

## Presidential elections: incredible turnout and landslide victory

The campaign that preceded the early presidential election scheduled for 3 April passed by almost unnoticed. The opposition party OSDP "Azat" that could have created certain competition decided to boycott the election. Four candidates entered the final stage of the non-happening race: the incumbent President Nursultan Nazarbayev, Communist Zhambyl Ahmetbekov, environmentalist Mels Yeleusizov, and Senator Gani Kassymov. It was clear that Nazarbayev would win, which was admitted by the other candidates who posed no challenge and ran for reasons other than getting elected. In the aftermath of the election, Mels Yeleusizov even stated that he and his family had voted for Nazarbayev, giving this election an additional surreal twist.

According to the central election commission, Nazarbayev secured 95.5% of the vote. There was a general expectation that the numbers showing support for the first President in this election would surpass the previous figure of 91%. However, it was not the number of votes for Nazarbayev that raised the eyebrows of observers both inside and outside the country, but the official turnout of 89.8%. Considering the lack of intrigue and real competition, this result seems incredible. By comparison, turnout for the electric U.S. presidential election of 2008 (Obama versus McCain) was 61.7%.

Predictably, OSCE observers said the election failed to meet international democratic standards and showed that the country still lacks democracy and freedom of assembly and speech. Such an assessment, in principle, should be embarrassing for the former OSCE chair. However, the spirit in Astana was festive and self-congratulatory with Nazarbayev calling his victory "a sensation" and

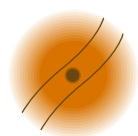
saying it proved the country was united behind him: "If polls usually divide a nation into various party blocs, we have united. While the word sees bloodshed and ethnic conflict, we - all the ethnic groups and religions of Kazakhstan - are one."

The earlier referendum initiative and the early Presidential elections reveal a worrying trend in Kazakhstan's politics. The system seems to be increasingly reliant on self-deceit and the constant celebration of victories, necessary for supporting the Kazakhstani personality cult variety.

## Post-election appointments and reappointment: will there be change?

The 3 April elections were followed by changes in the government. Although a major reshuffle was expected, only one-third of the cabinet was replaced, with prime minister Karim Massimov and his three deputies remaining in their positions. This would seem to indicate that Nazarbayev is satisfied with the general course of the government and the current power distribution among the elites.

The main surprise of post-election reshuffle was the appointment of Timur Kulibayev, Nazarbayev's billionaire son-in-law and oil prince, as the head of the Samruk-Kazyna sovereign wealth fund. Samruk Kazyna controls two-thirds of the Kazakhstan economy and owns the national oil company KazMunaiGaz, national railway company Kazakhstan Temir Zholy, uranium producer Kazatomprom, and others. The reappointment of Massimov and new important appointment of Kulibayev strengthens their powerful interest group in the short term. What will happen in the long term is hard to predict in Kazakhstan, where excessive assent tends to result in rapid fall.



## Legalization of “nationalization”

On 1 March Parliament adopted the Law on State Property, which regulates state property and state-owned legal assets and introduces for the first time the concept of nationalization. It is not surprising that the new legislation alarmed foreign investors. To calm their worries, the minister of economic development and trade Zhanar Aitzhanova explained that the nationalization procedure would be used only in extraordinary situations when there is a threat to national security and all other forms of confiscation of property are exhausted. She also said that the state guarantees compensation at market value within two months after the nationalization act is signed.

The government argues that creation of such a legal framework for nationalization is good for investors since it creates a clear procedure. However, this clarity is compromised by the ambiguity of the notion of national security. Kazakhstan’s Law on National Security uses a comprehensive approach and covers all kinds of security, including economic, social and environmental security. Thus, if there is a determination to nationalize certain assets, it will be possible to invoke a threat to national security.

## Kazakhstan and India to develop strategic partnership

On 16-17 April, Indian prime minister Manmohan Singh visited Astana, his first trip to Kazakhstan. During Sing’s visit, Kazakhstan and India signed the roadmap for 2011-2014 aimed at developing a strategic partnership between two countries. Among the documents signed were several agreements in the energy sphere. One of them is an agreement on the transfer of 25% of shares in Satpayev offshore oil field to Indian ONGC Videsh company. According to the head of Kazmunaigaz Kairgeldy Kabyldin, India will invest \$9 billion in the project. Another agreement covers peaceful use of nuclear energy. It is planned that by 2014 Kazakhstan will supply India with more than 2,000 tonnes of uranium.

The agreements are significant in their own right, but they are also important in the context of the ongoing China-India rivalry in Asia. So far Chinese expansion into Central Asia has been a lot more advanced, sometimes creating tough competition for Indian interests. A case in point is the tender for Petrokazakhstan oil company in 2005 in which Indian ONGC lost to Chinese CNPC. India is trying to improve its position in the region. Kazakhstan is interested in greater cooperation with India for a number of reasons, among them the maintenance of the multi-vector foreign policy.

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