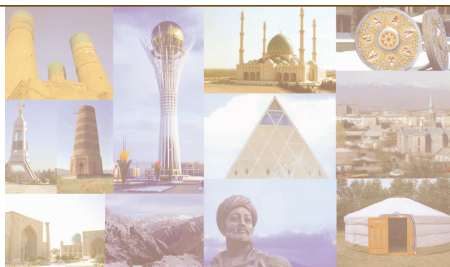


CENTRAL ASIA OBSERVATORY

<http://www.asiacentral.es>



The Central Asia Observatory (CAO) was established in 2007 by three institutions that are interested in the area: Casa Asia, CIDOB Foundation and Royal Institute Elcano



CASA ASIA



November 2008



KAZAKHSTAN

SEPTEMBER - OCTOBER 2008

Bimonthly article

Prof. Nargis Kassenova*

The adoption of “The Path to Europe” programme

In August 2008, Kazakhstan adopted the state programme ‘The Path to Europe 2009-2011.’ It was drafted by the Ministry of Foreign Affairs following the commitment made by President Nursultan Nazarbayev in his annual national address in February this year. The aim of the programme is to “promote economic cooperation, attract technologies and managerial experience, improve our laws, and develop our own agenda and strategic priorities for the OSCE chairmanship.” According to the Kazakh authorities, the development of the programme was triggered by the need to strengthen cooperation with Europe in a number of spheres and to benefit from the experience of European integration and reforms in order to solve “pressing issues of the country’s internal development”.

The programme identifies the following areas as the focus for intensified cooperation: technology transfer, energy, transport, technical control and metrology, trade, small and medium enterprise development, quality of life and humanitarian dimension. In the energy sphere, which both the EU and Kazakhstan see as a priority, it is planning to continue acquiring ports, terminals, refineries and other assets in Europe in order to provide for its long-term presence on the European energy market; to absorb European experience in regulating the energy market; and to promote energy efficiency and renewable energy.

The quality-of-life section provides for approximation to European standards in environmental protection, public healthcare, education and social welfare.

Since “The Path to Europe” was developed in preparation for OSCE Chairmanship in 2010, it had

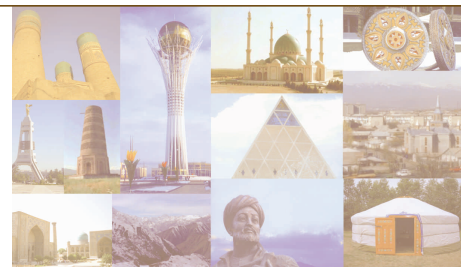
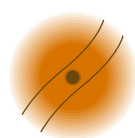
to address the commitments made by Kazakhstan in Madrid in November 2007 (when it was granted the OSCE Chairmanship). The government states that it wants to cooperate with European states in order to improve legislation regulating elections, political parties and mass media, and also to carry out reforms of the civil service, judiciary and other public sectors.

The programme shows that there are similarities and differences in the approaches of Kazakhstan and the EU to cooperation. Both parties are eager to develop transport links and trade (especially in the energy sphere). Kazakhstan wants to borrow what are perceived as the most advanced European models and standards in terms of providing a “quality life”, and Europe is ready to share its experiences and best practices. Differences arise when it comes to democratization and human rights. Kazakhstan tries to deemphasize political rights and push them aside with the help of the inter-ethnic and inter-confessional concord rhetoric. The EU cannot be satisfied with such an approach. Overall, the adoption of the programme signals that Europe has become a pole of attraction for Kazakhstan, and the pro-European direction of Kazakhstan’s “multi-vector” policy is acquiring prominence.

The rising status of the Assembly of People of Kazakhstan

The government of Kazakhstan has always taken special pride in the fact that while the post-Socialist space was ridden with inter-ethnic conflicts in the 1990s, multi-ethnic Kazakhstan remained an island of stability. Although there was no outright discrimination of minorities along the lines of what was taking place in neighbouring Turkmenistan and Uzbekistan, non-Kazakhs were subject to a certain degree of marginalization. Minorities were under-

*Department of Political Science, Kazakhstan Institute of Management, Economics and Strategic Research



represented in the political bodies of the country, to which end a special amendment to the Constitution was made in 2007, providing for the election of 9 representatives of the Assembly of the People of Kazakhstan to the Majlis (Lower House of the Parliament). In August 2008 the Assembly elected the first 9 representatives.

This is a controversial move. Law experts argue that it violates the constitutional provision of one person—one vote since the Assembly Members can effectively vote twice. The arrangement is also criticized as amounting to a mere pretence of more equitable participation of minorities in the political life of the country. The Assembly is seen as window-dressing project, with little initiative and power of its own. The Assembly was created in 1996. At present, according to official sources, it represents more than 100 ethnic groups living in Kazakhstan. The Assembly is chaired by President Nazarbayev.

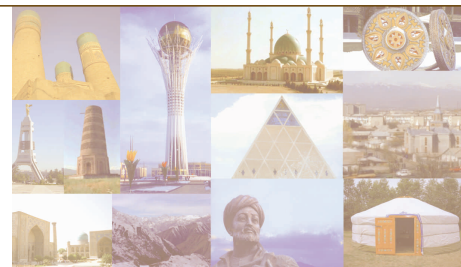
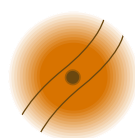
The Assembly held its fourteenth session on 4 October 2008. President Nazarbayev in his opening speech said “neither money, nor natural resources or military might can help solve the problems if the nation is not united.” This emphasis on national unity is new in the official rhetoric; previously the key word was “interethnic peace and concord”. It reflects the new stage in the process of nation building in Kazakhstan. The government realizes the negative potential of ethnic (Kazakh and non-Kazakh) nationalism in the country and is trying to find ways to unify the people. The rising status of the Assembly can be seen as part of this trend.

Kazakhstan's reaction to Russia-Georgia war

Kazakhstan's response to the Russia-Georgia war was important for Russia, Georgia, and the EU. Kazakhstan is the closest of Russia's allies, a member of all Moscow-led alliances and integration projects. Therefore, its support was all-important to Russia. At the same time, Kazakhstan has significant

interests in Georgia where it is the biggest investor in its economy (with more than US\$1 billion). Georgia is important for Kazakhstan as part of the South Caucasus corridor to Europe. As for the EU, it gave very clear support to Georgia and Georgia's territorial integrity and did not want to see the future OSCE chairman oppose this position. At the tenth meeting of the EU-Kazakhstan Cooperation Council held on 16 September 2008, the EU encouraged Kazakhstan not to recognize South Ossetia and Abkhazia. Kazakhstan's first official reaction came during the Olympics. President Nazarbayev attended the games, where he met Prime Minister Putin and publicly criticized Georgia for resorting to force and failing to consult other CIS members, thus giving support to Russia's position. At the same time Nazarbayev emphasized the necessity of using diplomatic means and solving the problem in the framework of international law.

Such a position was the least Russia could count on, considering the level of partnership it has with Kazakhstan. However it was not fully satisfactory. Moscow hoped to receive more straightforward support from its Collective Security Treaty Organization allies at the summit in early September. Member states made a statement to the effect that they were “deeply concerned by Georgia's attempt to use force in order to resolve the conflict in South Ossetia” and called on other states to provide a “balanced and objective assessment of the situation in the Caucasus, devoid of double standards.” They also supported “Russia's active role in the provision of peace and cooperation in the region.” However, none of them promised to recognize South Ossetia and Abkhazia. A similar lukewarm support statement was made by the member states of the Shanghai Cooperation Organization in late September. Kazakhstan's government keeps repeating that it supports Russia's role in the Caucasus and is against anti-Russian rhetoric, but emphasizes that the principle of territorial integrity is supreme in international law. Therefore, it will not recognize



South Ossetia and Abkhazia just as it did not recognize Kosovo. This position reflects Kazakhstan's own concerns over potential threats to its territorial integrity. Fears of Russian separatism in the north of the country that were strong in the early 1990s have subsided, but they have not been fully eliminated. As a young country with a multi-ethnic population, Kazakhstan has a vital interest in ensuring that the international community maintain the principle of territorial integrity.

The Russia-Georgia conflict revealed how difficult it was becoming for Kazakhstan to maintain its balancing act, ie, to enjoy close relations with Russia and develop ties with the West. Kazakhstan can, however, also draw some benefits from the situation. On 3 September, after meeting German President Horst Kohler, President Nazarbayev said that Kazakhstan is ready to participate in the negotiation process concerning the situation in South Ossetia. Considering Kazakhstan's good relations with Russia, Georgia and the EU, it can play a positive role in the resolution of the conflict and raise its credentials on the eve of the OSCE Chairmanship.

Opening the National Fund to Help the Economy

In the period 2000-2008 Kazakhstan's economy enjoyed average annual growth of 10%. In September last year it was hit by the global financial crisis, which made a significant impact on Kazakhstan's economy. External borrowing that had fuelled growth in the construction business stopped and Kazakhstan's banks and businesses found themselves in the grip of a severe credit crunch. The biggest banks managed to weather through by selling shares to foreigners. But the economy nonetheless slowed down. The IMF forecasts that in 2008 Kazakhstan's GDP will grow only 4.5%.

This September, the Kazakh economy was hit by the second wave of the financial crisis. Acknowledging

the gravity of the problem, the government decided to pump US\$15 billion (about 15% of the GDP) into the economy until the end of the year. It is planning to take US\$10 billion from the National Fund of the Republic of Kazakhstan, whereas the remaining US\$5 billion should be raised by lowering the minimum reserve requirements for the banks.

The National Fund was created in 2000 and modelled after the Norwegian Oil Fund, with saving and stabilizing financial functions. It accumulates payments from the oil sector, and consists of the stabilization fund and savings. The latter are not to be touched, since they are meant for future generations. The stabilization fund money can be used in times of crisis. By October 2008, the National Fund amounted to US\$27.6 billion, out of which US\$10 billion was in the stabilization fund.

If this measure is not successful and Kazakhstan's economy does not rebound, this will have a negative impact on the rest of the region of Central Asia. Kazakhstan is a source of work for hundreds of thousands of migrant workers from Tajikistan, Uzbekistan and Kyrgyzstan.

The opinions expressed here are those of the authors and do not necessarily reflect the positions of the Central Asia Observatory (CAO). The institutions that constitute the CAO are not responsible for the use of these contents.