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Report

Kazakhstan: The House that Nazarbayev Built





Kazakh President Nursultan Nazarbayev [Getty Image News]

How has Nursultan Nazabayev consolidated his power in Kazakhstan? In answering this question, the article looks at clan politics and business networks feed into the game of power.

Nazarbayev: The Making of a Patrimonial Leader

Alike other Central Asian states, Kazakhstan first or last will face the necessity of changing the president. Nursultan Nazarbayev assumed the reins of power in 1989. The constitution prescribes a two-term limit for Kazakh presidents. However, constitutional amendments introduced in 2010 mean Nazarbayev can seek re-election indefinitely. Thus he would be exercising his right as self-appointed 'First President and Yelbasy' (the leader of the nation). As part of this patrimonial agenda, the country's criminal code now declares that the president and his family shall be exonerated of any possible criminal prosecution. The new law states that spoiling the image of the Yelbasy, insulting him or his family members, and impeding their legitimate activity (whatever it means) shall be prosecuted(1). Curiously enough, the modification of the legislation was subtly introduced a couple of months after the 2010 revolution in Kyrgyzstan. The disgraced Kyrgyz president Kurmanbek Bakiyev had not been as far-sighted to secure himself and had to flee the country, losing his marketable estate and family business empire. As for Nazarbayev, the wording of the newly-implemented laws and constitutional amendments

effectively 'enthrones' him, making his power absolute. This resembles 'monarchical presidents' that once ruled in the Middle East.

He won the 2011 presidential election by a large margin receiving over 95 per cent of the total vote. Perhaps this explains why the opposition boycotted the election(2). Despite record-breaking voter turnout, international observers recorded administrative pressure on the electorate to participate in the vote, threats to party representatives and obstruction of observers(3). In essence, public discussion of the elections scheduled for 2016 do not assume the probability of presidential competition for the popular vote; instead there is rising evidence of rivalry within the ruling establishment and signs of unravelling of Nazarbayev's clan authority.

Nazarbayev, who is 73 now, will have to relinquish his presidential throne sooner or later. However, there no signs in recent years to indicate such a trend or moves to prepare the nation for his 'abdication'. Scholarly debate on the power transfer in Kazakhstan point to entrenched personality cult, almost excluding imminent scenarios of impending power transfer or even the search for alternative leadership. Nevertheless, reshuffle of the top-brass and shake-up in personnel in recent years require close scrutiny in order to outline some features of Kazakhstan's system of governance. To this end, this article describes the country's ruling apparatus, emphasising the nature of Nazarbayev's corporate networks and interests.

The Politics of Clan business

In response to the criticism of nepotistic dealings, namely, that the president's relatives hold high posts and own large business interests in Kazakhstan based on clan kinship, Nazarbayev commented as follows:

'As for the members of my family, they, as all the rest of the citizens, have the right to do their professional jobs, hold public posts and go into business. But same as all the Kazakhs, they must not abuse the law, being equal before that law'(4).

For that reason, isonomy of the Kazakhs, the son-in-law of the Yelbasy Timur Kulibayev, exposed by WikiLeaks as controlling 90 per cent of Kazakh blooming economy(5), lost his prestigious position of the chairman of the directors' board of Samruk Kazyna. Once a national welfare fund and a joint stock today, this body owns 100 per cent of the assets of such enterprises as oil and gas giant KazMunayGas, Kazakhstan Temir Zholy railway company, Kazakhstan Development Bank and many others(6), contributing 23 per cent of Kazakhstan's GDP(7).

Nazarbayev sacked Kulibayev from his post following the events of civil unrest in the city of Zhanaozen, situated in the oil rich western province Mangystau. The workers in the country's oil industry had been striking against low salaries and poor working conditions since May of 2011. During that critical period, in December 2011 telephone communication and Internet access had been blocked for a while, so it was hard to say afterwards who was behind the harsh measures against civilians(8). For, the security forces used excessive force, leaving 16 people dead in the riots of December 2011.

Along with Kulibayev, the akim (the governor) of Mangystau Province Krymbek Kuserbayev and president of KazMunayGas Bolat Akchulakov were dismissed(9). This campaign against the officials had its objective to demonstrate that there were no untouchables in the clique of the president.

Nonetheless, no government officials blamed for corruption and abuses were imprisoned; and none of them underwent punishment in the aftermath of the mishandled accident. Today all of those mentioned above hold rather decent positions in the government. Akchulakov is the deputy minister of oil and gas, Kuserbayev has successfully changed a number of positions, from adviser of Nazarbayev to the akim of Kyzylorda Province in 2013. Instead, several members of the opposition were found to be criminally liable for instigating illegal disturbances. Nazarbayev, commenting on the verdict, claimed that the disorder was a 'banal dispute between the workers and the employers', and that 'it would have been resolved peacefully, were it not for the actions of the criminals, who turned it into a bloody conflict pursuing their interests'(10).

As for Kulibayev, owner of multispectral and diversified business, he was in 2013 named by Forbes the no. 1107 richest man in the world(11) and the second most influential in Kazakhstan(12) with a fortune worth 1.3 billion USD. He is followed by his spouse and Nazarbayev's daughter, Dinara, whose joint capital is estimated at 1.3 billion USD.

The same rating of the wealthiest people in Kazakhstan listed another of the president's daughters, Dariga Nazarbayeva, number 13(13) and her son Nurali Aliev, the president's grandson, number 32(14), both controlling large shares of telecommunication, media and finance sectors of Kazakhstan. In May 2010 they left their membership as shareholders of Nurbank bank(15). It happened following the 2010 April revolution in neighbouring Kyrgyzstan, where the son of the ousted Kyrgyz president Maxim lost his bank AziaUniversalBank. Currently Maxim and his partners are on the Interpol wanted list over allegations of money fraud through that bank(16).

The younger son of Dariga Nazarbayeva, Aysultan, is formerly an alumnus of the highly reputed British Royal Military Academy Sandhurst, famed for educating blue-blooded offspring. Aysultan is going to marry the daughter of another Kazakhstan oil tycoon, Kayrat Boranbayev, chief executive of KazRosGaz LLP. This company is controlled by the mentioned KazMunayGaz on parity basis with Russian giant company Gazprom(17). Timur Kulibayev, who has been referred to above, is coincidentally a member of the board of directors of Gazprom. Nevertheless, the father of the bridegroom, Rakhat Aliyev, is unlikely to attain the ceremony. The outlawed in 2007 ex-son-in-law of Nazarbayev is living in exile and was sentenced in absence for 40 years for killings of bankers and attempts of coup d'état. Besides, in June 2013 Aliyev faced charges filed by Maltese and Austrian lawyers for money laundering of a total 100 million Euro. Maltese courts have frozen his bank accounts and confiscated his property. Before disrupting his relationship with Yelbasy, Aliyev held the post of deputy foreign minister and Kazakhstan's representative to the Organisation of Security and Cooperation in Europe. In 2006, while still Nazarbayev's son-in-law, Aliyev suggested to liquidate the republican form of government in Kazakhstan and introduce a monarchy instead(18).

The youngest of the three Nazarbayev's daughters, Aliya, was once married to Aydar Akayev, the son of former Kyrgyz president Askar Akayev, who was toppled in 2005. Aliya also keeps up her image of socialite and known face in Kazakh high society, rubbing shoulders with the rich and famous. She owns a pretentious upmarket spa centre in Almaty and designs ritzy jewellery, including in cooperation with Italian Damiani(19).

Entrenchment of power

The beginning of 2013 in Kazakhstan was marked by a new round of rotation of stuff in the rank of elites which had begun earlier in September 2012. The shake-up is supposed to be directed to consolidation of power in the hands of Nazarbayev. The power consolidation aims to pursue the achievement of the following task:

- Strip akims (governors, mayors, heads of regional administrations) of excessive powers.
- Limit self-reliance of the elites and locking power in the centre.
- Control more tightly security and law-enforcement apparatus.

The actual leadership has not undergone substantial change – the inner circles of the president have been unchallenged for years. Rather, the re-shuffling anchored the balance between the various authorities in such a manner that no decisions could be made autonomously. The arrangements followed public outcry in Zhanaozen and an

array of terrorist attacks in 2010-2011. Although massive casualties in the aforementioned incidents had been avoided, the situation unambiguously showed a huge gap in security and lack of subordination by members of the security forces. This provoked realignment of forces within both non-military bodies and security forces. The most important of the appointments will be listed below for two purposes: to highlight the most eminent names of Nazarbaev's comrades and to feature the face of Kazakhstan bureaucracy.

Thus earlier this year, by president's decree the Ministry of regional development was established and Bakytzhan Sagintayev(20) was appointed its minister and the first vice-premier, receiving sweeping powers to control regional authorities. He is believed to be chosen for this position for his previous experience as the minister of economic development and the akim of Pavlodar Province. To confirm the thesis, on July 1 PM's website announced that in August this year more than 90 per cent of akims will be re-elected(21).

Two extremely influential figures of Nazarbayev's entourage received new posts close to the body of Yelbasy to counterbalance one another. Hence Marat Tazhin became state's secretary answerable to the president, while earlier in September the previous PM Karim Massimov was appointed the head of presidential administration. For over twenty years of independence Kazakhstan has not once changed a president, but has replaced eight prime ministers. One of them - Akezhan Kazhegeldin - lives in exile; other one - Kassym-Jomart Tokayev – is the director-general of UN Office at Geneva. Tazhin, who among other things has an experience of foreign minister and secretary of Kazakhstan Security Council, obtained his chair to supervise the political processes in and out of the state. On the other hand his role is to be a counterweight for Massimov. The previous head of presidential office, Aslan Musin, had assumed too much political leverage and was downgraded to get the post of head of Kazakhstan's Accounts Committee, quite a demotion from his previous top posts(22).

On January 30 this year a demonstrative blamestorming for the top brass was organised by the president. He criticised the gathered military parade for power abuses and negligence towards security(23). The reprimand was followed by reform of the law of enforcement agencies to supplement the arrangement in civil institutions. Late in 2012 the parliament had approved the amendments to the legislation directed to unification of internal security troops in Kazakhstan and optimisation of management of the interior(24). In June 2013 Mazhilis - lower chamber of the parliament – approved the bill on functioning of the bodies of internal affairs(25). The draft along with the previous reform permitting firing at citizens without prior warning, forbid selling citizens non-

lethal weapons, while allowing internal troops to exercise service weapons in addition to firearms. All together it means legitimising of shooting at citizens from service weapons in case of threat to the lives to security agents.

Overall, the described re-organisation pursues stabilisation of interests between the insiders and consolidation of Yelbasy's paramount authority.

Strengthening of Nazarbayev's rule according to analysts concurs with the rise of negative people's sentiments towards the government and its unpopular social and economic policy(26). However, scanty and scattered opposition is too weak to mobilise the masses. Undoubtedly, Nazarbayev's team scrutinises closely anti-systemic popular moods and swings, and therefore certain improvement in social welfare will be a priority for Kazakhstan's oil-rich rulers. For instance, in December 2012 Nazarbayev introduced a new strategy 'Kazakhstan-2050' vision. It supposedly provides a new political course for the firmly-controlled state'(27). Demand for the opposition is obvious too. Thus creation of feeble and hand-reared opposition can be predicted. Puppet opponents can conveniently provoke public indignation for the actions of some thievish authorities, while the omnipotent Nazarbayev, protector of mere mortals, would not spare the 'affronter' of the people – à la mode of Putin's tamed non-system opposition.

Conclusion

Yelbasy, as bright as the sun on Kazakhstan flag, overshadows by his reign all the political space in the country. There are no signs that Navazbayev is going to retire soon; quite the opposite, the re-organisation of the bureaucratic apparatus and law-enforcement agencies seeks to build such a system of checks and balances that it will concentrate all the keys of political leverage in the hands of Nazarbayev alone. The upcoming 2013 election to the akimats (regional administrations) will predictably allow only devoted regional governors and mayors to retain their positions. Partly, some reforms were reactionary, having been caused by increased public discontent against corruption, nepotism and uneven distribution of oil income. The main legal reforms thus far have aimed at strengthening security in order to prevent the possibility of civil participation in political processes by rioting and protesting.

Yet, there is a palpable shortage of human resources in the upper echelons of power. The choice of loyal adherents of the president's rule is strictly limited – retinue of the president's aides has not been changed for years and all of them are fully interchangeable. Instead of bringing in fresh blood, rotation within the ruling top-end of the system is subject only to nominal swap of seats, something that recurs continuously.

Financial flows and economy, largely presented by oil and gas sectors, are under the control of Nazarbayev's family members. But the president does not spare excessively ambitious relatives. Rakhat Aliyev, formerly the son-in-law, was once named as the most likely candidate for presidency after Nazarbayev. Other famous disgraces oligarchs living in exile include Mukhart Ablyazov or Victor Khrapunov.

Kazakhstan today is considered the beacon of stability in Central Asia. Its fast-growing economy creates an attractive image for foreign investors and leaves far behind neighbouring Uzbekistan, Kyrgyzstan and Tajikistan. Political acumen of the supreme ruler allows Kazakhstan to avoid the mistakes of neighbouring states. At the same time Nazarbayev is reputed as a 'handshakable' leader among his counterparts in the East and in the West. But it might turn out that at the end of the day the sophisticated alignment of pieces on Kazakh political chessboard is nothing but a game in which the mighty 'King' himself may be 'checkmated'.

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 - (2) Vadime Chataline (2011) 'Kazakhstan election: the opposition go unheard', Deutsche Welle, 3 April, <http://www.dw.de/%D0%B2%D1%8B%D0%B1%D0%BE%D1%80%D1%8B-%D0%B2-%D0%BA%D0%B0%D0%B7%D0%B0%D1%85%D1%81%D1%82%D0%B0%D0%BD%D0%B5-%D0%BE%D0%BF%D0%BF%D0%BE%D0%B7%D0%B8%D1%86%D0%B8%D1%8E-%D1%81%D0%BB%D1%83%D1%88%D0%B0%D1%82%D1%8C-%D0%BD%D0%B5-%D1%81%D1%82%D0%B0%D0%BB%D0%B8/a-14963974> (accessed 29 June 2013).
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 - (6) <http://sk.kz/infographic/view/87> (accessed 30 June 2013).
 - (7) See companies website, 'Top 10 of subsidiaries of Samruk Kazyna', available at <http://ww.samruk-kazyna.kz/topblog/view/210> (accessed 24 June 2013).
 - (8) Gazeta.ru (2011) 'Rebel city closed for clean-up', 17 December, <http://www.gazeta.ru/social/2011/12/17/3932166.shtml> (accessed 1 July 2013).
 - (9) Lenta.ru (2011) 'Nazarbayev sacks his son-in-law for Zhanaozen pogroms', 26 December, <http://lenta.ru/news/2011/12/26/soninlaw/> (accessed 2 July 2013).
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 - (11) See Kulibayev's profile on Forbes website, available from <http://www.forbes.com/profile/timur-kulibaev/> (accessed 2 July 2013).
 - (12) See Kulibayev's profile on Forbes-Kazakhstan website, available from <http://forbes.kz/ranking/object/40> (accessed 26 June 2013).

- (13) See D. Nazarbayeva's profile on Forbes-Kazakhstan website, available from <http://forbes.kz/ranking/object/111> (accessed 27 June 2013).
- (14) See N. Aliyev's profile on Forbes-Kazakhstan website, available from <http://forbes.kz/ranking/object/101> (accessed 25 June 2013).
- (15) Novosti-Kazakhstan (2010) 'Dariga Nazarbayeva leaves Nurbank shareholder', 20 May, <http://www.newskaz.ru/economy/20100520/578783.html>
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- (18) See Aliyev's book: R. Aliyev (2009) God father in law (Berlin: Wortmeldung trafo Literaturverlag), pp. 351-353.
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- (27) See Nazarbayev's message, 'Kazakhstan. Strategy-2050', available from http://www.akorda.kz/ru/page/page_poslanie-prezidenta-respubliki-kazakhstan-lidera-natsii-nursultana-nazarbaeva-narodu-kazakhstana- (accessed 29 June 2013).

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