

# Kazakhstan: Waiting for Change

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## *Executive Summary*

Kazakhstan has long been viewed from the outside as the most prosperous and stable country in a region widely regarded as fragile and dysfunctional. The appearance of wealth, based largely on the conspicuous consumption of Almaty and Astana, its main cities, and multi-billion-dollar energy contracts – increasingly with China – hides, however, a multitude of challenges. An ageing authoritarian leader with no designated successor, labour unrest, growing Islamism, corruption, and a state apparatus that, when confronted even with limited security challenges, seems hard-pressed to respond, all indicate that the Kazakh state is not as robust as it first appears. Without a significant effort to push forward with repeatedly promised political, social and economic reforms, Kazakhstan risks becoming just another Central Asian authoritarian regime that squandered the advantages bestowed on it by abundant natural resources.

The core issue, which few in the ruling elite seem inclined to discuss, is succession. 73-year-old Nursultan Nazarbayev has led the country since independence in 1991. The mere passage of time suggests his exit might not be far off. Yet there is no indication of a succession strategy. A cult of personality has grown up around him. Parliament is weak. Not once has the Organisation for Security and Cooperation in Europe (OSCE) declared a Kazakh election to be free and fair. Recent laws have curbed political freedoms and censored the media, marking a return to authoritarian tactics. Nazarbayev's successor will inherit a mixed legacy, including wealthy elites with assets to protect and a population who increasingly feel the government has delivered little in the way of political representation or economic prosperity. Events in Janaozen in December 2011 when police opened fire on striking oil workers demonstrated that the authorities' response to dissent can be alarmingly disproportionate.

Kazakhstan's petroleum and mineral wealth will not protect the government from a growing tide of domestic resentment, nor can it insulate the country from potential external unrest. To its south a collection of failing states and authoritarian regimes – the largest of which, Uzbekistan, is also facing a succession scenario even more complex than Astana's – is the only buffer between Kazakhstan and Afghanistan. The 2014 U.S. and NATO drawdown poses a significant regional security challenge.

Some Kazakh defence chiefs have voiced concerns about the country's readiness; in contrast, the president's office is pointedly more optimistic. But beyond involvement with security blocs such as the Collective Security Treaty Organization (CSTO) and the Shanghai Cooperation Organisation (SCO), Kazakhstan does not appear to have a plan. There are also indications that Kazakh Islamist extremists, trained in Afghanistan and Pakistan, are hoping to bring the struggle home. In the western regions, growing numbers of marginalised youths are turning to Islam as a means of political expression and a source of identity distinct from the venality they associate with the ruling classes.

Foreign investment in oil, gas and minerals provides Kazakhstan with a layer of respectability and the funds needed to project a harmonious and tolerant image on the international stage. But Nazarbayev's policy of economic progress first and political reform second is failing to extend wealth beyond Almaty and Astana. Nor has it fostered a system of local and regional government capable of promoting nationwide

social renewal. Large areas of the country struggle with inadequate services and antiquated utilities. Socio-economic inequalities are feeding discontent.

The Kazakh economy is increasingly state-controlled and viewed as corrupt. When the banking system nearly collapsed in 2008, the government reverted to Soviet-style measures, buying up troubled institutions and reversing more than a decade's worth of market reforms. Many investors, formerly upbeat, wonder if failure to handle even relatively minor security threats reflects a deep-seated malaise. Others suggest the government's commitment to a transparent business environment is hesitant at best and note that the trend toward state ownership in the economy mirrors a wider attempt by the government to consolidate control across society.

To preserve stability and avoid a catastrophic succession scenario, Astana should tackle corruption; invest more in impoverished regions as well as in basic infrastructure and social services; open up democratic space; and ease oppressive law and order practices. But if the past is prologue this may be unlikely to happen any time soon. At the very least, though, the Kazakh elites' sense of survival will want them to ensure a smooth transition into a post-Nazarbayev era. Presumably, this is what its powerful neighbours, China and Russia, would also want. Every effort should be made to encourage Nazarbayev to swiftly put in place and explain what his succession policy is. At the same time, the West should encourage greater compliance with its international treaty obligations to respect basic civil and political rights: without meaningful progress here, Kazakhstan's candidacy for a non-permanent seat on the UN Security Council for 2017-2018 should be made to run aground at the earliest opportunity.

**Bishkek/Brussels, 30 September 2013**

# Kazakhstan: Waiting for Change

## I. Introduction

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This report examines Kazakhstan's prospects for stability in a post-Nazarbayev era. Currently the country ranks as the most stable and prosperous in Central Asia, but maintaining this depends largely on a smooth succession. Under Nazarbayev's 22-year rule, Kazakhstan has emerged as an important player in the global energy sector. However, uneven economic development, corruption, weak political institutions and increasingly authoritarian legislation may reverse gains made in the past two decades. Economic development is closely linked to stability across the country, including in the restive but resource-rich western provinces. The next president may be forced to choose between the status quo as engineered by Nazarbayev and his inner circle or political tactics that exclude reform and alienate sections of the population.

Crisis Group carried out field work in Kazakhstan, Kyrgyzstan, London, Washington DC and Brussels between 2011 and 2013, and interviewed a wide range of diplomats, civil society activists, political party representatives, economic experts, current and former members of the Kazakh government. The Kazakh foreign ministry declined to comment on allegations of corruption.

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## II. Regime Model: Open for Business, Closed to Reform

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### A. Staging the OSCE Chairmanship

Kazakhstan became a member of the OSCE in January 1992.<sup>1</sup> In 2003, it began lobbying for the one-year chairmanship of the organisation but the UK and U.S. withheld support until 2007, due to concerns Astana had made no progress on a variety of issues, including human rights and political pluralism.<sup>2</sup> Kazakhstan needed to make improvements in these areas before the chairmanship could be granted in 2010. Between 2003 and 2009, in preparation for the chairmanship, largely superficial efforts were made to improve the electoral, judicial and criminal systems but this produced little in the way of lasting reform.<sup>3</sup> As a high-ranking OSCE official remarked, “in 2007 when the issue was being discussed, Kazakhstan presented domestic measures they would undertake if they got the chair. Now it’s kind of monotonous to remind them of this. None of what was promised matters”.<sup>4</sup> Even worse, virtually none of those promises were kept.<sup>5</sup>

With hindsight, diplomats and OSCE officials conclude that Astana viewed the chairmanship as an unrivalled public relations opportunity, not a demonstration of commitment to OSCE ideals.<sup>6</sup> A Western official and Central Asia expert described it as an “exercise in vanity and legitimisation”.<sup>7</sup>

The OSCE’s role in Kazakhstan is sharply limited. Astana appears interested only in the organisation’s input on terrorism issues and has no desire to discuss thornier matters such as election reform or freedom of the press.<sup>8</sup> A senior diplomat claimed that some Kazakh government officials were openly hostile to the organisation, dismissive of democratic reforms in general and boastful that Kazakhstan no longer needed the OSCE’s approval as “expert opinion” could be bought elsewhere. “They don’t understand democracy; they have no experience of it. For them democracy is instability ... there is no social demand for freedoms, they don’t understand why they need it”.<sup>9</sup>

For President Nursultan Nazarbayev, the chairmanship was a personal and political triumph. Kazakhstan portrays itself as a valuable bridge between West and East and a Eurasian country, not a Central Asian one; to that end chairing the OSCE was a perfect fit with Nazarbayev’s vision for the state and himself as an international leader.<sup>10</sup> In the words of former Foreign Minister Kanat Saudabayev, the December

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<sup>1</sup> Crisis Group Asia Report N°38, *The OSCE in Central Asia: A New Strategy*, 11 September 2002, p. 4. For other Crisis Group reports and briefings on Kazakhstan, see Crisis Group Asia Reports N°201, *Central Asia: Decay and Decline*, 3 February 2011; N°183, *Central Asia: Migrants and the Economic Crisis*, 5 January 2010; N°133, *Central Asia’s Energy Risks*, 24 May 2007; and Asia Briefing N°97, *Central Asia: Islamists in Prison*, 15 December 2009.

<sup>2</sup> Ann Kreikemeyer, “Preparing for the OSCE Chairmanship – CORE Training Courses and Capacity Building”, Centre for OSCE Research (CORE), Yearbook 2008.

<sup>3</sup> See Universal Periodic Review, Kazakhstan, UN Human Rights Council, 23 March 2010.

<sup>4</sup> Crisis Group interview, Astana, February 2013.

<sup>5</sup> “Kazakhstan – OSCE 2010: Progress or Regress? On Completion of Kazakhstan’s OSCE Chairmanship”, Freedom House and Kazakhstan NGOs Coalition report, April 2011.

<sup>6</sup> Crisis Group interviews, Astana, February 2013.

<sup>7</sup> Crisis Group interview, London, January 2013.

<sup>8</sup> “We are not getting traction anywhere else”, said an OSCE official. Crisis Group interview, Astana, February 2013.

<sup>9</sup> Crisis Group interview, Astana, February 2013.

<sup>10</sup> Crisis Group interview, Central Asia expert, London, January 2013.

2010 Astana summit was “the crowning glory of our president’s successful, effective OSCE leadership”.<sup>11</sup>

Internationally, Kazakhstan portrayed itself as a stable and trusted political and economic partner. Against the background of often volatile political situations in Kyrgyzstan and Tajikistan and the authoritarian regimes of Turkmenistan and Uzbekistan, Kazakhstan looked like it had its domestic situation under control. A high-ranking Kazakh government official says that what his country gained from the chairmanship was increased prestige and hands-on experience of organising international events.<sup>12</sup> He also noted a greater interest in European affairs among the political elites after the chairmanship. He did not, however, mention any improvements in governance as a result of chairing one of the major regional security organisations. Although the work and the results of Kazakhstan’s OSCE chairmanship cannot be reduced only to its human rights commitments, these had been the most contentious domestic issues when Astana was being considered for the candidacy. Kazakhstan had promised to address them when seeking the position. It never did, and it is doubtful that the leadership ever had any real intention to carry out reforms.<sup>13</sup>

After the OSCE presidency Kazakhstan chaired the Organization of Islamic Conference in 2011 and was elected to the UN Human Rights Council in November 2012. The country hopes to gain a non-permanent seat on the UN Security Council in 2017-2018.<sup>14</sup> EU High Representative for Foreign Affairs and Security Policy Catherine Ashton visited Kazakhstan in November 2012 but her public statements neglected to mention human rights.<sup>15</sup> In late February 2013, a round of high-level international negotiations on Iran’s nuclear program took place in Almaty, winning Kazakhstan another moment in the international limelight.<sup>16</sup> The country projects an image of stability, respectability and political modernisation without having to substantiate these claims in its domestic policies.

## B. *Snap Presidential and Parliamentary Elections*

Just a few weeks after the OSCE’s December 2010 Astana summit, a group describing itself as “representatives of the Kazakh Republic” claimed to have gathered five million signatures in support of a referendum that would cancel the next two elections

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<sup>11</sup> Joanna Lillis, “Kazakhstan: OSCE summit set to open in Astana”, EurasiaNet.org, 30 November 2010.

<sup>12</sup> Crisis Group interview, Kazakh government official, Astana, February 2013.

<sup>13</sup> In fact, a year after seeking the chairmanship, Kazakhstan joined Russia and other Commonwealth of Independent States (CIS) countries in signing the Astana Appeal, which called for reforms of the OSCE to expand the security dimension, limit the scope of the human dimension and minimise the activities of the field presences. “Appeal of the CIS member states to the OSCE partners”, Astana, 15 September 2004.

<sup>14</sup> “But even Libya had that”, a Western official noted. Crisis Group interview, Astana, February 2013.

<sup>15</sup> Ashton defended the omission by saying, “I always make sure that we weave into every conversation the issues of human rights. We may not call them that, we may not spell out those words ....” Peter Leonard, “Security dominates EU talks in Central Asia”, Associated Press, 27 November 2012.

<sup>16</sup> After the collapse of the Soviet Union, Kazakhstan closed a nuclear testing site and rejected an inherited stockpile of nuclear weapons. Since then, it has positioned itself as a champion of nuclear non-proliferation. Nursultan Nazarbayev, “What Iran can learn from Kazakhstan”, *The New York Times*, 25 March 2012.

and make Nazarbayev president until 2020.<sup>17</sup> The Kazakh parliament in January 2011 voted unanimously in favour of constitutional changes to allow for the referendum, prompting international condemnation.<sup>18</sup>

The U.S. said that such a referendum would be a “setback for democracy”.<sup>19</sup> The EU mission to the OSCE reacted by saying, “any decision to extend the presidential term in office until 2020 would be in contradiction to Kazakhstan’s commitment to democracy and good governance”.<sup>20</sup> The head of the OSCE Office for Democratic Institutions and Human Rights (ODIHR), Janez Lenarčič, said the referendum “does not offer a genuine choice between political alternatives and would infringe on the opportunity of citizens to hold their representatives accountable and to effectively exercise their right to vote and be elected”. He added that “it is particularly distressing that this referendum initiative appeared only weeks after Kazakhstan as the then-chairman hosted an OSCE summit that in strong terms reaffirmed all OSCE commitments, including those on democratic elections”.<sup>21</sup>

Nazarbayev, possibly aware of the avalanche of criticism he might face if he went along with the proposal, sent the draft bill to the Constitutional Court to assess its constitutionality. The court found it to be in violation of the constitution.<sup>22</sup> The referendum was vetoed and Nazarbayev instead announced an early presidential election for 3 April 2011. The vote was originally scheduled for 2012.<sup>23</sup> The new date gave political opposition very little time to prepare and they decided to boycott the polls.<sup>24</sup>

Some 22 presidential hopefuls initially entered the race. But on election day, Nazarbayev faced only three candidates – Ghani Kasymov from the Patriots Party of Kazakhstan, Zhambyl Akhmetbekov from the Communist People’s Party of Kazakhstan, and Mels Eleusizov from environmental group Tabighat.<sup>25</sup> None of them were real competitors. All had previously voted for the unconstitutional referendum and ex-

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<sup>17</sup> Maria Gordoyeva, “Kazakh citizens ask Nazarbayev to rule until 2020”, Reuters, 23 December 2010. See also A. Maratov, “Kazakh president: Decision to hold referendum on extending presidential powers must comply with Kazakh Constitution”, Trend, 28 January 2011.

<sup>18</sup> “Kazakhstan backs referendum to extend president’s term”, BBC, 14 January 2011.

<sup>19</sup> “U.S. criticizes move to extend Kazakh president’s term via referendum”, Radio Free Europe/Radio Liberty (RFE/RL), 4 January 2011.

<sup>20</sup> Raushan Nurshayeva, “Kazakh MPs back referendum to extend leader’s rule”, Reuters, 14 January 2011.

<sup>21</sup> “OSCE human rights chief voices concern about possible referendum on extension of Kazakh president’s term of office”, OSCE press release, 14 January 2011.

<sup>22</sup> “Kazakhstan President Nazarbayev wins re-election”, BBC, 4 April 2011.

<sup>23</sup> “Kazakhstan’s Nursultan Nazarbayev calls early election”, BBC, 4 February 2011. Announcing his decision about the referendum, Nazarbayev said: “On one hand, I cannot refuse the nation-wide initiative of the majority of the voters. But on the other hand, as president and guarantor of the Constitution, I cannot set the wrong precedent for future generations of politicians ... As the first democratically elected president and guided exclusively by vital interests of the country, I have taken the decision not to hold the referendum”.

<sup>24</sup> Some opposition parties toyed with the idea of putting forward a single candidate. The idea was mooted by the Azat Party and initially supported by the Communist People’s Party, which later withdrew from the plan. For many years, however, the Kazakh opposition has been blighted by disunity. As a 2010 State Department cable noted, “the opposition is weak, fractured, and comprised principally of former Nazarbayev loyalists who fell out of favour”. “Kazakhstan: Scenemaker For Centcom Commander General Petraeus”, U.S. embassy Astana cable, 22 February 2010, as made public by Wikileaks.

<sup>25</sup> Some were disqualified after failing a Kazakh language examination, others could not pay the monetary deposit, the rest withdrew their candidacy themselves. “Statement of preliminary findings and conclusions”, OSCE/ODIHR, 4 April 2011.

pressed their support for the incumbent. One of them even proudly brandished to the public his bulletin in which he voted for Nazarbayev.<sup>26</sup>

Nazarbayev received 95.5 per cent of the votes with 89.9 per cent turnout. While admitting that he could win a convincing majority in any election, foreign diplomats have long mocked the scale of his landslide victories.<sup>27</sup> The OSCE denounced “short-comings similar to those in previous elections”, noting the absence of institutional reforms “for holding genuine democratic elections”.<sup>28</sup> Opposition parties also made allegations of ballot stuffing and voter intimidation.<sup>29</sup>

On 15 November 2011, some eight months after his presidential victory, Nazarbayev dissolved the parliament’s lower chamber and called for snap elections to be held on 15 January 2012.<sup>30</sup> The move, which brought the elections forward by six months, was seen largely as an attempt to replace the embarrassing single-party parliament by a more aesthetically pleasing multiparty legislature, as the absence of other parties in parliament had left Nazarbayev open to international criticism.<sup>31</sup>

On polling day, Nazarbayev’s ruling Nur Otan party took 80.7 per cent of the votes, with two other pro-presidential parties, Ak Zhol and the People’s Communist Party each barely making the 7 per cent threshold.<sup>32</sup> Several opposition parties could not take part in the elections due to the authorities’ refusal to register or decisions to de-register candidates right before the vote, reportedly without a sound legal basis.<sup>33</sup> The OSCE observation mission found the elections “did not meet the fundamental principles of democratic elections”, noting that the possibility for a free and fair election was undermined by such violations as “disproportionate restrictions to the freedom of assembly, the free flow of information and freedom of association”.<sup>34</sup>

President Nazarbayev dismissed the OSCE’s findings calling the elections “unprecedented in terms of transparency, openness and honesty” and announced that

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<sup>26</sup> Mels Eleusizov said, “as far as I remember, candidates always vote for themselves. I never heard that anyone from the candidates voted for his competitors. I have introduced a new tradition by voting for the incumbent”. [“Насколько я помню, все всегда голосуют за себя. Я никогда не слышал, чтобы кто-либо из кандидатов отдавал голос за соперника. Я ввел новую тенденцию, голосую за действующего президента”]. “Как выбирали Назарбаева: Карусели, поднаборы, календарики для отчета и другие радости выборов в Казахстане” [“How Nazarbayev was selected: Carousels, bags of groceries, mini-calendars and other joys of elections in Kazakhstan”], Slon.ru, 4 April 2011, <http://bit.ly/16AN6sW>. See also “Отдавший голос за Назарбаева Елеусизов пожал руку победителю” [“Eleusizov, who voted for Nazarbayev, shook the winner’s hand”], Tengrinews.kz, 3 April 2011, <http://bit.ly/16l6uQx>.

<sup>27</sup> “He doesn’t need to do this, but no one wants to offend Papa”, said a Western diplomat. Crisis Group interview, Bishkek, March 2011. Another diplomat said it had been playfully suggested to their Kazakh counterparts that turnout need not be so high, nor the win so resounding. Crisis Group interview, Bishkek, June 2013.

<sup>28</sup> “Statement of preliminary findings and conclusions”, *op. cit.*

<sup>29</sup> “Зачем казахстанская оппозиция бойкотирует выборы президента” [“Why Kazakh opposition is boycotting the presidential elections”], *Deutsche Welle*, 25 February 2011.

<sup>30</sup> “Kazakhstan President Nazarbayev calls snap election”, BBC, 15 November 2011.

<sup>31</sup> Anton Troianovski, “Ruling party sweeps Kazakhstan election, official count shows”, *The Washington Post*, 20 August 2007.

<sup>32</sup> Andrew E. Kramer, “Western monitors criticize election in Kazakhstan”, *The New York Times*, 16 January 2012.

<sup>33</sup> “Nazarbayev claims victory in Kazakh vote”, Al Jazeera, 16 January 2012.

<sup>34</sup> “Statement of preliminary findings and conclusions”, OSCE/PA, International Election Observation, 16 January 2012.

Kazakhstan would no longer invite critical election observers.<sup>35</sup> The new parliament began work on 20 January, confirming Karim Masimov as prime minister, a post he had held since 2007.<sup>36</sup> Nazarbayev's daughter, Dariga, also won a seat with her father's Nur Otan party.<sup>37</sup> Soon afterwards, the security services raided the homes and offices of opposition activists in Almaty, and in one case an opposition newspaper.<sup>38</sup> The raids appeared to rule out any hopes that the elections were designed to lay the foundations of democratic reform.

### C. *Nazarbayev's Network and Paper Parliament*

A former member of the Soviet Communist Party Politburo, Nazarbayev heads a political and economic system that is typical of many post-Soviet states. It is plagued by corruption and patronage-driven.<sup>39</sup> Since independence, Nazarbayev has amassed formal power such as control over parliament and the national economy. At the same time, he is widely seen to have accumulated informal power over the political and financial elites, and he and close associates are alleged to have access to and control over Kazakhstan's generous energy resources and other natural wealth.<sup>40</sup> A former colleague of Nazarbayev's said, "[his] problem is that he has allowed some people to become very rich and to display this. Nazarbayev needs to wake up, he still has [political] instinct. No one around him believes in a democratic solution".<sup>41</sup>

Behind the scenes, the president has the final say over the legislature. New bills and amendments are undertaken at the request of the presidential administration or the government.<sup>42</sup> "Parliament has no power", a former Kazakh senator asserted.<sup>43</sup>

Numerous constitutional amendments have progressively stripped the parliament of its powers and transferred them to the president.<sup>44</sup> Since independence, Nur Otan, or its predecessor Otan, have monopolised Kazakh politics.<sup>45</sup> The 2007 parliamentary election produced a one-party legislature under absolute control of the executive.

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<sup>35</sup> Joanna Lillis, "Kazakhstan: Nazarbayev bans 'hired' election critics", EurasiaNet.org, 18 January 2012.

<sup>36</sup> James Kilner, "New Kazakh parliament opens", *The Telegraph*, 20 January 2012. Masimov then became the president's chief of staff.

<sup>37</sup> Ibid.

<sup>38</sup> "Kazakh police raid opposition party office", RFE/RL, 23 January 2012.

<sup>39</sup> In Transparency International's 2012 Corruption Perception Index, Kazakhstan ranked 133 out of 174 countries, putting it on par with Russia and Iran. Freedom House, meanwhile, says that "corruption is systemic in Kazakhstan and entrenched in rent-seeking behaviour that guides the appropriation, control, and distribution of key resources by ruling elites". "Nations in Transit 2012: Kazakhstan", Freedom House.

<sup>40</sup> Sean R. Roberts, "Patron-Client Politics and Presidential Succession in Central Asia: The Examples of Kazakhstan and Uzbekistan", Executive Summary, Symposium: "The Former Soviet Republics of Central Asia and the Contemporary Silk Road", 26-29 April 2007. See also "Risky Business", Global Witness, July 2012 and "Nations in Transit 2013: Kazakhstan", Freedom House.

<sup>41</sup> Crisis Group interview, 2013.

<sup>42</sup> Crisis Group interviews, parliamentary members and political observers, Astana, February 2013.

<sup>43</sup> Crisis Group interview, February 2013.

<sup>44</sup> Anthony Clive Bowyer, "Parliament and Political Parties in Kazakhstan", Central Asia-Caucasus Institute, Silk Road Paper, May 2008. Crisis Group interview, political observer, Astana, February 2013.

<sup>45</sup> Crisis Group interview, civil society activist, Astana, February 2013. See also Maral Zhanrastanova and Timur Kanapyanov, "Development of Post-Communist Parliamentarism in Kazakhstan and Romania: A Comparative Analysis", *Cinq Continents, Revue Roumaine Electronique de Géographie*, vol. 1, no. 3 (Winter 2011), p. 205.

Although two new parties joined parliament in 2012, it did not become stronger or more independent or even more pluralistic. It is criticised for remaining a rubber-stamp in the hands of the president and his government.<sup>46</sup> A British official noted, “[parliament] does not have a substantial decision-making role. Its scope is clearly constrained. It doesn’t do foreign policy, presidential family assets, security. It deals with second- or third-tier areas”.<sup>47</sup>

Western election observers maintain Kazakh citizens have never experienced free and fair elections.<sup>48</sup> Nor have they been offered a credible alternative to the incumbent. It is also asserted that local administration and public servants involved in organising and holding elections have been conditioned to deliver a certain amount of votes for the president and the ruling party.<sup>49</sup> A senior U.S. diplomat said, “there’s not been a free and fair election since the Gorbachev era. They just keep getting worse”.<sup>50</sup>

There is little public trust or interest in parliament, a former high-ranking Kazakh politician claimed.<sup>51</sup> Freedom House asserts, “the regime’s refusal to liberalise, constant displays of devotion to Nazarbayev and his legacy as the ‘First President,’ widespread patronage networks, and control over various leadership appointments have made political parties, the parliament, and other institutions in the country seem increasingly irrelevant”.<sup>52</sup> A scholar describes Nazarbayev as “the sole guarantor of elites’ privileged access to capital and wealth” and “the final arbiter to whom elites appeal when serious conflict arises between rival [groups]”.<sup>53</sup> No major decision, political or economic, is made or implemented without his consent, interlocutors asserted.<sup>54</sup> The establishment consists of a network of patronage groups; these, in turn, reportedly depend on the president to provide them with access to sources of enrichment and to protect what they already own.<sup>55</sup> Most of the elites’ wealth was alleged to have been acquired during the privatisation of state property following the collapse of the Soviet Union.<sup>56</sup>

Nazarbayev has often singled out corruption as a threat to the state. “Corruption threatens the development of our state, its economic growth and political stability. And we are going to conduct the most rigorous and decisive fight against it”, he said in 2008.<sup>57</sup> But in the absence of appropriate state institutions and the rule of law to

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<sup>46</sup> Crisis Group interviews, Astana, January 2013; London, February 2013.

<sup>47</sup> Crisis Group interview, London, January 2013.

<sup>48</sup> ODIHR first began monitoring Kazakh elections in 1999. Each election since has prompted “concern”. See OSCE’s website, [www.osce.org/odihr/elections/kazakhstan](http://www.osce.org/odihr/elections/kazakhstan).

<sup>49</sup> Crisis Group interview, elections specialist, Bishkek, December 2012.

<sup>50</sup> Crisis Group interview, Bishkek, February 2013.

<sup>51</sup> Crisis Group interview, 2013.

<sup>52</sup> “Nations in Transit 2013”, op. cit.

<sup>53</sup> Barbara Junisbai, “A Tale of Two Kazakhstans: Sources of Political Cleavage and Conflict in the Post-Soviet Period”, *Europe-Asia Studies*, vol. 62, no. 2 (5 February 2010), p. 263.

<sup>54</sup> Crisis Group interviews, Almaty and Astana, May 2012, January-February 2013.

<sup>55</sup> Sean R. Roberts, “Patron-Client Politics and Presidential Succession in Central Asia”, op. cit. “[The] government’s unrelenting drive to consolidate control over both resources and institutions means that Nazarbayev and a small number of individuals and groups enjoying his patronage continue to thwart democratic development. “Nations in Transit 2012”, “Nations in Transit 2013”, both op. cit.

<sup>56</sup> “The privatisation process saw much of the country’s wealth monopolised in the hands of an inner circle consisting of the president’s family, friends and business partners. Today, this inner circle controls vital economic resources and access to political office”. Kazakhstan country profile, Business Anti-Corruption Portal, GAN Integrity Solutions, <http://bit.ly/1gRnDQY>.

<sup>57</sup> Joanna Lillis, “Kazakhstan: Astana achieves slow progress in tackling corruption”, EurasiaNet.org, 25 January 2009. Nazarbayev again highlighted corruption as something that “is invariably accom-

ensure the protection of property, petty corruption is more often than not the main target. Few high-level figures are touched by investigation.

Nazarbayev benefits from substantial legal protection. In May 2010, during the OSCE chairmanship, the parliament gave Nazarbayev the constitutional title of “Leader of the Nation”, or *Elbasy*, and granted him unprecedented legal privileges. The law guarantees his lifelong immunity from prosecution for acts committed during the presidency and protection of his and his family’s property; it also prohibits public insults against him and defacing his image.<sup>58</sup>

The existence of patronage networks across all sectors of political and economic life means that these groups have acquired considerable financial, administrative and political resources.<sup>59</sup> This inevitably leads to growing political or commercial ambitions and subsequently to periodic intra-elite rivalry, which the president must know how to channel to his advantage. Foreign investors, too, must learn how to navigate the complex and often discreet relationships that underpin the Kazakh system.<sup>60</sup>

Individuals within influential patronage networks are said to benefit from governmental protection and use their position to forward their financial and political ambitions. They in turn reportedly provide the president with support and ensure his rule continues unchallenged.<sup>61</sup> But relationships sometimes sour, as reports have suggested in the case of Nazarbayev’s former son-in-law Rakhat Aliyev or Mukhtar Ablyazov, a banker accused of stealing \$6 billion from BTA Bank. Analysts contend that, in such cases, Kazakhstan’s public relations machine – which reportedly works closely with private investigation firms –<sup>62</sup> can go into overdrive and Astana’s legal pursuit becomes relentless.<sup>63</sup>

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panied by poverty and crises in the economy” at a 16 September 2009 international conference on corruption in Astana. Press release, Kazakh embassy in Budapest, <http://bit.ly/14ZyHX1>.

<sup>58</sup> “О внесении изменений и дополнений в некоторые конституционные законы Республики Казахстан по вопросам совершенствования законодательства в сфере обеспечения деятельности Первого Президента Республики Казахстан- Лидера Нации, Конституционный Закон Республики Казахстан от 14 июня 2010 года № 289-IV” [“On making amendments and additions to some of the constitutional laws of the Republic of Kazakhstan on improvement of legislation in the sphere of activity of the first president of the Republic of Kazakhstan – the Leader of the Nation”, The Constitutional Law of the Republic of Kazakhstan on 14 June 2010 № 289-IV], Информационно-правовая система нормативных правовых актов Республики Казахстан [Legal information system of normative legal acts of the Republic of Kazakhstan], <http://bit.ly/17Wg9Kx>.

<sup>59</sup> Crisis Group interview, corporate intelligence executive, London, February 2013. See also Sean R. Roberts, “Patron-Client Politics and Presidential Succession in Central Asia”, op. cit.

<sup>60</sup> Crisis Group interview, corporate intelligence executive, London, February 2013.

<sup>61</sup> Crisis Group interview, political analyst, Astana, February 2013.

<sup>62</sup> Crisis Group interview, Bishkek, October 2011.

<sup>63</sup> Rakhat Aliyev is reportedly in Malta. In 1983 he married Dariga Nazarbayeva. Before he was accused of extortion and abduction in May 2007, he served as first vice foreign minister and also as ambassador to Vienna and the OSCE. He was convicted of the charges in absentia and in 2008 was also found guilty of conspiring to launch a coup. Aliyev maintains his innocence and described the charges against him as “fiction.” See “Interview: Rakhat Aliyev discusses Kazakhstan’s ‘godfather-in-law’”, RFE/RL, 29 May 2009. Mukhtar Ablyazov, who left Kazakhstan in 2009, is accused of fraud and inciting unrest. After a protracted battle in the High Court in London, he went on the run in Europe and was arrested in France on 1 August 2013. The Kazakh authorities are currently seeking his extradition. Ablyazov denies the charges against him and says they stem from his “political activities and conflict with the current Kazakh authorities”. See “БТА-банк защитили от банкира” [“BTA Bank was defended from the banker”], Kommersant.ru, 10 March 2010, [www.kommersant.ru/doc/1339046](http://www.kommersant.ru/doc/1339046). Discussing the issue of fugitives from Kazakh justice generally, political analyst Dosym Satpayev has observed: “The first rule – for our law-enforcement bodies and the elite on the

#### D. *Kazakhstan Inc.*

A substantial segment of Kazakhstan's robust economy is controlled by the Samruk-Kazyna national wealth fund, which was until December 2011 managed by Nazarbayev's son-in-law Timur Kulibayev.<sup>64</sup> It is now headed by former deputy prime minister, Umirzak Shukeyev. Samruk-Kazyna's grip on the economy has substantially grown in recent years. In 2000, privately-owned entities accounted for 76.6 per cent of gross domestic product (GDP).<sup>65</sup> By 2013, Samruk-Kazyna owned assets worth \$103 billion accounting for just over half of GDP.<sup>66</sup> For the moment, Samruk-Kazyna appears stable and the reversal from private to state ownership is not causing undue alarm. But investors are beginning to voice concerns about corruption and fear that, when Nazarbayev will no longer be the chief arbiter on economic and financial matters, "everything that was stolen [during the 1990s] will have to be re-stolen".<sup>67</sup> Observers warn an untidy succession process could result in serious damage to Kazakhstan's reputation, capital flight, or political and economic instability. The country's assets are, as an analyst said, "something worth fighting over".<sup>68</sup>

Watchdog organisations such as Global Witness maintain that the president and his associates appear to have extraordinary influence over lucrative sectors of the Kazakh economy.<sup>69</sup> For those who are able to navigate this hierarchical system, the rewards can be great. China is doing very well.<sup>70</sup> Big players in the energy sector may be able to weather the uncertainty but smaller entities, typically those that could facilitate the Kazakh government's stated aim of diversifying the economy away from energy and mining, cannot afford the risk.<sup>71</sup> The U.S. State Department, in its 2012 Investment Climate Statement on Kazakhstan, noted that "concerns remain about the government's tendency to challenge contractual rights, legislate preferences for domestic companies, and create mechanisms for government intervention in foreign companies' operations ...". The statement adds that together with a lack of respect for the rule of law, this makes the country "a suboptimal investment environment".<sup>72</sup>

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whole, the runaways are divided into two categories: those who have simply stolen money and those who, apart from money, have taken out suitcases of compromising materials. The latter are the most dangerous ones, therefore they get hit harder". See "Сможет ли Казахстан добиться выдачи Аблязова, Алиева, Храпунова и других беглых олигархов?", ["Will Kazakhstan be able to achieve extradition of Ablyazov, Aliev, Khrapunov and other fugitive oligarchs?"], *Central Asia Monitor*, 15 August 2013, <http://camonitor.com/archives/8592>.

<sup>64</sup> Guy Chazan, "Kazakhstan fund chief aims to clean house", *The Financial Times*, 7 August 2013.

<sup>65</sup> "About Kazakhstan", U.S.-Kazakhstan Business Association (online).

<sup>66</sup> "Unaudited interim condensed consolidated financial statements of Samruk-Kazyna JSC for first quarter of 2013", Samruk-Kazyna Fund website, <http://sk.kz/section/5133>. See Kazakh GDP figures at [www.tradingeconomics.com/kazakhstan/gdp](http://www.tradingeconomics.com/kazakhstan/gdp).

<sup>67</sup> Crisis Group interview, London, February 2013.

<sup>68</sup> Crisis Group interview, London, February 2013.

<sup>69</sup> "Risky Business", op. cit. Global Witness asserts, "the power of the Nazarbayev family and its associates in Kazakhstan is absolute".

<sup>70</sup> Crisis Group Asia Report N°244, *China's Central Asia Problem*, 27 February 2013. On 7 September 2013, China's position in the Kazakh energy sector was further strengthened when both Nazarbayev and Chinese President Xi Jinping publicly hailed China National Petroleum Corporation's acquisition of an 8.33 per cent stake (worth \$5 billion) in the giant Kashagan oil field. During his visit Xi signed a total of 22 agreements worth \$30 billion with Kazakhstan. "China to buy stake in Kazakhstan's Kashagan oilfield for reported US\$5 billion", *South China Morning Post*, 8 September 2013.

<sup>71</sup> Crisis Group interview, Almaty, May 2013.

<sup>72</sup> "2012 Investment Climate Statement – Kazakhstan", U.S. Department of State Bureau of Economic and Business Affairs, June 2012.

Other countries are also concerned about doing business in Kazakhstan. In April 2013, Russian state newspaper *Rossiskaya Gazeta* criticised the arrest of Aleksandr Sutyaginsky, board member of the Russian-owned company Titan and general director of the silicon production factory Silicon Kazakhstan. According to *Rossiskaya Gazeta*, Titan had been successfully expanding its operations in Russia and Kazakhstan when the Kazakh authorities arrested Sutyaginsky in October 2012 on charges of organising the assassination of a business partner.<sup>73</sup> Prior to his arrest, he had been fighting off an attempted illegal seizure of Silicon Kazakhstan, the report alleged. In March 2013 he was sentenced to a twelve-year prison term.<sup>74</sup>

Increasingly, investors voice concerns that Kazakhstan requires vigilance. Beyond alleged corruption at the highest level, the every-day mechanisms of business in the country are also mired in graft.<sup>75</sup> The economy has not diversified beyond a handful of heavy industries and is unlikely to do so while the cost of entrepreneurship is said by the business community to be measured in backhanders to mid-ranking officials.<sup>76</sup> International companies, too, complain of excessive bureaucracy and an unpredictable tax regime.<sup>77</sup>

It could prove to be short-sighted for foreign investors to ignore Kazakhstan's political indicators. In a state where a 73-year-old president dominates domestic and foreign policy and tightly controls the economy, where the word of top officials, not the legal system, provides protection for investors' assets, the president's disappearance from the scene would certainly upset the existing status quo and threaten to leave foreign investors without protection or guarantees.

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<sup>73</sup> “Так сломали бизнес: Крупный российско-казахстанский бизнес-проект нуждается в правовой поддержке” [“This is how a business is broken: Large Russian-Kazakh business venture needs legal protection”, *Rossiskaya Gazeta*], 15 April 2013, [www.rg.ru/2013/04/15/biznes.html](http://www.rg.ru/2013/04/15/biznes.html).

<sup>74</sup> Ibid.

<sup>75</sup> Government representatives are embezzling “big money”, said Kazakh ambassador-at-large Usen Suleiman at an event in Washington DC, on 10 July 2013. An executive familiar with Kazakh companies listed on the London Stock Exchange said corruption at the “highest levels” has not been eliminated in Kazakhstan. Crisis Group interview, London, January 2013. A poll in 2009 suggested 72 per cent of Kazakhs had confronted corruption. Joanna Lillis, “Kazakhstan: Astana achieves slow progress in tackling corruption”, op. cit.

<sup>76</sup> Dinmukhammed Kalikulov, “Что душит бизнес в Казахстане?” [“What strangles business in Kazakhstan?”], *Kursiv.kz*, 20 June, 2013, <http://bit.ly/16su7jx>. Reliance on oil and mono-industry towns poses a grave risk to social and economic stability, warned a senior U.S. diplomat with over twenty years of experience with Kazakhstan. Crisis Group interview, Bishkek, February 2013.

<sup>77</sup> Business community representatives said the tax and labour laws are stifling expansion and growth. Crisis Group interviews, Almaty, May 2013.

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### III. Seeds of Instability

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#### A. *Labour Disputes in Western Kazakhstan*

There have been longstanding labour problems in the oil industry, culminating in the 16 December 2011 deadly confrontation between striking oil workers and security forces in the oil-rich, western city of Janaozen. Strikes date back at least as far as 2009 and were common in several subsidiaries of the national oil and gas company, KazMunaiGas (KMG).<sup>78</sup> Oil and gas drive the Kazakh economy, but the sector faces important challenges.<sup>79</sup> An International Monetary Fund (IMF) report states that a key challenge for Astana is to ensure that benefits from petroleum wealth are shared with the population as a whole.<sup>80</sup> This is not happening.

Though the right to strike is enshrined in the constitution, limitations are so numerous as to render it useless. The criteria for ensuring a strike is legal are cumbersome and easily open to abuse.<sup>81</sup> “Hazardous” industries face a blanket ban.<sup>82</sup> While workers are protected if they take part in a legal strike, those who participate in an illegal stoppage may be dismissed for missing as little as three hours of work.<sup>83</sup> They may also face “fines, detention or imprisonment under administrative or criminal legislation regulating public rallies, gatherings, pickets, and protests”.<sup>84</sup>

#### 1. Early signs of discontent

Labour disputes at oil companies in Mangystau and Atyrau provinces began in the autumn of 2009. According to news reports at the time, they achieved early successes.<sup>85</sup> But tensions accelerated in early 2011 and major strikes began in May. Another oil production company, KarazhanbasMunai (KBM), played a central role. KBM, a Kazakh-Chinese joint venture, is located about 200km from Aktau, Mangystau’s provincial

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<sup>78</sup> KMG was created in 2002. It is owned and managed by Samruk-Kazyna.

<sup>79</sup> In January 2011, its proven oil reserves were the world’s eleventh largest. In 2011, Kazakhstan was the world’s seventeenth largest oil producer and oil is the government’s main source of revenue; in 2010, it accounted for almost 12 per cent of GDP. “Striking Oil, Striking Workers”, Human Rights Watch, September 2012, p. 19. Gas production has been hampered by a lack of internal pipelines, meaning that southern Kazakhstan imports much of its natural gas from Uzbekistan while simultaneously exporting from the north west to Russia. For more information, see Industry Indicators, Agency of Statistics of the Republic of Kazakhstan, <http://bit.ly/180oIH9>.

<sup>80</sup> “Kazakhstan: Making the Most of Its Oil Wealth”, IMF Survey online, 16 August 2011. In recent years, the state has worked to play a more central role in the oil and gas sector. In March 2010 it created a separate oil and gas ministry. The sector was previously overseen by the energy and mineral resources ministry. The creation of the new ministry means KMG is no longer involved in regulation, in theory removing a conflict of interest between government and commercial interests.

<sup>81</sup> Constitution of the Republic of Kazakhstan, Art. 24, point 3; Kazakhstan Labour Code, Art. 298.

<sup>82</sup> In a letter to Human Rights Watch dated 9 July 2012, the labour and social protection ministry stated the ban on striking at hazardous industries is justified, “these norms do not contradict [International Labour Organization] Conventions, as the International Labour Organization Committee of Experts notes that prohibition of strikes at organizations conducting hazardous industrial activity, in some cases, is stipulated also by national legislation”. Letter available at <http://bit.ly/186mJNt>.

<sup>83</sup> “Striking Oil, Striking Workers”, op. cit., p. 41.

<sup>84</sup> Ibid.

<sup>85</sup> “Забастовщики ОзенМунайгаза добились отставки акима города Жанаозен” [“Strikers at OzenMunaiGas achieve the resignation of the mayor of Janaozen”], Radio Azattyq, 22 December 2009.

capital.<sup>86</sup> Here too, demands for higher wages were being made. Government interference in the workers' trade union stoked tensions. From November 2010 until January 2011, the KBM trade union and the company management attempted to find a negotiated solution to the wage dispute.<sup>87</sup> Both sides agreed to create an arbitration council, as required by Kazakh labour legislation.

The dispute escalated when union members chose a union lawyer, Natalia Sokolova, as one of their council representatives. The union chairman, Erbosyn Kosarkhanov, sided with company management to bar Sokolova's participation,<sup>88</sup> leading union members to doubt Kosarkhanov's commitment to representing their interests. In April 2011, union members voted to remove him. KBM management attempted to scupper these moves, barring the union from meeting in the company's assembly hall, and Sokolova from entering its premises.<sup>89</sup> This forced the union to meet outside company territory, which technically made it an illegal meeting.<sup>90</sup> By continuing to bar Kosarkhanov's replacement and Sokolova from union offices, the management in effect prevented the union from functioning.

This spurred several workers to begin a partial hunger strike on 8 May. The company did not relent and on 17 May, many more workers stopped work. In response, one of the Chinese managers at KBM asked police to arrest Sokolova for "inciting social unrest".<sup>91</sup> A request to declare the strike illegal was also filed.<sup>92</sup> On 24 May, police arrested Sokolova. This galvanised the strikers. In early June, hundreds travelled to the provincial capital, Aktau, to demand her release.<sup>93</sup> Workers at KBM and other KMG subsidiaries were dismissed for absenteeism. During the seven months of protests over 2,000 workers were laid off.<sup>94</sup> Many more experienced "acts of violence, threats, and harassment".<sup>95</sup> Others were fined and several were detained and sentenced to short terms in jail. In early August 2011, Sokolova was sentenced to six years in prison for inciting social unrest.<sup>96</sup>

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<sup>86</sup> KBM is a joint venture between the China International Trust and Investment Corporation (CITIC) and KMG.

<sup>87</sup> "Striking Oil, Striking Workers", *op. cit.*, p. 44.

<sup>88</sup> It was claimed she was an "interested party". *Ibid.*

<sup>89</sup> *Ibid.* Previous meetings had been held in the company's assembly hall.

<sup>90</sup> *Ibid.*

<sup>91</sup> "Сотни нефтяников сидят перед акиматом в Актау, требуют Кушербаева" ["Hundreds of workers sit in front of the regional government buildings in Aktau, demand to see (regional governor) Kuserbayev"], Radio Azattyq, 2 June 2011. Other press reports identified the manager as Yuan Mu, acting president of KBM. See, for example, <http://bit.ly/15x5KVQ>.

<sup>92</sup> Copy of lawsuit against workers for holding illegal strike on file with Human Rights Watch. "Striking Oil, Striking Workers", *op. cit.*, p. 47.

<sup>93</sup> "Сотни нефтяников сидят перед акиматом в Актау, требуют Кушербаева" ["Hundreds of workers sit in front of the regional government buildings in Aktau ..."], *op. cit.*

<sup>94</sup> "Striking Oil, Striking Workers", *op. cit.*, p. 44. Some workers were fired because they visited friends or relatives who were striking in the square, even if this was at weekends. See also "Бастующих нефтяников не восстанавливают на работе" ["Striking oil workers' jobs will not be restored"], Radio Azattyq, 6 October 2011.

<sup>95</sup> "Striking Oil, Striking Workers", *op. cit.*

<sup>96</sup> She was later released in March 2012 after an appeals hearing reduced her sentence to a three-year suspended sentence. HRW notes that numerous restrictions were placed on her. "Kazakhstan: Lawyer freed, but rights restricted", Human Rights Watch, 15 March 2012.

## 2. The December 2011 deadly clashes

Tensions culminated in December 2011, when a confrontation between striking oil workers and security forces in Janaozen resulted in the deaths of at least sixteen unarmed protesters. Janaozen, whose population is about 91,000, was the country's second highest oil producing area between 2003 and 2011, behind only neighbouring Atyrau province.<sup>97</sup> More than any other single event since independence, this shattered Kazakhstan's image of stability and development.

On 16 December, Kazakhstan was celebrating twenty years of independence. In Janaozen, between 100 and 150 striking oil workers were still in the town's main square, according to a local human rights group. The protest remained peaceful.<sup>98</sup> In the same square local officials were preparing for independence day celebrations that were due to start at noon.

Many details and the exact sequence of events remain unclear. However, it is generally accepted that as the celebrations were about to begin, a group of some 30 angry but unarmed men in OzenMunaiGas uniform climbed onto the stage and started throwing the sound equipment onto the ground.<sup>99</sup> The prosecutor general's office says they "overturned the New Year's tree, tore down yurts and the stage, and set a police bus on fire".<sup>100</sup>

Later that day, rampaging workers set the mayor's office and OzenMunaiGas offices alight. Several shops and ATMs were looted.<sup>101</sup> At some point, local police and government security forces opened fire with live ammunition. At least sixteen unarmed protesters were killed and dozens injured. No police officer or member of the security forces was harmed. Several graphic videos show riot police firing at protesters, many of whom were shot in the back as they attempted to flee.<sup>102</sup>

A Kazakh parliamentarian said the police did not receive orders to shoot but were told they may use weapons "in case of violence against them".<sup>103</sup> An international security expert suggested the deaths, although "probably unintentional", show that at a practical level, the security services had "zero concept" of crowd control and were equally bereft of the skills required to resolve such standoffs before using force. "Of course, though, there was no impetus from the top to deal with the strike in any other way", the expert added.<sup>104</sup>

Events in Janaozen baffled many in the business community. An Almaty-based executive noted that, "if oil workers are striking it means there is something fundamentally wrong". Despite Kazakhstan's prominence as an investment-worthy destination in Central Asia, a business adviser claimed the government still has difficulties

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<sup>97</sup> "Striking Oil, Striking Workers", op. cit.

<sup>98</sup> "Сообщение из Жанаозена" ["Message from Janaozen"], Kazakhstan International Bureau for Human Rights and the Rule of Law, 16 December 2012, <http://bit.ly/1aNceUW>.

<sup>99</sup> OzenMunaiGas was a subsidiary of KMG. Its workers joined the strike in support of their KBM colleagues.

<sup>100</sup> "Заявление Генерального Прокурора Республики Казахстан Даулбаева А.К." ["Statement of the Prosecutor General of the Republic of Kazakhstan Daulbaev A.K."], 16 December 2011, <http://bit.ly/vD42HO>.

<sup>101</sup> "Сообщение из Жанаозена" ["Message from Janaozen"], op. cit. See also "Striking Oil, Striking Workers", op. cit., p. 100.

<sup>102</sup> "Жанаозен стрельба по населению. Снято с крыши" ["Janaozen, shooting the people. Filmed from the roof"], Youtube.com, 22 January 2012, <http://bit.ly/1801kqP>.

<sup>103</sup> Crisis Group interview, Astana, February 2013.

<sup>104</sup> Crisis Group interview, Almaty, May 2013.

with Western business practices. “They are trying to reform and have been somewhat successful in some areas, but a Soviet mentality remains”.<sup>105</sup> A Western official remarked that events in Janaozen demonstrated that the government had no grasp of modern labour relations.<sup>106</sup>

A European ambassador said Janaozen represented an “enormous crisis” for Astana, and in its wake the Kazakh government reacted the only way it knew how. “It was a broad Soviet-style crackdown. They don’t deal with problems, they try to eliminate them”.<sup>107</sup>

## B. *Curbing of Dissent*

In the years since Kazakhstan hosted the 2010 OSCE summit, the government has enacted a series of laws that have systematically curtailed political and personal liberties. The targets of repression – opposition politicians, the media and civil society groups – face fines and imprisonment for voicing views critical of the government. Diplomats and interlocutors say this unabashed display of authoritarianism in recent years underscores the degree to which fear has become the prime impulse of the government.<sup>108</sup>

Harassment of media outlets and journalists, a pervasive problem even before Janaozen,<sup>109</sup> picked up pace afterwards. A number of critical media outlets were closed and some journalists went into exile.<sup>110</sup> In 2012 the authorities shut at least thirteen media outlets and 25 websites associated with them.<sup>111</sup> The government continued restricting freedom of assembly by legally harassing activists for unsanctioned protests and demonstrations. Protesters on political as well as social issues were routinely detained and fined in 2011.<sup>112</sup>

In May 2012, five police officers stood trial on charges of abuse of power in relation to events in Janaozen, three were found guilty and received five-year prison terms. No one else has been brought to justice for the other deaths.<sup>113</sup> Overall, 45 people, including several striking oil workers, were convicted on charges of organising and participating in mass riots, and seventeen were sentenced to various prison terms;

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<sup>105</sup> Crisis Group interview, Almaty, May 2013.

<sup>106</sup> Crisis Group interview, London, May 2013.

<sup>107</sup> Crisis Group interview, Bishkek, June 2013.

<sup>108</sup> Western observers were almost unanimous. “There are serious problems that have not been addressed. We get periodic glimpses of what would happen if things go wrong. The closer we get to when Nazarbayev dies the more signs you see that the legacy he is bequeathing is a mixed one ... There is something fundamentally wrong with the political system”. Crisis Group interview, London, February 2013.

<sup>109</sup> Between January and June 2011, at least seven journalists were physically attacked and twelve journalists were accused of defamation, a criminal offense in Kazakhstan. In 2011 the authorities blocked access to several websites alleging they hosted extremist and illegal information. “Kazakhstan, Freedom of the Press 2011”, Freedom House, 2011; “Mounting concern about Kazakhstan’s use of cyber-censorship”, Reporters Without Borders, 26 August 2011.

<sup>110</sup> “Nations in Transit 2013”, op. cit.

<sup>111</sup> “Статистика нарушений свободы слова в Казахстане в 2012 году” [“Statistics of violations of freedom of speech in Kazakhstan in 2012”], International Foundation for Protection of Freedom of Speech “AdilSoz”, 23 January 2013, <http://bit.ly/1di1eMI>.

<sup>112</sup> “World Report 2012: Kazakhstan”, Events of 2011, HRW.

<sup>113</sup> “UK: Raise rights during Kazakhstan visit”, press release, HRW, 27 June 2013.

some alleged in court that police had tortured them.<sup>114</sup> Those who supported the striking workers also became a target for the authorities. Participants in unsanctioned demonstrations, which increased in 2012, were routinely detained, punished by an administrative arrest of several days, charged with criminal offences, or fined up to \$550.<sup>115</sup>

In January 2012, the leader of unregistered opposition party Alga, Vladimir Kozlov, and two others were tried on charges of “inciting social hatred” and “calling for the violent overthrow or change of the constitutional order”. Human Rights Watch said this was “a politically motivated trial marred by due process violations and vague and overbroad criminal charges”.<sup>116</sup> The U.S. expressed concern about “the government’s apparent use of the legal system to silence political opposition”.<sup>117</sup> The EU top foreign policy official Catherine Ashton called Kozlov’s seven-year prison sentence both “disproportionate” and carrying “political overtones”.<sup>118</sup> However, in contrast with this statement, during her visit to the region the following month, a European diplomat said Ashton “decided to gloss over” the human rights situation in her talks with the Kazakh government.<sup>119</sup>

In the weeks leading up to Kazakhstan’s election to the UN Human Rights Council on 12 November 2012, the authorities began a full-fledged assault on independent and opposition media, as well as opposition political movements, shutting down dozens of independent media outlets and banning Alga on alleged charges of extremism.

The government has become more sensitive to and less tolerant of dissent and criticism, and many in Kazakhstan attribute it to the Janaozen violence.<sup>120</sup> Some assert that after the Janaozen events the authorities, due to a largely muted international reaction, felt they could act more aggressively and a strategic plan to go after the opposition press, and Alga in particular, was crafted.<sup>121</sup> Others tend to think that the latest wave of repression was conducted to clear the way for a future successor, as it is widely believed that whoever takes over as president will not be as powerful or as popular as Nazarbayev.<sup>122</sup>

### C. *Economic Growth, Socio-economic Problems*

Kazakhstan’s economic growth since the collapse of the Soviet Union is undoubtedly impressive, but it has not translated into a better socio-economic situation for citizens outside Almaty and Astana.

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<sup>114</sup> A man reportedly died from torture in police custody in December 2011 in the Janaozen temporary detention facility. “Семья из Жанаозена заявляет о пытках в полиции” [“A family from Janaozen reports torture in police custody”], Radio Azzatyq, 27 December 2011.

<sup>115</sup> “World Report 2013: Kazakhstan”, Events of 2012, HRW.

<sup>116</sup> Ibid.

<sup>117</sup> “Ambassador Kelly on sentencing of Vladimir Kozlov”, U.S. Mission to the OSCE, 11 October 2012.

<sup>118</sup> “Statement by the spokesperson of High Representative Catherine Ashton on the trial of Vladimir Kozlov in Kazakhstan”, press release, European Union, 9 October 2012.

<sup>119</sup> A senior European diplomat said, “we should all ask Ms Ashton why she decided to gloss over those issues in favour of energy and security talks”. Crisis Group interview, Astana, February 2013.

<sup>120</sup> Crisis Group interviews, Almaty and Astana, January-February 2013.

<sup>121</sup> Crisis Group interview, human rights activist, February 2013.

<sup>122</sup> Crisis Group interviews, Almaty and Astana, January-February 2013. A senior U.S. diplomat reiterated this view. The crackdown on opposition media in late 2012 may indicate that the regime is tightening the screws ahead of any transition, and that similar moves against critics can be expected in the future. Crisis Group interview, Bishkek, February 2013.

The surge in energy exports since the late 1990s made Kazakhstan wealthy but continued growth is “painfully dependent” on oil prices<sup>123</sup> and the poorer strata of society, if politically mobilised, pose a potential headache for whoever follows Nazarbayev.<sup>124</sup>

Kazakhstan’s economic growth in 2012 was 5 per cent and its GDP reached \$11,357 per capita.<sup>125</sup> The official unemployment rate is 5 per cent.<sup>126</sup> Almaty’s and Astana’s shopping malls appear to lend credence to the statistics. However, this picture begins to crumble in other regions of the country, and in some places disintegrates entirely.<sup>127</sup>

Neglected houses, potholed roads, ageing school and medical facilities, low salaries and pensions make up another face of Kazakhstan, one of economic inequality and social insecurity. Many rural residents learn only from state television that they live in a prosperous energy-rich country. Residents of a small village only 60km from Astana do not have a regular supply of drinking water in the winter and say the authorities have ignored their situation for years.<sup>128</sup>

While the economy seems to be awash with money, the country spends only 2.5 per cent of its GDP on health services, compared to up to 9 per cent in developed countries.<sup>129</sup> According to a recently released annual UN Human Development report which indexes access to health, education and living standards, inequality is a significant challenge in Kazakhstan.<sup>130</sup>

An average salary in Kazakhstan amounted to \$658 per month (98,736 Kazakh tenge) as of February 2013.<sup>131</sup> This is a decent amount for an average citizen, but it does not reflect the entire picture. While noting significant economic development, the Kazakh Statistics Agency acknowledged, “the majority of the Republic’s population have low income and risks entering the category of poor”.<sup>132</sup> The agency also noted that the level of rural poverty was significant and was three times higher than the level of urban poverty.<sup>133</sup> A senior U.S. diplomat pointed to the continuing evidence of income inequality and the government’s failure to move in the direction of relieving poverty and widespread economic disparities.<sup>134</sup>

Ironically, the socio-economic gap is especially stark in the west, the centre of Kazakhstan’s oil and gas wealth. Human Rights Watch writes that Mangystau province, despite being among the country’s richest regions in oil reserves, has one of its highest poverty rates. Some towns “lack [even] basic infrastructure, such as paved

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<sup>123</sup> Crisis Group interview, European ambassador, Bishkek, June 2013.

<sup>124</sup> Crisis Group interview, London, February 2013.

<sup>125</sup> Joanna Lillis, “Kazakhstan: Widening social divide fuels protest mood”, EurasiaNet.org, 19 February 2013.

<sup>126</sup> “Назарбаев: В Казахстане нет проблем с безработицей” [“Nazarbayev: ‘Kazakhstan does not have problems with unemployment’”], Nur.kz, 31 December 2012, <http://news.nur.kz/243978.html>.

<sup>127</sup> A U.S. official said the level of unemployment in the regions was “jarring”. Crisis Group interview, Astana, February 2013.

<sup>128</sup> Crisis Group interview, academic, Almaty, January 2013.

<sup>129</sup> “Казахстан снизил на одну ступень показателя по индексу развития” [“Kazakhstan ranked one place lower in the UN Human Development Index”], Radio Azattyq, 14 March 2013.

<sup>130</sup> “The Rise of the South: Human Progress in a Diverse World”, Human Development Report 2013, UN Development Programme.

<sup>131</sup> Statistics Agency of Kazakhstan, February 2013, [www.stat.kz](http://www.stat.kz).

<sup>132</sup> “Мониторинг доходов и уровня жизни населения в Республике Казахстан. Аналитическая записка” [“Monitoring of income and standard of living of the population in the Republic of Kazakhstan. An analytical note”], Statistics Agency of Kazakhstan, October 2011.

<sup>133</sup> Ibid.

<sup>134</sup> Crisis Group interview, Bishkek, February 2013.

roads, electricity and running water”.<sup>135</sup> The semi-arid environment in the west makes produce difficult to grow locally, raising living costs.

Adding to the social tension in the west is the condition of *oralmans*, ethnic Kazakhs from Uzbekistan, Turkmenistan, Mongolia and China, invited to return by the government. The state repatriation program that began in 1991 was hailed by Astana as a way to reunite the Kazakh nation. It offered considerable perks such as accommodation, employment and other social support to those who returned.<sup>136</sup> As of 1 January 2012, one million *oralmans* had officially come back to Kazakhstan, the majority settling in southern and western parts of the country.<sup>137</sup> Most of them come from rural regions and do not speak Russian, giving them little chance to get a job in the city. Unemployed and without true means for integration in their historical homeland, thousands of *oralman* families also add pressure on the already strained social services in western and southern Kazakhstan, sparking tension with local communities.<sup>138</sup>

Authorities shy away from addressing Kazakh nationalism and tensions between Kazakhs and other ethnic groups such as Russians, Chechens and Chinese.<sup>139</sup> A Western official said he feared that latching on to latent nationalist sentiment may be an easy way for a new president to define his credentials and reach ethnic Kazakhs squeezed out of the political arena under Nazarbayev.<sup>140</sup> This approach has already gained ground among a section of the opposition. In a recent media interview, Mukhtar Tayzhan and Aydos Sarym, an activist and analyst respectively, railed against corruption, foreign investors, Russia, environmental degradation and members of the intelligentsia who do not speak Kazakh.<sup>141</sup> Experts warn that this message may have popular appeal especially outside of the predominately Russian-speaking urban areas of Almaty and Astana.<sup>142</sup>

#### D. *Internal Threats and New Security Laws*

Between 2010 and 2012 a wave of armed attacks shook Kazakhstan.<sup>143</sup> Although it was initially said some attacks were the work of common criminals, the authorities recognised that subsequent attacks were carried out by small groups of religious extremists aiming to destabilise the country.<sup>144</sup> Very little is known about these groups

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<sup>135</sup> “Striking Oil, Striking Workers”, op. cit.

<sup>136</sup> “Программа возвращения этнических казахов в Казахстан закрыта” [“The repatriation program for ethnic Kazakhs was closed in Kazakhstan”], Rosbalt, 25 February 2012, <http://bit.ly/18rlSqO>.

<sup>137</sup> “В Казахстане проживает около миллиона оралманов” [“Around one million *oralmans* live in Kazakhstan”], Tengrinews.kz, 21 June 2012, <http://bit.ly/1ah08Sv>.

<sup>138</sup> Crisis Group interview, political analyst, Almaty, May 2012. “The government imported a new social problem from the outside”.

<sup>139</sup> See, for example, “Нелёгкая тишина в Шенгельды” [“Uneasy silence in Shengeldy”], Radio Azattyq, 21 August 2013.

<sup>140</sup> Crisis Group interview, London, January 2013.

<sup>141</sup> “О казахском национализме – на чистоту” [Saule Isabayeva, “About Kazakh nationalism – honestly”], *Central Asia Monitor*, 5 July 2013, <http://bit.ly/14ZFfVy>.

<sup>142</sup> Sean R. Roberts, “Kazakhstan: As Stable as its Government Claims?”, Testimony before the Commission on Security and Cooperation in Europe, 25 January 2012.

<sup>143</sup> For an overview of attacks, see Jacob Zenn, “Kazakhstan struggles to contain Salafist-inspired terrorism”, *European Dialogue*, 5 October 2012.

<sup>144</sup> Kazakhstan’s first suicide bombing on 17 May 2011 outside the security services headquarters in Aktobe was dismissed as a mafia crime. Joanna Lillis, “Kazakh official blames mafia for suicide bombing”, *EurasiaNet.org*, 17 May 2011.

as the state controls all mainstream media and says little about alleged terrorists and extremists who are detained or killed. In addition, many trials involving them are closed to the public. This gives rise to numerous conspiracy theories about their goals, targets, ideology, financial sources, hierarchy, international links, etc.

One extremist group, Jund al-Khilafa (Soldiers of the Caliphate), emerged in 2011 with a series of high-profile attacks for which it claimed responsibility.<sup>145</sup> No one from either the political or expert community could provide clear answers about the group's origin, demands, agenda or ideology. Based on very limited official information, Kazakh security experts suggest that the individuals involved are young, religious to varying degrees and with a majority of them having criminal pasts and connections to criminal networks.<sup>146</sup> Some experts say there is no single dominating movement and that extremist groups such as Jund al-Khilafa and others active in Central Asia and Afghanistan, for example the Islamic Movement of Uzbekistan (IMU) or East Turkestan Islamic Movement, are independent of each other and do not coordinate their activities.<sup>147</sup> Others, however, suggest that Jund al-Khilafa is a subordinate unit of the IMU.<sup>148</sup>

Kazakhstan's updated Military Doctrine, an outline of the armed forces' guidelines, does not draw an explicit link between acts of domestic terrorism and Afghanistan, nor does the 2012 Law on National Security.<sup>149</sup> Some sceptics in Kazakhstan suggest the attacks were staged by some political factions who are preparing for the succession.<sup>150</sup> A Western official described the attacks as the product of the "smoke and mirror world of the security services".<sup>151</sup> Several Astana-based diplomats asserted that little about the attacks, or the groups alleged to be behind them, made sense. As a result, they tended to ascribe the incidents to criminal turf wars or localised domestic political spats. However, the same diplomats also acknowledged that a growing appetite for political Islam in the western regions especially did not bode well for long-term stability.<sup>152</sup>

Those who accuse religious extremists with a terrorist agenda of being behind the attacks suggest they are inspired by Salafi ideology: a North Caucasian influence is

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<sup>145</sup> The most high-profile attack happened in Taraz on 12 November 2011 killing five before the perpetrator blew himself up. For more detail, see "By the Hands of Men Who Don't Fear Death" – Jund al-Khilafa Launches Islamist Insurgency in Kazakhstan", The Jamestown Foundation, 23 November 2011.

<sup>146</sup> Crisis Group interviews, Almaty and Astana, January and February 2013.

<sup>147</sup> Crisis Group interview, international organisation worker, Almaty, January 2013.

<sup>148</sup> "By the Hands of Men Who Don't Fear Death", op. cit.

<sup>149</sup> Roger N. McDermott, "Central Asian Security Post-2014: Perspectives in Kazakhstan and Uzbekistan", DIIS Report, 2013:12. Referring to an analytical article by Col. (ret.) Georgiy Dubovtsev who helped draft the 2011 Military Doctrine, McDermott notes (p. 22), "Dubovtsev's outline of the sources of threat to national security places a number of factors above anything remotely linked to Afghanistan. Despite the recognition of the transnational threats emanating from Afghanistan, there is nothing to indicate anticipation that these threats might worsen post-2014, and no specific reference to Afghanistan-linked militant activity. It is important to note that Dubovtsev's article was written one year after the 2011 Military Doctrine was signed into law, and that the experience of domestic terrorist attacks in the interim had not encouraged a reassessment of the Afghanistan factor in Kazakhstan's national security".

<sup>150</sup> Crisis Group interviews, Almaty and Astana, January-February 2013.

<sup>151</sup> Crisis Group interview, London, February 2013.

<sup>152</sup> Crisis Group interviews, Astana, February 2013.

highly likely due to common history, linguistic ties and geographic proximity.<sup>153</sup> They also point out a sizable number of registered Salafis in western Kazakhstan, and an increase in the physical manifestations of religiosity on the streets.<sup>154</sup>

While there are many different theories as to who is behind the attacks and the kind of ideology and agenda they follow, the expert and political community in Kazakhstan is almost unanimous about the main reason for the existence and spread of religious radicalisation: the grim socio-economic situation in the regions, especially the west.<sup>155</sup>

The authorities so far have responded by either killing suspected terrorists during anti-terrorist operations,<sup>156</sup> detentions, or by harassing individuals who lead religious lifestyles. In 2011, 33 people were convicted on terrorism-related charges by Kazakh courts and 31 in the first nine months of 2012.<sup>157</sup> In late 2012 Erlan Karin, Nur Otan political party secretary, said that since 2007, 148 Kazakh citizens were found guilty of terrorism charges,<sup>158</sup> with 105 of the convictions taking place in 2012.<sup>159</sup> According to a February 2013 statement from the National Security Com-

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<sup>153</sup> Crisis Group interviews, national security experts, Almaty and Astana, January-February 2013. During his brief but high-profile career in the jihadi underground, the half-Russian, half-Buryat Said Buryatsky (whose real name is Alexander Tikhomirov) had a considerable impact on Russian-speaking youth in Kazakhstan and other parts of Central Asia with his internet sermons and talks on jihad. He was killed in 2010. "Militant website confirms Buryatsky's death", RFE/RL, 7 March 2010. Several years after his death his recordings were still said to be popular among Central Asian youth. Following a 31 October 2011 attack in Atyrau, the provincial prosecutor claimed the Jund al-Khilafa cell responsible had been influenced by Buryatsky. "Лидером 'Солдат Халифата' оказался казахстанец" ["Soldiers of the Caliphate' leader was Kazakh citizen"], Tengrinews.kz, 9 November 2011, <http://bit.ly/18QIBuh>.

<sup>154</sup> "В Атырауской области, по официальной информации, 8 тысяч тех, кто придерживается исламских канонов, читает намаз. Из них, по сведениям местных органов, 90 процентов – молодежь в возрасте от 13 до 30 лет. Из них где-то 70 процентов придерживаются или уже ушли в салафитское направление или только-только начинают его изучать" ["In Atyrau province, according to official information, there are 8,000 practicing Muslims. According to local authorities, 90 per cent of them are believed to be between the ages of thirteen and 30. 70 per cent of the young people are influenced by Salafism or have just started studying its precepts"]. "Число салафитов резко выросло в Атырауской области" ["Number of Salafis drastically increased in Atyrau oblast"], Tengrinews.kz, 16 November 2011, <http://bit.ly/18QIOh9>.

<sup>155</sup> Crisis Group interview, national security experts, Almaty and Astana, January-February 2013; domestic security expert, Astana, February 2013. Other reasons put forward are the absence of religious culture and common ideology in this former Soviet and atheist state, as well as the growing influence of international radical groups from the North Caucasus and Middle East.

<sup>156</sup> For example, see "Завершилась спецоперация по обезвреживанию подозреваемых в убийстве полицейских в Актобинской области" ["Special operation eliminating the suspects in the murder of police officers in the Aktobe region completed"], *Kazakhstan Today*, 9 July 2011, <http://bit.ly/pbvIGt>; and "Network of Jund al-Khilafah in Kazakhstan Wider Than Predicted", *Eurasia Daily Monitor*, The Jamestown Foundation, vol. 9, issue 12 (18 January 2012). A Western diplomat commented that the Kazakh security forces' propensity to kill suspects instead of capturing them for interrogation was a "Soviet hangover". Crisis Group interview, Astana, February 2013.

<sup>157</sup> Marat Shibutov and Vyacheslav Abramov, "Терроризм в Казахстане – 2011-2012 годы" ["Terrorism in Kazakhstan – 2011-2012"], Almaty, 2012, pp. 6, 22, <http://bit.ly/180zkPX>.

<sup>158</sup> "Ерлан Карин: Нас должны больше беспокоить причины терроризма внутри страны" ["Erlan Karin: 'We should be more worried about the reasons for terrorism inside the country'"], Tengrinews.kz, 8 November 2012, <http://bit.ly/PFWWh7K>.

<sup>159</sup> "Изучить причины вовлечения граждан Казахстана в террористическую деятельность намерены эксперты совместно с генпрокуратурой" ["Experts and general prosecutor's office intend

mittee, in the previous two years they eliminated 42 extremist groups and thwarted 35 terrorism plots.<sup>160</sup>

2013 has been uneventful so far, but the Kazakh finance ministry says it is monitoring 360 reports of terrorism financing received in the first eight months of 2013 and has handed 126 cases over to the security services for further investigation.<sup>161</sup>

Several key pieces of legislation related to the fight against extremism and terrorism have been amended to improve the state's response. But they also legalise repressive policies and toughen control over religious communities.<sup>162</sup> This approach could backfire. "Three years ago if you talked to Kazakhs they would have said we are immune. In rare cases they'd say it comes from abroad. They don't say that any more. The answer is in the gross disparities of wealth",<sup>163</sup> said a Western official.

The threats to Kazakhstan's security are not only internal. Despite the president's attempts to reposition his country as a Eurasian state, Kazakhstan is in a very fragile neighbourhood. Uzbekistan, Central Asia's most populous state, faces its own transition problem: its long-time and highly authoritarian leader, Islam Karimov, has been reportedly in ill-health. Any breakdown of central authority in Uzbekistan could trigger irredentist and secessionist tendencies, intra-elite power struggles and, possibly, armed jihadi violence. Kazakhstan and Uzbekistan share a 2,200km border, poorly policed, on the Kazakhstan side at least. It has 1,200km of frontiers with Kyrgyzstan, which drifts in and out of chaos, and 1,500km with China's Xinjiang province.<sup>164</sup>

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to study reasons for involvement of Kazakhstan citizens in terrorism"], *Zona.kz*, 20 February 2013, [www.zonakz.net/articles/63561](http://www.zonakz.net/articles/63561).

<sup>160</sup> "42 экстремистские группы нейтрализованы КНБ за 2 года" ["42 extremist groups have been eliminated by the Committee of National Security in the last two years"], *Tengrinews.kz*, 6 February 2013, <http://bit.ly/WvuyaB>.

<sup>161</sup> "Kazakh finance ministry logs over 350 report on financing terrorism", Ministry of Finance of Kazakhstan press release, 1 August 2013.

<sup>162</sup> Crisis Group interviews, human rights activists, lawyers, Almaty, January-February 2013. See also Richard Solash, "U.S. official blasts Kazakh security provision", *RFE/RL*, 26 January 2012.

<sup>163</sup> Crisis Group interview, London, January 2013.

<sup>164</sup> Crisis Group Asia Reports N°72, *Is Radical Islam Inevitable in Central Asia? Priorities for Engagement*, 22 December 2003; N°205, *Tajikistan: The Changing Insurgent Threats*, 24 May 2011.

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## IV. Succession

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### A. *The Risks of a Mismanaged Succession*

In a rare move, Nazarbayev publicly addressed the question of succession in a 4 July 2013 television interview. Citing the examples of Singapore, Malaysia and Russia, Nazarbayev insisted, “there should be a sustainable system put in place that would be stable against the backdrop of a new leader’s arrival”.<sup>165</sup> The problem is Kazakhstan does not have such a system. In a post-Nazarbayev era the system will likely be harnessed by an individual or group who will need to tighten control in order to consolidate their position. Kazakhstan’s political institutions are not designed for competition or plurality.<sup>166</sup> This risks generating dangerous levels of infighting among the political and economic elites.<sup>167</sup> Succession will undoubtedly be a deeply uncomfortable event. Whether that manifests itself as a short panic attack or as a prolonged period of uncertainty will largely depend on what power-transfer model Kazakhstan adopts.<sup>168</sup>

The new president runs the risk of alienating a sub-section of those currently close to Nazarbayev; transition may also cause Kazakhstan’s wealthiest and most influential groups to weigh up their prospects for survival and success.<sup>169</sup> If succession does trigger a crisis, a former high-ranking Kazakh official voiced concerns that the restive western regions may see it as an opportunity to wrest economic control of the energy wealth from the centre.<sup>170</sup>

Beyond a few sound bites, the president has given no indication that a succession plan is even being formulated or when it might take effect. This may be in part due to the secretive nature of autocracies, or simply the reasonable desire to protect a potential successor from public scrutiny or behind-the-scenes machinations that may compromise the candidate or weaken Nazarbayev’s authority.<sup>171</sup> Observers tend to agree that the lowest-risk succession model would involve Nazarbayev resigning and discreetly managing his hand-picked successor from the sidelines.<sup>172</sup> However, if such a plan exists it is a closely guarded secret. A Western diplomat said he believed that this is the approach Nazarbayev has in mind, but surmised that no firm candidate had been identified. Potential candidates, the diplomat felt, were constantly falling in and out of favour.<sup>173</sup> A senior U.S. diplomat agreed that Nazarbayev probably envisions retaining an office as “first president” to continue to pull the strings, and appointing a successor who has already agreed to protect the family’s financial interests.<sup>174</sup>

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<sup>165</sup> “Kazakhstan’s president on succession of power”, 5 July 2013, <http://bit.ly/16APXIV>.

<sup>166</sup> Crisis Group interviews, London, February 2013.

<sup>167</sup> Crisis Group interviews, London, February 2013.

<sup>168</sup> Kairat Mami is the Senate chair, he is a relatively unknown politician but in accordance with the constitution he would replace the president if the latter could no longer fulfill his functions.

<sup>169</sup> Crisis Group interviews, London, February 2013. An expert said capital flight is already underway.

<sup>170</sup> Crisis Group interview, 2013.

<sup>171</sup> Crisis Group interviews, London, Bishkek and Astana, February 2013.

<sup>172</sup> Many names have been discussed as potential successors over the years, including family members. However, no one has ever confirmed their interest in the post. Saule Isabayeva, “Неужели придется выбирать между плохим и худшим?” [“Do we, indeed, have to choose between the bad and the worse?”], *Central Asia Monitor*, 21 December 2012, <http://camonitor.com/archives/6172>.

<sup>173</sup> Crisis Group interview, Western diplomat, Bishkek, June 2013.

<sup>174</sup> Crisis Group interview, Bishkek, February 2013.

Should Nazarbayev suddenly find himself incapacitated by ill-health and unable to influence events,<sup>175</sup> the ensuing vacuum may turn out to be an undignified scramble and unsettling viewing for both domestic and international audiences, but particularly the former.

His successor's early days in power will also be challenging. Nazarbayev is an extremely skilled and experienced politician. He enjoys genuine public popularity and is respected by his political cohorts. His successor may or may not enter office with the same skillset or support.<sup>176</sup> How this will be compensated for will depend on the style and values of the next president, but self-preservation is likely to be a more pressing concern than the rule of law or reform.<sup>177</sup>

## B. *A Mixed Legacy*

Kazakhstan is approaching a defining moment as an independent nation. Nazarbayev's legacy is mixed, but he has failed to create a political system based on the rule of law or democratic principles. Without an immediate and radical change, what he will leave behind is a complex and corrupt state apparatus and a political class set adrift after his departure. Some say it is already too late to create an alternative.<sup>178</sup>

To date, Nazarbayev has united the various economic and political factions under him. He has also permitted constitutional amendments ensuring that his family and their assets remain untouchable after he is no longer president.<sup>179</sup> However, one false move in the as-yet-unidentified succession process and Astana's carefully crafted façade of stability could collapse. There are multiple pressure points already at work, from uneven socio-economic development to a growth in religious extremism. Nor is the current rate of economic growth assured as it is highly dependent on outside factors such as oil prices.<sup>180</sup> Nazarbayev's ability to paper over these cracks is probably a unique one.<sup>181</sup>

A growing urban middle class is slowly emerging, but neither the parliament nor the local authorities or the courts have been built to respond to their potential political expectations. A sense of disenfranchisement and marginalisation is growing among some sections of the population, especially the young.<sup>182</sup> The current system of political representation has nothing to offer them either.

Recent legislation aims to suppress dissent and criticism of the authorities and to limit the rights of citizens. Contrary to Kazakhstan's portrayal of itself as an open and democratic country, these laws indicate increasing paranoia. They may yet serve

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<sup>175</sup> Nazarbayev's health has long been a source of speculation. See, for example, Andrew E. Kramer, "Kazakh chief is said to be in Germany after surgery", *The New York Times*, 20 July 2011.

<sup>176</sup> Crisis Group interview, London, February 2013.

<sup>177</sup> Crisis Group interview, London, February 2013.

<sup>178</sup> A former colleague of Nazarbayev's said, "there are only two solutions to the current problems in Kazakhstan: try to reestablish the state [and] get back stolen assets. Nazarbayev knows this is the wise choice. It's either that or become more brutal". Crisis Group interview, 2013.

<sup>179</sup> "Информационно-правовая система нормативных правовых актов Республики Казахстан" ["Legal information system of normative legal acts of the Republic of Kazakhstan"], op. cit.

<sup>180</sup> Crisis Group interviews, London, February 2013 and Bishkek, July 2013.

<sup>181</sup> "There will be no second Nazarbayev", said presidential adviser Yermukhamet Yertysbayev. Joanna Lillis, "Kazakhstan: Does a personality cult grow in Astana?", op. cit.

<sup>182</sup> In 2012 some 26 per cent of Kazakhstan's population was aged between fourteen and 29. "Kazakhstan 2020: A Way to the Future", <http://bit.ly/1aEjr1>.

as a rallying point for opponents of the regime, or be used by the government to justify brutality in the face of unrest.

For international investors in Kazakhstan, there may be some hope that business will continue as usual after Nazarbayev leaves office. But in this scenario, investors are hoping for a discreet, managed transition crafted by Nazarbayev's inner circle. Any infighting will be a private affair, they hope. However, the potential for some form of public implosion remains.<sup>183</sup>

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<sup>183</sup> Crisis Group interview, London, January 2013.

## V. Conclusion

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Kazakhstan may be stable for now but that has come at the cost of prioritising patchy economic development over political progress. As a result, Nazarbayev is leaving his successor a rich country but one with gross inequities and no means of transparent governance. Economic and political stability have been largely dependent on the president's personal skills.

Without him as figurehead and arbiter, and in the absence of mature and robust institutions, the next generation of Kazakh leaders will find themselves in uncharted territory. Regional examples of what happens next, including Russia's pronounced authoritarian turn under President Vladimir Putin, are not encouraging. To properly distinguish itself from its neighbours, Astana needs to engage with reform and build a stable system of government harnessed to an independent parliament and judicial system that works because it has inherent integrity, not just because a great leader is pulling it along. If there is a lack of political will to do this, Kazakhstan will face a period of stagnation and ideological upheaval that would move the country backwards.

**Bishkek/Brussels, 30 September 2013**

