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Kazakhstan's OSCE chairmanship: first steps

On 1 January 1 Kazakhstan assumed the position of the OSCE chairman for 2010. Although there were preliminary discussions of the priorities it would choose, people were curious to see how it would accentuate its programme to please both the Western and the Eastern members of the organization, and to what extent the usual ambition of its projects would be moderated by the limited capacities of the state.

As a motto of its chairmanship Kazakhstan chose four "T"s: Trust, Tradition, Transparency and Tolerance. Trust and transparency are to help build bridges between East and West and promote relations free from "double standards" and "division lines". Kazakhstan is the first post-Soviet state that stands at the helm of the pan-European organization, and it has positioned itself as a mediator and consensus-builder. Tradition stands for the new chairman's loyalty to the founding principles and values of the OSCE. This way Astana reiterates its promises not to undermine the human dimension of the organization. Finally, Tolerance highlights Kazakhstan's intention to strengthen dialogue among cultures and civilizations, the area in which it feels it has a good record.

Kazakhstan defined the priorities of its chairmanship. In the military-political basket the main ones are development of the Corfu process started under the Greek chairmanship, stabilization and reconstruction of Afghanistan, and resolution of the frozen conflicts in the post-Soviet space. In the framework of the Corfu process Astana supports the Russian initiative to discuss changes in the European security architecture and possible adoption of President Medvedev's draft of the new European Security Treaty.

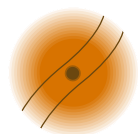
Afghanistan is taken up as a challenge to European security, and an even greater one to that of Central Asia. Kazakhstan stresses the humanitarian component of international engagement in this war-torn country and wants to push for more trans-border cooperation, at the same time strengthening the border between Afghanistan and Central Asia.

To contribute to the resolution of the frozen conflicts – Nagorny Karabach, Transdniestria, South Ossetia and Abkhazia - Astana is ready to put to use its good relations with the countries involved in them. In January Kazakhstan's Foreign Minister Kanat Saudabayev made a trip to Armenia, Azerbaijan and Georgia and tested the "muddy waters" there in Kazakhstan's capacity as the new OSCE chairman. The visit predictably showed how difficult it would be for Kazakhstan to push for positive changes in the environment of zero-sum relations among the participants, and was an indication of the risks to Kazakhstan's own interests of such mediation efforts and overall lack of experience. Both the Armenian and Azerbaijani media made critical comments about the arrangements of the visit. In Tbilisi Saudabayev made a statement about Kazakhstan's support for Georgia's territorial integrity, which cannot be appreciated by Russia.¹ Previously Kazakhstan could avoid clarifying its position on the conflicts in the Caucasus.

In the economic-environmental basket, Kazakhstan's priorities include development of the transcontinental Europe-Asia transport and communication corridors, energy security and the problem of the Aral sea, with the hope that a new concerted effort to address it can serve as a model for OSCE approach to other environmental issues.

The human dimension is the most problematic for Kazakhstan considering its authoritarian political

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system and poor human (especially political) rights record. Astana promised to support the ODIHR, and the work of the High Commissioner on National Minorities and the Representative on Freedom of the Media. As the central theme of its chairmanship, Kazakhstan chose tolerance and cross-cultural dialogue and wants to focus on non-discrimination of minorities and migrants.

One of the key proposals of the new chairman is to conduct an OSCE summit in 2010 in Astana in order to reach a new consensus on European security architecture. The last summit took place in Istanbul in 1999 and adopted the Charter for European Security. For Kazakhstan it would be highly prestigious to hold a summit that would coincide with the 35th anniversary of the Helsinki Final Act and the 20th anniversary of the Paris Charter. The OSCE chairmanship was largely a prestige project for Kazakhstani leadership, and now it is putting major effort into obtaining the agreement for a summit from other member states. While Foreign Minister Saudabayev during his visit to the US could not receive a “yes” from State Secretary Clinton, President Nazarbayev’s meeting with Russian President Medvedev was more successful.

2010 Presidential address to the people of Kazakhstan

In February President Nazarbayev made his annual address to the people of Kazakhstan which traditionally outlines the main agenda of domestic and foreign policy for the year. Unlike the addresses of the previous year, this year’s is self-congratulatory and upbeat, and built on the premise that the economic crisis is behind us and now is the time to prepare the economy for post-crisis development. The main focus is on rapid industrialization and infrastructure development. The Government upon the request of the President prepared a state programme of industrialization and innovative development for the next five years. Investments will be made in the gas and chemical sector, power

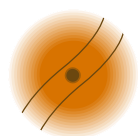
stations, and other infrastructure projects. Of particular importance is the agro-industrial sector. It is planned that by 2014, 80% of food products consumed in Kazakhstan will be produced locally. The goal is to diversify and strengthen the economy. Innovative development will be serviced by new scientific and research centres such as the life sciences (transplants, stem-cell research), energy research (renewable energy), and engineering centres to be created in the framework of the New University to open in Astana this year. Reforms will continue in the education and healthcare sectors.

There is no mention, however, of any political or administrative reforms except for the optimization of the law enforcement system. There are plans to make it more effective and accountable to parliamentary and public control, which would appear to indicate that the process of “political liberalization” inspired by the OSCE chairmanship is losing momentum.

Overall, the goals and objectives defined in the address are justified and would be inspiring were it not for the poor record of previous state programmes aimed at diversifying the economy and the far-from-successful reforms in the education and healthcare systems.

Anti-Chinese demonstration in Almaty

On 30 January, a number of opposition parties and movements staged a protest against the government’s plan to lease a million hectares of agricultural land to China. It is reported that around 2,500 people attended the rally making it the largest gathering in recent years. Protestors demanded the resignation of Prime Minister Karim Masimov, who had studied and worked in China and is perceived as the key interlocutor of Kazakh-Chinese relations, and called for the \$10 billion loan provided by Beijing in 2009 to be declined.



The demonstration revealed growing nationalist sentiments and fears of the dynamically developing and populous neighbour. China seems to be unscarred by the global economic crisis and able to use the situation to increase its presence and assets in the world, including Kazakhstan. In society these fears provoke reactions ranging from informed concern for national interest to primitive sinophobia. Some groups that took part in the rally are guided by a purely economic and social protection agenda. Their presence there shows that dissatisfaction with the government and the low effectiveness of its anti-crisis programs are growing and in need of an outlet.

End to Production Sharing Agreements?

During the course of a governmental meeting in January, President Nazarbayev announced that the time had come to make all subsoil users switch to the normal taxation regime. Although no specific names were mentioned, in practice the planned change targets the Kashagan, Karachaganak and Tengiz projects, working under the Production Sharing Agreements. This move is in line with the trend to re-nationalize energy assets and put more pressure on foreign subsoil users, one that has become apparent over the last couple of years.² It is meant to increase much needed revenues to the national budget.

It is not clear how the government is planning to go about achieving this. It may try to negotiate changes in the contracts or break the contract unilaterally, the latter being a highly unlikely scenario. In all events, Kazakhstan's reputation will be damaged and its appeal to foreign investors diminished.

¹“Moya Respublika”, 19.02.2010.

² In 2009, under much pressure from the Kazakh government, participants of the Kashagan project agreed to increase the share of Kazakh state oil and gas company Kazmunaigaz to 16.81%. Currently, the parliament is working on the new Law on subsoil and subsoil use.

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