



BULLETIN

No. 42 (774), 24 April 2015 © PISM

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Early Presidential Election in Kazakhstan against the Coming Crisis

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In the absence of any real political competition in the presidential election in Kazakhstan on 26 April, the winner will be the current president, Nursultan Nazarbayev. Bringing forward the date of the election is a response to the growing economic crisis and the problems in trade relations with Russia, within the framework of the Eurasian Economic Union. The president's advanced age raises speculation as to the identity of his successor. Among the possible candidates being considered are mainly people from his family. However, each scenario of succession involves the risk of destabilising the country.

Economic Problems. Acceleration of the planned 2016 election was presented by the authorities as a way to avoid legal complications associated with carrying out presidential and parliamentary elections at the same time, and as a means of preparing the state for the culmination of the global economic crisis, anticipated in 2016. Kazakhstan's economy is increasingly feeling the fall in oil prices, as income from oil exports constitutes 69% of total Kazakh exports. Problems also arise from close economic ties between Kazakhstan and Russia, deepened by common membership of the Eurasian Economic Union (EEU), which has been operating since January. The sanctions imposed by the EU and the United States on Russia in connection with the annexation of Crimea and support for separatism in Donbas, combined with low oil prices, led to the crisis in the Russian economy. As a result, Russia devalued the ruble, making Russian goods cheaper than those from Kazakhstan, and Kazakhstan began to flood the market at the expense of domestic producers. The authorities in Astana have not yet decided to devalue the Kazakh currency (the tenge), but are likely to be forced to do so in the coming months. The Russian crisis also means a reduction in the standard of living in Kazakhstan, due to the return to the country of immigrants who had been working in Russia. Transfers of their earnings accounted for a significant portion of household budgets for residents of Kazakhstan.

Russia, an Unpredictable Neighbour. Another challenge for the government in Astana is Russia's aggressive foreign policy. Although Kazakhstan is Russia's closest partner in the EEU and Moscow's ally in the Collective Security Treaty Organisation, and despite the fact that Nazarbayev was an initiator of the post-Soviet reintegration, Astana fears political domination by Russia. Therefore, the Kazakh authorities insist on limiting the integration processes within the framework of the EEU to only the economy. Kazakhstan, although it supported the Kremlin's position regarding Ukraine at the rhetorical level, refused to establish EEU sanctions against this country. It cannot be excluded that the Kremlin will seek to subjugate the Kazakh authorities with veiled threats. One of these is the possibility of support for Russian separatism in northern Kazakhstan, inhabited by a Slavic population. Russians constitute the majority of residents in regions such as Kostanay (42%) and East Kazakhstan (41%), although across the country as a whole they do not exceed 25%. So far, there have been no ethnic tensions in these regions. Nazarbayev is also considered by the Kazakh Russians to be the guarantor of good relations between the nationalities. The quintessence of Russian president Vladimir Putin's ambiguous position was his statement in a public debate last year, when he stated that Kazakhstan had never been a state, and that it owes its existence only to Nazarbayev. This statement was more of a challenge to the "historical rights" of Kazakhs to statehood in "the post-Nazarbayev era" than a compliment to the Kazakh leader.

Kazakhstan after Nazarbayev. In the political system based on the person of the leader of Kazakhstan, the problem of succession is crucial. Presidential contenders in the elections, representatives of organisations approved by the authorities, are not real competition. So far, no election in Kazakhstan has been recognised as democratic by the OSCE. The president himself has not indicated his successor, and neither does he want to settle for the democratisation of political life.

Among the potential successors to Nazarbayev is, among others, the oligarch Timur Kulibayev, son in law of the president through marriage to one of his daughters, Dinara. Until 2012 he directed the state holding company Samruk-Kazyna, a corporate giant coordinating the activities of strategic enterprises such as oil the company KazMunayGaz. He is also a member of the board of Gazprom. Kulibayev is in favour of deepening economic cooperation with Russia.

Another possible successor is Dariga Nazarbayev, the president's oldest daughter. On 3 April she became the chairwoman of the parliamentary faction of the ruling party, and vice-president of the lower house of parliament. According to other rumours, Dariga is preparing her son, Nurali Aliyev, to take power in the country after his grandfather. The new prime minister, Karim Masimov, also holds a high position in the state apparatus. He was head of government from 2007 to 2012, and later head of the presidential administration, to April 2015. Masimov is one of the current president's most trusted associates. His strength is his close relationship with the party and regional structures in Kazakhstan. He also has good contacts with the authorities in the Kremlin and Beijing. Masimov and Nazarbayev both created a multi-vector foreign policy for Astana in recent years.

Kazakhstan's Foreign Policy: Multi-vector, and the Growing Role of China. Despite the personal castling in the Kazakh apparatus of power, changes in Astana's foreign policy are not expected. Astana continues a policy of engagement in multilateral and bilateral cooperation with international partners. However, China is becoming more and more important. Since running routes for oil and gas exports to China in 2009, Russia has ceased to be the only major recipient of Kazakh hydrocarbons. China is also an increasingly important investor in Kazakhstan, although Astana's most important economic partner remains the European Union (35.6% of Kazakh trade in 2013.). China is in second place (26.6%), and Russia is third (13.5%).

In December, 2014 during the visit of Chinese prime minister Li Keqiang to Astana, contracts were signed for the renovation of the Kazakh electricity grids, carbon conversion into synthetic fuels, and production of nuclear fuel from uranium mined in Kazakhstan. In March of this year, Masimov visited Beijing and the annual conference of the Boao Forum for Asia (modelled on the World Economic Forum in Davos) in the Chinese province of Hainan. During the visit, agreements with a total value of \$23.6 billion were signed with Chinese investors, on hydroelectric power, and the petrochemical, automotive, metallurgy industries.

The European Union's Policy on Kazakhstan in Times of Crisis. The Kazakh authorities are aware of growing problems associated with the economic situation and relations with Russia, and are trying to stabilise the internal situation through accelerating Nazarbayev's re-election. As a result of the EEU's close interconnection with the Russian economy during the crisis, and a decline in oil prices, Kazakhstan may experience long and deepening economic problems. Lowering the standard of living can lead to social unrest (deteriorating working conditions in the oil industry gave rise to violently suppressed protests by workers in Zhanaozen, in 2011). The Kremlin's new, assertive policy towards countries of the former Soviet Union is also a challenge for the government in Astana, hitting the traditional Kazakh policy of cooperation and balance.

Regardless of Kazakhstan's current economic problems, deepening of political cooperation with Astana should be the main objective for the EU in its policy towards Central Asia. Brussels and the government in Astana are planning to sign a document of a new Partnership and Cooperation Agreement (PCA), the content of which has been negotiated in the past year. Treating the development of economic ties with Kazakhstan as a priority, the EU and its Member States, in shaping their relations with Astana, should take into account two other elements: human rights and security issues. The transformational power of the EU in Central Asia is still weak. It is hard to expect that Kazakhstan will soon enter upon the path of democratic reforms based on the model of the post-communist countries of Central and Eastern Europe. However, the EU should put pressure on the authorities in Astana to liberalise policy towards representatives of civil society, and in particular to cease repression of political opponents. The EU should also invest in building a positive image of itself among young Kazakhs, and in expanding scholarship and student exchanges between universities in the Member States and Kazakhstan.

The EU strategy for Central Asia included in the priorities of the Latvian presidency of the European Council in the first half of the year emphasises, among other things, the need for discussion of regional security and border management. In this respect, the EU and Kazakhstan should deepen cooperation and police intelligence sharing, in order to combat the recruitment of volunteers to the Islamic State and other terrorist organisations. The exchange of intelligence should also apply to the activities of Russian radicals in post-Soviet countries, threatening their security and territorial integrity.