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Kazakhstan

Overview

Kazakhstan, a U.S. partner in areas such as counterterrorism, regional security, and nuclear nonproliferation, is a strategically situated country endowed with significant hydrocarbon and mineral resources. It shares long borders with Russia to the north and China to the east. Although sparsely populated, Kazakhstan is the world's ninth largest country by land area. Previously a republic of the Soviet Union, Kazakhstan became independent in 1991. Since then, the country's authoritarian government has introduced significant market reforms, developed the energy sector, and moved to diversify its economy. Kazakhstan pursues a "multi-vector" foreign policy, seeking to balance relations with major powers while actively participating in international organizations.

Political Background

Government. Since independence, Kazakhstan's political system has been dominated by Nursultan Nazarbayev, a former high-level Soviet official who became the country's first elected president in 1991. He was subsequently reelected four times, most recently in 2015, although none of these elections were deemed free and fair by international observers. Nazarbayev resigned as president in March 2019, but he maintains significant powers as head of Kazakhstan's influential Security Council and chairman of the ruling Nur Otan (Radiant Fatherland) party. He was succeeded by a hand-picked successor, Kassym-Jomart Tokayev. As First President and *Elbasy* (Leader of the Nation), Nazarbayev enjoys constitutionally protected status, including lifelong immunity from prosecution. The former president's family also dominates significant sectors of the economy.

Tokayev, an experienced politician and diplomat who previously served as U.N. Deputy Secretary-General, became acting president upon Nazarbayev's resignation and subsequently won a snap presidential election in June 2019 with 71% of the vote, although independent observers questioned the integrity of this result. While Tokayev has promised political reforms aimed at improving government openness and accountability, some analysts contend that major changes are unlikely as long as Nazarbayev remains entrenched in the political system.

Kazakhstan's bicameral parliament is dominated by Nazarbayev's Nur Otan party. In March 2017, a series of constitutional amendments devolved some powers from the executive to the legislature. Legislation passed in 2020 formalized the concept of a parliamentary opposition, but critics contend that real opposition groups have no chance of entering parliament. The next parliamentary elections are scheduled for 2021. According to the Organization for Security and Co-operation in Europe (OSCE), elections in

Kazakhstan consistently fail to meet international standards of impartiality, integrity, and transparency.

Figure 1. Map of Kazakhstan



Source: CRS

Human Rights and Civil Society. According to the U.S. State Department, serious human rights issues present in Kazakhstan include restrictions on freedoms of expression, religion, assembly, and association; restrictions on political participation; the absence of an independent judiciary and due process; and torture by police and prison officials. The nongovernmental organization Human Rights Watch assesses that Kazakhstan's government actively persecutes real or perceived political opponents, especially those associated with Democratic Choice of Kazakhstan, an opposition movement banned as "extremist." Corruption is pervasive, and media independence is limited. Reporters Without Borders ranks Kazakhstan 157th out of 180 countries in its 2020 World Press Freedom Index.

Economic inequality and a perceived lack of government accountability have fueled grassroots discontent in the past decade. In 2011, protests by oil workers in the western town of Zhanaozen turned violent, leaving at least 15 demonstrators dead and dozens injured after police opened fire. In 2016, large-scale protests broke out against proposed changes to the country's land code, which critics feared would lead to a Chinese takeover of Kazakhstan's agricultural land. Since 2018, there have been multiple demonstrations by women protesting a perceived lack of support from the state for single mothers and families with many children. Nazarbayev's resignation and the June 2019 snap presidential election catalyzed further protests and calls for transition to a parliamentary system.

Kazakhstan at a Glance

Land area: 2,699,700 sq. km.; 1.6 times the size of Alaska
Population: 18.8 million (2020 est.)

Kazakhstan at a Glance

Ethnicities: 67% Kazakh, 20% Russian, 3% Uzbek, 1.6% Ukrainian, 1.5% Uyghur, 6.9% Other (2017)

GDP/GNI per capita (2019): \$180.2 billion/\$8,810

Data from World Bank and Kazakhstan's Ministry of National Economy

Economy

Kazakhstan is Central Asia's most economically developed country. Its major exports include oil, coal, natural gas, uranium, and wheat. After a period of falling oil prices and currency devaluation tied to international sanctions on Russia, the country's largest trading partner, Kazakhstan's real GDP growth accelerated from an annual average of slightly above 1% percent in 2015-2016 to over 4% in 2017-2019. Nevertheless, dependence on oil exports renders the country vulnerable to external shocks. The ongoing Coronavirus Disease 2019 (COVID-19) pandemic and the related fall in oil prices are causing significant economic pressure. The World Bank estimates that Kazakhstan's economy will contract 3% in 2020 as a result of the pandemic.

Energy. Kazakhstan is a major energy exporter, producing significant volumes of crude oil, natural gas, and coal. The country is estimated to have the 12th-largest reserves of oil and 15th-largest reserves of natural gas in the world. Kazakhstan's oil and gas resources attract significant investment from U.S., European, Russian, and Chinese partners. According to the U.N. Trade Statistics Database, in 2019 crude oil accounted for about 58% of Kazakhstan's exports by value.

Kazakhstan holds 12% of the world's uranium resources and has led world uranium production since 2009. According to the World Nuclear Association, the country accounted for 43% of world production in 2019. In 2016, Kazakhstan's state-owned nuclear energy company Kazatomprom and China General Nuclear Power Corporation agreed to a joint venture to build a fuel fabrication plant, with production slated to begin in 2020.

Diversification. Kazakhstan's government seeks to promote non-oil exports through ongoing structural and institutional reforms. The Kazakhstan 2050 Strategy, promulgated by Nazarbayev in 2012, aims to position Kazakhstan as one of the world's top 30 most developed economies by 2050, and officials are prioritizing transport and logistics development and modernization projects with neighboring countries, mainly aligned with China's Belt and Road Initiative. The government seeks to turn Kazakhstan into a regional financial hub with the creation of the Astana International Finance Center and the Astana International Exchange, a joint project with China. The U.S. Department of Commerce has also identified the agricultural sector as an area of opportunity for U.S. firms as Kazakhstan seeks to reduce its dependence on extractive industries.

Foreign Policy and U.S. Relations

Multi-Vector Foreign Policy. Although Kazakhstan seeks to avoid alignment with any one power, the United States and Kazakhstan have a strong and wide-ranging

relationship. In February 2019 Senate testimony, General Joseph L. Votel, then Commander of U.S. Central Command, described U.S. relations with Kazakhstan as "the most mature and forward-thinking in Central Asia."

Kazakhstan maintains close economic, political, and military ties with Russia, with which it shares the world's longest continuous land border. Kazakhstan has, however, pushed back against Moscow's attempts to develop the Russia-led Eurasian Economic Union into more of a political union.

Kazakhstan is developing close economic ties with China, which is now Kazakhstan's second largest trading partner. Bilateral trade amounted to \$11.1 billion in 2017, and Chinese companies reportedly own about 25% of the assets in Kazakhstan's oil and gas sectors. In some segments of Kazakhstani society, there is resentment of Chinese migrant laborers as well as China's repression of Muslims—including ethnic Kazakhs—in Xinjiang.

Kazakhstan served as a non-permanent member of the U.N. Security Council in 2017-2018. Since 2017, the country's capital has hosted the Astana Process Syrian peace talks. Kazakhstan actively participates in NATO's Partnership for Peace and is also a member of the OSCE, the World Trade Organization, the Russia-led Collective Security Treaty Organization, and the Shanghai Cooperation Organization.

Counterterrorism and Security. An estimated 150-600 Kazakh citizens reportedly fought for the Islamic State (IS) in Syria and Iraq, but because many of them traveled to IS-controlled territories with their families, the estimated total number of IS-associated Kazakhs is closer to 1,000. In 2019, Kazakhstan repatriated several hundred of its citizens from Syria, primarily women and children, with logistical support from the United States. Kazakhstan also participates in the U.S.-led C5+1 regional initiative, which has a counterterrorism component.

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

Nonproliferation. When the Soviet Union collapsed in 1991, Kazakhstan was left with 1,410 nuclear warheads on its territory, but by 1995 it had transferred them all to Russia. Kazakhstan also dismantled Soviet nuclear testing infrastructure. The United States provided \$240 million in assistance to Kazakhstan's denuclearization efforts through the Nunn-Lugar Cooperative Threat Reduction program, and the two countries continue to cooperate on nuclear security. Kazakhstan hosts a low-enriched uranium bank owned by the International Atomic Energy Agency.

U.S. Foreign Assistance. The primary focus of U.S. aid to Kazakhstan is security cooperation, particularly strengthening military partnerships and combatting weapons of mass destruction. The State Department requested \$1.7 million in appropriations for aid to

Kazakhstan for FY2021, as compared to \$10.6 million and \$9.7 million allocated for FY2020 and FY2019, respectively.

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