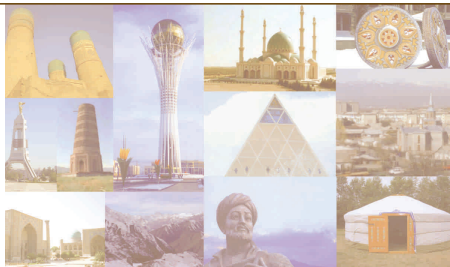


# CENTRAL ASIA OBSERVATORY

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CASA ASIA

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**KAZAKHSTAN**

NOVEMBER - DECEMBER 2011

Bimonthly article

Assel Rustemova\*

## Highlights

A killing spree of by an alleged Islamist militant, Maksut Kariev that happened on November 12, 2011 in southern city Taraz shocked Kazakhstani public. The rampage from the Kazakhstani national represents high dissatisfaction and growing social protest against the law-enforcement bodies and government agencies. In the span of 90 minutes Kariev took lives of five law enforcement personnel and two civilians, launched a grenade at an office of Kazakhstan's National Security Committee, robbed a gun store, and stole two private vehicles. The event raised the issue of uncontrolled proliferation of militant religious sects in Kazakhstan. With the newly adopted strict law on religious activities (see the previous issue), government of Kazakhstan is just beginning to acquire information about religious communities that operate in its near 2200 registered mosques. Investigation of shootings is in progress.

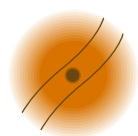
## Internal Affairs

On November 10, 2011 Nurtai Sabilyanov and Nikolai Rogalev, two deputies of the Lower Chamber of Parliament, Mazhilis, asked president of Kazakhstan to dissolve the parliament and conduct elections six months earlier than the constitutionally prescribed date of July 2012. The campaign was meticulously executed. Exactly the half of deputies supported the campaign with 53 out of 107 possible signatures. Two deputies that started the campaign represented an ethnic structure of Kazakhstan's population with Kazakhs being the majority and Russians the largest minority. Joint statement of two deputies prevented anticipated accusations of ethnic disparities and illegitimacy of the campaign. Next year's expected economic crisis was cited as the main reason for voluntary dissolution of legislative body. Deputies

who supported the campaign did not consult the electorate. They directed petition to the President asking him to support them. Early elections were a done deal regardless of presidential actions with this move. If the president vetoed their petition, then it would have been the third presidential veto to this parliamentary convocation, which requires the president to dissolve the entire parliament expressing vote of no confidence (article 63). Instead, president supported the petition leaving the Senate, an Upper Chamber of parliament operational until the new elections. On November 16, 2011 Central Election Committee announced new elections to be held on 15 January 2012, which signified the beginning of a carefully orchestrated plan to alter the structure of Parliament away from the unilateral dominance of pro-presidential party Nur Otan (The Light of Fatherland) without changes to its political system.

Nur Otan dominated the Parliament for five years when it won 100% of seats in the 2007 elections after astounding 88.1% vote. Other parties did not pass the threshold of 7% and were not allowed to take seats: National Social Democratic Party (NSDP) obtained 4.6%, Ak Zhol 3.3%, Auyl 1.6% Communist People's Party 1.3%, Patriot's Party 0.8% and Ruhaniyat 0.4%. The 2007 Parliament received a nickname of the rubberstamp parliament, because it passed laws unilaterally without discussions. Amendments introduced in 2009 stipulated that after the August 2012 elections parliament has to have at least two parties even if the second-place party fails to reach seven percent. Modified Election Law retained party-list proportional representation system. The intrigue of the upcoming elections is not about which two parties will pass the threshold, but who will share the seats in the main legislative body together with Nur Otan.

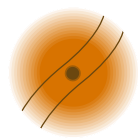
\*Senior Lecturer, Kazakh Institute of Management, Economics and Strategic Planning (KIMEP)



The timing of the race for the second place could not have been better for the Nazarbayev's political regime. Elections set for 15 January 2012 give no chance for the victory of opposition, because CEC gives less than two months for registration and electoral campaigning of parliamentary candidates from political parties around the country. Kazakhstani opposition is fractured between different political parties, which make selection, promotion and campaigning of a unified candidate impossible. In addition, out of nine officially registered political parties two genuine opposition parties are banned from participation or have been taken off the list during the election campaign. In October 2011 Communist Party of Kazakhstan (CPK) was suspended for six months for forming an unregistered movement 'People's Front' together with the unregistered political party Algha! (Forward!). The main support base for 'Algha!' movement comes from the eclectic group of people who are marginalized and disadvantaged by the regime. Retired army veterans and betrayed condominium owners are among its participants. Taking into consideration the fact that most retirees support the CPK, this unfulfilled alliance could have attracted electorate and made parliamentary presence of genuine opposition possible. The CPK's ban from political operation ends in March 2012. They will miss the elections. The second opposition party, which was neutralized from electoral competition, is Rukhaniyat (Spirituality) on the grounds that the party did not hold conferences in all 12 regions of Kazakhstan and two of its conferences were conducted in violation with the law. Its political platform is built on two streams: preservation of Kazakh culture and environment, which attracts Kazakh-speaking rural and frequently nationalist followers. For example, Mukhtar Shakhnov, renowned Kazakhstani writer is a co-Chairman of the Rukhaniyat party, is a vocal point for the nationalist claims and his political activities inspire controversy. For example, in October 2011 he sent a letter to the President signed

originally by 138 people that called to change article 7 of Constitution in order to repel the status of the Russian language as 'language of interethnic communication' and ban the use of the Russian language in government bodies. Government declared no intention of changing the Constitution. The second co-Chairman of the party is Serikzhan Mambetalin who worked at the World Bank and managed environmental projects. He provides a technocratic face to the party and attracts environmentally-conscious voters. By neutralizing political activity of Rukhaniyat and CPK, government effectively prevents presence of genuine opposition in parliament.

The remaining political parties are less attractive to the electorate because they are affiliated with the regime or represent radical alternatives to presidential party Nur Otan. Three parties are best suited for the second place in the snap elections to the legislative body. They are Adilet, Communist People's Party of Kazakhstan and Ak Zhol. Adilet (Justice) party is chaired by Maksut Narikbayev, a long-term friend and ally of the president. Adilet's political platform stresses the lack of fairness in society and blames corrupt government officials (read: not the President) for all social problems. It promotes a welfare state model as its ideal. Specifically, four priorities were chosen: shift economic policy towards industrial and agrarian sectors, concentrate resources on the well-being of all citizens of the republic of Kazakhstan, transfer more powers from president to parliament and procure real rights and freedoms by fostering vibrant civil society. However, they are not promoting fundamental change of the regime. Political platform of the Communist People's Party of Kazakhstan (CPPK), a toothless alternative to CPK, is also populist. It takes a highly anti-capitalist character. The most recent version of the platform calls for nationalization of mineral resource enterprises from international investors, price controls and guaranteed free healthcare and education. CPPK's radical political platform makes centrist Nur Otan that promotes full support for the existing course look more attractive.



Political platform 'Change to Move Forward' of Ak Zhol party is pro-business. Ak Zhol wants to help people to start SMEs and lower unemployment rate. The party is chaired by Azat Peruashev, a former Chairman of an economic union of entrepreneurs 'Atameken' and a former member of the Nur Otan party. Peruashev came to Ak Zhol in July just six months before the elections at the dismay of many of its original members. Peruashev brings business support and reflects interests of business elites.

Presence of any of the three political parties in parliament will have minor symbolic impact on the political spectrum of Kazakhstan: Nur Otan's majority will be challenged, although none of the alternative parties will be able to effectively voice and address political problems or procure political reforms. The most recent poll data shows that Nur Otan is leading with 80.5% of votes followed by Ak Zhol that has 7%. Therefore, change in the structure of parliament will not change the nature of the political system in Kazakhstan.

## **Economy and business enterprise**

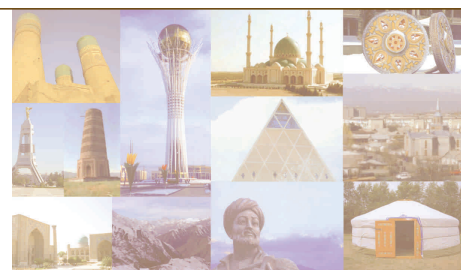
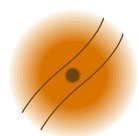
On December 16, 2011, which marks the 20th anniversary of independence of Kazakhstan, the longest labor strike of local workers against foreign-owned oil companies ended in bloody mess taking lives of 16 people. It is still unclear who stood behind the events. Uncontrolled youth, organized crime networks and foreign-paid instigators are the most often cited groups. Violence and heavy looting that followed the bloodshed raised concerns among international investors operating in the oil-rich western regions of Kazakhstan. Forty six properties were burnt or looted; among them are 20 shops, 8 banking facilities, two local government buildings and two police facilities.

The unsanctioned strike began in early May 2011 when over 2000 workers employed by international oil businesses in Mangistau Region demanded a

double pay raise on par with their foreign counterparts. Specifically, they demanded benefits to be paid in full. The protest spread from 'OzenMunayGas' to the neighboring enterprises, such as 'KarazhanbasMunay' and 'AktobeMunayGas'. At the height of the strike in July the number of participants reached around 15 000 members. The strike was well-organized. The workers knew their rights and responsibilities and they behaved in the professional manner remaining within the bounds of law. All workers sat on mats on Zhanaozen city square for months wearing uniforms. Production of oil did not stop, because workers were taking turns at the square. During the strike over 990 people were fired from their positions for sabotaging production process. Although unsanctioned, the strike reflected protracted labor dispute.

Initially, government did not interfere into the process claiming that the strike is a local labor dispute between an international investor and its labor force. However, government contributed to conflict by mediocre migration policies. Despite the diminishing oil fields, they kept settling oralmans (ethnically Kazakh repatriates) into the city who were unable to find work outside of the oil extracting industry. In 20 years the size of the city doubled from 56 000 people, whereas oil extraction decreased by 50%. Regional government was planning to ignore the strikers during New Year celebrations. Regional authorities installed New Year decorations on the same square that workers occupied. Its New Year tree and removal stage were ready for celebrations of Independence Day on December 16, 2011. The city could have continued to have two parallel lives with government and workers on opposite ends.

However, on December 16th a group of people dressed in the uniforms began to crush New Year decorations and the performance stage. When the police attempted to stop them they set up their vehicle on fire. At that time police that patrolled



the square did not have weapons. However, as news about looting and arsons continued to come in, local police squad used real bullets against unarmed civilians. After the bloodshed, government found itself in the precarious position. If they were to cede to worker's demand and force Chinese investors to adhere to worker's claims there is no guarantee that similar strikes would not happen across Kazakhstani industrial towns and cities. If they are to defend international investor, then this move might cost them a victory in the upcoming parliamentary elections. Central government could no longer ignore what used to be a peaceful labor dispute.

President Nazarbayev visited Zhanaozen on December 22, 2011. His team immediately addressed all of the workers' claims. First, all workers who were fired from participation in the unsanctioned strike had to be re-instated. Second, two separate companies managed by the workers will be formed where workers will make crucial decisions about salaries and volumes of production. Third, KZT3 billion (over USD20 million) were allocated to rehabilitate businesses and people who suffered during the events. The president blamed local government officials for inaction and fired regional mayors and his own son-in-law Timur Kulibayev who was a chairman of National Oil Company 'KazMunayGas' for failing to resolve the dispute. Nazarbayev ordered officials to include Zhanaozen into industrial program in order to provide people with jobs and salaries equal to those in oil business. Lastly, curfew was introduced until the end of January and parliamentary elections postponed to a later date.

However, these measures will not solve complex problems with unemployment, diminishing oil extraction and lack of economic opportunities outside of the oil sector. New industries that are promised by the regime will depend on subsidies and are unlikely to make a real change in the region.

Strikes in other extraction industries will most probably continue in the near future. Authorities will do their best to thwart them while guaranteeing stability to international investors.

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