



# Kazakhstan: Recent Developments and U.S. Interests

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July 22, 2013

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

97-1058

**CRS Report for Congress**

*Prepared for Members and Committees of Congress*

## Summary

Kazakhstan is an important power in Central Asia by virtue of its geographic location, large territory, ample natural resources, and economic growth, but it faces ethnic, political, and other challenges to stability. Kazakhstan gained independence at the end of 1991 after the break-up of the former Soviet Union. Kazakhstan's president at the time, Nursultan Nazarbayev, was one of the top leaders of the former Soviet Union and was instrumental in forming the successor Commonwealth of Independent States. He has been reelected president of Kazakhstan several times and in June 2010 was proclaimed the "Leader of the Nation" with lifetime ruling responsibilities and privileges. Kazakhstan's economy is the strongest in Central Asia, buoyed by oil exports. Its progress in democratization and respect for human rights has been halting, according to most observers. Nonetheless, Kazakhstan's pledges to reform convinced the Organization for Security and Cooperation in Europe (OSCE) to select the country's leadership for its 2010 presidency.

According to the Obama Administration, the United States' strategic aim in Kazakhstan is to help the country develop into a stable, secure, and democratic country that embraces free market competition and rule of law, and is a respected regional leader. Cumulative U.S. aid budgeted for Kazakhstan in fiscal years 1992 through 2010 was \$2.05 billion (all program and agency funds), with Kazakhstan ranking fifth in aid among the 12 Soviet successor states. A large part of U.S. aid has supported Comprehensive Threat Reduction (CTR) programs to prevent the proliferation of weapons of mass destruction. Budgeted aid for FY2011 was \$17.6 million and was \$19.3 million for FY2012. Requested aid for FY2014 is \$12.2 million (these latter amounts include foreign assistance listed in the *Congressional Budget Justification for Foreign Operations*, and exclude Defense and Energy Department funding; country data for FY2013 is not yet available). Among congressional actions, foreign operations appropriations since FY2003 have barred assistance to the government of Kazakhstan unless the Secretary of State determines and reports that Kazakhstan has significantly improved its human rights record. A waiver on national security grounds has been exercised in recent years.

Reportedly responding to a U.S. appeal, the Kazakh legislature in May 2003 approved sending military engineers to assist in coalition operations in Iraq. The 27 troops trained Iraqis in de-mining and water purification. They pulled out of Iraq in late 2008. Since 2009, Kazakhstan has permitted air and land transit for U.S. and NATO troops and equipment—as part of the Northern Distribution Network—to support stabilization operations in Afghanistan. In mid-May 2011, the Kazakh legislature demurred on sending some military officers to take part in noncombat missions in Afghanistan, citing popular opposition to sending such personnel to Afghanistan. In 2012, Kazakhstan agreed to facilitate the egress of troops and material from Afghanistan.

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## Political Background

Kazakhstan's moves toward democracy have been halting. The 1995 constitution establishes strong presidential power. As further fleshed out by a presidential edict, the legislature cannot control the budget, initiate constitutional changes, or exercise oversight over the executive branch. Most bills are initiated by the president, and if the legislature fails within 30 days to pass one of his "urgent" bills, he may issue it by decree. The bicameral legislature consists of a popularly elected lower chamber, the Majilis, and an upper chamber, the Senate, whose members are indirectly elected by regional assemblies or by the president. A People's Assembly composed of cultural and ethnic leaders serves as a presidential forum. A law in 2000 guaranteed the president certain post-retirement powers, as well as immunity from prosecution. These powers include the chairmanship of the People's Assembly and membership on the Security Council and Constitutional Council, and the right to advise the incumbent president and to retain a role in "initiatives on the country's development."

### Kazakhstan: Basic Facts

**Area and Population:** Land area is 1,049,200 sq. mi.; about four times the size of Texas. The population is 17.74 million (*The World Factbook*, mid-2013 est.).

**Ethnicity:** 63.1% are Kazakh and 23.7% are Russian (2009 Kazakh census). Other ethnic groups include Uzbeks, Tatars, Uighurs, and Germans.

**Gross Domestic Product:** \$235.6 billion; per capita GDP is about 14,100 (*The World Factbook*, 2012 est., purchasing power parity).

**Political Leaders:** *President:* Nursultan Nazarbayev; *Chair of the Majilis:* Nurlan Nigmatulin; *Chair of the Senate:* Kayrat Mami; *Prime Minister:* Serik Akhmetov; *Foreign Minister:* Yerlan Idrisov; *Defense Minister:* Adilbek Dzhaksybekov.

**Biography:** Nazarbayev, born in 1940, moved up through the ranks of the Kazakh Communist Party (KCP), becoming its head in 1989. He also was appointed president by the legislature in 1990. He resigned from the KCP in 1991 and won an unopposed popular election as president in December 1991. A 1995 referendum extended his rule. He was reelected in 1999, 2005, and 2011. In 2000, legislation granted him some official powers for life, and in 2007 he was exempted from term limits.

On December 4, 2005, President Nazarbayev was reelected with 91.1% of 6.74 million votes cast in a five-man race. Many observers credited economic growth in the country and increases in pensions and state wages as bolstering Nazarbayev's popularity. He campaigned widely and pledged democratic reforms and poverty relief. Five pro-government parties formed a People's Coalition to back him. Many oppositionists supported a Movement for a Just Kazakhstan, which backed Zharmakhan Tuyakbay, the head of the Social Democratic Party. Another candidate, Alikhan Baymenov, had been nominated by the "moderate opposition" Ak Zhol Party. Observers from the Organization for Security and Cooperation in Europe (OSCE) and others assessed the election as progressive but still falling short of a free and fair race.

The legislature approved constitutional changes in May 2007 that President Nazarbayev claimed would increase legislative power and boost democratization. The changes included increasing the number of deputies in both legislative chambers, decreasing the president's term in office from seven to five years (reversing a 1998 change from five to seven years), and requiring a court order in case of detention or arrest. Seemingly nonreformist changes included a requirement for a two-thirds vote in each legislative chamber to override presidential alterations to approved bills, a provision that nine deputies of the Majilis (the lower legislative chamber) are appointed by the People's Assembly, and a change "initiated" by the legislature excluding Nazarbayev from term limits. Visiting former U.S. Assistant Secretary of State Richard Boucher stated in June 2007 that

“these constitutional amendments go in the right direction.... [and] point the way to a stable, democratic system.”<sup>1</sup>

An early Majilis election was called for August 18, 2007. As per constitutional amendments and election law changes, the size of the chamber was increased to 107 members. Ninety-eight members were to be elected by party lists and nine by the People’s Assembly headed by the president. Seven parties were registered for the election, six of which were pro-government and one of which was an opposition party, the National Social Democratic Party. The ruling party, Nur-Otan (Fatherland’s Ray of Light), reportedly received 88.05% of 8.87 million votes cast and won all 98 seats. The other parties were unable to clear a 7% threshold needed to win seats. Observers from the OSCE praised some positive aspects of the vote, but judged it as falling short of a free and fair race.<sup>2</sup> In 2009, the Azat (Freedom) Party and the National Social Democratic Party announced that they were merging to increase their electoral prospects, but the government has refused to register the new party.

Legislation approved in May 2010 proclaimed Nazarbayev the “Leader of the Nation” (*“El Basy”*) and reiterated and may have broadened lifetime powers granted in 2000 even if he retires from the presidency. The underlying purpose of the legislation may have been its guarantees of lifetime immunity from prosecution and other protections for the president and his family, including their business dealings. Nazarbayev refused to sign the bills into law, stating that although he was honored by the designation, he did not need such “puffery,” and that his family should be covered by the same laws as everyone else. Despite these seeming protestations, he did not formally veto the bills, so under a law implementing the constitution,<sup>3</sup> they went into effect in mid-June 2010. He explained that he did not veto the bills because he was certain the legislature would bow to the wishes of the people and over-ride a veto.

## The April 2011 Presidential Election

In late 2010, supporters of President Nazarbayev launched a petition drive to hold a referendum to approve extending his term in office until December 2020 (a similar referendum had been held in 1995 to extend his term to 1999). The United States and other countries and international organizations were critical of the proposed referendum. The Kazakh legislature quickly approved a bill to hold a referendum even before the petition drive was complete, but President Nazarbayev vetoed the legislation. The legislature overrode his veto (by this time, reportedly two-thirds of the electorate had signed the petition), but the Constitutional Council ruled at the end of January 2011 against the legitimacy of proposed constitutional changes necessary to hold the referendum. President Nazarbayev claimed that to gratify the petition-signers who had endorsed his presidency and to uphold democracy, he would move up the date of the next scheduled presidential election from late 2012 to April 3, 2011.

Many opposition politicians decried the holding of a sudden presidential election. They claimed that they would not be able to mount adequate campaigns in only a few weeks, while

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<sup>1</sup> U.S. Embassy, Astana, Kazakhstan. *Interview by ... Richard A. Boucher with Aybek Aldabergenov of Era TV*, June 6, 2007.

<sup>2</sup> OSCE, Office for Democratic Institutions and Human Rights, *Republic of Kazakhstan Parliamentary Elections, 18 August 2007: Election Observation Mission Report*, October 30, 2007.

<sup>3</sup> Joanna Lillis, “Bill to Boost Nazarbayev’s Powers in Kazakhstan Remains Theoretically Alive,” *Eurasianet*, June 9, 2010.

Nazarbayev's supporters had already mobilized to carry out the petition drive. During a three-week registration period, three candidates besides the president were able to satisfy the many requirements necessary to run (two of these also had run in the 2005 presidential election), while other more well-known opposition politicians refused to run, were unable to satisfy the various requirements, or were denied registration. All of the presidential candidates proclaimed that they wanted Nazarbayev to win, and one candidate announced on voting day that he had cast his ballot for the incumbent. The Kazakh Central Electoral Commission (CEC) reported that 89.99% of 9.3 million voters turned out and that Nazarbayev was reelected with 95.55% of the vote. According to OSCE monitors, "needed reforms for holding genuine democratic elections still have to materialize as this election revealed shortcomings similar to those" in previously monitored elections. The OSCE reported "serious irregularities" during voting, "including numerous instances of seemingly identical signatures on voter lists and cases of ballot box stuffing," and judged vote counting as even more problematic.<sup>4</sup> The U.S. Embassy congratulated Nazarbayev on his reelection and "welcome[d] Kazakhstan's commitments to further liberalize the political environment and believe[d] that continued improvements in the electoral process are critical components."<sup>5</sup>

## The January 2012 Legislative Election

For the third time during his period of rule, Kazakhstan's President Nazarbayev issued a decree on November 16, 2011, dismissing the legislature and setting early elections for January 15, 2012. He invoked his constitutional power to dissolve the legislature in case of a "political crisis" between the legislature and the executive branch of government. He argued that the crisis was linked to the possibility of another global economic downturn. His presidential advisor added that other reasons included rising terrorism and increasing popular discontent that would make it more difficult for the ruling party to win if the election were held at the normal time in late 2012.<sup>6</sup>

Of the 107 seats in the lower legislative chamber (the Majilis), 98 were to be allocated through party list voting, with the remaining 9 members selected by the Assembly of People of Kazakhstan. Critics complained that the holding of an early election appeared aimed—as in the case of the early presidential election—to hinder the political opposition from preparing for the election. Critics also alleged that the government had prepared for an early election, including by suspending the activities of the opposition Communist Party in October 2011, on the grounds that the party was trying to form an illegal alliance with an unregistered party to participate in a future legislative election. Another possible preparatory move included the Ak Zhal Party's selection of Azat Peruashev, who allegedly is a supporter of Nazarbayev, as its head. Under a law passed in 2009, more than one party must be represented in the legislature, so that even if only the ruling party gained enough votes to win seats under normal rules, a runner-up party would be granted at least two seats.

Seven parties were registered to run in the January 15, 2012, election to the Majilis. One other party, Rukhaniyat, was de-registered two weeks before the election, a procedure the OSCE stated appeared selective. Days before the election, over two dozen candidates were removed from the

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<sup>4</sup> OSCE, Office for Democratic Institutions and Human Rights, *International Election Observation, Republic Of Kazakhstan, Early Presidential Election, 3 April 2011: Statement of Preliminary Findings and Conclusions*, April 4, 2011.

<sup>5</sup> U.S. Embassy, Astana, Kazakhstan, *Press Release: U.S. Embassy Statement*, April 4, 2011.

<sup>6</sup> CEDR, December 19, 2011, Doc. No. CEP-950019.

party lists by the Central Electoral Commission because of alleged inaccuracies in their documentation, a procedure deemed problematic by the OSCE.

The official campaign season opened on December 16, 2011, the same day that a peaceful protest by striking energy workers in the northern Kazakh town of Zhanaozen turned violent, resulting in over a dozen deaths and dozens of injuries. Martial law was declared in the town and was extended to the end of January 2012, but voting on election day went ahead. Rukhaniyat claimed that it was blocked from participating in the election because of its criticism of the security crackdown in Zhanaozen. The riots contributed to more emphasis in the campaign to the need for boosting social programs. According to some reports, the government waited until after the election to launch arrests of many alleged protesters.

According to the final results issued by the CEC, the ruling Nur Otun Party received 80.99% of 7.02 million votes cast and won 83 seats, Ak Zhol received 7.47% of the vote and 8 seats, and Communist People's Party received 7.19% and 7 seats. The other four parties—the National Social Democratic Azat, Auyl, Patriots, and Adilet—failed to clear the 7% vote hurdle and won no seats. Even the presidential administration has stated that both of the minor parties that entered the Majilis are pro-Nazarbayev parties.

OSCE election monitors judged that the election did not meet fundamental principles of democratic elections. They reported that the legal framework for holding democratic elections was inadequate, only selected parties were permitted to run, voters had no assurance of which candidates on the winning lists might end up with seats, the open exchange of views during the campaign was restricted, and there were “significant irregularities” on voting day, including ballot box stuffing and “significant changes” by higher electoral bodies to vote totals reported at the precinct level. The OSCE monitors also raised concerns that the CEC had declared the winners before the appeal process period was over.<sup>7</sup> In early March 2012, President Nazarbayev criticized some unnamed countries in the OSCE for using election monitoring to “pressure” other OSCE members, and threatened that Kazakhstan and other CIS members might cease inviting the OSCE to monitor elections.

## **Post-Election Developments**

Even before the election was over, observers reported that government arrests and harassment of journalists and opposition party politicians were increasing. In late January 2012, one prominent opposition newspaper editor was arrested on charges that were two years old, and Vladimir Kozlov, the head of the unregistered Alga Party, was arrested on charges of inciting social disorder in Zhanaozen. In mid-March 2012, the European Parliament approved a resolution that expressed indignation for the incarceration of opposition politicians and journalists since the election on political grounds and called for their release. The resolution urged the Kazakh government to reverse the recent further deterioration of human rights by undertaking reforms to ensure future pluralistic elections, to safeguard a free press, and to permit NGOs to operate freely. The resolution also “strongly condemn[ed] the violent crackdown by the police against demonstrators in Zhanaozen,” and called for an independent and credible investigation of the incident.<sup>8</sup> On April 19, 2012, journalist Lukpan Akhmedyarov was attacked and wounded in

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<sup>7</sup> OSCE, ODIHR, *Republic Of Kazakhstan, Early Parliamentary Elections, 15 January 2012: OSCE/ODIHR Election Observation Mission Final Report*, April 3, 2012.

<sup>8</sup> European Parliament, *Resolution of 15 March 2012 on Kazakhstan*, 2012/2553(RSP), March 15, 2012.

western Kazakhstan. He has alleged that the attackers are linked to local officials. In mid-August 2012, Assistant Secretary Blake praised the January legislative election as marking progress in the creation of a “multi-party democracy,” but raised hopes that the then-pending trial of Alga Party leader Kozlov would be fair, impartial, and open, and not jeopardize this democratization progress.<sup>9</sup>

In October 2012, several Kazakh human rights activists and others issued an appeal for the U.S. government to deny entrance visas to over three dozen Kazakh officials involved in the Zhanaozen violence, including President Nazarbayev. The Kazakh Consulate General in New York denounced the appeal, stating that officials and others involved in the Zhanaozen violence duly had been tried and found guilty in proceedings that were transparent and followed the rule of law.<sup>10</sup>

In November 2012, an appeals court upheld the 7.5 year prison sentence handed down in October to the head of the unregistered Alga opposition party, Vladimir Kozlov, convicted on charges that he organized the Zhanaozen riots as part of a coup attempt against Nazarbayev. The U.S. Ambassador to the Permanent Council of the OSCE, Ian Kelly, raised concerns that the case was used to silence a leading oppositionist and stated that the irregularities of the trial “casts serious doubts on [Kazakhstan’s] respect for human rights, fundamental freedoms, and the rule of law.” He also correctly predicted that the charge of “inciting social hatred” against Kozlov could be used to prosecute other oppositionists, civil society organizations, and members of the media.<sup>11</sup> On December 21, 2012, the Alga Party was banned as an extremist organization by the Almaty district court, silencing what one observer has characterized as the main opposition party in the country.<sup>12</sup>

In November 2012, the Kazakh General Prosecutor’s Office recommended the closure of most opposition media on the grounds that they contained calls for the violent overthrow of the government and otherwise undermined national security. Courts quickly ruled that these media were “extremist,” reportedly without substantial evidence, and ordered their closure. Reporters Without Borders has set up some Internet sites for several of the banned media.<sup>13</sup>

A new holiday was celebrated on December 1, 2012, entitled “Day of the First President,” to celebrate President Nazarbayev’s rule. Some commentators in Kazakhstan speculated that this holiday was established to further consolidate presidential power and quell dissenting views.<sup>14</sup>

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<sup>9</sup> U.S. Department of State, *On-the-Record Briefing With International Media: Robert O. Blake, Jr., Assistant Secretary, Bureau of South and Central Asian Affairs*, August 15, 2012.

<sup>10</sup> *About the Abuses of Kazakhstan’s Dictatorship and Its Ruler Nursultan Nazarbayev*, Human Rights Foundation, October 17, 2012; *Washington Examiner*, October 17, 2012; Consulate General of the Republic of Kazakhstan in New York, *Kazakhstan’s Response to the Recent Ad in Washington Examiner*, October 24, 2012; Joanna Lillis, “Kazakhstan: Nazarbayev Friends and Foes Sling Mud,” *Eurasianet*, November 14, 2012.

<sup>11</sup> U.S. Department of State, *Ambassador Kelly on Sentencing of Vladimir Kozlov in Kazakhstan*, 11 October 2012.

<sup>12</sup> Joanna Lillis, “Kazakhstan: Political Trial Fails to Provoke Outcry,” *Eurasianet*, October 10, 2012.

<sup>13</sup> “Main Opposition Media Silenced in Space of a Month,” Reporters Without Borders, December 28, 2012, and January 2, 2013, at [http://en.rsf.org/kazakhstan-main-opposition-media-silenced-in-28-12-2012\\_43751.html](http://en.rsf.org/kazakhstan-main-opposition-media-silenced-in-28-12-2012_43751.html).

<sup>14</sup> “New ‘Leader’s Day’ Suggests Power Consolidation Ahead of Handover,” *Open Source Center Analysis*, November 30, 2012; *Interfax*, November 29, 2012.

In mid-December 2012, President Nazarbayev announced that most district and village executive heads (akims) would for the first time be elected in 2013, and that later regional governors might be elected.

In a television show aired in early July 2013, President Nazarbayev praised the past political succession in Russia—where then-President Boris Yeltsin appointed Vladimir Putin Prime Minister and then resigned, situating Putin as the acting president pending an election—as a “democratic” example that Kazakhstan could follow.

## **Terrorism and Unrest in Kazakhstan**

Kazakhstan long argued that there were few terrorists within the country, but this stance began to change in late 2003 with the establishment of an Anti-Terrorist Center as part of the National Security Committee. Shocking many Kazakhs, it reported the apprehension in late 2004 of over a dozen members of the obscure Islamic Jihad Group/Union of Uzbekistan (reportedly an offshoot of the Islamic Movement of Uzbekistan). It alleged that the group had ties to Al Qaeda; had cells in Kyrgyzstan, Uzbekistan, and Russia; and had been involved in attacks in Uzbekistan. In mid-2006, authorities detained 15-30 members of the banned Hizb ut-Tahrir group. In April 2007, 16 alleged terrorists were arrested on charges of planning attacks against security and police forces. In February 2008, security forces arrested five members of an alleged Salafi Jihadi Jamaat, whose leader had received training in Syria. In September 2009, six alleged terrorists were sentenced to 12-17 years in prison for planning to attack foreign oil companies and non-Muslims. In late 2009, the Kazakh National Security Committee reported that the government had prevented four terrorist attacks in 2008 and three in 2009.

Several suicide bombings and other alleged terrorist attacks occurred in Kazakhstan in 2011, although the government appeared reluctant to release many details and trials of alleged terrorists were usually closed to outside observers. A suicide bombing took place in a security office on May 17, 2011, in the city of Aktoke, and a car bombing took place at another security office on May 24 in Astana. On the night of June 30, alleged terrorists killed three police officers in the village of Shubarshi in Aktoke Region. Apparently shaken by these and other bombings and terrorist attacks, President Nazarbayev directed changes to the law on religion that were duly approved in late September. On October 31, two explosions occurred in the city of Atyrau, one at the regional administration building and the other a suicide bombing in a residential area. A week after these bombings, two police officers were killed in Almaty by alleged terrorists. On November 12, in the town of Taraz, one person killed several police and attacked a security office. The same day, an attempted explosion reportedly was foiled and an attack on a roadblock was carried out in Taraz, resulting in additional police deaths. The Jund al-Khilafah (Soldiers of the Caliphate) claimed responsibility for the bombings in Atyrau and may have been involved in other incidents. Kazakhstan’s Office of the Prosecutor-General claimed that Jund al-Khilafah was formed in mid-2011 by Kazakh citizens Renat Khabibuly, Orynbasarov Unasov, and Damir Nabiyeu; was allied with the Taliban; was headquartered in Pakistan’s tribal area; and was dedicated to “waging a jihad on the territory of Kazakhstan.” At the end of November 2011, Kazakhstan banned Jund al-Khilafah as a terrorist organization.<sup>15</sup> Jund al-Khilafah also has claimed responsibility for attacks on U.S. forces in Afghanistan. In April 2012, 47 alleged members or accomplices of the Jund al-Khilafah were sentenced for the October 31 attacks.

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<sup>15</sup> CEDR, November 9, 2011, Doc. No. CEP-950038; *Interfax*, November 30, 2011.

On December 16, 2011, energy sector workers on strike since May 2011 and others reportedly extensively damaged and burned government and other buildings and clashed with police in the town of Zhanaozen, in the Mangistau Region of Kazakhstan, resulting in 16 deaths and dozens of injuries, the government reported. Some observers alleged that there were more casualties and that the riots were triggered or exacerbated by police firing on the demonstrators (video posted on the Internet appeared to back this claim). Protests and violence also spread to other areas of the region. President Nursultan Nazarbayev declared a state of emergency and curfew in the town on December 17 and sent military and security forces to the region. He claimed that the violence was pre-planned and financed, perhaps from abroad; that the rioters had been given alcohol and money; and that police had shot into the crowds only in self-defense. At the same time, he charged that local officials had not heeded the grievances of the striking oil workers and had given him misinformation. In response, he fired the head of Kazmunaigaz, the state-owned energy firm; ousted his son-in-law as head of the national fund that owned Kazmunaigaz; replaced the governor of the region; and pledged new employment and retraining for oil workers who had been fired during their long strike. Critics charged that he took these moves to protect his popularity and that of the ruling political party during an electoral campaign (see above). The government reported that dozens of individuals have been detained so far in connection with the protests.

A trial against 37 individuals charged with crimes associated with the Zhanaozen riot opened in late March 2012. The bulk of the defendants were striking workers and youths, who were accused of initiating the violence, although five police officers were being tried for abuses in quelling the unrest. In late April 2012, the Human Rights Watch NGO called for the trial to be suspended while an investigation of alleged torture and other abuses against those on trial is carried out. In June 2012, a court sentenced about one-half of the defendants to 3-7 years in prison and gave suspended sentences, pardons, or acquittals to the rest. Another trial of 12 suspects resulted in four being sentenced to 4-7 years and the others being acquitted, pardoned, or amnestied. Other arrests have occurred (see also below, “**Error! Reference source not found.**”). The Kazakh government has argued that it has convicted some police for excesses during the riot, disciplined some government officials, given unemployed workers new jobs, and otherwise admitted that it mishandled the labor strife in Zhanaozen.<sup>16</sup>

At a meeting with policemen on July 12, 2012, President Nazarbayev criticized them for not taking preventive measures against terrorism, and stated that “over 100 crimes connected with terrorism were committed in Kazakhstan in 2011-12. As a result, dozens of [terrorists and policemen] have died.... And we have to admit the fact that radical and extremist groups are putting enormous pressure on the government and society.”<sup>17</sup> According to a Kazakh Security Council official, over 300 individuals have been convicted in Kazakhstan on charges of terrorism since 2005.<sup>18</sup>

In late July 2012, one policeman was killed and one wounded in Almaty, and the alleged assailants later engaged in a gun battle with security forces and most were killed. In mid-August

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<sup>16</sup> Embassy of the Republic of Kazakhstan, Washington, DC, “Response to the Human Rights Watch Report,” *News Bulletin*, September 18, 2012. The response is to Human Rights Watch, *Striking Oil, Striking Workers: Violations of Labor Rights in Kazakhstan’s Oil Sector*, September 4, 2012. The *News Bulletin* claims that HRW ignored “facts” put forward by the Kazakh government, but HRW states that the Kazakh government did not respond to its request for information and alleges that the government attempted to block its investigation.

<sup>17</sup> CEDR, July 13, 2012, Doc. No. CEP-950108.

<sup>18</sup> CEDR, June 27, 2012, Doc. No. CEP-950051.

2012, a gun battle with alleged terrorists took place in Almaty, reportedly resulting in the deaths of several alleged terrorists and the capture of others. Authorities claimed that these terrorists were linked to an explosion at a house in a village near Almaty in July and to the killing of several individuals whose bodies were found in a park near Almaty. The terrorists were planning widespread operations, according to the authorities. In early September 2012, a bomb-maker blew himself up in Atyrau Region, leading police to engage in a gun battle with other members of the alleged group, killing five of them. In October 2012, three individuals were arrested in Uralsk Region on charges of sending funds abroad to support the Islamic Jihad Union. Some observers have warned that these recent incidents may have marked the revival of terrorist actions in Kazakhstan after several months of seeming quietude.

In November 2012, Nazarbayev called for tightening legislation to facilitate government efforts to combat terrorism, with the government explaining that the changes in law were necessitated by increasing radicalization of the population and growing terrorist incidents in the country. The bill was passed and signed into law in early January 2013. The changes included an apparently expansive definition of terrorism to include an “ideology of violence” and acts or threats aimed at influencing the government, including violence and “frightening people.”<sup>19</sup>

In February 2013, the Kazakh National Security Committee reported that law and security forces had prevented 35 violent extremist actions and neutralized 42 extremist groups in 2011-2012. However, it also reported that it had failed to avert 18 extremist actions, including seven explosions.

In May 2013, six alleged terrorists were put on trial on charges of conspiring to commit robberies, to bomb civic sites and the National Security Committee building in Astana, and to assassinate senior officials. At the opening of the trial, the prosecutor alleged that they aimed to establish an Islamic caliphate in Kazakhstan.

Reportedly, Kazakh authorities are drafting a State Program on Counteracting Religious Extremism and Terrorism for 2013-2017, which some observers warn could further restrict the dissemination of religious literature and increase monitoring of religious groups, including through the installation of video surveillance cameras in places of worship and the monitoring of students studying religion abroad.<sup>20</sup>

In Congressional testimony in February 2013, Assistant Secretary Blake stated that “we do not assess that there is an imminent Islamist militant threat to Central Asian states.” Nonetheless, he stated that the United States provides security assistance to the regional states to address transnational threats.<sup>21</sup>

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<sup>19</sup> CEDR, November 23, 2012, Doc. No. CEP-950005.

<sup>20</sup> Joanna Lillis, “Kazakhstan: Astana Mulls Expansion of Anti-Terror Controls,” *Eurasianet*, June 19, 2013.

<sup>21</sup> U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe, Eurasia, and Emerging Threats and Subcommittee on Terrorism, Nonproliferation, and Trade, Hearing on Islamic Militant Threats in Eurasia, *Testimony of Robert Blake*, February 27, 2013.

## Human Rights

According to Human Rights Watch, Kazakhstan's human rights record seriously deteriorated in 2012, in the wake of the violent clashes at the end of 2011 between police and demonstrators in Zhanaozen. Several of the hundreds of Zhanaozen detainees made credible and serious allegations of torture. Dozens of individuals were fined or sentenced to administrative arrest for participating in peaceful protests, a restrictive law on religious freedoms remained in force, and media remained under tight control amid attacks on independent journalists. A ban on strikes in certain sectors of the economy improperly restricts workers' rights.<sup>22</sup>

In its *Country Reports on Human Rights Practices for 2012*, the U.S. State Department did not report whether or not the Kazakh government's human rights record had improved during the year, but did identify ongoing problems and progress. The most significant problem areas included restrictions on freedom of speech, assembly, religion, association, and legal due process. Police allegedly tortured and abused detainees, often to obtain confessions. The government frequently arrested and detained opponents and critics, sometimes for minor infractions such as unsanctioned assembly. Lawyers and human rights monitors alleged that judges and prosecutors solicited bribes in exchange for favorable rulings in the majority of criminal cases. Lack of due process particularly was a problem in politically motivated trials. During the trial of Vladimir Kozlov, leader of the unregistered opposition political party Alga, authorities did not present evidence linking him to the charges of violence or the overthrow of the government under which he was convicted, according to the State Department. Although courts conducted jury trials for aggravated murder cases, observers noted that judges deliberated with the jurors and few acquittals occurred.

The government used a variety of means to control the media and limit freedom of expression, according to the State Department. The government owned 16% of the country's nearly 2,800 media outlets. Of these, most broadcast media were either government owned or allegedly controlled by members of the president's family or loyal associates. In addition, the government influenced privately owned newspapers and television stations through government subsidies. Judicial actions against journalists and media outlets, including civil and criminal libel suits filed by government officials, led to the suspension of media outlets and self-censorship. NGOs and monitors reported that such libel suits greatly increased in 2012. At the end of 2012, Almaty courts banned several opposition media outlets—including the newspapers *Golos Respubliki*, *Vzglyad*, the *Respublika* Web portal, and the Internet television stations *K Plus* and *Stan TV*—for allegedly “inciting social discord” and “calling for the overthrow of the constitutional order.” The law on state secrets makes it a criminal offense to release information regarding the health, finances, or private life of the president, as well as economic information deemed “strategic.” In September 2012, Minister of Culture and Information Darkhan Mynbai asserted that the ministry would ban unofficial reports or negative interpretations of official information during emergencies. Despite these restrictions, some media criticism of government policies continued.

There were significant restrictions on freedom of association and assembly. The law defines national security threats to include unsanctioned public meetings, demonstrations, and strikes that upset social and political stability. Authorities seldom approved demonstration requests and used force to disrupt peaceful but unsanctioned demonstrations. An attempt by the Azat Party and the

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<sup>22</sup> *World Report 2013*, Human Rights Watch, January 31, 2013.

National Socialist Democratic Party (NSDP) to register as a joint party failed, with Azat losing its status as a registered political party. Violence against women and discrimination against non-ethnic Kazakhs in government, persons with disabilities, and those in the LGBT community were problems.<sup>23</sup>

According to the State Department's *International Religious Freedom Report*, the Kazakh government generally respected the religious freedom of most religious groups, but refused to register some minority religious groups and harassed them, often through fines and raids. The government implemented a 2011 religion law that provided broad grounds to deny religious groups legal status. While most religious groups managed to obtain legal registration, some were refused under various grounds, such as Scientologists, the Unification Church, and Ahmadi Muslims (see also below). The *Trafficking in Persons Report 2013* reported that Kazakhstan was a destination and, to a lesser extent, a source and transit country for persons subjected to sex trafficking and forced labor. The government did not fully comply with the minimum standards for the elimination of trafficking, but was making significant efforts to do so, so was designated a "Tier 2" country not subject to possible U.S. sanctions reserved for "Tier 3" abusers. The Kazakh government maintained some law enforcement efforts against human trafficking and continued to protect some victims and fund awareness campaigns. However, government officials were involved and complicit in trafficking, and the government failed to identify some potential victims.<sup>24</sup>

Seemingly indicating some of the problems of the judicial system, in late January 2013 the prosecutor-general reportedly complained to President Nazarbayev that several dozen individuals had been acquitted by judges, even though prosecutors had "proven" their guilt (seemingly equating the bringing of charges with the presumption of guilt). President Nazarbayev reportedly agreed that the acquittals were untoward and ordered the chairman of the Supreme Court to investigate whether corruption was involved in the acquittals.

In March 2013, a group of Kazakh NGOs issued a report that the government had largely failed to fulfill a National Human Rights Action Plan for 2009-2012 that it had drawn up in April 2009. The report stated that while a few recommendations had been implemented, the four-year period had witnessed reduced freedom of association, assembly, religion, speech, and political participation.<sup>25</sup>

On April 11, 2013, the U.S. head of mission to the OSCE Permanent Council, Ian Kelly, raised concerns that Kazakhstan's 2011 religious legislation restricts the rights of religious communities deemed non-traditional by the Kazakh government. In particular, he raised concerns that all Islamic communities were required to join the Sunni Hanafi Spiritual Administration of Muslims in Kazakhstan, and hold services in the Kazakh language, in order to gain legal registration.

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<sup>23</sup> U.S. Department of State. *Country Reports on Human Rights Practices for 2012*, April 19, 2013.

<sup>24</sup> U.S. Department of State, *International Religious Freedom Report for 2012*, May 20, 2013; *Trafficking in Persons Report*, June 19, 2013. In July 2013, President Nazarbayev signed into law amendments aimed at increasing criminal penalties against those involved in human trafficking. According to one report, the Kazakh Interior Ministry, among others, had urged broader penalties in the face of increasing numbers of cases of human trafficking. *CEDR*, June 25, 2013, Doc. No. CEN-38822765.

<sup>25</sup> *Interfax*, March 13, 2013.

Appearing to respond to this statement, President Nazarbayev stated on April 17, 2013, that “religious freedom is fully ensured.”<sup>26</sup>

On April 18, 2013, the European Parliament approved a resolution decrying the deterioration of human rights in Kazakhstan since the Zhanaozen disturbance. The resolution “strongly criticized” court decisions to ban the Alga Party and independent media, urged the release of political prisoners, and called for easing restrictions on the registration and practice of religion. Seemingly responding to the debate on the resolution, President Nazarbayev stated that the “glass [of democracy in Kazakhstan] is half or three-quarters full,” and that “democracy and freedom as practiced in the West ... are for us the final aim.”<sup>27</sup>

On July 1, 2013, visiting British Prime Minister David Cameron stated in a press conference with President Nazarbayev that he had discussed human rights problems in Kazakhstan with the president, upon which Nazarbayev reportedly responded that “no one has the right to tell us how to live and to build our country... I think that Kazakhstan ensures basic rights. We have open, free and alternative presidential elections, three political parties are in our parliament, we have working opposition, Kazakhstan has 3,300 mass media outlets, including foreign ones, and we do not have political repressions.” He also argued that building democracy and human rights was a long-term process that had taken hundreds of years in the United Kingdom.<sup>28</sup>

The U.S.-based NGO Amnesty International issued a report on July 11, 2013, criticizing high levels of torture and other ill-treatment of detainees and prisoners in recent years—including as a result of the detention of alleged rioters at Zhanaozen—and the lack of prosecutions of those responsible.<sup>29</sup>

## Kazakhstan’s Presidency of the OSCE

The 15<sup>th</sup> Ministerial Meeting of the OSCE in Madrid in late November 2007 decided that Kazakhstan would hold the OSCE chairmanship in 2010, the first post-Soviet, Eurasian, Muslim-majority country to host an OSCE summit. Kazakhstan’s then-Foreign Minister Marat Tazhin pledged at the Ministerial Meeting that Kazakhstan would enact human rights reforms prior to assuming the chairmanship and that during the chairmanship, Kazakhstan would ensure that NGOs are able to participate in OSCE events and that ODIHR’s mandate is preserved.<sup>30</sup>

Addressing the Parliamentary Assembly of the OSCE in Astana in June 2008, President Nazarbayev stated that his country’s preparations for holding the chairmanship included the elaboration of a blueprint he termed “the path to Europe,” which envisaged Kazakhstan’s integration into Europe in the areas of energy, transport, technology transfers, education, culture, and democratization.

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<sup>26</sup> U.S. Department of State, United States Mission to the OSCE, *Religious Freedom in Kazakhstan: As delivered by Ambassador Ian Kelly to the Permanent Council*, April 11, 2013; CEDR, April 17, 2013, Doc. No. CEL-34140224.

<sup>27</sup> CEDR, April 17, 2013, Doc. No. CEL-34140224.

<sup>28</sup> *The Moscow Times*, July 1, 2013; *Interfax*, July 1, 2013.

<sup>29</sup> *Old Habits: The Routine Use of Torture and Other Ill-Treatment in Kazakhstan*, Amnesty International, July 11, 2013.

<sup>30</sup> OSCE, 15<sup>th</sup> Ministerial Council Meeting, *Address of Marat Tazhin, Minister of Foreign Affairs of the Republic of Kazakhstan*, November 29, 2007.

Kazakhstan's progress in meeting these pledges was mixed at best, according to most observers. In early February 2009, President Nazarbayev approved changes to laws on the media, elections, and political parties. Political parties that did not gain at least 7% of votes cast in a Majilis election were accorded the right to participate in some legislative affairs; the number of signatures necessary for registering a party for a Majilis election was reduced from 50,000 to 40,000; and requirements for registering media were eased. Critics termed the changes minor.<sup>31</sup> One positive sign was an action by the constitutional court in February 2009 to strike down a proposed law that would have tightened restrictions on religious freedom (however, a restrictive religion law was passed in 2011). In April 2009, a national action plan on human rights for 2009-2012 was drawn up and was presented to the OSCE. In July 2009, however, changes to the media law were signed into law that restricted access to the Internet and broadly banned media reporting that "interfere[s] with election campaigns," takes place during times when campaign news is not allowed, tries to influence election results, or influences participation in strikes. ODIHR had urged the legislature not to enact the changes.<sup>32</sup>

Kazakhstan assumed the chairmanship of the OSCE on January 1, 2010. It followed a varied agenda with emphasis on each of the military/security, democratic/human rights, and economic/environmental "dimensions" or "baskets" of activity of the OSCE. Kazakhstan stressed that it would emphasize several issues of concern to Kazakhstan, Central Asia, and Russia, among them bolstering nuclear disarmament; continuing the "Corfu Process" dialogue on the future of European security (including discussion of Russia's draft European Security Treaty); appointing a Special Representative of the OSCE Chairman to promote dialogue on protracted conflicts in the former Soviet Union; and supporting several initiatives regarding Afghanistan.

At an informal OSCE foreign ministerial meeting in Almaty (Kazakhstan's largest city) in July 2010, an agreement was reached to hold an OSCE heads of state and government summit on December 1-2, 2010, in Astana (Kazakhstan's capital), the first since the Istanbul summit in 1999. Kazakhstan had strongly urged holding this summit to "modernize" the activities of the OSCE. The United States earlier had raised concerns about the necessity of holding such a summit, but received assurances from Kazakhstan and others that a summit would address substantive issues of U.S. interest.<sup>33</sup> At a meeting of the OSCE Permanent Council (the main decision-making body; it convenes weekly in Vienna) on November 15, 2010, Kazakh Foreign Minister and OSCE Chairman-in-Office Kanat Saudabayev called for the upcoming summit agenda to include enhancing the OSCE's efforts in Afghanistan; bolstering early warning and conflict prevention mechanisms; reaffirming the rule of law and the role of civil society; promoting cooperation among international security organizations; and formulating an action plan to update the 1999 Vienna Document (provisions for confidence and security-building, including the exchange and verification of information on armed forces, defense policies, and military activities).<sup>34</sup>

During three Review Conference meetings to prepare the agenda for the summit, the United States stressed that in addition to the measures mentioned by Saudabayev, the agenda should

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<sup>31</sup> *An Atmosphere of Quiet Repression: Freedom of Religion, Assembly and Expression in Kazakhstan*, Human Rights Watch, December 2008.

<sup>32</sup> *Human Rights in Kazakhstan: Seven Months before the OSCE Chairmanship*, Human Rights Watch Memorandum, Human Rights Watch, May 20, 2009.

<sup>33</sup> Commission for Security and Cooperation in Europe, Articles, *OSCE 2010 Informal Ministerial: Kazakhstan Persistence Earns A Summit In Astana*, by Winsome Packer, November 1, 2010.

<sup>34</sup> OSCE Permanent Council, *Countdown to the OSCE Summit: Statement by Mr. Kanat Saudabayev, Chairperson-in-Office of the OSCE and Secretary of State and Minister for Foreign Affairs*, November 15, 2010.

include reestablishing an OSCE Mission in Georgia; empowering ODIHR to better monitor elections; and strengthening the powers of the OSCE Representative on Freedom of the Media, among other measures. At the same time, the United States reiterated that it did not see the need for new treaties or institutions to safeguard European security as urged by Russia.<sup>35</sup> The United States also criticized Kazakhstan's efforts to exclude some civil society representatives from the September 30-October 8, 2010, Review Conference held in Warsaw, Poland.<sup>36</sup>

According to many observers, the December 1-2, 2010, OSCE Summit accomplished a few of the goals set by Kazakhstan but fell short on most. Summit participants could not agree on an action plan, but issued the Astana Commemorative Declaration toward a Security Community. There appeared to be some progress in bolstering Afghanistan's security and development and in reaffirming the centrality of democracy and human rights as core principles. The United States and Russia clashed over the issue of Georgia's territorial integrity, including whether Russia had complied with ceasefire accords, and over Russia's failure to carry out its pledge to withdraw troops from Moldova. Lack of progress in resolving the Armenia-Azerbaijan conflict over the breakaway Nagorno Karabakh also was mentioned by the United States as a reason the summit could not agree on an action plan (however, a statement was issued calling for a settlement of the conflict). Although the summit declaration called for building on the so-called Corfu process to further European security cooperation, the United States and some other members of the OSCE had objected to Russia's call (supported by Kazakhstan) for a new European Security Treaty.

## Economic Developments

Kazakhstan is the most economically developed of the former Soviet Central Asian republics. The country is a major regional exporter of oil, gas, and wheat. In 1997, President Nazarbayev launched a plan to create an economically developed, secure, healthy, and educated country by 2030 (see below, "Energy"). In late 2005, he called for bringing Kazakhstan into the ranks of the top 50 developed countries within 10 years. At the beginning of 2010, President Nazarbayev launched a five-year plan for industrial diversification in line with his goals for 2030, aimed at developing the transport, pharmaceutical, telecommunication, petrochemical, and food processing sectors of the economy. In May 2012, he called for developing transit infrastructure so that Kazakhstan would become the central hub of a new regional "silk road."

In December 2012, President Nazarbayev announced that the World Economic Forum, a NGO, had estimated that Kazakhstan was on the brink of becoming one of the top 50 developed countries, and reported that the main goals of his 2030 plan had been reached. He launched a plan for the country's development until 2050 to become one of the world's 30 most-developed countries. The plan emphasizes food, water, energy, and natural resources security, as well as education, training, and social support.<sup>37</sup>

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<sup>35</sup> United States Mission to the OSCE, *Opening Plenary Session at the OSCE Review Conference, Vienna, Austria, As delivered by Dr. Michael Haltzel, U.S. Head of Delegation, OSCE Review Conference, October 18, 2010; Closing Plenary Session of OSCE Review Conference in Vienna, Austria, As delivered by Dr. Michael Haltzel, October 26, 2010.*

<sup>36</sup> United States Mission to the OSCE, OSCE Review Conference, Vienna, Austria, *As delivered by Julie Raschka, October 25, 2010; Catherine Fitzpatrick, "Turkmen Activists Denied Entry to OSCE Review Conference in Warsaw," Eurasianet, October 4, 2010.*

<sup>37</sup> CEDR, December 15, 2012, Doc. No. CEP-950064.

In 2008, tightening credit contributed to the collapse of Kazakhstan's real estate market, but high oil prices in the first part of the year partly cushioned the decline in GDP. In November 2008, President Nazarbayev launched a concerted anti-crisis plan that included lowering tax rates and drawing \$10 billion from a National Oil Fund (created in 2000 to stabilize the economy in the case of swings in world prices of oil, gas, and metals) to recapitalize banks that had nonperforming loans and large foreign debt payments; to support Kazakhstan's currency, the tenge; and otherwise to boost the economy. Declining oil revenues and foreign debt repayments led the central bank to devalue the tenge by 20% against the U.S. dollar in early 2009. According to the Economist Intelligence Unit (EIU), GDP expanded by only 1.2% in 2009, the slowest pace of growth since 1998.<sup>38</sup>

GDP growth rebounded in 2010-2011, but slowed to 4.9% in 2012, mostly reflecting declines in oil and agricultural output, the latter because of drought. Average annual inflation declined in 2012 to 5.1%. The Kazakh government boosted social spending and employment programs in 2012 following the labor-related violence in Zhanaozen (see above). According to the *CIA World Factbook*, about 56.9% of Kazakhstan's GDP in 2012 was derived from services, about 37.9% from energy and other industrial production, and 5.2% from agriculture, although the latter sector employed over one-fourth of the country's workforce. Although Kazakhstan's major exports are oil and gas, it also is the world's largest exporter of uranium.

The United States exported \$882.5 million of goods to Kazakhstan and imported about \$1.57 billion in 2012. U.S. exports have mostly been machinery and transport equipment, while imports have been oil, metals, and chemicals.<sup>39</sup> According to data reported by the National Bank of Kazakhstan in early 2013, the largest contributor of the \$177.7 billion of FDI in Kazakhstan was the Netherlands, at \$49 billion (which includes that by international firms operating through Dutch holding companies), followed by the United Kingdom, at \$24.7 billion, China, at \$18.2 billion, and the United States, at \$17.9 billion. Most of the U.S. and other FDI historically has been in the oil and gas and mining sectors.<sup>40</sup> Among the U.S. businesses operating in the country (for energy firms, see below), Boeing has sold aircraft, a GE-Kazakh joint venture manufactures locomotives, and FedEx operates a shipping center in Almaty.

In mid-2013, the International Monetary Fund (IMF) conducted a review of Kazakhstan's economy, and called for the country to bolster bank supervision and extend tax exemptions for banks and buyers of distressed debt. It called for the National Bank to elaborate on the factors guiding interest rate and exchange rate intervention decisions, and suggested that there may be scope to allow greater exchange rate flexibility. The IMF mission recommended against further budget cuts in 2013 to make up for a possible revenue shortfall, instead calling for addressing such a shortfall in next year's budget. The mission advised that in order to diversify the economy, the role of the state must be reduced while efforts are taken to bolster human capital and institutions. The state should enhance the transparency of all government programs implemented through quasi-fiscal institutions, and private public partnerships as well as through the general government budget. The IMF estimated that GDP growth will continue to be moderate in 2013—

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<sup>38</sup> *Kazakhstan: Country Report*, Economic Intelligence Unit, May 2011.

<sup>39</sup> U.S. Department of Commerce, Census Bureau, International Trade Statistics, at <http://www.census.gov/foreign-trade/statistics/country/>.

<sup>40</sup> Richard Weitz, "Kazakhstan Investment, Part 1: Europeans Dominate Inward Foreign Direct Investment," *Eurasia Daily Monitor*, January 18, 2013.

at around 5%—in part due to weakness in the mining and metallurgy sector, partly related to a decline in foreign investment in the sector.<sup>41</sup>

The World Bank and others have reported that Kazakhstan has improved its business climate in recent years in line with its development goals, but that much further progress is needed to reduce corruption, revamp labor laws and business regulations, and improve the rule of law.<sup>42</sup> Kazakhstan hopes to complete lengthy bilateral negotiations with trading partners that will clear the way for it to win approval by the World Trade Organization by the end of 2013 for joining the organization in 2014. In June 2013, the EU announced that it had reached agreement with Kazakhstan on bilateral conditions for the latter's admission into the WTO.

## Energy

According to British Petroleum, Kazakhstan possesses 30 billion barrels of proven oil reserves (about 2% of world reserves) and 45.7 trillion cubic feet of proven gas reserves (less than 1% of world reserves).<sup>43</sup> There are five major onshore oil fields—Tengiz, Karachaganak, Aktobe, Mangistau, and Uzen—which account for about half of the proven reserves. There are two major offshore oil fields in Kazakhstan's sector of the Caspian Sea—Kashagan and Kurmangazy—which are estimated to contain at least 14 billion barrels of recoverable reserves.

Nazarbayev's development goals for Kazakhstan rely heavily on increases in oil and gas production and exports, which account for a significant share of government revenues and GDP growth. The government has anticipated growing revenues in particular from expanding production at the Tengiz, Karachaganak, and Kashagan oil fields. While production is increasing at the former two oil fields, the latter oil field has not yet produced oil. Development of the Kashagan oil field began soon after its discovery in 2000, but has faced numerous delays and cost overruns, attributable to the harsh offshore environment; the high pressure, depth, and sulfur content of the oil; reported management problems; and Kazakh government interference.

In July 2013, Kazakhstan exercised its right to influence the disposition of subsoil resources by directing the transfer of the United States' ConocoPhillips 8.4% stake in the Kashagan oilfield to the China National Petroleum Corporation (CNPC). ConocoPhillips had planned to sell the stake to India's Oil and Natural Gas Corporation. Other members of the North Caspian Operating Consortium developing the oil field currently include Italy's Eni energy firm, the Anglo-Dutch Shell, the United States' ExxonMobil, France's Total, and Kazakhstan's KazMunaiGaz (all with a 16.81% stake) as well as Japan's Inpex (7.56%).

Phase one experimental/industrial production of 180,000 bpd up to 370,000 bpd is now expected to begin by the end of 2013 or early 2014. The developmental cost of Phase one has risen to \$46 billion. The anticipated difficulty and cost of further development of the oil field—which could result in second phase production up to 1.5 million bpd—have raised questions among the foreign consortium members about the timeline and feasibility of such efforts, and contributed to rising concerns by the Kazakh government that its hopes for rising revenues from the oil field might

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<sup>41</sup> *Republic of Kazakhstan: 2013 Article IV Consultation Concluding Statement of the IMF Mission*, International Monetary Fund, June 4, 2013.

<sup>42</sup> *Doing Business 2013*, World Bank, October 22, 2012; James Roberts and Ariel Cohen, *How More Economic Freedom Will Attract Investment to Kazakhstan and Central Asia – Analysis*, The Heritage Foundation, June 27, 2012.

<sup>43</sup> *BP Statistical Review of World Energy*, British Petroleum, June 2013.

need to be revised.<sup>44</sup> In mid-2013, President Nazarbayev reshuffled some energy officials, perhaps marking dissatisfaction over additional production delays at Kashagan.

Some U.S. energy firms and other private foreign investors have become discouraged in recent years by harsher Kazakh government terms, taxes, and fines that some allege reflect corruption within the ruling elite, according to the State Department. It also reports that “foreign Investors report that local government officials regularly pressure them to provide social investments in order to achieve local political objectives.”<sup>45</sup> In 2009, the Karachaganak Petroleum Operating (KPO) consortium (the main shareholder is British Gas, and U.S. Chevron is among other shareholders), which extracts oil and gas from the Karachaganak fields in northwest Kazakhstan, was faced with an effort by the Kazakh government to obtain 10% of the shares of the consortium. Facing resistance, the government imposed hundreds of millions of dollars in tax, environmental, and labor fines and oil export duties against KPO. Both the government and KPO appealed to international arbitration. In December 2011, KPO agreed to transfer 10% of its shares to the Kazakh government, basically gratis, and in exchange the government mostly lifted the fines and duties.<sup>46</sup>

Kazakhstan’s main oil export route from the Tengiz oil field has been a 930-mile pipeline completed in 2001—owned by the Caspian Pipeline Consortium (CPC), in which Russian shareholders have a controlling interest—that carried 693,000 bpd of oil in 2009 from Kazakhstan to Russia’s Black Sea port of Novorossiysk. Kazakhstan’s other major oil export pipeline, from Atyrau to Samara, Russia, has a capacity of approximately 730,000 bpd. See **Figure 1**. Lengthy Russian resistance to increasing the pumping capacity of the CPC pipeline and demands for higher transit and other fees, along with the necessity of offloading the oil into tankers at Novorossiysk to transit the clogged Turkish Straits, spurred Kazakh President Nazarbayev to sign a treaty with visiting Azerbaijani President Aliyev in June 2006 to barge Kazakh oil across the Caspian Sea to Baku to the BTC pipeline. Kazakhstan began shipping about 70,000 bpd of oil through the BTC pipeline at the end of October 2008. Another accord resulted from a visit by President Nazarbayev to Azerbaijan in September 2009 that provides that up to 500,000 bpd of oil from the Kashagan field may be barged across the Caspian to enter the BTC or the Baku-Supsa pipeline. When the volumes exceed 500,000 bpd, a trans-Caspian pipeline may be built.

Apparently to counter Kazakh’s export plans via Azerbaijan, then-President Putin’s May 2007 agreement with Nazarbayev (see above) envisaged boosting the capacity of the CPC pipeline. However, this project did not materialize in a timely fashion, so Kazakhstan proceeded to upgrade its Caspian Sea port facilities. Kazakhstan also barges some oil to Baku to ship by rail to Georgia’s Black Sea oil terminal at Batumi, of which Kazakhstan became the sole owner in early 2008. Kazakhstan began barging oil from Batumi to the Romanian port of Constanta in late 2008

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<sup>44</sup> Kazakh Oil and Gas Ministry Hopes for Speedy Settling of Budget of Kashagan Field’s First Phase,” *Trend News Agency*, April 26, 2012; Robert Cutler, “Kashagan Costs Surge,” *Asia Times*, January 21, 2012; Nariman Gizitdinov, “Biggest Find in Decades Becomes \$39 Billion Cautionary Tale,” *Bloomberg*, November 16, 2011.

<sup>45</sup> U.S. Department of State, Bureau of Economic and Business Affairs, *2013 Investment Climate Statement*, February 2013. According to the report, “despite growing investment in Kazakhstan’s energy sector, concerns remain about the government’s tendency to challenge contractual rights, to legislate preferences for domestic companies, and to create mechanisms for government intervention in foreign companies’ operations, particularly in procurement decisions. Together with vague and contradictory legal provisions that are often arbitrarily enforced, these negative tendencies feed a perception that Kazakhstan is a suboptimal investment environment.”

<sup>46</sup> *Press Release: Agreement Reached with Republic of Kazakhstan on Karachaganak*, BG Group, December 14, 2011, at <http://www.bg-group.com/MEDIACENTRE/PRESS/Pages/14Dec2010.aspx>.

for processing at two refineries it purchased. Some Kazakh oil arriving in Baku also could be transported through small pipelines to Georgia's Black Sea port of Supsa or to Russia's Black Sea port of Novorossiisk, although in the latter case Kazakhstan might be faced with high transit charges by Russia.<sup>47</sup>

In December 2010, the CPC approved a plan to upgrade the pumping capacity of the oil pipeline to 1.4 million bpd, with several phases of construction through 2015. The increased capacity will accommodate boosted production from the Tengiz and Karachaganak oil fields, as well as from anticipated development of the Kashagan and Filanovsky oil fields (the latter is owned by Russia). Construction reportedly has faced delays.

In addition to these oil export routes to Europe not controlled by Russia, in 2009 Kazakhstan and China completed an oil pipeline from Kazakhstan's port city of Atyrau to the Xinjiang region of China that initially carries 200,000 bpd to China. See **Figure 1**. Some Russian oil has been transported to China through this pipeline, the first Russian oil to be transported by pipeline to China.

Russia is the major purchaser of Kazakh gas through the Central Asia-Center gas pipeline network. According to British Petroleum (BP) data, Kazakhstan exported 422 bcf of gas to Russia in 2010.<sup>48</sup> Kazakhstan completed its sections of the Central Asia-China gas pipeline in 2009-2010. At the end of October 2008, China and Kazakhstan signed a framework agreement on constructing a gas pipeline from Beyneu, north of the Aral Sea, eastward to Shymkent, where it will connect with the Central Asia-China gas pipeline. The pipeline is planned initially to supply 176.6 bcf to southern Kazakhstan and 176.6 bcf to China. Pipeline construction began in September 2011 and to be completed by 2015.

Kazakh officials have appeared to make contradictory statements about providing gas for European customers via a possible trans-Caspian pipeline traversing the South Caucasus and Turkey. President Nazarbayev appeared to support the possible transit of Kazakh gas through Turkey when he stated on October 22, 2009, during a visit to Turkey, that "Turkey ... will become a transit country. And if Kazakhstan's oil and gas are transported via this corridor then this will be advantageous to both Turkey and Kazakhstan."<sup>49</sup> Reacting to the decision of the European Commission to facilitate talks on building a trans-Caspian gas pipeline, Minister of Oil and Gas Sauat Mynabyev stated in early October 2011 that "we do not have available resources for the gas pipeline yet."<sup>50</sup>

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<sup>47</sup> *ITAR-TASS*, May 29, 2008; *CEDR*, December 11, 2007, Doc. No. CEP-950096; April 26, 2008, Doc. No. CEP-950045.

<sup>48</sup> "Natural Gas: Trade Movements 2010," *BP Statistical Review of World Energy*, June 2011, p. 29.

<sup>49</sup> *CEDR*, October 22, 2009, Doc. No. CEP-950337.

<sup>50</sup> *Interfax*, October 6, 2011.

**Figure 1. Map of Kazakhstan with Gas and Oil Pipelines**

Source: CRS.

## Foreign Policy and Defense

Nazarbayev has stated that the geographic location of Kazakhstan and its ethnic makeup dictate its “multi-vector orientation toward both West and East.” He has pursued close ties with Turkey, trade links with Iran, and better relations with China, which many Kazakhs have traditionally viewed as a security threat. There are over 1 million ethnic Kazakhs in China, and 300,000 ethnic Uighurs of China residing in Kazakhstan, who have contributed to complicated relations between the two states.

While seeking to protect Kazakh independence, Nazarbayev has pursued close relations with Russia and other Commonwealth of Independent States (CIS) members for economic and security reasons. In 1998, Kazakhstan and Russia signed a friendship treaty; in 1998 and 2002, they signed accords settling Caspian seabed resource claims; and in 2005, they signed a border delineation agreement. In late 2005, the Central Asian Cooperation Organization merged with the Eurasian Economic Community (Eurasec; Russia and Kazakhstan belonged to both). Eurasec members Russia, Belarus, and Kazakhstan launched a Customs Union in July 2010. On April 4, 2011, just after his reelection, President Nazarbayev stated that “our foreign policy targets will remain as before. We have close relations with Russia and China, the EU, and the United States, and other states of the region are our big partners.” In regard to the latter, he hailed increasing

trade and other integration within the Customs Union.<sup>51</sup> Nazarbayev also has supported Russia's then-Prime Minister Putin's October 2011 proposal for deeper regional economic integration on the basis of the Customs Union to establish an Eurasian Union (which Putin stated was based on a concept advocated by Nazarbayev in 1994). Some in Kazakhstan have voiced concerns that Kazakhstan's sovereignty will be harmed by these integration efforts.

Kazakhstan's assertion of its national interests has contributed to recent tensions in Kazakhstan-Russia relations. These include President Nazarbayev's call for switching to the Latin script and for Kazakh and English to be more widely used;<sup>52</sup> his assertion that if Eurasian integration threatens Kazakhstan's sovereignty, the country will withdraw from "such a union";<sup>53</sup> and Kazakhstan's reappraisal of Russia's lease of the expansive Baikonur Cosmodrome space launch center and surrounding areas. In regard to the latter issue, a 1994 lease (extended in 2004) grants Russia a colonial-style concession over nearly 3,000 square miles of Kazakh territory until 2050 for a yearly payment of about \$154 million. In late 2012, Kazakh officials raised the issue of renegotiating the lease agreement, and an inter-governmental commission was set up to discuss Kazakh concerns. In late March 2013, however, the deputy prime minister pledged Kazakhstan's "unconditional adherence" to the lease. Nonetheless, Kazakhstan has pressed for limiting some rocket launches deemed environmentally damaging.

## **Armed Forces**

Kazakhstan still relies heavily on Russia for military training and equipment, but has expanded defense cooperation with other states. About 20,000 Kazakh troops serve in the army, 12,000 in the air force, and 3,000 in the navy. There are about 4,000 special forces, 9,000 border guards, 20,000 Internal Security (police) troops, and 2,500 presidential and government guards.<sup>54</sup> In 1999, Kazakhstan reaffirmed a CIS Collective Security Treaty (later formalized as the Collective Security Treaty Organization or CSTO) pledging the parties to provide military assistance in case of aggression against any one of them. Kazakhstan is also a member of the Shanghai Cooperation Organization (SCO), composed of Russia, China, and the Central Asian states (except Turkmenistan), which aims to combat terrorism and facilitate trade ties. In 1994, Kazakhstan joined NATO's Partnership for Peace (PFP) and regularly takes part in PFP exercises, but states that it does not aim to join the alliance.

A new military doctrine adopted in 2011 emphasizes internal threats to security, including terrorism and separatism; and intra-regional threats to security, including border and water supply disputes and political instability. The doctrine considers external threats such as terrorism emanating from Afghanistan as potent but slightly lesser threats. The doctrine appears to eschew security reliance on the CSTO or SCO. It calls for modernizing the armed forces and eventually creating volunteer armed forces.<sup>55</sup> According to some observers, the doctrine reflects the objective of creating the most powerful armed forces in Central Asia.

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<sup>51</sup> CEDR, April 5, 2011, Doc. No. CEP-950102.

<sup>52</sup> CEDR, December 15, 2013, Doc. No. CEP-950064.

<sup>53</sup> CEDR, January 9, 2013, Doc. No. CEP-950123; March 7, 2013, Doc. No. CEL-17758744.

<sup>54</sup> *The Military Balance*, International Institute of Strategic Studies, March 14, 2013.

<sup>55</sup> Roger McDermott, "Kazakhstan's 2011 Military Doctrine and Regional Security Beyond 2014," *CACI Analyst*, June 13, 2012. However, a retired Kazakh military officer argued in an article in 2010 against doing away with the draft and moving to a volunteer force. K.S. Serikbayev, "The Armed Forces of the Republic of Kazakhstan: Problems and (continued...)"

Reforms include the transition to a brigade-based organizational and staff structure, the creation of the Shokan Ualikhanov Cadet Corps school for noncommissioned officers, and other elements of a hierarchy of military educational institutions. In mid-2009, efforts were announced to boost declining salaries and other social support for troops. Defense Minister Adilbek Dzhaksybekov reported that he had completed reforming the high commands of the ground forces, air force, and navy in 2009 as part of the goal of creating a “small, mobile, truly combat-capable army.” A new concept for military procurement calls for modernizing defense industries; purchasing foreign weaponry; seeking foreign technical assistance for upgrading existing equipment; and focusing more on command, control, and communications technologies. The Spassk Combat Training and Combat Use Center was opened in 2010 to train junior officers and to train all male civilians of draft age in military skills as part of a mobilization reserve.<sup>56</sup> The Zhanaozen violence may have spurred military procurement of added airlift capabilities and redeployment of some troops to southwestern Kazakhstan.

Kazakhstan reportedly has launched a program to bolster its Caspian Sea naval presence, including by signing accords with French and Spanish firms to obtain anti-ship missiles. In 2012, it launched a new domestically-built patrol boat. To increase airlift and mobility, the country purchased two C-295s from France’s Airbus Military with delivery expected in 2013, and opened the Eurocopter Kazakhstan assembly facility in July 2012—a joint venture between the Dutch-registered EADS and Kazakhstan Engineering (a state-owned holding company)—to construct EC145 and EC645-T2 helicopters. Other military modernization initiatives include agreements with defense firms in Ukraine to build armored personnel carriers, in the United States to repair turboprop aircraft, in Turkey to manufacture optical and thermal sensors, and in Spain to build radars.<sup>57</sup>

## **Nuclear Non-Proliferation**

After the Soviet breakup, Kazakhstan was on paper a major nuclear weapons power (in reality Russia controlled these weapons). All bombers and their air-launched cruise missiles were removed to Russia by late February 1994. On April 21, 1995, the last of about 1,040 nuclear warheads had been removed from the SS-18 missiles and transferred to Russia, and Kazakhstan announced that it was nuclear weapons-free. U.S. Comprehensive Threat Reduction (CTR) assistance was used for these efforts, and for subsequent control and elimination of nuclear materials and former chemical and biological warfare facilities. The U.S. Nuclear Risk Reduction Center works with Kazakhstan to facilitate verification and compliance with arms control and security agreements to enhance peace and prevent the proliferation of WMD. Among recent cooperation, ground was broken in March 2010 on a Central Laboratory to help secure Kazakhstan’s collection of especially dangerous pathogens. Under the objective of combating weapons of mass destruction (which includes CTR and agency funding), U.S. assistance to Kazakhstan was over \$1.0 billion from FY1992 through FY2010, which was about one-half of all U.S. assistance to the country.

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Possible Areas of Reform,” *Military Thought*, July 1-September 30, 2010.

<sup>56</sup> CEDR, September 23, 2010, Doc. No. CEP-677004; June 4, 2010, Doc. No. CEP-37008; May 4, 2012, Doc. No. CEP-358004.

<sup>57</sup> The Military Balance, International Institute of Strategic Studies, March 14, 2013.

President Obama met on April 11, 2010, with Kazakh President Nursultan Nazarbayev on the sidelines of the Nuclear Security Summit in Washington, DC. A joint statement reported that they “pledged to intensify bilateral cooperation to promote nuclear safety and nonproliferation, regional stability in Central Asia, economic prosperity, and universal values.” President Obama encouraged Kazakhstan to fully implement its 2009-2012 National Human Rights Action Plan (but see above). President Nazarbayev agreed to facilitate U.S. military air flights along a new trans-polar route that transits Kazakhstan to Afghanistan, and President Obama praised Kazakh assistance to Afghanistan.<sup>58</sup> In March 2012, President Obama met with President Nazarbayev at the nuclear security summit in Seoul, South Korea, where President Obama hailed Kazakhstan’s efforts to secure nuclear materials inherited from the former Soviet Union.<sup>59</sup>

## U.S. Policy

U.S. relations with Kazakhstan intensified after the September 11, 2001, terrorist attacks on the United States and U.S. and coalition forces began operations in Afghanistan. At first, the U.S. policy appeared focused more on ties with Uzbekistan, the centrally-located and most populous regional state, when a U.S. airbase was established. However, after Uzbekistan closed the airbase in mid-2005 in the wake of U.S. concerns about human rights abuses in that country, U.S. policy attention appeared to shift more to Kazakhstan as the most significant U.S. “partner” in the region.<sup>60</sup> Some observers argue that as Kazakhstan has developed economically in recent years, including by establishing closer energy and other ties with China, it has placed somewhat less priority on ties with the United States. These observers maintain that although future U.S. relations with Kazakhstan may not focus as much on security concerns, the country will remain significant to U.S. interests as a prominent economic and political power in the region.<sup>61</sup>

According to the Obama Administration’s *Congressional Budget Justification for Foreign Operations*, the U.S. “strategic aim in Kazakhstan is to ensure and maintain the development of the country as a stable, secure, democratic, and prosperous partner that respects international standards and agreements, embraces free-market competition and the rule of law, and is a respected regional leader.” The Administration avers that Kazakhstan has made significant progress—with U.S. support—over the period since it gained independence in late 1991 to reach these goals. For FY2014, U.S. government aid will focus on programs “that support Kazakhstan’s evolution into a stronger partner ... that can play a greater role in promoting regional stability and economic integration.”<sup>62</sup>

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<sup>58</sup> The White House, Office of the Press Secretary, *Joint Statement on the meeting between President Obama and Kazakhstan President Nazarbayev* April 11, 2010.

<sup>59</sup> The White House, Office of the Press Secretary, *Remarks by President Obama and President Nursultan Nazarbayev of the Republic of Kazakhstan Before Bilateral Meeting*, March 26, 2012; *Joint Statement of the Presidents of the Republic of Kazakhstan, the Russian Federation, and the United States of America Regarding the Trilateral Cooperation at the Former Semipalatinsk Test Site*, March 26, 2012.

<sup>60</sup> U.S. Department of State, Office of the Spokesman, *Remarks: Secretary of State Condoleezza Rice At Eurasian National University*, October 13, 2005.

<sup>61</sup> Sean Roberts, *Issue Brief: Kazakhstan and the United States: Twenty Years of Ambiguous Partnership*, Atlantic Council, January 2012; Jeffrey Mankoff, *The United States and Central Asia after 2014*, Center for Strategic and International Studies, January 2013.

<sup>62</sup> U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2014*, May 17, 2013.

During President Nazarbayev's 1994 U.S. visit, he and then-President Clinton signed a Charter on Democratic Partnership, which recognized Kazakhstan's commitments to the rule of law, respect for human rights, and economic reform. During his December 2001 and September 2006 visits, Nazarbayev repeated these pledges in joint statements with then-President Bush. During the former visit, an accord to establish an Energy Partnership dialogue was signed to facilitate cooperation on nuclear, hydrocarbon, and electric power resources and various issues such as renewable energy and energy efficiency. At the 9<sup>th</sup> annual meeting in October 2012, an action plan for the next two years was promulgated dealing with these resources and issues.<sup>63</sup>

The Obama Administration launched annual bilateral consultations (ABC) on economic and political issues with Kazakhstan, with the first meeting taking place in Washington, DC, in March 2010, the second in Astana (Kazakhstan's capital) in late March 2011, and the third in Washington, DC, in February 2012. At this meeting, the United States reportedly agreed to work with Kazakhstan to attract U.S. companies and universities to establish a presence at the Innovative Technologies Park near Almaty. The State Department also announced that it was elevating relations with Kazakhstan to the level of a strategic partnership dialogue by transforming the ABC into a Strategic Partnership Commission (SPC).

The inaugural meeting of the SPC took place in April 2012 in Washington D.C. and established several working groups, including on non-proliferation and disarmament, economic cooperation, and science and technology. In addition, a "human dimension dialogue" involved a roundtable on civil and human rights held by various NGOs.<sup>64</sup> Apparently, these working groups are separate from other bilateral groups on nuclear material safeguards, on science and technology cooperation, and trade and investment that have been established by separate accords and which have held inaugural meetings in 2013.

No agreements reportedly were signed at the second SPC meeting in July 2013, also held in Washington, D.C., but the two sides (co-chaired on the U.S. side by Deputy Secretary of State William Burns and on the Kazakh side by Foreign Minister Idrisov) made several pledges, including U.S. pledges to continue to assist Kazakhstan to obtain WTO membership and to work to increase trade and investment.<sup>65</sup>

President Obama met with President Nazarbayev at nuclear security summits in April 2010 and March 2012 (see above). Also signaling the Obama Administration's interest in Kazakhstan, a Consulate General was opened in Almaty (the former capital and the business center)—the first such post in Central Asia—and the first consul general arrived in August 2010.

During an August 2012 visit to Kazakhstan, Assistant Secretary Blake stressed that "our relations with Kazakhstan ... are the deepest and broadest of all countries in Central Asia.... Kazakhstan is looking ... to play a larger role in the regional integration process and work a lot on some of the

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<sup>63</sup> Kazakhstan Embassy, Washington, D.C., *Joint Statement: The Ninth Meeting of the U.S.-Kazakhstan Energy Partnership*, October 16, 2012; Richard Weitz, "New Kazakhstan-U.S. Energy Partnership Plan Adopted," *Eurasia Daily Monitor*, November 2, 2012.

<sup>64</sup> U.S. Department of State, *Introductory Remarks at Business Forum: U.S.-Kazakhstan Strategic Partnership Dialogue*, Robert O. Blake, Jr., Assistant Secretary, Bureau of South and Central Asian Affairs, April 10, 2012; Kazakhstan Embassy, Washington, D.C., Erlan Idrisov, *Kazakhstan-U.S. Strategic Partnership Commission/Dialogue's Inaugural Meeting Opens a New Avenue for Bilateral Cooperation*, April 23, 2012.

<sup>65</sup> U.S. Department of State, Office of the Spokesperson, *Joint Statement of Second Kazakhstan-United States Strategic Partnership Dialogue*, July 10, 2013.

very important regional issues, such as non-proliferation and so on. All of these are very consistent with what we are trying to accomplish and [are] one of the reasons why we have a very good partnership with Kazakhstan.”<sup>66</sup> In congressional testimony in July 2012, Assistant Secretary Blake highlighted growing U.S.-Kazakh trade relations, Kazakhstan’s assistance to stabilization efforts in Afghanistan, and its global role in combating nuclear proliferation. At the same time, he stressed that the United States would continue to support the Kazakh government’s further efforts to democratize and respect human rights. He reiterated U.S. concerns about the Kazakh government’s use of deadly force in quelling unrest in Zhanaozen in late 2012 (see above) and about allegations that suspects had been tortured.<sup>67</sup>

Cumulative U.S. aid budgeted for Kazakhstan in fiscal years 1992 through 2010 was \$2.05 billion (all-agency funding), with Kazakhstan ranking fifth in aid among the 12 Soviet successor states. A large part of this U.S. aid has supported Comprehensive Threat Reduction (CTR) programs to prevent the proliferation of weapons of mass destruction. Budgeted aid for FY2011 was \$17.6 million and was \$19.3 million for FY2012. Requested aid for FY2014 is \$12.2 million (these latter amounts include foreign assistance listed in the *Congressional Budget Justification for Foreign Operations*, and exclude Defense and Energy Department funds; country totals have not been released for FY2013). The Administration states that Kazakhstan’s significant progress “as a stable, secure, democratic, and prosperous partner [has] allowed the U.S. government to scale down funding levels in FY2014.” The request for FY2014 emphasizes security programs (\$4.8 million) such as Foreign Military Financing (FMF), International Military Education and Training (IMET), Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR), and International Narcotics Control and Law Enforcement (INCLE); economic support (\$4.1 million) for developing small businesses, attracting more foreign investment, and increasing energy efficiency (these programs will be funded mostly by Kazakhstan with some U.S. support); and democracy support (\$2.8 million) to strengthen judicial independence and bolster human rights and civil society NGOs.<sup>68</sup>

U.S. defense cooperation has included FMF, IMET, and other assistance and participation in annual Steppe Eagle military exercises in Kazakhstan (held under the aegis of NATO’s Partnership for Peace). In July 2012, U.S. Secretary of the Navy Ray Mabus visited Kazakhstan and met with Defense Minister Dzhaksybekov. The two reportedly discussed the accomplishments of the 2008-2012 defense cooperation plan in the areas of training and equipment for the peacekeeping brigade, special forces training, technical assistance, and military education, and worked on drafting a new 2013-2017 plan. In April 2013, cadets from the U.S. Military Academy at West Point visited the Military Institute of Ground Forces, and during the SPC meeting in July 2013, the two sides discussed mutual visits by the defense minister/secretary.

Among congressional actions, Omnibus Appropriations for FY2003 (P.L. 108-7) forbade assistance to the government of Kazakhstan unless the Secretary of State determined and reported that Kazakhstan had significantly improved its human rights record during the preceding six-

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<sup>66</sup> U.S. Department of State, *On-the-Record Briefing With International Media: Robert O. Blake, Jr., Assistant Secretary, Bureau of South and Central Asian Affairs*, August 15, 2012.

<sup>67</sup> U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and Eurasia, Hearing: U.S. Engagement in Central Asia, *Testimony by Robert Blake, Assistant Secretary, Bureau of Central and South Asian Affairs*, July 24, 2012. See also U.S. Department of State, *Opening Remarks at Nazarbayev University*, Robert O. Blake, Jr. Assistant Secretary, Bureau of South and Central Asian Affairs, April 23, 2013.

<sup>68</sup> U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2014*, May 17, 2013.

month period. The Secretary could, however, waive this prohibition on national security grounds. This language has been continued in yearly appropriations acts. Since FY2005, the Secretary of State (or the designee) has reported to Congress that Kazakhstan has failed to significantly improve its human rights record, but that aid restrictions have been waived on national security grounds.

## **Counter-Terrorism Support**

With regard to Iraq, Kazakhstan's then-Foreign Minister Kasymzhomart Tokayev on March 28, 2003, voiced general support for disarming Iraq. Tokayev later explained that Kazakhstan had decided to support the coalition because it feared that Saddam Hussein was building weapons of mass destruction. Reportedly responding to a U.S. appeal, the Kazakh legislature in May 2003 approved sending military engineers to Iraq. The 27 troops trained Iraqis in de-mining and water purification. Kazakh troops withdrew from Iraq in late 2008.

With regard to Afghanistan, President Nazarbayev warned in June 2001 that Taliban actions in Afghanistan increasingly threatened regional security, and after September 11 he offered overflight rights and the use of airbases to the U.S.-led coalition, but did not offer troops. Kazakhstan also facilitated the transshipment of supplies to U.S. bases in Uzbekistan and Kyrgyzstan. A U.S.-Kazakh memorandum of understanding was signed in July 2002 that permitted U.S. military aircraft to use Kazakhstan's Almaty airport for emergency military landings. In September 2003, a five-year military cooperation agreement was signed to combat terrorism, develop peacekeeping forces, bolster air defense capabilities, and enhance security in the Caspian Sea. In February 2008, the accord was extended to 2012. After receiving Kazakhstan's permission, in early 2009 NATO countries began rail shipments of nonlethal supplies to support the operations of the International Security Assistance Force (ISAF) in Afghanistan. A U.S.-Kazakh accord on over-flight rights for military equipment and personnel was brokered in April 2010. According to one source, U.S. military purchases of local goods and transit fees paid to regional states amount to several hundred million dollars annually.<sup>69</sup>

In October 2010, Kazakhstan and NATO reached agreement on detailing four Kazakh officers to ISAF headquarters, and the Majlis in May 2011 approved the agreement. Just before the Majilis approved the deployment, a suicide bombing took place in the city of Aktobe outside a security forces building, reportedly injuring two security personnel, and after the approval a car bomb detonated in Astana, similarly outside a security forces building, killing two people in the car. No one took immediate responsibility for the bombings, and it was unclear if they were linked to the Majilis action. Perhaps telling, just after the approval, the Taliban allegedly warned that the deployment would be regarded as "disloyal" and damaging to Kazakh-Taliban relations.<sup>70</sup> The Kazakh Senate (upper legislative chamber) then added qualifying language to the bill approved by the lower chamber and returned it to the Majlis, apparently reflecting a policy change by the government. The Senate explained its action as a response to widespread public opposition to

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<sup>69</sup> Deirdre Tynan, "Central Asia: Who's the Big Winner in the NDN Sweepstakes?" *Eurasianet*, February 7, 2012; U.S. Department of Commerce. U.S. Commercial Service. *Kazakhstan: Northern Distribution Network*, April 23, 2010. Section 801 of the National Defense Authorization Act for FY2010 (P.L. 111-84) provides temporary authority to limit competition to, or provide a preference for, products and services that are from countries along the Northern Distribution Network in support of operations in Afghanistan when it is determined that it is in the national security interest of the United States. Other goals include bolstering the economies of the Central Asian states and regional integration.

<sup>70</sup> Open Source Center, *South Asia: Daily Report*, May 21, 2011, Doc. No. SAP-950023.

sending military personnel to Afghanistan. Finally, in April 2013, the Kazakh Foreign Ministry announced that in light of ISAF's withdrawal from Afghanistan, the agreement had become irrelevant.

In early June 2012, NATO Secretary-General Anders Fogh Rasmussen announced that Kazakhstan, Kyrgyzstan, and Uzbekistan had agreed to allow the reverse transit of cargoes out of Afghanistan. At the "Istanbul Process" conference held in Kabul in mid-June to discuss support for post-2014 Afghanistan, Kazakhstan pledged to assist in disaster management, counter-narcotics, business, and educational confidence building measures, including to increase the number of Afghan students receiving university and vocational education in Kazakhstan.

Kazakhstan reportedly is advocating that the use of its Caspian seaport at Aktau be increased as a component of the NDN. Reportedly, the port already is used to transport thousands of containers to and from Afghanistan.

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