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# Kazakhstan

## Political Background

**History.** Kazakhstan is the ninth largest country, by area, in the world. It borders Russia to the north, China to the east, and Turkmenistan, Uzbekistan, and Kyrgyzstan to the south. Previously a republic of the Soviet Union, Kazakhstan gained independence in 1991. Since then, Kazakhstan's authoritarian government has introduced significant market reforms, developed the country's energy sector, and worked to diversify the economy. Kazakhstan remains close to Russia but also has close relations with China and other regional players that balance Moscow's influence.

**Government.** Kazakhstan's system of government and constitution grant the executive branch extensive power. The executive controls all branches of government and exerts influence over state and municipal governments. Kazakhstan's president, Nursultan Nazarbayev, has been in power since independence. Kazakhstan's legislature is bicameral. In March 2017, a series of amendments to the country's constitution shifted some powers from the president to the legislature. Observers, however, note that the president's power is not blocked by parliament. Nazarbayev and his family have monopolized the political system and significant sectors of the economy. Experts consider corruption to be endemic in both public and private sectors.

**Political Freedom.** President Nazarbayev and his party, Nur Otan ("Light of the Fatherland"), control all levels of government. In April 2015, Nazarbayev won a fifth term in office after officially securing 97.7% of the vote. In March 2016 parliamentary elections, Nur Otan obtained 84 of the lower house's 98 directly elected seats. The Communist People's Party and Ak Zhol ("Bright Path"), both loyal to President Nazarbayev, secured seven seats each. According to the Organization for Security and Co-operation in Europe (OSCE), elections in Kazakhstan do not meet international standards of impartiality, integrity, and transparency, particularly at the electoral commission level. Kazakhstan's constitution limits presidents to two five-year terms, but this rule does not apply to President Nazarbayev. The legislature granted Nazarbayev special executive status in 2007 when it approved a constitutional amendment that excuses him from the two-term limit. President Nazarbayev, who is 78 years old, has yet to identify a successor or unveil a clear transition strategy. Some analysts speculate that a power arrangement between the country's political and business elite is being negotiated to avoid major disruptions in the country.

**Human Rights.** Kazakhstan has a poor human rights record, which the government justifies as necessary to preserve political stability. According to the State Department, the government actively persecutes political opponents and stifles civil society groups and nongovernmental organizations. Kazakhstan's most

significant human rights violations include the lack of free and fair elections; restrictions on freedoms of expression, religion, assembly, and association; and the absence of an independent judiciary or due process. In 2016, Kazakhstan drew international attention for large-scale protests against proposed changes to the country's Land Code. Protesters, fearing the expropriation of vacant agricultural lands by wealthy foreigners, organized in several cities. Government officials tried to dissuade the protestors by denying their petitions to peacefully organize. Police also detained activists and journalists. Ultimately, the government did not amend the Land Code.

Figure 1. Map of Kazakhstan



Source: CRS

### Kazakhstan at a Glance

**Land area:** 2,699,700 sq. km.; equal to the size of Western Europe

**Population (2017):** 18.6 million

**Ethnicities:** 59% Kazakh, 26% Russian, 3% Ukrainian, 3% Uzbek, 1.5% Uighur, 7.5% Other

**Religion (2009):** 70% Muslim, 26% Christian (mainly Russian Orthodox), 3% Atheist, 1% other

**GDP (2017):** \$158.2 billion; per capita \$8,792

*Data from World Bank and Kazakh Government*

## Economy

Kazakhstan is the most economically developed country in Central Asia. Its major exports include oil, coal, gas, uranium, and wheat. After a period of falling oil prices and currency devaluation tied to sanctions on Russia, Kazakhstan's real GDP growth accelerated from an annual average of slightly above 1% percent in 2015–16 to 3.9% in 2017. This improved economic performance can be attributed to greater oil sector output and more favorable terms of trade. However, dependence on oil exports make the country vulnerable to external shocks.

**Energy.** Kazakhstan produces more than twice the amount of energy it consumes domestically, according to the International Energy Association. In 2016, Kazakhstan was the 10th largest coal producer (and 7th coal exporter) in the world. Kazakhstan ranked 16<sup>th</sup> for crude oil production (12<sup>th</sup> crude exporter) and 23<sup>rd</sup> for natural gas production (20<sup>th</sup> natural gas exporter). Kazakhstan's upstream oil and gas resources attract significant investment from U.S., European, Russian, and Chinese partners. According to the International Monetary Fund, oil accounts for more than 50% of Kazakhstan's exports and more than 40% of its total revenues. Oil-related revenues amounted to around 10-12% of Kazakhstan's GDP over the last decade.

Kazakhstan has 12% of the world's uranium resources, and it has led world uranium production since 2009. According to the World Nuclear Association, the country accounted for 39% of world production in 2016. All of Kazakhstan's uranium is exported as of September 2017. However, Kazakhstan intends to sell value-added fuel rather than just uranium. Several international partnerships for fuel fabrication, along with a feasibility study for a reactor, have been initiated. In May 2016, Kazakhstan's state-owned nuclear energy company Kazatomprom and China General Nuclear Power Corporation agreed to a joint venture to build Kazakhstan's first fuel fabrication plant.

**Modernization.** President Nazarbayev aims to reduce the state's role in the economy and prioritize non-oil exports through ongoing structural and institutional reforms, including through the "100 Concrete Steps" program launched in 2015 and the Strategic Plan for Development of Kazakhstan to 2025 adopted in early 2018. Transport and logistics development and modernization projects with neighboring countries, mainly aligned with China's Belt and Road Initiative, continue to be a priority. Transport and communication services accounted for 10.6% of GDP for the first half of 2018. Nazarbayev also seeks to turn Kazakhstan into a regional financial hub with the July 2018 opening of the Astana International Finance Center and the Astana International Exchange, a joint Chinese project.

## Foreign Policy and U.S. Relations

**Multi-vector foreign policy.** Kazakhstan pursues a "multi-vector" foreign policy, seeking to maintain and develop ties with a variety of major powers, including China, Russia, and the United States. In January 2018, Nazarbayev visited Washington, DC, and met with President Donald Trump. The two leaders re-affirmed their commitment to a regional Trade and Investment Framework Agreement (TIFA) that was signed in 2004. (The TIFA also includes the other four Central Asian states.) Several commercial deals also were concluded, involving companies like Boeing, General Electric, and Chevron.

Kazakhstan has close ties with Russia, and the two countries reportedly are forming a joint air defense network. However, Kazakhstan remains wary of its northern neighbor, particularly after Russia's annexation of Ukraine's Crimea region. It also has pushed back against Moscow's attempts to make the Russian-led Eurasian Economic Union into more of a political union.

Increasingly, Kazakhstan has developed close ties with China, particularly economic ties. In 2017, China was Kazakhstan's second largest trade partner (after Russia). Bilateral trade amounted to \$10.5 billion, and Chinese companies reportedly own about 25% of the assets in Kazakhstan's oil and gas sectors. However, some tensions exist in the bilateral relationship, in part due to resentment of Chinese migrant laborers in Kazakhstan as well as reports that China has sent Muslims—including ethnic Kazakhs—to "reeducation camps" in Xinjiang, a region in Western China where there has been periodic unrest.

In 2017, Kazakhstan became one of the rotating non-permanent members on the UN Security Council. (Its term lasts for two years.) Kazakhstan also is a member of the World Trade Organization, the Commonwealth of Independent States, and the Shanghai Co-operation Organization led by China and Russia.

**Terrorism and Security.** About 300 Kazakh citizens reportedly have fought with the Islamic State in Syria and Iraq, and the government is concerned about returning fighters. In 2016, Kazakhstan experienced two terrorist attacks that killed 7 civilians and 11 members of the country's security services. At first, the government said that the attackers were affiliated with the Islamic State, but according to later reports, the assailants had little to no direct contact with the group. After the attacks, the government created a Ministry of Religious Affairs and Civil Society to reach out to religious communities and help prevent the spread of extremism. Some observers have criticized the government's approach, saying that it focuses more on punishment than on prevention. Kazakhstan participates in the U.S.-led C5+1 regional initiative, which has a counterterrorism component.

During Operation Enduring Freedom, Kazakhstan granted coalition aircraft overflight rights, and in 2010, it agreed to allow NATO to ship supplies through its territory. In 2018, the Kazakh government approved an agreement allowing the United States to transport non-military supplies through two Kazakh ports on the Caspian Sea.

**Nonproliferation and Foreign Assistance.** When the Soviet Union collapsed in 1991, Kazakhstan had 1,410 nuclear warheads on its territory. But by 1995, the country had turned over its nuclear warheads to Russia. Kazakhstan also destroyed nuclear-testing infrastructure at Semipalatinsk. The United States assisted Kazakhstan's denuclearization efforts through the Nunn-Lugar Cooperative Threat Reduction program.

For both FY2018 and FY2019, the Senate Appropriations Committee recommended allocating \$6.2 million in foreign assistance for Kazakhstan.

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