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## Kazakhstan



Notes: Graphic created by CRS. Map boundaries and information generated by Hannah Fischer using Department of State Boundaries (2011); Esri (2014); DeLorme (2014).

### Political Background

**Government:** Kazakhstan has a hybrid presidential-parliamentary system, with a two chamber legislature, the *Mazhilis*. The first (and so far only) president, Nursultan Nazarbayev, was the Communist Party leader of Kazakh SSR, the region that became Kazakhstan after the Soviet collapse. Nazarbayev also played a central role in forming the Commonwealth of Independent States (CIS), which succeeded the Soviet Union. He has been reelected several times since 1991 with little opposition. Nazarbayev and his family have monopolized the political system and significant sectors of the economy. The *Mazhilis* has limited influence on national decisionmaking.

**History:** Kazakhstan was traditionally inhabited by Turkic tribes through much of the medieval era, and was colonized

by Russia in the 18<sup>th</sup> and 19<sup>th</sup> centuries. Throughout the 20<sup>th</sup> century, it was a major source of agricultural and energy commodities for the Soviet Union. In contrast to other countries’ post-Soviet periods, Kazakhstan’s transition was entirely peaceful. The country’s leadership received praise at the time, including from the United States, for renouncing nuclear weapons and permitting the removal of Kazakhstan’s large former Soviet nuclear stockpile. The contemporary period has seen some market reforms, development of the energy sector, and diversification of the economy as a whole. However, democratic reforms have not generally been implemented, despite years of promises by political leaders. Corruption continues to be a chronic problem throughout government and the private sector.

**Political Freedom:** The Organization for Security and Cooperation in Europe (OSCE) stated that in the April 2015 presidential elections, in which president Nazarbayev won 97.7% of the vote, voters “were not offered a genuine choice between political alternatives.” The OSCE added that “serious procedural deficiencies and irregularities were observed throughout the voting, counting and tabulation processes, including indications of ballot box stuffing.... Transparency of the process was limited.” The president’s party, Nur Otan (“Light of the Fatherland”) won 81% of the 2012 parliamentary vote, with two smaller parties gaining a total of 15 seats in the 107-member parliament. These minority parties, Ak Jol (“Bright Path”) and the Communist People’s Party, are both considered to be largely supportive of the Nazarbayev administration.

**Human Rights:** In its 2014 Country Report on Human Rights Practices, the Department of State credited Kazakhstan’s government with taking some steps to limit corruption and abuse of official power. However, the report also confirmed the OSCE’s conclusions that recent elections “fell short of international standards.”

Kazakhstan’s “most significant” human rights problems identified by the Department of State include a limited ability to change the government through free and fair elections, a limited right to free expression, and the absence of an independent judiciary or due process. The report stated that a labor law passed in June 2014 “restricts workers’ freedom of association” by forcing independent unions to affiliate with larger unions at the regional or sectoral scale. Critics allege that these larger unions are too closely entangled with the political establishment to lobby effectively for workers’ rights.

### Economy

**Key Sectors:** Kazakhstan is one of the most economically developed countries in Central Asia, and is a major regional exporter of oil, gas, uranium, cotton, and wheat.

#### Kazakhstan Overview

**Land area:** 2,699,700 sq. km.; about four times the size of Texas

**Geography:** Borders Caspian Sea to the west, Aral Sea and Tian Shan mountain range to the south, and the Eurasian steppes in the north

**Population:** 17.04 million

**Ethnicity:** 64% Kazakh, 23% Russian, 3% Uzbek, 2% Ukrainian, 1% Uighur, 1% Tatar, 6% other

**Key industries:** Oil, coal, natural gas, uranium, metals, wheat, cotton, and increasingly manufacturing

**GDP (2014):** \$212 billion; per capita GNI is \$21,580 at PPP

**Political Leaders:** President Nursultan NAZARBAYEV (since 1991), Prime Minister: Karim MASSIMOV (first term 2007-2012, second term began April 2014)

*Data from World Bank*

Kazakhstan's merchandise exports totaled approximately \$78 billion in 2014 while imports totaled around \$41 billion. As of mid-2015, the Asian Development Bank projected Kazakhstan's GDP growth to be 1.9% in 2015 and 3.8% in 2016.

**Petroleum:** Kazakhstan possesses an estimated 3.9 billion tons of proved oil reserves (30 billion barrels, or about 1.8% of world total). It produced 83.8 million tons and consumed 13.8 million tons in 2013. China plays an increasingly important role in the oil sector: in April 2014, Chinese state-owned enterprise Sinopec paid \$1.2 billion for Russian firm Lukoil's assets in Kazakhstan.

**Natural Gas:** Kazakhstan has nearly 2,000 billion cubic meters (bcm) of proved gas reserves (68.51 trillion cubic feet or about 0.8% of world total). Research firm Cedigaz estimates that the country produced 39.3 bcm in 2013. U.S., European, Russian, and Chinese foreign direct investment has been instrumental in building up Kazakhstan's hydrocarbon sector.

**Uranium:** With 651,000 tons of reserves according to World Nuclear Association figures (12% of world total), Kazakhstan is the world's leading producer of uranium. All of Kazakhstan's uranium is exported, and according to officials from state-owned mining firm Kazatomprom, 55% of production is sent to China. Europe is also a major export destination for Kazakhstan's uranium mining sector. The industry has seen a reduction in growth following the 2011 Fukushima disaster in Japan, a key former export partner.

**Diversification:** Under the "Kazakhstan 2050" strategy, the government has announced several goals intended to wean Kazakhstan's economy off its current resource focus. In his State of the Nation addresses, President Nazarbayev has pushed for a policy of "universal economic pragmatism," involving strategic management of hydrocarbon resources, development of alternative energy, improvement of corporate governance, and development of non-energy export sectors to adapt better to Kazakhstan's presumed future accession to the WTO.

**Trade Liberalization:** Kazakhstan is eager to join the World Trade Organization (WTO) and the United States has provided some technical assistance in this regard. However, U.S.-Kazakhstan trade remains subject to the Jackson-Vanik amendment of the 1974 Trade Act, which prevents the extension to Kazakhstan of the permanent normal trade relations (PNTR) treatment required under the WTO. Therefore, were Kazakhstan to accede to the WTO, Congress would have to pass legislation granting Kazakhstan PNTR status, or WTO rules would not apply to U.S.-Kazakh trade.

## Foreign Policy

**Regional neighbors:** Kazakhstan is attempting to balance its relations with regional powers, Russia and China, as well as with the United States. The United States and China have both announced separate "Silk Road" initiatives—the

New Silk Road (United States) and the Silk Road Economic Belt (China). Both countries' objectives involve the development of energy markets, trade and investment, and infrastructure in Kazakhstan and neighboring countries. Kazakhstan's ambassador to the United States praised the U.S. initiative in 2013, saying "The New Silk Road vision complements Kazakhstan's efforts to transform itself from a 'land-locked' to 'land-linked' country and serve as a land bridge between Asia and Europe." In May 2015, Kazakhstan's President Nazarbayev also praised China's Silk Road Economic Belt and Asian Infrastructure Investment Bank, stating that they would "bring a wealth of opportunities" to the region. Kazakhstan is also a key member of the Russian-led Eurasian Economic Union (EEU), which aims to turn much of the former Soviet Union into a cohesive economic bloc akin to the European Union.

**Terrorism and narco-trafficking:** Kazakhstan was highly supportive of the United States in the wake of the September 11, 2001 terrorist attacks, and supported the shipment of supplies to NATO and U.S. operations in Afghanistan. That network has diminished in significance with the downsizing of the international security mission in Afghanistan at the end of 2014. Kazakhstan shares U.S. interests in combatting radical Islamist movements, and has publicly condemned the Islamic State in Iraq and the Levant (ISIL). According to the Department of State's 2014 Country Report on Terrorism, Kazakhstan government sources estimate that about 300 Kazakhstan citizens are members of ISIL. In addition to terrorist threats, the government remains concerned over Afghan drug production and a potential increase following the withdrawal of NATO forces.

**Non-proliferation:** Since 1993, the United States and Kazakhstan have worked together under the Cooperative Threat Reduction (CTR) program to eliminate Soviet-era weapons of mass destruction and related infrastructure. In addition to removing nuclear warheads, this cooperation has included dismantling intercontinental ballistic missiles and silos; closing the Semipalatinsk nuclear test site; removing and down-blending weapons-usable highly enriched uranium; destroying Soviet biological weapons production facilities; border and customs training; and civilian employment programs for former weapons scientists. The CTR program is currently building a central reference laboratory for securing biological pathogens in Almaty, which is expected to open in 2015. The United States has spent \$240 million to assist Kazakhstan with CTR initiatives.

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**Christopher T. Mann**, [cmann@crs.loc.gov](mailto:cmann@crs.loc.gov), 7-0451

**Gabriel M. Nelson**, [gnelson@crs.loc.gov](mailto:gnelson@crs.loc.gov), 7-1912

**Bolko J. Skorupski**, [bskorupski@crs.loc.gov](mailto:bskorupski@crs.loc.gov), 7-9450