

General Political Environment: Power in Kazakhstan firmly resides with President Nursultan Nazarbayev, who has been president since the dissolution of the Soviet Union in 1991. Nazarbayev dominates the political scene and was reelected for a third term in December 2005 with 91% of the vote. The presidential term limit (originally 2 5-year terms) was removed for Nazarbayev by Parliament in May 2007.

Nazarbayev installs friends and family in key positions and allows the parliament and judiciary little autonomy from the executive. The elites surrounding the president are engaged in a constant struggle to influence the president and advance their interests. These struggles often result in wholesale cabinet reshuffles that demote any figures posing a threat to Nazarbayev.

Overall political stability is generally assured with opposition to the government highly fragmented and ineffectual; while Nazarbayev exerts inordinate control over the country, he also brings stability. At age 66, Nazarbayev is thought to be relatively healthy and the succession issue is not as prominent as in some other Central Asian states. Although there is no provision for a smooth transition to a new leadership, Nazarbayev's daughter and son-in-law are key political figures and are potential future leaders.

Opposition to President Nazarbayev's rule is growing in some quarters. In particular, elements within the ruling elite began to challenge the president in early 2004. The head of the Emergencies Ministry Zamanbek Nurkadilov urged Nazarbayev to resign or be forcefully pushed from office. Later that year, Kazakh Speaker of the House, Zharmakhan Tuyakbai, a senior figure in the president's party, left the party to join the opposition camp. In September 2005, Tuyakbai was named the opposition's unified candidate in the December elections. In his defection, Tuyakbai claimed that the September 2004 parliamentary elections were not run freely or fairly, with the pro-presidential parties Otan (Fatherland) and Asar (All Together) gaining the most seats. The parties are headed by Nazarbayev and his daughter, Dariga Nazarbayeva, respectively. The main issues of the election were corruption, cronyism and the distribution of the country's oil wealth. However, the 2004 legislative election will more likely be remembered as the one in which Dariga Nazarbayeva was able to position herself to succeed her father following the completion of the 2005 presidential term (2012). Her rise may further complicate the political maneuvering in the ruling parties, especially among those figures that harbour presidential ambitions.

In February 2006, leader Altynbek Sarsenbayev of the opposition party True Bright Party was murdered. This follows the death of Zamanbek Nurkadilov in November 2005, which authorities called a suicide. Nurkadilov was an ally of Nazarbayev who switched to the opposition.

Investment Environment: A new investment law, passed in 2002, evened the playing field between domestic and foreign investors, removing the beneficial conditions afforded to foreign investors. Additionally, the wording regarding international arbitration left some confusion as it allowed the Kazakh government to rule out international arbitration in some cases.

The Kazakh government is seeking to increase its influence and ownership over the country's vast oil and gas reserves, much in the same way as the Russian government is doing through Gazprom. In August 2007, authorities suspended the development of the vast Kashgan oil deposit until 2008. It is understood that the government will use the state oil and gas company Kazminaygaz to increase its share in profits from Kashgan from 10% to 40%. Actions such as these are aimed at foreign investors such as Shell, Total, ExxonMobil and ConoccoPhillips with the likely goal being to squeeze further concessions from them.

Corruption and state interference are major concerns for investors. The judiciary is not independent from the executive. Ultimately, investments are not so much guaranteed by law as by the goodwill of the present regime.

There are minimal restrictions on converting or transferring funds associated with an investment.

Political Violence: Though there have been no incidents in recent years of politically motivated attacks on foreign operations, the authorities have jailed opposition leaders, demonstrators and strike leaders on several occasions. Furthermore, the deaths of opposition politicians could be a sign that the government is becoming more fearful and repressive.

Political

Political Structure

Presidential Republic

President

Nursultan Nazarbayev

Prime Minister

Karim Masimov

National Legislative Bodies

- Bicameral Parliament: Senate (39 seats – 32 elected, 7 appointed)
- Majilis (77 seats – elected)

Major Parties

- Otan (pro-presidential) 42 seats
- Civic and Agrarian Union (pro presidential) 11
- Asar (pro-presidential) 4
- Ak Zhol (opposition) 1
- DCK (opposition party) 1
- Independents 18

Last Elections

- Presidential: December 2005
- Legislative: September 2004

Next Elections

- Presidential: 2012
- Legislative: 2008

Press Freedom Survey:

- 2007 Score: 76 (Not Free) (0: Free; 100: Not Free)
- freedomhouse.org

Control of Corruption Index:

- 2006 Score: -0.92 (-2.5: Worst; +2.5: Best)
- worldbank.org

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Political Outlook

Power in Kazakhstan resides with President Nursultan Nazarbayev. While international monitors from the Organization for Security and Cooperation in Europe (OSCE) said that in the 2005 Presidential Election the 'undue restrictions on campaigning, harassment of campaign staff and persistent and numerous cases of intimidation by the authorities, limited the possibility for a meaningful competition', Nazarbayev would have likely won cleanly-held polls since his hold over power is so strong. A 'coloured revolution' in Kazakhstan, like those in Ukraine, Georgia or neighbouring Kyrgyzstan in 2004-05, is unlikely.