

# WEST SANDS INSIGHT

## ZHANAOKEN, KAZAKHSTAN: MISSING THE POINT?

Issue 1, 2012



Following the protests and subsequent riots in Zhanaozen, Western observers questioned whether or not this could be the start of a 'Kazakh Spring'. Recent parliamentary elections where President Nazarbayev's party, *Nur Otan*, captured 80 per cent of the vote with only minor protests in opposition, leaves this scenario highly unlikely. Turbulent protests across the Middle East in 2011 left most authoritarian leaders contemplating the stability of their own regimes. However Kazakhstan is not the Middle East; overall the population lacks any political animosity for the regime or its Soviet-imperialist past.

Nor is Kazakhstan Russia - although a parallel can be drawn to a degree, the December protests against Putin's United Russia party are unlikely to manifest against Nazarbayev's regime. There is no doubt, though; the riots in Zhanaozen surprised the often out-of-touch elite. For months, Nazarbayev's son-in-law Timur Kulibayev and his closest allies assured the President that the strikes in Zhanaozen would be resolved. The hope of returning the status quo through time tested tactics of wrongful imprisonment and journalist intimidation backfired, and instead, merely highlighted Kulibayev's inability to control the situation. This predicament forced Nazarbayev to react.

The resignation of top government employees in the aftermath of Zhanaozen revealed the semblance of state action and effective governance, but this should be assessed in broader terms. It is questionable whether or not the authorities resigned due to their failure to peacefully end the protests or whether this was another astute political tactic used by Nazarbayev to alleviate any

political pressure from the opposition parties so close to the upcoming parliamentary elections.

It is, most likely, a combination of the two - leading to the same answer; Nazarbayev did not want to lose control of the situation. For Nazarbayev, he had to ensure the responsible authorities were held accountable, but with such a consolidated and intertwined elite, precisely what accountability means is limited.

After the riots, Nazarbayev acknowledged the protesters' concerns were legitimate and removed the head of Kazakhstan's national company KazMunaiGas (KMG), Bolat Akchulakov. However, four days later Akchulakov was appointed Vice Minister of Oil and Gas. Kulibayev "resigned" as head of the Sovereign Wealth Fund 'Samruk-Kazyna' and was later removed from the Board of KMG and Kazatomprom. The following day Nazarbayev's closest advisor, Yermukhmet Yertysbayev stated that Kulibayev could still be a possible candidate to replace Nazarbayev; a statement most likely made to gauge a reaction from the populous, and more importantly, the elite. Removal from these state companies has diminished Kulibayev's status, but it is unclear whether this stems from Zhanaozen so close to elections or recent criminal investigations in Switzerland regarding allegations of money laundering. Despite Kulibayev's loss in status, it is highly unlikely that he will remain sidelined indefinitely due to his economic influence and close political connections. Recall in 2007 when Kulibayev was removed from Samruk when the regime was 'dealing' with the scandal involving former son-in-law

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Rakhat Aliyev. Kulibayev reemerged the following year as deputy head of Samruk-Kazyna. Kulibayev will likely remain out of the public eye for some time, but will more than likely resurface in the coming months once political tensions ease.

Despite the tragedy in Zhanaozen, these events illustrate the inevitable underlying issues in Kazakhstan and highlighted the concerns of Kazakhstan's elite and Western investors. Zhanaozen revealed the elite's inability to effectively quell tension without the assistance of Nazarbayev. In the end, Nazarbayev intervened to prevent further

escalation. The events in Zhanaozen damaged Nazarbayev's image and stirred uncertainty in his closest circle. More importantly, these events reinforced foreign investors' fears of political instability and the viability of their investments in a post-Nazarbayev regime. If those in Nazarbayev's circle were unable to prevent this conflagration, how will they be able to protect and ensure foreign investment once Nazarbayev is gone? Observers asked whether or not Nazarbayev's regime could survive Zhanaozen; the real question to ask is whether or not a stable (i.e. predictable) regime could exist without Nazarbayev.



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