the Caspian Sea. Since 2015, supplies have dried out in a decision to favour CPC (*The Conway Bulletin* 2015).

Central Asia is a key market for Eni. In terms of both investment and revenue, Kazakhstan is of particular significance: 10% of Eni's global oil output in 2018 was produced in Kazakhstan.[1] Operations in Turkmenistan are smaller in scale, as the Burun field produces only around 300,000 tons of oil annually.[2]

Alongisde Eni, a myriad of service companies, directly or indirectly related to the Rome-based company, operate in Central Asia. The majority of them, unsurprisingly, are located in Kazakhstan, where they generally form joint ventures with local businesses. Such is the case of Ersai, KCOI, KKS-Sicim, Renco AK, SITEK Caspian. These companies float around the main production consortia of which Eni is part, bidding to win service contracts for specific tasks. The fact that these companies are separate entities from Eni allows the transnational conglomerate to operate with flexibility: capital expenditure, supplies of materials, manpower, and even catering and cleaning can be outsourced to other entities, which work on a temporary, almost seasonal basis. This reduces costs for Eni, which is listed in the stock exchanges in New York and Milan and offloads the risks onto the contractors.

Notably, service companies to the oil and gas industry generally display a high degree of specialisation, which can be crucial at different stages of the exploitation of a hydrocarbons field. This establishes ties between the main producing company and specific service companies, which earn the trust of the principal client and become likely winners of subsequent tenders. In addition, low-tech service companies sometimes maintain a close personal link to the management of the main company, especially if it is one predisposed to informal links.[3] Most contractors work with the same company, winning the same tenders, and supplying the same services for decades. Hydrocarbon extraction and mining are industries that typically display this dynamic: "In theory, contractors are independent companies that offer their services on the market, but de facto many contractors specializing in low-paid maintenance and repair have been created for and are quasi-internal to the main company, their sole client" (Trevisani 2018, 87). A business consultant in Atyrau said the unspoken dynamic between operating companies was already evident after Shell became the operator of the NCOC consortium, develop-

1 Eni (2018), *Annual Report*. URL `https://www.eni.com/docs/en_IT/enicom/publications-archive/publications/reports/reports-2018/Annual-Report-2018.pdf` (2019-10-10).

2 Burun's *annual* production is thus comparable to Kazakhstan's total *daily* production.

3 While in this article, reference to corruption, bribery, and other illegal practices is made without direct reference to specific cases, field interviews in Kazakhstan's oil regions carried out in 2018 have often highlighted the endemic nature of graft in both business-to-government relations and in business-to-business deals.

ing the Kashagan oil field: “With Shell taking over operatorship from Eni, the number of small and medium service enterprises from Italy fell and the number of those from Britain is growing”.[4]

According to ICE,[5] the Italian Trade Agency, in 2009, the revenue of companies with Italian participation in Central Asia amounted to 11.7 billion euros, two-thirds of which came from extractive industries. In 2015, ICE reported that revenue fell to 8.3 billion euros, a 30% drop, with a significant decrease in the contribution of extractive industries, which earned only 2.7 billion euros, a 65% drop. Despite the fluctuations, the oil and gas sector remains a key interest for Italian businesses. In the words of ICE’s director in Almaty: “Our country shines in excellence for what concerns the oil services industry. We produce some of the best parts and engineering tools for the oil sector”.[6]

This short survey of the constellation of service companies tied to Eni in Central Asia is beneficial to understand the depth of the ramifications of Italian business in Central Asia. Notably, it is the modular nature of the global oil and gas business that becomes conducive to such kinds of structural, seemingly inextricable relationships between companies and creates room for foreign companies to create joint ventures in oil-rich countries (Appel 2012). By splitting tasks and contracts between companies, however, the risks and costs are continuously shifted. One prime example of this practice can be found in the management of human resources, the topic of the next section.

4 Manpower and Local Content: The Example of Kazakhstan

The temporary, unpredictable nature of the oil business created room for manpower agencies which work with both oil producing consortium and service companies to provide manpower on a short- or a long-term basis. These manpower agencies often hire specialists from the country in which a TNC is located in order to minimise cultural and industrial culture barriers. This practice, however, creates strong imbalances in employment conditions and salaries, with a vast army of local workers earning a fraction of the fewer expatriate workers. Still, salaries in the oil business are generally higher than the national average, which increases competition, especially among low-skilled workers. The host country, in general, puts in place measures to smooth imbalances and to ensure that its oil and gas industry be-

4 Interview with the author, 12 September 2018.

5 Data available at the ICE website: URL `www.ice.it` (2019-10-10).

6 Interview with the author, 10 August 2017.

comes 'populated' with local workers, rather than foreigners.

In an effort to force foreign investors to keep employment rates high in the oil industry, Kazakhstan's government adopted a series of legislative measures aimed to set quotas for foreign hires. While varied across cases, regions, and specific sector, foreign companies in general must hire a higher proportion of local workers in order to obtain a certain number of work permits for their expatriate specialists. In the industry jargon, locally-sourced labour and services are called "local content". A TNC must therefore negotiate a proportion of local content in its workforce and materials with the authorities. The practice is considered inconsistent with rules on competition set by the World Trade Organisation, to which Kazakhstan was admitted in 2015. Furthermore, TNCs regard the local content limitations as a vexatious, but necessary cost for their business in the country. High profitability margins in the extraction and sale of hydrocarbon allow TNCs to sustain the cost, especially during times of high oil prices.

Oil price volatility, however, has a direct effect on the companies' bottom line and payroll is generally one of the first lines on the balance sheet to suffer a cut. During periods of lower oil prices, TNC prefer to use manpower agencies to hire their workers, making their contracts temporary and easier to terminate. This is a standard practice that companies apply globally and Kazakhstan is no exception.

Kazakhstan's labour environment was also impacted by the country's transition to a market economy. "The switch from Soviet to capitalist employment regime has opened up a division between securely employed, unionized, more skilled and better paid regular company workers and the poorly paid, less protected, unskilled, and non-organized contract laborers" (Trevisani 2018, 86). As elsewhere, the industry grew a preference for both "outsourcing" (hiring project workers for specific tasks) and "outstaffing" (replacing direct hires with contracted workers). Manpower agencies have become key players in the implementation of both outsourcing and outstaffing.

There are several Italian companies that work in the manpower business in Kazakhstan as well as several Italian nationals hired in these agencies. Regionally, most of these agencies are concentrated in Atyrau, where the country's two largest oil fields, Tengiz and Kashagan, are located. Italian companies are therefore often seeking work permits and they are faced with regulatory restrictions which generally set quotas for the amount of foreign workers that a company can hire. While these requirements vary between different local administrations and companies of different size, they remain a obstacle to doing business according to several sources.

At the three largest oil consortia in Kazakhstan, manpower planning is a joint effort between the between Human Resources and Industrial Relations departments. The company outlines a five-year plan according to production and sale targets. Given volatility in oil prices, regulatory frameworks, and investment options, the company has an incentive to use 'easy-to-terminate' contracts for the employees it hires directly and make extensive use of manpower agencies. Large consortia, boast local content ratios of employment above 90%, while contextually outsourcing specialists through manpower agencies. Smaller companies, resort to opaque practices in order to comply with the regulations.

At a conference of the oil service industry in Atyrau in March 2019, Murat Zhurebekov, chairman of the governmental agency in charge of managing the PSAs with the largest consortia, shared a widespread view that inequality between expat workers and local content continued to be significant: "Local workers are exploited through contract dumping by the employers. It makes no sense that a driver working for a consortium now can earn the same as a taxi driver in the city. The disproportion between expats and locals continues to be impressive, especially when we look at the workers fulfilling similar tasks" (Sorbello 2019).

Directly or indirectly, expat service workers are hired by the principal production companies at daily rates above $1,000/day. One typical scenario, described by a manager at an Italian service company, would entail a task-oriented contract between the service and the principal company of $25,000/month plus VAT per specialist. The service company would then hire the specialist for $7,000/month, pay taxes, and send back around $15,000 to the mother company abroad.[7] This type of direct hiring in the service industry could become indirect should a manpower agency be involved in the head-hunting. In case of indirect hiring, the manpower agency either seeks "freelancer specialists" or contracts them out. Hires through manpower agencies are known as "expendables" because of their precarious work conditions.

The changing practices in employment policies could explain the wider tendencies of outsourcing and outstaffing through manpower agencies in Central Asia. ICE, the Italian Trade Agency, reported that for the whole Central Asian region, the total number of companies with Italian participation grew significantly (40%) from 654 to 922 between 2009 and 2015. Notably, the number of workers these companies employed grew only marginally by 6.7% with a significant reduction (-40%) in the extractive industries.[8] While these statistics apply to the whole Central Asian region, Kazakhstan is effectively the driving force behind the numbers.

7 Interview with the author, Western Kazakhstan, 20 July 2017 (location redacted for anonymity).

8 Data available at the ICE website: `www.ice.it` (2019-10-10).

5 Conclusion

This article outlined Italian participation in Central Asia's economy, particularly in the energy sector. Hydrocarbon extraction and its service sector represent in fact the principal interest for Italian businesses in the region. Eni, Italy's energy company, is among the most active TNCs in Central Asia, with projects in Kazakhstan and Turkmenistan. The bulk of Italian FDI, however, is directed towards Kazakhstan, which was also the principal focus of this article.

The background (section 2) described the diverging pathways followed by Central Asian governments after the collapse of the Soviet Union. The article argues that FDI flocked in towards the most open commodity markets, as testified by the differences between foreign investment in Kazakhstan and Turkmenistan. This section also highlighted the specifics of Italy's diplomatic relationship with Central Asia, with particular reference to Kazakhstan. The article argued that business interests in the energy sector shaped the relationship between Italy and Kazakhstan, as shown through the swift resolution of two potentially-upsetting issues, the 2011 oil strikes and the 2013 operation to send family members of an opposition figure back to Kazakhstan.

Section 3 described the business environment around Eni in Kazakhstan. Service companies with direct or indirect Italian participation are instrumental to the operations of the main production company, which works in major oil and gas fields in the west of the country. Albeit separate entities, these companies often supply continuous services to the main operator, essentially becoming dependent from the periodic tenders. The inextricable link between Eni and the constellation of service companies around it allows Eni to enjoy the flexibility of offering tailored contracts, while service companies bear the risks related to volatile commissions and employment.

The effect of oil volatility – intended both in terms of prices and project phases – has a specific effect on employment, analysed in section 4. Companies working in the oil sector, especially TNCs, make extensive use of manpower agencies for the employment of their workforce, because this scheme reduces costs and risks. By not being directly employed, workers have fewer opportunities to discuss their conditions and demand improvement where needed. Companies consider workers as a mere cog in the machine, a modular mechanism built to ensure the continuous flow of crude out of the ground into the processing facilities (Mitchell 2012). Oil is a traded commodity, which makes it subject to financial and geopolitical volatility, as opposed to industrial products, generally strictly subject to demand-offer market dynamics. It is therefore crucial for companies to ensure the flow of oil: uninterrupted operations keep shareholders satisfied. Against this backdrop, much like building and production materials, workers have to be "expendable" and easy to substitute. Manpower agencies ensure this, in Kazakhstan as in other countries.

Although Italy's interest seems to be expanding beyond oil and gas in Central Asia, the energy sector remains crucial. Within this context, Italy-Kazakhstan energy relations can be considered the principal vector for Italy in Central Asia. Specifically, Eni, together with a wealth of service companies owned or co-owned by Italian businesses, concentrates the bulk of its work on Karachaganak and Kashagan, two of the largest hydrocarbon projects in the country. This article argued that the strength of the oil and gas-fuelled relationship between Italy and Kazakhstan contributed to the forging of excellent diplomatic relations.

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