

# CONTENTS



THE KAZAKHSTAN INSTITUTE  
FOR STRATEGIC STUDIES  
UNDER THE PRESIDENT  
OF THE REPUBLIC OF KAZAKHSTAN

Quarterly since 2003

Editor-in-Chief  
**Bulat SULTANOV**  
Director of the KazISS  
under the President of RK

Deputy Editor-in-Chief  
**Leila MUZAPAROVA**

Responsible for publication:

Almas Arzikulov

Layout:

Yekaterina Ignatenko

Translation by IE "Dyusseminova"

Address:

The Kazakhstan Institute  
for Strategic Studies under the President  
of the Republic of Kazakhstan  
87B Dostyk Ave.  
Almaty 050010, Kazakhstan

Phone: (727) 264-34-04

Fax: (727) 264-49-95

E-mail: office@kisi.kz

www.kisi.kz

The magazine was registered  
with the Ministry of Culture, Information  
and Public Consent  
of the Republic of Kazakhstan  
on January 24, 2003.  
Registration certificate No. 3529-zh.

None of these articles may be  
reproduced without reference to the  
magazine.

The opinion of the editorial board may not  
coincide with that of the authors  
of articles.

Printhouse of

IE Volkova Y. V.

Address: 212/1 Raimbek Ave., Almaty

Circulation: 300 copies

## REGIONAL SECURITY

*Murat Laumulin*

Influence of the Shadow Economy on the Financial and  
Economic Development of Kazakhstan ..... 4

*Konstantin Syroyezhkin*

Problem-2014 and Central Asian Security .....13

*Dauren Aben*

Nuclear Security in Central Asia: Need for International Cooperation .....23

*Ruslan Izimov*

Afghan Problem After 2014 (by Chinese Experts' Estimates) .....29

## ECONOMY

*Leila Muzaparova*

Energy Security in the Caspian Central Asian Region ..... 32

*Seitzhan Mukayev*

Some Aspects on Realization of "The Innovation Atlas  
of Kazakhstan" Project and Forecasting Estimates ..... 36

## THEORY AND ANALYSIS

*Daurenbek Kusainov, Markhabat Nurov*

Specifics and Some Problems in Regulating the  
Legal Status of Religious Associations in Kazakhstan ..... 45

*Zauresh Saktaganova, Dinara Ospanova*

Strengthening the Non-Governmental Sector in the Republic  
of Kazakhstan as the Most Essential Element  
in the Process of Civil Society Formation ..... 49

*Gulmira Rakhimova*

Main Factors of Kazakhstan's Image ..... 54

## EDITORIAL BOARD

**Bulat Sultanov**

- Editor-in-Chief, Chairman of the Editorial Council, Director of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, Doctor in History

**Leila Muzaparova**

- Deputy Editor-in-Chief, First Deputy Director of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, Candidate in Economics

**Maulen Ashimbayev**

- Majilis Deputy, Chairman of International Affairs, Defense and Security Committee, Candidate in Political Science

**Murat Laumulin**

- Senior Research Fellow of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, Doctor in Political Science, Professor

**Marat Tazhin**

- Secretary of State of the Republic of Kazakhstan, Doctor in Sociology, Professor



## РЕДАКЦИОННЫЙ СОВЕТ

- |                         |  |
|-------------------------|--|
| <b>Булат Султанов</b>   | – шеф-редактор, председатель Редакционного совета, директор Казахстанского института стратегических исследований при Президенте Республики Казахстан, доктор исторических наук |
| <b>Лейла Музапарова</b> | – заместитель шеф-редактора, первый заместитель директора Казахстанского института стратегических исследований при Президенте РК, кандидат экономических наук                  |
| <b>Маулен Ашимбаев</b>  | – депутат Мажилиса Парламента РК, председатель Комитета по международным делам, обороне и безопасности, кандидат политических наук   |
| <b>Мурат Лаумулин</b>   | – главный научный сотрудник Казахстанского института стратегических исследований при Президенте Республики Казахстан, доктор политических наук, профессор                      |
| <b>Марат Тажин</b>      | – Государственный секретарь Республики Казахстан, доктор социологических наук, профессор   |

# Influence of the Shadow Economy on the Financial and Economic Development of Kazakhstan

MURAT LAUMULIN

**T**his article examines the phenomenon of the shadow (hidden) economy and its influence on Kazakhstan's financial and economic development and security. The republic's statistical bodies often use the term "non-observed economy," which implies hidden, unaccounted, informal, and illegal economic activity. Non-observed economic activity includes the production of goods and services, as well as the illegal redistribution of revenue and assets. Based on how widespread shadow and corruption processes are and on the current level of Kazakhstan's economic development, it can be concluded that when pursuing a policy to combat the shadow economy, attention should be placed not so much on reducing its scope as on raising the efficiency of the entire governance system. Furthermore, the state should play a leading role in managing socioeconomic processes.

The shadow economy is a widespread phenomenon today, affecting even developed countries, although states with a transition economy are more susceptible to the influence of this phenomenon. In some countries, the shadow economy is larger than the formal sector.\*

The criminal sector is a segment of the shadow economy. So, in some cases, its existence can threaten not only normal functioning of the legal

economy, but also the national security of the state. In this respect, an analysis and study of this phenomenon is extremely pertinent for Kazakhstan.

The shadow economy can be defined in general as the sum-total of economic relations among the various entities of public production that run counter to legal regulations and formal rules of economic management; for one reason or another their results are not (or cannot be) calculated by official statistics and are not taxed. In other words, in order to obtain vast material wealth in a short time with minimum investment and effort, economic entities establish certain informal relations that are called shadow.

## *The Shadow Economy in Kazakhstan: Its Scope and How It Functions*

According to official statistics, in 2008, Kazakhstan's shadow economy amounted to 3.13 trillion tenge or more than \$20 billion. According to certain government estimates, the share of the shadow economy in Kazakhstan over the past ten years dropped from 30% to 20% of the GDP and amounted to 5 trillion tenge. According to other estimates, by 2012, the volume of the shadow sector of the republic's economy amounted to between 40% and 70%. \*\*

\* See, for example: A. Singh, S. Jain-Chandra, "Out of the Shadows," Finance and Development, Vol.49, No.2, June 2012, available at <http://www.imf.org/external/pubs/ft/fandd/2012/06/singh.htm>

\*\* For comparison, according to the World Bank, this figure in Russia was 41%-42%.



Such a significant difference in figures draws us to conclude that there are neither reliable statistics on the scope of the shadow economy and its structure, nor are there tools and methods for estimating them. According to official statistics, the size of the self-employed population among the total employed amounts to around 2.3 million people (according to other data—2.7 million people, or 32.8% of the economically active population).

According to the data for 2008, trade, the restaurant business, catering, recruiting agencies, car, household appliance and personal item repairs, real estate transactions, as well as rental and rendering of services to consumers accounted for the largest share in the total volume of the non-observed economy, each segment amounting to 3.5%. Agriculture and forestry, fishing and fish breeding accounted for 3.2% each, while construction reached around 2.8% (including road building).

It is known that large amounts of cash largely circulate in trade, real estate transactions, and different types of small and medium business services. Furthermore, a large amount of trade carried out at bazaars and city markets goes unaccounted.\*

Today no one knows for sure how many people are employed in trade markets and their service sphere. According to official data, there are as many as 180,000 merchants working at these markets, while the unofficial figures say this number is several times higher. The problem is that it is impossible to draw up an efficient state policy in this sphere without real statistics.\*\*

According to researchers from the World Bank, some data indicate that indirect employment is several times higher than direct. For example, different sources in Kazakhstan say that the total direct and indirect employment at the Flea Market in Almaty alone is around 250,000 people (estimates of 2006-2008), which is five times higher than the number of merchants operating the sales outlets and the administrative personnel of the bazaars.

The economic reforms have given rise to a growing and contradictory labor market. Many restrictions existing in the planned economy have

been removed (on unemployment, on holding more than one job, on additional part-time employment, and so on), which has made the employment sphere more flexible and dynamic. But this has led to an increase in such shadow phenomena as working without the corresponding registration, side jobs using the enterprise's property, fictitious employment, and so on.

This has led to informal employment, where neither labor nor civil law contracts are entered. Today the structure of the informal sector of the labor market is extremely diverse. In particular, skilled and sufficiently well-paid work (private lessons, medical services, car repair, construction, road repair work, recruiting, and so on) and unskilled work (shuttle trade, janitorial work, and so on) can be singled out.

In order to regulate labor migration and the internal labor market, the government sets annual quotas for foreign workers. But practice shows that corruption and the absence of necessary control over migration flows is reducing the government's efforts to zero.

All of the above-mentioned factors together make it imperative to study the influence of the shadow economy on Kazakhstan's economic development, particularly in light of the socioeconomic modernization policy declared by the state.

An analysis of the essence, forms, content, and structure of the shadow economy in Kazakhstan will help to resolve the serious socioeconomic problems (corruption and economic inefficiency) and raise the republic to a new level of development.

At present, the shadow economy in Kazakhstan consists of three levels.

- The first level is occupied by self-employed people who have essentially dropped out of the official social security system (including pension savings), which in the future could lead to serious problems for the state.

- The second level is occupied by small and medium business, which largely functions in the so-called gray zone, on the border between the shadow and the legal economy.

\* O deiatelnosti rynkov v Respublike Kazakhstan, RK Statistics Agency, Astana, 2012, pp. 1-10.

\*\* See: Razvitie torgovli v RK: tendentsii i vliianie na makroekonomicheskie indikatory, Scientific-Research Institute of Economics and Information Technology of Transport and Telecommunications, Astana, 2011, 84 pp.



The most dangerous is the third level, which is related to the shadow market of corruption services.

The structure of goods in shadow trade should logically coincide with the overall inventory of products sold in retail trade (here individual deviations and specifics are possible); it is also influenced by the specialization of markets.

The inefficiency and corrupt nature of Kazakhstan's customs service encourage an increase in shadow trade. The unwieldy document registration system (official and unofficial) and laborious customs procedures prompt trade market agents to make use of gray systems or to engage directly in smuggling.\*

So, according to the most cautious estimates, gray and smuggled goods total as much as \$3 billion. At the same time, despite regular reform of the Kazakhstan Customs Committee (including the most recent), there are trends toward a drop in the republic's legal goods turnover with such important trade partners as the PRC, Kyrgyzstan, and the Russian Federation.

Small companies dispersed over large territories usually operate in the retail sphere and it is not easy to control them. It is difficult for the tax agencies to determine the income of these companies, since it comes directly from individual consumers. The high level of the informal economy is having a negative effect not only on the amount of taxes collected, but is also directly curbing the development of the social system. Furthermore, informal companies that do not pay taxes and violate legal regulations achieve a significant decrease in outlays.

Losses related to the low productivity of labor and inadequate scope of production are covered by means of funds that are not tax-declared. This, in turn, distorts the competitive environment, since inefficient informal players remain in business and deprive more productive official companies of the opportunity to increase their share in the market. In the end, according to economists, the long-term negative effect of informal companies on economic growth and the rate at which new jobs are created prevails over any short-term gain (primarily job provision).

At the regional level, Almaty ranks first in terms of trade volume, accounting for some 40% of Kazakhstan's retail trade turnover.\*\*

Almaty accounts for a large part of the illegal turnover of monetary resources, which form 25% of Kazakhstan's GDP; furthermore, there are no large industrial or mining enterprises in the city.

#### *Threats to Security of the Economy and Social Stability by the Shadow Economy*

In any country, an extremely large shadow sector is a direct threat to economic security. Despite the absence of special research studies, this problem is also urgent for Kazakhstan; according to official data, the size of the shadow economy in the country amounts to 20% to 30%, while according to unofficial data it reaches 40%-50%.

There are no objective statistics relating to the labor market (for example, the presumed number of merchants fluctuates from between 180,000 and 2 million people) or to trade (both foreign and domestic) in Kazakhstan. This situation makes it impossible to give a precise definition of the social component of trade, small and medium business enterprises, or the volume and range of imported goods, as well as to carry out streamlined monitoring and price control of domestic- and foreign-manufactured goods. Measures are not being taken to fight customs corruption or the price excesses seen in wholesale and retail trade.

This problem has several dangerous aspects for Kazakhstan. The extensive shadow economy indicates the existence of informal power centers in the form of organized crime, which often functions in cahoots with officials. The largest bazaars and wholesale markets either belong to representatives of various political groups or are patronized by them.

The existence of alternative shadow centers of economic influence is fraught with the creation of tension zones in the political sphere too. These centers could either try to become political players unaccounted-for cash, we can say that the country's political stability is in danger.

\* Results of Sociological Surveys carried out by the KACB/R between 2005 and November 2011, Kazakhstan Association of Customs Brokers, Almaty, 2012, pp. 1-7 (in Russian).

\*\* Retail and Wholesale Trade in the Republic of Kazakhstan. 2006-2010, Statistics Collection, Astana, 2011, pp. 1-12..



An example is the events that occurred in Kyrgyzstan in 2005. At that time, criminal authorities were actively in favor of a change in power; they supported one of the opposing sides, using not only their financial, but also human resources, including from the markets and bazaars.

A large number of those employed in the shadow economy are self-employed people who have essentially dropped out of the official social security system (including the pension savings system).

In the near future, this could lead to serious difficulties; the state will not only have to decide the future of people who at one time worked in the shadow economy, but also explain to citizens currently paying into the savings system why they have to pay the pensions of those who never made pension-related contributions.

The shadow economy, strangely enough, has played the role of shock absorber and made it possible for many Kazakhstan citizens who lost their jobs at former Soviet state enterprises to keep their heads above water. However, as some specialists correctly note, although the shadow economy has helped people to survive, they have lost their former qualifications and, if markets are closed down, they will most likely find they are no longer in demand.

Over the past 20 years, the population's values have greatly changed in Kazakhstan; many believe that the shadow economy is normal for any society. And no matter what business or specific state structures do to bring the shadow economy out into the light, many will perceive this as a threat to their customary way of existence.

Nor should we forget that the highest level of social vulnerability is seen precisely in trade, where more than 50% of the employed are self-employed and more than 70% are women and children.

Consequently, the problem cannot be resolved by simply closing markets and bazaars to reduce the physical size of spontaneous and shadow trade. On the contrary, this might provoke new outbreaks of protest. Furthermore, as practice shows, it is easier for people to join together to protect their property rather than rally around amorphous political slogans.

In addition to the existence of the shadow economy, the trends of recent years that point to the

existence of two threatening negative processes are causing concern. First, the number of protest acts has increased in the country. Second, some protest groups have become more radical; their interests are being expressed by new political players who are not members of the traditional opposition.

This all shows that both the government and Kazakhstan's democratic opposition have competitors capable of influencing certain strata of the population.

The paradox of the situation is that the government, while actively weakening the law-abiding opposition functioning inside the system, is essentially ignoring the resistance in the form of radical groups coming from outside the system. As a result, the government has a strategic initiative only with respect to law-abiding players. As for informal and shadow centers, they are actively taking the initiative upon themselves. The situation is complicated further by the fact that the presence of an extensive shadow sphere is helping to preserve the low level of political and legal culture (primarily among young people).

In this context, we must draw attention to the growing trend in religiosity (and pseudo-religiosity) of the population. The matter primarily concerns the adherents of Islam who, incidentally, comprise an overwhelming number of market and bazaar owners, as well as those employed as merchants and service personnel. Furthermore, as practice shows, in recent years the Islamic factor has been playing a leading role in mobilizing radical groups. The increase in number of Kazakhstan citizens who genuinely and fervently confess radical Islam and their joining organizations that espouse violence as a way to achieve their goals means that ground is forming in the republic that could bring forth new opposition to the current regime. This opposition will have unlimited ability to expand its ranks and increase its influence on the population.

It must also be kept in mind that a large number of Kazakhstan citizens have suffered from the market reforms. This particularly applies to the rural areas where Islam is much more strongly entrenched than in the cities. Some socially unprotected residents of cities (particularly those without good prospects) looking for comfort in religion can be classified in this category. It



is these social groups that comprise the bulk of market and bazaar workers (from among young people).

Today it is evident that markets and bazaars not only present an opportunity (sometimes the only one) for young people from the villages to find jobs in the cities, they are also places for people to socialize and even live. The severe increase in the price of housing has made it essentially unaffordable for young people from the villages, particularly those from large families, the members of which are largely representatives of the titular ethnicity. Sooner or later this category of citizens will demand its place in the sun, raising the level of social protest far beyond its current bounds.

The stability and systematic nature of the shadow activity existing in essentially all spheres of the economy shows that in recent years significant qualitative changes have occurred in its internal structure that cannot help but have an effect on public life. The shadow economy has essentially become institutionalized (shadow economic behavior has become enforced).

#### *Structure of the Shadow Economy*

As mentioned above, the shadow economy in Kazakhstan is comprised of three levels.

The third level consists of various gray economic schemes that prevent business from coming out of the shadows and constantly feed corruption in the power and administration bodies of Kazakhstan.

The following circumstances promote an increase in the informal economy:

(1) the government is unable to force companies to carry out their tax and other financial obligations;

(2) it is too expensive for companies to function in the formal economy;

(3) specific social regulations exist that "justify" deviation from participating in the formal economy;

(4) certain officials of the power and administration bodies (particularly in the regions) are interested in preserving the shadow economy;

(5) there are no precise and clear statistics relating to the labor market, foreign economic activity, and the functioning of city markets and bazaars;

(6) legislation regulating wholesale and retail trade (both with respect to organizing markets and the status of employees, and with respect to tax collection from trade) leaves much to be desired and the government is exercising insufficient control over speculation. The government has essentially washed its hands of this problem, allowing the directors of markets and trade centers to resolve it instead.

These circumstances are responsible for the shadow economy in Kazakhstan becoming not only an uncontrollable sector of public reproduction, but also a system of informal engagement with stable characteristics, among which are the following:

- official entities play roles in the shadow economy;

- rules of shadow behavior have developed;

- stable types of shadow economic relations have formed between specific entities;

- new types of organizations have appeared and are functioning within which and with the help of which entities carry out their shadow activities.

The existence of shadow institutions can be provisionally divided into two main groups.

Institutions that have arisen within particular legal structures (political, legal, or economic) during the economic reforms belong to the first group; they include the following:

- shadow production of certain types of products;

- shadow sales of products;

- untargeted use of budget resources;

- conversion into cash;

- shadow revenue, including shadow wages;

- shadow export-import operations;

- shadow outflow of capital;

- shadow investment;

- shadow employment;

- shadow payment of officials' services, corruption, and so on.

All of these shadow institutions differ in terms of the functions they perform. This explains their multi-branch, multi-sectoral, and "penetrating" nature; in other words, they have wormed their way into all spheres of the economy and social system.

Shadow institutions that have arisen spontaneously belong to the second group. They appeared outside any previously existing legal economic organizations, which is shown by the way they are



described: “criminal protection racket,” “ganging up,” “kickback,” and so on.

The main reason for the low efficiency of the measures taken by the country’s government to reduce the size of the shadow economy is the fact that it has acquired a system-forming nature.

### *Social-legal Aspects of the Problem*

As research shows, during the past 10 years, markets and bazaars have become a permanent job site for a large part of the population represented by different ethnic groups. In so doing, in spite of the rather difficult working conditions (particularly in the winter), a large number of merchants have no intention of changing their type of activity in the near future. Just as important is the fact that the number of young people working at the markets and bazaars has increased over the past 10 years. Research shows that the market (including wholesale), which has become home to many young people, is absorbing more than 50% of the merchants and approximately half of them are under the age of 25.

Market merchants usually have large families. Almost all of their members are also employed at markets or provide services for their family members who work there. This increases the potential protest mass 3-5-fold, including by means of young people and pensioners.

Just as important is that each in any way significant market or bazaar has high-ranking people behind it (employees of the akimats, court, prosecutor’s office, police, numerous auditors and representatives of licensing agencies) who also enjoy the same feeding trough. So closing markets down is in no way in the interests of high-ranking officials, although it is possible that a not entirely honest competitive struggle may be going on among them for a place in the sun. So a conflict of interests is inevitable however you look at it.

As the largest tax payers, bazaars not only essentially define the cost of basic goods and services, but are also considered a place where public opinion is formed. Suffice it to say that it is here that propaganda literature of the banned Islamic party Hizb ut-Tahrir can most frequently be found.

There are problems that concern both industry associations and market players today. For example, the representatives of industry associations and market leaders draw attention to the following factors:

- the vagueness of trade legislation (regulations are scattered throughout different legal acts);
- the absence of contemporary terminology and classification of trade formats (supermarkets, hypermarkets, discounters, A-, B-, C-class stores) and catering establishments in regulatory legal acts. Consequently, the absence of approved terminology gives rise to a low quality of statistical information, which is making it difficult to improve the trade legislation;
- interest on the part of officials (particularly in the regions) in preserving gray schemes in trade, as well as lack of transparency in the functioning of city markets and bazaars;
- the absence of established statistics on the sale of goods and services; not only do we not know what we are transporting and what we are producing, we do not know how much and at what price it is all being sold;
- insufficient qualified specialists.\*

As for commercial workers, their complaints boil down to the following:

- high rental fees that are raised according to the arbitrary decisions of market directors regardless of the state of the economy;
- control over markets by organized crime groups related to market directors and officials in the power and administration bodies;
- unbearable working conditions for renters;
- absence of the necessary services on the part of the market administration;
- problems relating to servicing and registering individual cash registers, patents, declarations, and so on;
- the large number of thieves and pickpockets at markets and bazaars, police quiescence and willingness to carry out investigations only with the participation of buddies from the organized crime group patronizing the particular market;
- difficulties in reaching the grounds adjacent to markets and the impossibility of parking;
- distant location of storehouses, high price of customs clearance, and irregular receipt of goods;

\* Staff problems in the trade sector are typical of most non-finance and non-raw material branches.



- the presence of illegal workers (which may be to the benefit of the merchants themselves: cheaper workforce, on the one hand, its frequent turnover, on the other);

- lack of interest by the market administration in creating optimal conditions for merchants and buyers.

According to the data of the research carried out, most merchants would like to work legally. However, hardly anyone believes in a radiant future and "will not believe in it until the government begins taking real steps aimed at improving working conditions and putting pressure on bazaar directors, until it begins making sure that tax assignments reach the country's budget, however not in the sides and is mutual, and until there is a clear picture regarding the border and ways of delivering (both legally and illegally) freight." \*

The study showed that city markets and bazaars are essentially monopolized by their owners, while there is a permanent contingent of merchants working at them and agents servicing them.

In order to overcome the above-mentioned problems, the government must form corresponding conditions, as well as have an adequate understanding of the processes taking place in the internal consumer market of Kazakhstan. Unfortunately, neither the first nor the second is occurring today.

The state must change its system of relations and priorities in certain branches of the economy, re-examine the game rules in the market, create a reliable control system over price formation, and step up efforts to combat speculation.

Furthermore, it must begin by drawing up a new economic policy, the main priority of which will not be developing trade and the service market, but organizing domestic goods production that fully satisfies internal demand (with respect to amount, diversity, quality, and affordable price of produced goods).

### *Conclusion*

World experience and development trends in trade in Kazakhstan show that if the economic situation deteriorates trade will move again from the stores to the markets (as well as from expensive and

well-equipped markets to cheaper ones). Moreover, the level of bank lending and investment appeal of commercial real estate, which has not entirely recovered, could drop once more.

It is possible that in trade, just as in the banking sector, the state will have to adopt the so-called counter-cyclical regulation principle. It presumes a weakening of state regulation in the event the economic situation deteriorates, while, on the contrary, when the economy begins to recover, regulation toughens up (new progressive demands are introduced with respect to modernization, and so on).

(1) With respect to small business enterprises that have found a way to hide their income, the so-called motion and time study used by tax bodies with respect to different types of business, for example, beauty parlors, car washes, catering outlets, flower stands, and entertainment establishments, is rather interesting. This method boils down to the following: a tax committee employee comes to audit a facility with a pen and notebook and calculates the time in which and how many customers were served, determines whether a cash receipt was issued, how many people are on the staff, and so on. Based on these data, it is not difficult to calculate approximately how much revenue escaped taxation.

It may make sense to adopt this method with respect to city markets and bazaars, particularly since merchants themselves are in favor of having an akimat representative at every market not only to carry out permanent monitoring of its activity and keep tabs on the situation, but also examine specific questions, requests, and proposals.

(2) Another method for identifying companies and enterprises working in the shadows is cameral control, that is, an audit based on data presented by taxpayers themselves (in this case, if the indicated amounts do not coincide, this gives impetus to carry out a more thorough inspection). For example, in 2011, use of the cameral control method ensured that more than 2,000 taxpayers paid an additional 35 billion tenge into the budget.

(3) Full-fledged statistical accounting and monitoring of market activity and the entire infrastructure accompanying it must be organized, beginning

\* *Torgovyie rynki Kazakhstana: sovremennaiia situatsia i problemy modernizatsii*, Almaty, 2012, p. 36.



from the moment goods cross the customs border and ending in their sale.

The main problem that prevents an adequate policy from being developed and implemented with respect to city markets is the absence of full-fledged statistics regarding the inventory and origin of the goods being traded, the difference between the prices declared at customs and those asked at wholesale markets and directly in the local stores, as well as regarding the social-psychological, gender-age, and other characteristics of the people employed in this sphere.

(4) Legislation must be improved in retail trade (including with respect to regulating production and other relations between merchants and the market administration) and strict control must be exerted over the amount of rent, price formation, and quality of products being sold. Rent conditions and trade markup must also be legislatively regulated and speculation, as well as unjustified trade markup and fees imposed on merchants by the market administration, strictly intercepted (within the law).

(5) The mechanism of state-private partnership must be put into wider practice. For example, the state could assume obligations for granting plots of land, ready market projects, and providing engineering infrastructure. As for expenses on building and supplying with trade equipment, they will be assumed by private companies or market owners themselves.

(6) Investment preferences must be ensured for building large trade facilities with a total area of more than 2,000 sq. m.

(7) Wholesale markets must be given the opportunity to receive loans at a subsidized compensation rate for replenishing current capital when circulating the products of agricultural consumer cooperatives. This will make it possible to integrate wholesale markets with consumer cooperatives.

(8) Wholesale centers of agricultural products must be created (in correlation with trade logistic centers) in the regions of Kazakhstan.

The policy of issuing privileged loans to agricultural producers should be continued. Furthermore, issuing loans should exclude the current practice of "kickback". Emphasis should be placed on reducing the net cost of products manufactured with a

simultaneous increase in their quality, increase in labor productivity and profitability of production, as well as the use of modern technology.

(9) With respect to fighting shadow circulation, reformatting small wholesale markets looks extremely promising. In addition to the high quality of services and goods, modern formats ensure large amounts of purchases and stable prices. This will ultimately make it disadvantageous for middlemen who do not have guaranteed delivery channels, documents for the goods, and use gray taxation schemes to work with large trade networks.

(10) Another effective measure for developing modern trade formats is state support of reconstruction projects of trade markets and their transformation into capital facilities with the corresponding service infrastructure. Local power bodies could issue market owners targeted interest-free or preferred loans.

(11) It would be very worth while looking at the question of granting subsidies to cover interest on loans from second-tier banks when building stationary trade markets (capital facilities) and storehouses, and purchasing the necessary transportation.

(12) It may make sense, in cooperation with the akimats, to examine the question of implementing a model market project. Development of the project for such a market and its building should be carried out by the akimat, after which it could be put up for sale at an open tender.

Implementation of the above-mentioned measures will make it possible to significantly lower the likelihood of negative socioeconomic scenarios developing when transforming city markets.

The struggle with shadow circulation should begin with collecting VAT in retail trade; this will make it possible for the akimats to obtain data on the income of informal suppliers and related branches, and, consequently, increase and toughen control over the observation of the law.

Taxes must also be simplified for small and medium business. This will make it possible for the state to decrease the share of the shadow business; in the future it may be possible to eliminate corporate income tax, which is difficult to calculate, and replace it with transaction tax. Only large transactions (starting at \$100,000, for example) could be charged with such tax.

Moreover, the problem of envelope wages, which is still a way to move money into the shadows, must also be resolved. Practice shows that at least 31% in tax should be deducted from a worker's salary (10% individual income tax, 10% into the pension fund, and 11% social profits tax). This figure should also be minimized, without affecting pension assignments in so doing.

Electronic trade should also be improved today. According to specialists, the primary task

in this area is introducing electronic invoices for organizations selling services and goods through the Internet. The thing is that book-keeping regulations often greatly complicate business processes by requiring that invoices and other accompanying documents be signed after goods are sold or services rendered through the Internet.

Another very important task is to ease tax requirements for electronic businessmen.



# Problem-2014 and Central Asian Security

KONSTANTIN SYROYEZHNIKIN

## **T** *Introduction*

Today, the question of how the coalition withdrawal will affect Central Asia figures prominently on the agenda. The forecasts are numerous and mainly pessimistic: most people agree that Central Asia has accumulated too many problems created by radical Islamism and extremism kept under the lid by the U.S. and NATO forces in Afghanistan and that they will inevitably burst out after the withdrawal.

Like many of my colleagues, I am not optimistic about the region's future, however I disagree with them on some points.

■ First, I am not absolutely convinced that the coalition shielded Central Asia from the Afghan threats more effectively than the Northern Alliance before it. On top of this, the Northern Alliance did not create new threats and never sought destabilization across the entire region.

■ Second, I do not believe that if the Taliban comes to power in Kabul it will inevitably expand northward. It seems that the Taliban and people in power in Kabul will have too many problems on their hands to look to the north: the withdrawal will start another stage of the civil war fraught with the country's partition into ethnic regions.

Seen from Central Asia, this situation is not comfortable, but not threatening if fighters from Afghanistan are prevented from infiltrating into the region. The transportation-logistics and pipeline projects, on the other hand, will be shelved because of the civil war.

■ Third, there are people who say that the armaments and military equipment the United States plan to leave behind, mainly in Uzbekistan, will change the regional balance of power. Today, Uzbekistan has the strongest and the most combat-worthy army in the region; the status quo will not be changed by deliveries of Russian armaments

to Kyrgyzstan or by the huge sum of \$300-400 million that will be poured into modernization of Tajikistan's armed forces.

I am convinced (or almost convinced) that what some Russian experts are saying about future wars over water resources in Central Asia or for ethnic reasons can be described as science fiction. Local conflicts are possible, but a large-scale war is absolutely impossible.

## **The Afghan Problem: Today and Tomorrow**

In the fall of 2013, it will be 12 years since the United States and NATO have launched their counterterrorist operation in Afghanistan; the results of these years leave much to be desired. Indeed, these twelve long years have proven too short for the Western coalition to realize its initial aims. The Taliban is more alive than ever: it is gradually tightening its grip on the situation in the context of Hamid Karzai's failed government and the coalition's desire to withdraw as quickly as possible. It strengthened its position while the Western coalition poured more and more troops into the country. This means that those, who say that there is no military solution for the Afghan problem, are right.

The country's economy is ruined; a large part of foreign funding goes to foreign NGOs as payment for consultations, the rest is embezzled. Corruption, everyday and political racketeering, arbitrary rule of the local authorities, etc. have become run of the mill.

Afghanistan is still the world's largest producer of fresh opium (see Diagram 1) and one of the world's largest producers of heroin (90% of the heroin consumed around the world originates

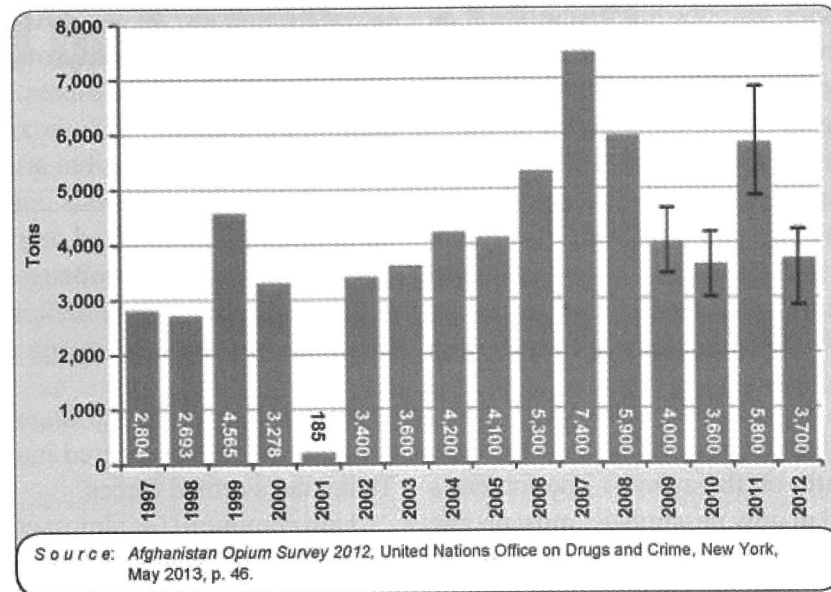


Diagram 1.

### Dynamics of Drug Production in Afghanistan in 1997-2012, tons

from Afghanistan).<sup>\*</sup> The area of land under opium cultivation increased from 131 to 154 thousand hectares after the drought of 2012, which predictably increased drug production.<sup>\*\*</sup>

One cannot but be amazed that the coalition, armed with a complete range of information about the structure of drug industry and drug transit in Afghanistan and personal files on practically all drug barons, has remained passive throughout the twelve years of its presence in the country.

According to at least some experts, during the years of the counterterrorist operation in Afghanistan, the local "drug dealers set up full-scale production, financial, and banking infrastructures competitive with the leaders of world banking. They organized harvesting of opium poppy and fresh opium, centralized delivery to storage facili-

ties, processing into morphine and heroin, and their delivery along well-organized routes."<sup>\*\*\*</sup>

We have every reason to suspect that the United States does not want to liquidate drug production in Afghanistan and is even directly involved in it (this is what Zamir Kabulov, Special Presidential Envoy to Afghanistan, thinks).<sup>\*\*\*\*</sup>

The fact that the decision of the Budapest conference of the defense ministers of NATO member countries (held in October 2008) to use the ISAF in fighting illegal drug production was practically ignored cannot but cause concern.

It should be said that while in 2008-2010 the areas under opium poppy shrank, in 2011-2012, the opposite trend became very obvious (see Diagram 2). The number of people involved in drug production increased from 2.4 million in

<sup>\*</sup> According to the RF Federal Service of Drugs Control, the Afghan drug barons produce 94% of the world's volume of opiates. Head of the Federal Service Victor Ivanov has quoted the following figures: every year Afghanistan produces and sells drugs totaling \$65 billion. Every year \$17 billion-worth of drugs are moved along the so-called northern route; a large or even the largest share of them is used in the transit countries. Thirty-five percent of narcotics transported from Afghanistan reaches Russia (see: "RF napomnit NATO ob obiazatelstvakh po borbe s Afghanskimi narkotikami," RIA Novosti, 19 March, 2010, available at [http://www.rian.ru/].

<sup>\*\*</sup> See: *Afghanistan Opium Survey 2012*, United Nations Office on Drugs and Crime, New York, May 2013, p. 13.

<sup>\*\*\*</sup> See: I. Khokhlov, "Proizvodstvo opiynykh narkotikov (geroina) v Afghanistane: infrastruktura narkobiznesa," available at [http://www.nationalsecurity.ru/library/00021].

<sup>\*\*\*\*</sup> There is information that the coalition servicemen buy drugs wholesale at the markets of Kandahar, move them to the airbase in Bagram, then by air to the American base in Incirlik (Turkey), and then to the base in Pristina (or to Rumania, Georgia, Germany, and other countries) (see: I.N. Komissina, "Nezakonnoe proizvodstvo narkotikov v Afghanistane," *Problemy natsionalnoy strategii*, No. 1, 2010, pp. 33-34).



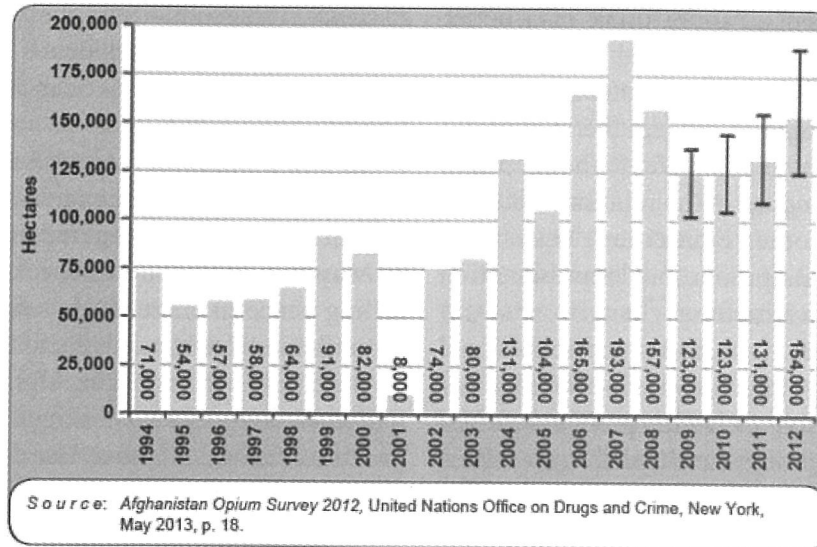


Diagram 2.

2008 to 3.4 million in 2009 and 3.42 million in 2010.\*

In 2009-2010, the areas under opium poppy shrank; in 2010 and 2012 the volume of opium production dropped, however, these facts cannot deceive anyone. "UNODC estimated that at the end of 2009, opium stockpiles in Afghanistan and neighboring countries totaled some 12,000 tons, equivalent to 2.5 years of global illicit demand for opiates."\*\*

The very limited possibilities of the Afghan government to maintain security in the country and make adequate and correct social, economic, and management decisions is another major headache.

■ First, the Hamid Karzai government does not control the larger part of the country,\*\*\* where power belongs to former warlords turned self-appointed governors independent of Kabul and relying on their mini-armies. Many of them are involved in the narco-business; some of them side with the Taliban. It seems that the current haggling between the U.S. representatives and the Taliban is explained by the extremely weak power of President Karzai and his Cabinet.

■ Second, wide scale falsifications at the 2009 presidential and 2010 parliamentary elections cast doubt on the legitimacy of Karzai's presidency: both campaigns showed that Afghanistan does not have a strong central government.

Both campaigns demonstrated beyond doubt that the final aim of the counterterrorist coalition in Afghanistan as formulated by the United States, viz. a democratic centralized state, was unattainable for several reasons.

■ First, it contradicts the country's traditions; as such it stirs up discontent and widens the gap between the elites and among ethnicities.

■ Second, the last three decades of unrest and radical decentralization have aggravated the problems.

This explains why American experts have become champions of the idea of a state of "decentralized democracy"\*\*\*\* or the idea of "internal mixed sovereignty";\*\*\*\*\* all other conditions fulfilled, either could have been acceptable to the United States.\*\*\*\*\*

Experts, who are fully aware that "decentralized democracy" or "internal mixed sovereignty" will

\* See: A.A. Kniazev, "O narkokriminalnom komponente sovremennykh politicheskikh protsessov v stranakh Tsentralnoy Azii v kontekste afghanskogo narkoproizvodstva," Informatsionno-analiticheskiy portal Materik, 24 March, 2010, available at [http://www.materik.ru/]; *Afghanistan Opium Survey 2010. Summary Findings*, United Nations Office on Drugs and Crime, New York, September 2010, p. 1; A.H. Cordesman, *The Afghan Narcotics Industry: Extended Summary*, Center for Strategic & International Studies, 12 November, 2009, p. 10

\*\* *International Narcotics Control Board. 2010 Report*, New York, January 2011, p. 96

\*\*\* According to information made public in December 2008 at a London conference of the International Council on Security and Development (ICOS), in the previous 12 months the Taliban spread its permanent presence to 72 percent of Afghanistan, up from 54 percent in November 2007 (see: [http://www.icosgroup.net/2009/media/media-press-releases/eight\_years\_after\_911/]).



create many problems, cannot think of a better political future for Afghanistan.\*

The majority of the most influential non-Pashtun politicians are ready to accept the idea of decentralized governance; they refer to the problems that are rapidly piling up in the relations between the Pashtuns and other ethnicities. They want elected governors and proportional representation in the central power structures.\*\*

They are probably right; however, proportional representation of all ethnicities in the central power structures will hardly resolve the problem created by the relations among the three largest ethnic groups—the Pashtuns, Hazaras, and Tajiks. The country might become less governable. Zamir Kabulov has rightly pointed out that today Afghanistan needs “a strong central government” and that “any attempt to place the stakes on ethnic contradictions is fraught with catastrophic repercussions for Afghan statehood and regional stability.”\*\*\*

There is another problem: recently the relations between President Karzai and the political leaders of the United States and the NATO member countries have been going from bad to worse. The shifted accents in future state governance are probably explained by the growing mistrust of the Karzai regime, which proved unable (or unwilling)

to check outrageous corruption and abuse of power at all levels and the president's obvious determination to shake off American and NATO patronage.

In 2011 this became even more obvious; in March Hamid Karzai demanded that the U.S. and NATO stop the military operation immediately; late in May he accused the American commanders of killing peaceful citizens. He said that if airstrikes on settlements continued, the foreign troops would be declared enemies of the Afghans people.

On 18 June, 2011, speaking at an international youth conference in Kabul, Hamid Karzai “belittled the US-led coalition as unwelcome outsiders who invaded Afghanistan for their own interests and who pollute the country's environment” and added that he no longer felt grateful to the military coalition. “The occupation troops have already damaged the ecology of Afghanistan beyond repair; we will live with these effects for the next forty to fifty years.”

The president said that he doubted the aim of international aid under which the countries involved in the coalition were building schools, roads, and hospitals in his country: “They are building these roads not for us but for their huge trucks with huge wheels.”

\*\*\*\* The central government retains its responsibility for foreign policy, domestic security and democratic “rules of the game” on a countrywide scale; the regions are becoming more independent, which gives them the opportunity to use the already existing base of legitimacy and identity; the local administration should be elected and should be transparent.

\*\*\*\*\* Mixed sovereignty is an even more decentralized model. This approach would take many powers that are now held in Kabul and delegate them to the provincial or district level. Mixed sovereignty would grant local authorities the additional power to rule without transparency or elections if they so choose—as long as they do not cross the three “redlines” imposed by the center. The first redline would forbid local authorities from allowing their territories to be used in ways that violate the foreign policy of the state. The second would bar local administrations from infringing on the rights of neighboring provinces or districts. The third would prevent officials from engaging in large-scale theft, narcotics trafficking, or the exploitation of state-owned natural resources.

\*\*\*\*\* These variants would preserve a central state with autonomous regions and democratic institutions and with the power and incentive to deny the use of Afghan territory for destabilizing Pakistan or planning attacks against the United States and its allies.

\* A decentralized democracy in Afghanistan would face three critical challenges. The first, of course, is the Taliban, who oppose democracy in principle and are likely to resist this approach as aggressively as they now resist centralized democracy. The second challenge is the limited administrative capacity of the Afghan state. Third, the country's malign power brokers would likely resist such an option. A transparent electoral democracy would threaten their status, authority, and ability to profit from corruption and abuse. The “internal mixed sovereignty” will create even more problems. First, governors would be free to adopt regressive social policies and abuse human rights. Second, corruption would also be prevalent—indeed, for prospective governors, the opportunity for graft would be an essential part of the system's appeal. Third, the central government would have to strike a bargain with the country's power brokers, requiring them to refrain from large-scale abuses in exchange for tolerance of moderate local corruption and a share of foreign assistance. Even this kind of bargain, however, would probably be resisted by the country's strongmen, who have grown used to operating without restraint (see: S. Biddle, C. Fotini, A. Thier, “Defining Success in Afghanistan,” *Foreign Affairs*, No. 4, 2010).

\*\* Ahmad Wali Massoud, brother of late Ahmad Shah Massoud, spoke about that in June 2011 at a conference on Scenarios for Afghanistan and Regional Security Transformation held in Almaty. He was supported by Aziz Arianfar, Director of the German-based Center for Afghanistan Studies (see: “Afghanistano nuzhen status neytralnoy strany pod egidoy OON,” *RIA Novosti*, 11 June, 2011, available at [<http://www.rian.ru>]; Aziz Arianfar: “Edinstvenny vykhod iz tupika—vernout Afghanistano neytralitet,” *International Information Agency Fergana*, 20 June, 2011, available at [<http://www.fergananews.com/>]).

\*\*\* See: Zamir Kabulov: “Nuzhno idti v Afghanistan s otkrytym serdtsem,” *Information portal Afghanistan.Ru*, 25 May, 2011, available at [<http://www.afghanistan.ru/>].



The next day, outgoing U.S. Ambassador in Kabul Lt. General Karl Eikenberry retorted that the American side was prepared to revise its relations with the government of Afghanistan and reminded everyone that the Americans had paid dearly for their help to this country.\* He was indignant: "When we hear ourselves being called occupiers and worse, our pride is offended and we begin to lose our inspiration to carry on."\*\*

The U.S. Senate arrived at a similar conclusion: the report of the Committee on Foreign Relations said that \$18.8 billion had created no efficient state institutions in Afghanistan but "raised expectations and changed incentive structures among Afghans." It described the impressive increase in funding for civilian programs in Afghanistan ("Congress appropriated approximately \$2.8 billion in FY 2009 and \$4.2 billion in FY 2010 funds for Afghanistan") as excessive. The Senate pointed out that the funding should be cut by 22 percent to keep within the planned trimming of the budget deficit.

The senators recommended the following:

- Set up an efficient mechanism of interdepartmental and intergovernmental coordination of humanitarian activities in Afghanistan;
- "We must challenge the assumption that our stabilization programs in their current form necessarily contribute to stability";
- "Our aid projects need to focus more on sustainability so that Afghans can absorb our programs when donor funds recede."\*\*\*

"Rather than trying to strengthen the Karzai government, the real strategy is to return to the historical principles of U.S. involvement in Afghanistan: alliance with indigenous forces."\*\*\*\*

It should be said that today this model, its faults notwithstanding, looks much more adequate than centralized democracy.

In mid-June 2011, U.S. Defense Secretary Robert Gates officially confirmed the fact of talks with the Taliban from which the Karzai government was excluded. He also admitted: "My own view is that real reconciliation talks are not likely to be able to make any substantive headway until at least this winter"; he was dead set against a hasty pullout from Afghanistan: "I think the Taliban have to feel themselves under military pressure, and begin to believe they can't win before they're willing to have a serious conversation."\*\*\*\*\*

It seems that Karzai is of the same opinion; contrary to what the United States hopes to achieve, i.e. to split the movement, he is determined to share power with the leaders of the resistance.\*\*\*\*\*

He knows that placing the stakes on the "moderate" Taliban is doomed to failure, therefore he prefers to talk to the leaders, warlords, and respected regional politicians. Leaks in the Western press testify to the fact that the president of Afghanistan is talking to Mullah Omar, Gulbuddin Hekmatyar, and Jalaluddin Haqqani.

In June 2011, Karzai admitted, "Earlier this year we had several meetings with members of the Taliban. The talks have been launched and are going

\* The report of the Senate Committee on Foreign Relations says that between 2002 and 2010 the United States extended aid totaling \$51.803 billion to Afghanistan; \$18.78 billion were poured into the economy, the social sphere, and state institutions; \$32.89 billion were spent on setting up and training the Afghan national army and the police; \$127.5 million, on anti-narcotics efforts (see: Evaluating U.S. Foreign Assistance to Afghanistan. A Majority Staff Report, Committee on Foreign Relations, United States Senate, 8 June, 2011, U.S. Government Printing Office, Washington, 2011, p. 34).

\*\* [<http://www.theaustralian.com.au/news/world/robert-gates-confirms-us-peace-talks-with-taliban/story-e6frg6so-1226078756876>].

\*\*\* Evaluating U.S. Foreign Assistance to Afghanistan, pp. 1-2, 5, 29-30.

\*\*\*\* G. Friedman, "The 30-Year War in Afghanistan," Stratfor (US), 29 June, 2010. In mid-March 2010, a secret meeting was held in the White House to discuss how to proceed with the Afghan Taliban. In recent years the United States has been more and more frequently talking about a dialog with those of the Taliban members who were not involved in crimes; who laid down arms and recognized the Constitution, in short "moderate" members. Judging by the leaks in foreign press these talks are underway with Pakistan and Saudi Arabia as active brokers. So far there have been no results (see: K. Belianinov, A. Gabuev, "Esli vrag ne sdaet-sia, ego ugovarivaiut," Kommersant, 17 March, 2010; V. Skosyrev, "Obama podderzhal peregovory s 'Talibanom'," Nezavisimaya gazeta, 17 March, 2010).

\*\*\*\*\* <http://www.bbc.co.uk/news/world-south-asia-13830750>; [<http://www.theaustralian.com.au/news/world/robert-gates-confirms-us-peace-talks-with-taliban/story-e6frg6so-1226078756876>].

\*\*\*\*\* Talking to journalists in his residence in Kabul, Karzai said: "I again call on my brothers, the Taliban, dears, Hizb-i-Islami to take this opportunity and say yes to the call of the people. This is a rare chance." He addressed those who lived in emigration and who fought in Afghanistan to come back and establish peace for the sake of their country's prosperity and stability (see: [<http://www.pajhwok.com/en/2010/06/04/jirgas-offer-rare-chance-taliban-karzai>]; "Karzai pozval brat'ev-Talibov na 'Loya jirga/Bolshoy sovet'," BaltInfo Agency, 28 November, 2009, available at [<http://www.baltinfo.ru/>]).



on smoothly.” He added that he talked to influential warlords and the leaders officially empowered to speak in the name of the movement.\*

In 2012 and early 2013, neither the U.S. nor Karzai made any secret of their talks with the Taliban. Karzai, in turn, accused the Americans of “talking to the enemies” and offered to show the right way out.

In many respects he is right; aside from the fairly doubtful terminology, it must be admitted that the “moderate” Taliban is driven not so much by ideological, rather than by material considerations. This means that the “moderate” members have no impact on the nature of the armed struggle against the government and cannot affect the movement’s future; therefore, the leaders and influential warlords are the only valid dialogue partners. The dialogue itself should be limited to their possible involvement in the political process, the results of which are fairly vague. Later, they could very well be offered high posts in state structures.

The Taliban is prepared to lay down arms and start talking if:

- The Constitution is changed;
- The foreign troops are withdrawn;
- The Taliban is accepted as part of the country’s political system;
- Its offices are opened in the cities of Afghanistan;
- The names of its leaders are removed from the “black list” of the UN SC;
- All imprisoned members of the Taliban are set free;
- Elections are controlled by a neutral interim government.

The question is how acceptable is all this to the U.S., NATO, and the Karzai regime?

Some of the demands may be fulfilled in due course, while the main point—the pullout of foreign troops—is unacceptable. Washington has other strategic designs, while Karzai remains in power thanks to the foreign troops. If the coalition which, in fact, has never achieved its initial aims, decides to promptly leave the country, Afghanistan

will be left to the mercy of the Taliban with unpredictable repercussions.

■ First, no one knows who the “moderate Taliban” is and what the Taliban’s real face looks like today.

■ Second, it is impossible to guess whether a dialogue with the Taliban will prove effective with respect to the country’s political future.

■ Third, so far, no one knows how the leaders of the ethnicities in the country’s north and along the Iranian border will respond to the talks. Elbowed out of power, they might start another round of civil war fraught with disintegration into ethnic regions.

### **The Afghan Factor in the Regional Security System**

For many years, the Afghan factor has remained one of the key threats and security challenges. This is explained by the socioeconomic and political development of Afghanistan (especially as the main terrain of drug production and terrorist training) and by the “geopolitical games” in which the country (and, most important, the fighters camping in its territory) hold a special place and have a very special role to play.

What external threats and challenges to regional security are real today\*\* and which ones will become exacerbated after the coalition’s withdrawal?

The main one is the new international security system built by the United States and based on the “dual standards” policy applied in disregard of the UN SC.

It is growing more and more real, while the list of countries and regimes which fail to fit in is growing longer. In the new system, decision-making is subjective; this means that none of the Central Asian countries can hope to avoid being listed. Today, however, the geopolitical heavyweights do not need destabilization in the Central Asian region.

The strategy and tactics the coalition is pursuing in Afghanistan, its withdrawal plans, and all sorts of geopolitical projects devised in Washington cannot but cause doubts. Indeed, Afghanistan is

\* See: A. Reutov, “Talibov otdelili ot Al-Qaeda”, *Kommersant*, 20 June, 2011.

\*\* Here I will not discuss the internal threats and challenges to regional security, even though they dominate today; after 2014 the larger part of them will become even more dangerous. At the same time, the internal threats and challenges are only indirectly connected to what is going on in Afghanistan and the future pullout.



seen as an American foothold in the region, which makes the Central Asian region vitally important for America.\*

Strange as it may seem, Washington is not at all concerned about the interests of Russia, China, India, or the regional states, which means that practical implementation will not go smoothly.

The increasingly fierce struggle over natural resources, in which military force is used as the main argument, is another big problem of the contemporary world. More and more often the developed countries rely on military-political means to deal with their internal economic problems.

Central Asia is no exception: the power centers are locked in a struggle over access to the region's resources (oil and gas in particular) and transportation routes. This is the beginning and end of geopolitics in Central Asia today and in the near future.

Nothing is being done to remedy the situation that caused the world financial and economic crisis of 2007-2008. This is the third problem. The mounting budget deficit of the United States, the economic recession in the eurozone, and the rising external debts of the developed countries might create another financial bubble and, therefore, another crisis, probably in late 2013-mid-2014, according to certain experts.

The chaos in the Middle East is the fourth problem, which has already invigorated the radical Islamist movements by supplying them with plenty of weapons, human resources, and money. Their increased pressure on secular regimes will not be limited to North Africa and the Middle East; extremist groups will spread far and wide beyond the region.

This means that Central Asia might become one of their targets. Today, the rapid increase in radical, extremist, and religiously motivated extremist acts in practically all the Central Asian countries can be described as a clear warning. Western analytical centers of all sorts have opted for a highly dangerous variant: regime change in the Muslim countries and reliance on political Islam.\*\* The experiment tested in the Maghreb countries, the social and po-

litical parameters of which are very close to those of the Central Asian countries, failed.

The threats and challenges emanating from Afghanistan in the context of the coalition's withdrawal constitute the fifth problem.

I can see three real threats.

■ First, the national armed forces of Afghanistan will be unable to ensure security inside the country; therefore, a civil war with pronounced ethnic accents cannot be excluded.

■ Second, small opposition groups (Uzbek, Uyghur, Chechen, Kyrgyz, etc.) from Russia and Central Asia that camp in Afghanistan have been demonstrating much more vigor than before. They will inevitably be pushed out of Afghanistan back to their places of origin; I have in mind the Islamic Movement of Uzbekistan, Aqramiyya, Tablighi Jamaat, the Islamic Party of Eastern Turkestan, Jamaat of Central Asian Mujahedeen, and others.

Russian expert Dina Malysheva has rightly pointed out that the migration of fighters "might encourage members of the local religious-political movements to join forces with armed fighters from Afghanistan" while "disunited armed clashes might develop into guerilla warfare."\*\*\*

■ Third, the problem of transit of Afghan drugs has not been resolved. Narco-transit has brought together criminal groups, some of the members of the defense and security structures, and certain politicians in Russia and Central Asia; the number of drug users is steadily rising in practically all the countries of the region.

Neither the regional states nor the international organizations involved in ensuring security can cope with the problem. This means that Afghanistan as a drug producer relies on an influential lobby; the same can be said about Central Asia as one of the transit corridors.

### The Afghan Problem and the SCO

The possible involvement of the Shanghai Cooperation Organization in Afghan settlement and related threats and challenges are being actively

\* Here I have in mind the concept which lumps together the Afghan and Pakistani problems in the so-called AfPak and Greater Central Asia strategy

\*\* Information about a new structure set up at the U.S. Department of State to deal with religious communities in other countries is highly illustrative in this respect.

\*\*\* D. Malysheva, *Tsentralnoaziatskiy uzel mirovoy politiki*, IMEMO RAN, Moscow, 2010, p. 13.



discussed. The idea is promising and realizable—under certain conditions. The question is: How can the SCO help Afghanistan; What would be better avoided so as not to mar the Organization's positive image? Experts suggest the following.

■ First, funding social and infrastructural projects in Afghanistan; this is possible but hardly realizable today: the SCO still lacks a unified mechanism for funding economic projects and an institution capable of setting such a mechanism in motion. This means that the SCO member countries should set up a corresponding structure and tune up the mechanism for creating and spending its budget.

■ Second, the SCO should help fight the narco-business in Afghanistan up to and including control along its borders. It should be said that the SCO has no power to fight narco-traffic inside Afghanistan; however, the problem can be resolved up to a certain point.

There are several vicious circles. First, it is impossible to seal off the borders of Afghanistan for drug trafficking without cooperation with Pakistan and Iran, while comprehensive cooperation with them is impossible since they are not full-fledged SCO members.

The second circle: the SCO members cannot agree on the level of threats. Some of them (Russia, Tajikistan, and Kazakhstan) are worried about drug trafficking from Afghanistan; others have other concerns. China, for example, is not troubled by the flow of drugs from Afghanistan.

The third circle: there are groups in each of the SCO member countries determined to preserve the status quo by all means; this makes border control practically impossible. The solution is simple enough: supplies of precursors to Afghanistan, from the SCO countries in particular, should be discontinued.\*

■ Third, the SCO may try to organize a dialog inside the country under its aegis, yet practical implementation is hardly possible. For various reasons, the Taliban does not accept Russia (despite

the fact that the political leaders of Afghanistan have somewhat readjusted their attitude to it) or China and will never talk to them, partly because the SCO member countries are fighting Islamic extremism, the ideology of the Taliban.

Iran and Pakistan (so far outside the SCO) stand a good chance of mediating a dialogue with the Taliban.

The Afghan government is too weak to talk to the Taliban from a position of strength, the only language the Taliban understands. The international coalition would be extremely naive to expect that the sides could find a common language.

■ Fourth, some experts, General Leonid Ivashev being one of them, suggest that the U.S. military contingent in Afghanistan should be completely or partially (minus the NATO forces stationed in the country) replaced by SCO collective forces. This is a good,\*\* but obviously premature, idea: the SCO is not prepared for military involvement in Afghanistan.

> First, the Afghans have learned to look at all foreign military in their territory as occupants who violate the state's sovereignty and cause a lot of casualties.

> Second, Russia has learned its lesson from its own attempt to send troops to Afghanistan: the Afghans will never accept foreign military presence in their country and no modern social order can be enforced on them.

> Third, the SCO has not acquired a full-fledged military component, while its potential is fairly limited. The SCO cannot replace NATO in Afghanistan; it can join others in the struggle against threats and challenges generated in this country.

> And, finally, before drawing the SCO into Afghanistan, its potential involvement should be discussed with the government of Hamid Karzai (or the next president) and the leaders of the United States and NATO.

There are several, though purely hypothetical, variants of the SCO's involvement in Afghanistan:

\* There is information that precursors come from China, Pakistan, India, Europe, and the Middle East on a regular basis. The Bakiev clan controlled the flow of drug trafficking across Kyrgyzstan, this is one of the most pertinent examples of how top politicians in Central Asia patronized the narco-business (see: K. Fayzullina, "Ekonomika narkotrafka opiatov cherez Tsentralnuu Aziyu," Internet portal Islam in CIS, 9 August, 2013, available at [<http://www.islamsng.com/>]).

\*\* Information about a new structure set up at the U.S. Department of State to deal with religious communities in other countries is highly illustrative in this respect.



(1) An independent mechanism of involvement parallel to NATO, the UN, the EU, and other Western structures.

(2) Cooperation with these structures in the areas where they cannot cope.

(3) The same or similar functions (minus the military component) performed by Western structures in the rest of the country.

(4) One or several multinational brigades patterned on those already functioning in the country to restore the provinces.

> The first variant is absolutely unrealistic for two reasons: the SCO cannot, while the West will not, allow it to do this.

> The second is unwelcome: the SCO should not become a stopgap for NATO.

> The third and fourth variants are more practicable with the exception of use of force by the SCO. Their practical realization, however, is limited for the reasons described above.

To sum up: the SCO's potential involvement in Afghanistan is fairly limited; so far, it can do much more by keeping to the present scheme of bilateral cooperation between the SCO member countries and Afghanistan.

As an organization, the SCO can and should create a favorable foreign policy environment for Afghanistan, discontinue or, at least, cut down the export of drugs from it and import of precursors into it, reduce as far as possible external funding of the opposition inside the country, extend economic assistance to Kabul, and check the spread of radical Islamist ideas. This does not require the consent of the government of Afghanistan or, more importantly, the ISAF commanders. The political will of the SCO member countries will suffice.

To promote economic settlement, the SCO should concentrate on investments and proceed from a specific plan of economic rehabilitation of Afghanistan rather than from the amount of money allocated for this purpose (which is being done today).

To overcome the security threats, the SCO member countries should proceed from principles very different from those accepted by the United States and the European Union. They are:

(1) Non-use of force.

(2) Equal cooperation and partnership in the economic sphere between Afghanistan and the SCO members.

(3) Economic contacts designed to deal with the social problems by setting up (restoring) infrastructure on a commercial basis.

(4) Humanitarian aid limited to cultural and educational programs and targeted at specific structures.

(5) Commercial projects implemented at the level of heads of tribes and territories with support (albeit pretty formal) of the central government.

(6) Cooperation of the sides in the economic, cultural, and social sphere should be aimed at establishing a peaceful and efficient economy; this will allow the people and tribal chiefs to abandon drug production for the sake of legal and creative economic activities.

To be able to follow these principles, the SCO countries should organize a buffer zone along their borders free from drug production and terrorist training camps.

## Conclusion

It would be wrong or even foolish to underestimate the impact of Problem-2014 on the situation in Central Asia and regional security. The coalition's withdrawal will create complications inside Afghanistan. The situation will become more explosive and less predictable especially if, according to what is being said today, the foreign military contingent withdraws in haste leaving behind half-baked national security forces, whose ability to ensure security looks doubtful, to say the least.

From this it follows that the country's future promises no joy: the Taliban will return to power (to make it even less efficient than today), while squabbles among warlords and ethnic groups will gradually push them toward another round of a civil war with strong ethnic accents and possible disintegration.

There is no Northern Alliance to stop the northward progress of any warfare; this means that Central Asia (Tajikistan, Kyrgyzstan and, possibly, Uzbekistan in particular) will have their share of troubles. The only force that is so far keeping Islamism in check will be withdrawing of the region to leave the secular regimes to face the mounting impact of the Islamists.

Terrorist groups of radical Islamists from Central Asian countries so far based in Afghanistan might cross the border into their home countries.

They constitute the main threat to security and stability. Our information about their numerical strength, structure, and aims is very limited, however the danger their radical Islamist ideology presents to the Central Asian secular political regimes is very real indeed.

None of the Central Asian countries can cope with the threat on their own; they should start working on an adequate response today, although what it might look like is anybody's guess. It is obviously impossible to formulate it without Russia and, possibly, China.

Increased drug transit across Central Asia is the second serious threat. It is unrelated to Problem-2014, but the problem is unlikely to disappear along with the foreign troops. Despite the numerous programs and newly established structures, nothing has been done so far to address the problem in earnest. This means that the Afghan narco barons are not alone: preserving the status quo suits the organized criminal groups operating in Central Asia and Russia.

Problem-2014 is either unrelated or partly related to other security threats. This makes us wonder who is profiting from "demonizing" this date. Why do the media (the Western media in particular) insist that the Western withdrawal will be followed by an explosion in Central Asia?

Indeed, we all know that the withdrawal will not be complete and final: the United States, which has been fighting in Afghanistan for twelve years and has paid dearly for the war (up to and including

lives of its own citizens), is not just going to up and leave the country. The absurdity of this is obvious: complete withdrawal would spell complete failure of America's regional strategy.

Two questions suggest one answer: the carefully fanned hysterics are needed to justify Washington's resolution to preserve its position in Afghanistan and, possibly, in some of the Central Asian countries.

Today, Afghanistan is the key springboard for launching a direct or indirect impact on Central Eurasia and China (by definition zones of the U.S.'s vitally important interests). The current "horrors" make this even easier and allow the use of other instruments, Islamism being one of them.

Real threats and real challenges are found inside, rather than outside, the region, in each of the Central Asian states. Everyone interested in regional security should concentrate on these threats and challenges—they are not new and are unconnected with Problem-2014—yet they can be described as dominating.

I have demonstrated above that the SCO's potential involvement in the settlement of the Afghan problem is limited by its limited resources; much of what it could have done should have been done long ago, and regardless of Problem-2014. In the meantime, essentially nothing has changed, which suggests that there is no agreement among the SCO member countries on what the threats and challenges really are and that there are strong lobbies in each of them that want to preserve the status quo. There is a sad conclusion indeed.



# Nuclear Security in Central Asia: Need for International Cooperation

DAUREN ABEN

**T**he partly natural, partly man-made disaster at the Fukushima nuclear power plant in Japan has triggered a renewed international debate about new approaches to various aspects of nuclear safety and security [1]. The debate concerns not only the outlook for the development of the global nuclear energy industry and the use of safer and more secure technologies, but also the improvement of nuclear safety and security standards; nuclear materials security; modernization of protection and rapid response systems to deal with potential emergencies or acts of terrorism; and the role of the IAEA and national regulatory agencies.

In Central Asia, the need for continued international cooperation on nuclear security is obvious, based on a number of factors. Most notably, the region still faces problems related to the Soviet heritage of WMD development programs that are yet to be resolved [2]. There are also new challenges and threats, the most dangerous ones being illicit trafficking in WMD materials, technologies, equipment, and delivery systems, as well as the threat of WMD terrorism [3]. There are also plans by certain countries in the region to develop a nuclear industry and a nuclear energy sector: Kazakhstan, for instance, is pressing ahead with its plans of developing an advanced nuclear industry, and the government has already made a political decision to build a nuclear power plant [4]. Another argument in favor of continued cooperation is the recent decision to expand the geographic scope of the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction program by accepting Kazakhstan as its 24th member and a recipient country [5]. It is also important to take into account that Kazakhstan is the world's largest producer of uranium, and plans to host an

international bank of low-enriched nuclear fuel on its territory [6].

The main areas of future cooperation on nuclear security in Central Asia should include the following: improving nuclear security systems at nuclear infrastructure facilities; continued cooperation on the former Semipalatinsk nuclear testing range; countering radiological security threats; and strengthening export controls and border security.

As part of the Nunn-Lugar Cooperative Threat Reduction Program, a whole range of projects have been implemented in the Central Asian states in such areas as technological upgrade and improvement of nuclear and radioactive materials protection, control and accounting systems, as well as bolstering security measures at nuclear industry installations and nuclear facilities [7]. Some might say that all these improvements, along with increased protection of nuclear facilities by law-enforcement agencies, have minimized all external threats, including the threat of a direct attack by terrorists. But one must take into account that nowadays terrorists tend to be well armed and well trained, and that physical protection systems must be continuously improved to stay up to date. It should not be forgotten that most of the aforementioned projects were implemented in the late 1990s and early 2000s. They could not have taken into account weaknesses and risks identified in the area of nuclear security and safety in recent years.

Technical weaknesses in security systems of nuclear facilities, as well as shortcomings in personnel training and emergency response procedures, make these facilities vulnerable not only to natural disasters and emergencies, but also to deliberate malicious acts. These include not only terrorist attacks, but also more covert actions, such as attempts to gain unauthorized access, illegal



transfer or theft of nuclear and radioactive materials, and acts of sabotage [8]. Even if the facility is reliably guarded and equipped with advanced physical protection systems, one cannot discount the human factor. Protection and security systems cannot be relied upon if terrorists have an accomplice among the facility's personnel.

That is why such issues as the interrelationship between various aspects of nuclear security and safety, and the need for improving the security culture, are now coming to the fore. There is also an obvious need for further modernization of security and physical protection systems at nuclear facilities, as well as nuclear-related research centers and industrial facilities in the Central Asian states. Such modernization must include not only the installation of more advanced equipment, but also increasing the resilience of nuclear facilities to emergencies and attacks by terrorists, as well as augmenting the capability of security forces. In order to achieve a real and tangible improvement in the level of security at their nuclear facilities, the Central Asian states require comprehensive assistance (i.e. money, technology, and expertise) from international partners.

With the relevant governments' consent, representatives of international partners, in cooperation with the national nuclear security and safety agencies, could conduct a so-called security audit at the existing nuclear facilities in order to estimate the scale and the cost of required modernization projects. These inspections must include a comprehensive analysis of the existing procedures, technology, facilities and equipment in order to identify potential problems and vulnerabilities, and develop preventive measures to increase the level of nuclear security and safety. These programs could also include an independent international certification of the project to build a nuclear power plant in Kazakhstan, to make sure that the project meets all the nuclear safety and security standards and requirements.

International partners could also provide assistance to the Central Asian states in conducting regular training exercises to improve coordination between the personnel during various incidents at nuclear facilities. International partners might also take part in such exercises, if this is deemed necessary. Recommendations by experienced

international specialists could help improve emergency response procedures in the event of natural disasters, man-made emergencies, and terrorist attacks. They could also help to modernize safety and security control systems at nuclear facilities.

International assistance is also required in improving nuclear security culture, which is an important element of nuclear security. This problem requires a comprehensive approach. Projects in this area must target the personnel responsible for protecting nuclear facilities and materials, as well as specialists responsible for safe and secure operation of nuclear facilities and radiation safety. This applies both to the nuclear industry facilities and to national regulatory agencies. The higher the level of security culture among the personnel, from senior managers to rank and file, the higher the level of security at nuclear facilities, and the lower the risks caused by the human factor, including the insider threat.

To facilitate an improvement in the level of security culture in the nuclear industry, and to promote the sharing of best practices, international partners could provide the Central Asian states with assistance in rolling out multilateral education programs covering all aspects of nuclear security. It would be very helpful to set up regional centers of nuclear security excellence, which would offer continuous training program for nuclear security personnel and specialists working at the national regulatory agencies and nuclear industry facilities. As a first step, international partners could assist in establishing an international nuclear security training center in Kazakhstan – the proposal was announced by Kazakh President Nursultan Nazarbayev in April 2010 during the first Nuclear Security Summit in Washington [9].

At the Nuclear Security Summit in Seoul in April 2012 the presidents of Kazakhstan, Russia, and the United States made a joint statement to the effect that efforts to eliminate the consequences of nuclear tests at the Semipalatinsk nuclear test site had been almost completed [10]. It is certainly true that as part of multilateral cooperation programs, an unprecedented amount of work has been completed in the Semipalatinsk area to dismantle nuclear weapons testing infrastructure and to increase the level of safety and security of the facilities



controlled by the National Nuclear Center of the Republic of Kazakhstan.

At the same time, there is a clear and pressing need for continued international cooperation at the former testing range. First and foremost, a number of sensitive facilities still remain there; strengthening their safety and security is in the interests of not just Kazakhstan but its international partners as well. One of these facilities is the Baikal-1 site, which is currently being used as a long-term storage for a significant amount of nuclear materials and waste generated by the now decommissioned BN-350 fast-neutron reactor in Aktau [11]. Furthermore, Kazakhstan plans to use the facility as the core of the proposed new national center for radioactive waste processing and storage [12]. It is also important to maintain a proper level of security of the sealed tunnels and wells previously used for nuclear weapons testing.

The Kazakh National Nuclear Center is also currently working on a land rehabilitation initiative at the former Semipalatinsk test site. Based on the findings of a comprehensive radiological study, the Center believes that up to 95 per cent of the land occupied by the former testing range can be returned to economic use in several phases by 2020, with the exception of severely polluted areas and the territories occupied by nuclear facilities still in use [13]. It would therefore make sense to consider the possibility of international experts taking part in implementing this initiative. In particular, they could provide their assistance in assessing the long-term public health and environmental consequences of the proposed return of the site's lands to economic use.

According to the existing estimates, Soviet nuclear weapons tests at Semipalatinsk inflicted serious damage on health of the local population residing around the testing range, and left significant areas of agricultural lands in Kazakhstan radioactively contaminated. The UN General Assembly has recognized that the consequences of nuclear tests have been grave. In the period between 1997 and 2009 it passed six separate resolutions concerning the provision of international assistance to Kazakhstan in addressing the Semipalatinsk problem as part of the program headlined International Cooperation and Coordination of Efforts to Rehabilitate the Population, Environment, and

Economic Development of the Semipalatinsk Region of Kazakhstan [14].

As part of the implementation of these resolutions, Kazakhstan's international partners could consider the possibility of their continued involvement in rehabilitation programs to help overcome the region's serious social, economic, and environmental problems. Such involvement could include the provision of financial and technical assistance, as well as expertise, in conducting systemic and comprehensive studies of public health and the environmental situation, analyzing soil and water samples taken throughout the Semipalatinsk area, and implementing a system of regular monitoring of radiation levels at the former nuclear weapons range.

In recent years, radiological security issues have come to be regarded as part of the general nuclear security problem. Given the growing risks and threats stemming from the possibility of radiation emergencies, the security of radiation sources, and the danger of these sources being used by terrorists, radiological security is becoming a subject of growing international concern.

Radiological security threats in Central Asia stem from the fact that after the break-up of the Soviet Union, countries in the region lost control of some of the radiation sources used for industrial, medical, and research purposes. These sources contain highly radioactive materials, including cesium-137, strontium-90, cobalt-60, and iridium-192. According to some reports, a certain amount of radioactive sources and materials were buried in Central Asia's numerous uranium tailings dumps and other radioactive waste storage sites. Unlike the Central Asian nuclear facilities, these tailings dumps and waste storage sites are not properly guarded and protected [15]. If highly radioactive materials from these sites fall into wrong hands, they can be used to build a radiological dispersal device, or a so-called "dirty bomb". This is one of the region's most serious security risks related to WMD terrorism [16].

Dirty bombs do not have the capability to cause mass casualties or a serious amount of destruction. But they can cause radioactive contamination of large territories, leading to public health risks and lost economic opportunities. An attack using a radiological dispersal device would



also have a tremendous psychological impact on the population in and around the affected areas.

One of the risk factors in Central Asia is the spread of radical ideas in certain sections of society, especially among the young people. In 2010-2012, Kazakhstan experienced growing activity of religious extremists and terrorists, which makes the threat of radiological terrorism and other forms of WMD terrorism an increasingly serious problem. Only a few years ago the risk of terrorist acts was believed to be fairly low in the country. Now, however, there is a real possibility of terrorist attacks using radioactive materials being perpetrated by radical opponents of nuclear energy development to win public support for their cause. Given the existing concerns among the Kazakh public over radiation, and the generally negative attitude to nuclear programs, radical groups might also attempt acts of sabotage. All these risks must be taken into account during the implementation of the government's plans to set up a low-enriched uranium bank in the country and to build a nuclear power plant.

The risk of a dirty bomb attack is fairly high due to the relatively easy availability of radioactive materials, and the simplicity of the dirty bomb design. Furthermore, sources of radiation can be very small and compact, making them easy to transport and smuggle across the borders. That necessitates close cooperation between the Central Asian states and international partners in ensuring timely detection and interdiction of radioactive contraband in the region.

On the national level, the relevant government agencies must take steps towards further improvement of the existing protection, control and accounting measures for radiation sources that are widely used in many legitimate areas, including healthcare, research, industry, and agriculture. The governments in Central Asia must also introduce harsher penalties for theft or improper use of radiation sources, and incorporate measures outlined in the International Convention for the Suppression of Acts of Nuclear Terrorism into their national legislation.

Interested foreign states could provide assistance to the Central Asian governments in strengthening the legislative and regulatory framework for the registration and use of radioactive materials, in-

cluding the introduction of modern registration systems that would keep track of all radiation sources throughout their operational lifetime. International assistance would also be useful in taking inventory and issuing registration certificates to radioactive sources and materials; organizing regular events to locate, secure and dispose of unaccounted or decommissioned sources; building special storage facilities; and upgrading physical protection systems at the existing facilities. Assistance from international partners would be hugely important in equipping border crossings and other strategic locations with radiation detectors in order to prevent the smuggling of highly radioactive sources and materials. More active exchange of information about illicit circulation of such materials should be one of the mechanisms of multilateral cooperation in this area.

Another potential threat is the possibility of Central Asian countries being used as transit routes for nuclear and other WMD-related materials, technologies and equipment. This threat is very real. To the north and east, the region borders on countries that are potential sources of such contraband (just as the Central Asian states themselves are, incidentally). To the south lie potential end users of such contraband, i.e. nations or international terrorist groups aspiring to acquire nuclear weapons. The routes of such contraband can be largely the same as the ones used to smuggle drugs out of Afghanistan and into Europe. Illicit activities can also be disguised as legal commercial operations, with sensitive equipment and technologies, dual-use products, and fissile materials being purchased by front companies or brokerages. To this date there have been no confirmed cases of highly-enriched uranium or plutonium being smuggled via Central Asia. But there have been numerous cases in the region of the authorities interdicting cargos containing radiation sources or radioactive scrap metal [17].

Although much progress has been achieved in securing and guarding the national borders in the region, the Central Asian states must actively cooperate with each other and with international partners if they are to be able to respond effectively to all these threats. Effective and timely detection and prevention of attempts to illicitly transfer sensitive materials require continued energetic efforts to strengthen the national systems of export, border



and customs control in the Central Asian states. It would make a lot of sense to use the existing experience of cooperation with international partners accumulated during the implementation of such U.S. and EU-initiated assistance programs as Export Control and Border Security, Second Line of Defense, Border Management in Central Asia, etc.

More active cooperation and exchange of information should be pursued with foreign secret services. The Central Asian states should also continue the practice of joint anti-terrorism exercises not only in the CSTO and SCO framework, but also on bilateral and regional bases. One of the possible ways of stepping up regional cooperation and improving the Central Asian states' capability in export control and border security is to give them greater assistance in the implementation of UN Security Council Resolution 1540, which aims to prevent WMD from falling into the hands of non-state actors [18]. Closer cooperation is also

required under the Global Initiative to Combat Nuclear Terrorism, which is spearheaded by Russia and the United States.

The Central Asian states have a clear interest in continued cooperation with foreign partners (especially Russia and the United States) on the entire range of WMD nonproliferation and nuclear security issues. Such cooperation can help them to resolve the problems they inherited from the Soviet Union, and to develop adequate responses to the present-day challenges and threats related to WMD proliferation and nuclear security. Such cooperation is also in the best interests of the leading powers, including Russia and the United States, because it helps to reduce the risks related to WMD terrorism and illegal circulation of sensitive materials, technologies, and equipment. Another important consideration is that such cooperation can help these countries to strengthen their political and economic positions in Central Asia.

#### SOURCES:

1. See, for example: Duyeon Kim, Jungmin Kang. Where nuclear safety and security meet. *Bulletin of the Atomic Scientists*. January/February 2012. Vol. 68, no. 1, pp. 86-93.
2. Butler, Kenley. Weapons of Mass Destruction in Central Asia. October 1, 2002. Nuclear Threat Initiative: <http://www.nti.org/analysis/articles/weapons-mass-destruction-central-asia/>.
3. Aben Dauren. Central Asia and WMD Proliferation Threats/Security and Cooperation in Central Asia in XXI Century: Purposes, Priorities and Challenges. *Proceedings of International Seminar – Astana: Institute of Contemporary Researches, ENU after L.N. Gumilyov*, 2010 – p.81-88
4. Gaifutdinova Venera. AES in Kazakhstan will appear in 12 years. *Kapital*. 1 February 2013
5. Kazakhstan Has Entered Global Partnership Against G8 WMD Proliferation. *Informatsionnoe Agentstvo "Novosti-Kazakhstan"*. 23 February 2012 <http://newskaz.ru/politics/20120223/2744918.html>.
6. Uranium and Nuclear Power in Kazakhstan (updated March 2013). World Nuclear Association: <http://www.world-nuclear.org/info/Country-Profiles/Countries-G-N/Kazakhstan/#.UcwdVjvwlyw>.
7. Kazakhstan: Reducing Nuclear Dangers, Increasing Global Security. Washington, DC: Embassy of the Republic of Kazakhstan and the Nuclear Threat Initiative, 2004.
8. Bunn, Matthew. The Threat of Nuclear Terrorism: What's New? What's True? Nuclear Security Dossier: [http://www.nuclearsummit.org/files/nuclear\\_terror\\_threat\\_dossier\\_2012.pdf](http://www.nuclearsummit.org/files/nuclear_terror_threat_dossier_2012.pdf)
9. President of RK Nursultan Nazarbayev's Address on Summit in Washington. *Human, Energy, Atom*. 2010. #2(8) p.5-6.
10. Joint Statement of the Presidents of the Republic of Kazakhstan, the Russian Federation and the United States of America on the Trilateral Cooperation at the Former Semipalatinsk Test Site. Seoul, 27 March 2012. Official site of the President of RK. <http://www.akorda.kz/ru/page/sovместnoe-zayavlenie->

presidentov-respubliki-kazakhstan-rossiiskoi-federatsii-i-soedinennykh-shtatov-ameriki-o\_1341834725.

11. NNSA Secures 775 Nuclear Weapons Worth of Weapons-Grade Nuclear Material from BN-350 Fast Reactor in Kazakhstan. Press Release. November 18, 2010. National Nuclear Security Administration: <http://nnsa.energy.gov/mediaroom/pressreleases/bn35011.18.10>
12. Approval of the Programme of Development of Nuclear Industry in the Republic of Kazakhstan for 2011-2014 with the Perspective of Development till 2020. Informatsionno-pravovaya sistema normativnykh pravovykh aktov Respubliki Kazakhstan "Adilet". <http://adilet.zan.kz/rus/docs/P1100000728>.
13. Dairova Oksana. Semipalatinsk Will Be Rehabilitated. Kursiv. 5 August 2010.
14. Sharipov Maksut. Kazakhstan in the UN: Active and Responsible Participant. Kazakhstanskaya Pravda. 3 March 2012.
15. A Seminar on Search and Preservation of Radioactive Sources was held in Kazakhstan; an Inventarization of Radiation Sources is Being Planned. Review of Export Control. June 2005. P.3-4. Kazakhstan and Kyrgyzstan Held an Inventarization of Radioactive Sources and Strengthen the Control Over Radioactive Materials. International Review of Export Control. December 2005/January 2006. P.12-13
16. Plugataryov Igor. "Dirty Bomb from Central Asian Uranium". Independent Military Review. 21 September 2007.



# Afghan Problem After 2014 (by Chinese Experts' Estimates)

RUSLAN IZIMOV

**N**owadays discussions on “Afghanistan after withdrawal of international coalition forces by 2014” became the most urgent in the international expert society.

Perspectives of the military and political situation in Afghanistan and destabilizing threats, originating from its territory, also concern the management of Central Asian republics, Russia and China. In this context, in the nearest future may increase the role of neighboring states, including China as a key player in the process of the Afghan problem's settlement. Hence, this article considers the views of Chinese analysts about the possibility of China's participation in the Afghan settlement.

In the most influential “think tanks” of China the situation around Afghanistan is quite widely analyzed. Popular opinions of Chinese experts on military and political situation in Afghanistan are reduced to the following points:

**Firstly**, the military contingent of NATO and the U.S. has not implemented the set tasks in Afghanistan. The threat of terrorism and illegal drug trafficking from Afghanistan are not being reduced. NATO's military mission in the IRA has not brought any positive results. While acknowledging their own ineffectiveness, the military contingents of the international coalition leave Afghanistan. This, according to Chinese experts, is due to the huge financial losses in the U.S. during the Afghan campaign, as well as the desire of American authorities to shift the responsibility for the situation in Afghanistan onto the Afghan government and other regional players;

**Secondly**, after the withdrawal of NATO and the U.S.'s troops from Afghanistan will arise sharply the threats and risks coming from its territory, which primarily affect the regional security

in the Central Asia. This circumstance will be immediately used by the U.S. In particular, they can (and are already trying) offer their assistance in the fight against new security threats associated with Afghanistan through the placement of military facilities on the territory of the Central Asian countries;

**Thirdly**, despite the official U.S. statements, American military authorities are going to keep some define part of their troops in Afghanistan. In particular, in February 27, 2013 the U.S. government announced that the number of the U.S. troops in Afghanistan after 2014 will be about 8-13 thousand people. Moreover, Chinese analysts tend to believe that **the U.S. and NATO will seek out new opportunities for its military presence in the countries, neighboring with China, in order to constrain the growth of the PRC.** In this context, exactly the countries of Central Asia could become the target for the deployment of new the U.S. and NATO's military facilities.

All this, according to Chinese experts, creates a necessity for active inclusion of the Central Asian countries, Russia and China, within the SCO framework, into the process of Afghan settlement. At the same time, the Afghan problem is significant for Beijing, especially in view of the following factors:

- **safety of the western territories.** According to some Chinese analysts, along with the threat of the Taliban's movement intensification, after 2014 in Afghanistan may break out an armed struggle between ethnic groups over the territory and the influence. In this scenario, may not be excluded an intensification of extremist and terrorist groups, which are staffed by the immigrants from Russia and Central Asia. In this case, the armed bands will threat the security of Xinjiang, China as well;



▪ **stability in Central Asia.** Chinese researchers believe that the withdrawal of troops and weapons from Afghanistan by the Northern Distribution Network may cause sharp disagreements between Russia and the West, primarily due to the sale or transfer of military equipment and armament of NATO to Central Asian countries. Considering that China is interested in a stable neighboring region, including the development of trade and economic cooperation with the countries of Central Asia and Russia, as well as the transit potential of the region, such a variant is also a threat to the economic development of the western regions of the PRC;

▪ **safety of its citizens and investments in Afghanistan.** Experts from leading research centers in China have expressed a concern over the vulnerability of Chinese companies' investments into the Afghan economy. At the same time they point out that in case of force major, China will not be able to protect effectively its economic interests in Afghanistan. First of all due to impossibility of the military intervention.

At the same time it concerns the options of as a unilateral occupation of this country, so within the regional organization (SCO). In particular, the Chinese experts believe that if the PRC authorities are going to decide on military involvement in resolving the situation in Afghanistan, it will lead to the following consequences:

- PLA troops in Afghanistan will be perceived as occupiers, however, as well as the troops of any other country in the world. But unlike the others, the armed forces of Communist China will be associated with the Soviet ones;

- the colossal damage to the international image of China will be inflicted, as a result of which, China will be perceived as a global military power, pursuing ambitious geopolitical goals.

**Most Chinese researchers stand entirely for the economic measures of reconstruction of Afghanistan. According to their opinion, there are a number of areas, where China with its financial abilities has no competitors. As per the practice of the recent years, the same approach is shared by the official leadership of the PRC.**

Zhou Yongkang's, a former member of the Central Politburo Standing Committee of PRC, visit to Afghanistan in September 2012 demonstrated

Beijing's desire to play a more active role in the reconstruction of Afghanistan after 2014

Upon the visit, an agreement on cooperation in the field of security was signed, providing the participation of Beijing in training, equipping and funding of the Afghan police. In the framework of this contract, in the next four years, 300 Afghan police officers will be trained in PRC.

In addition, Beijing will provide Kabul with financial assistance in the amount of \$150 million. Also today one of the largest Sino-Afghan programs is a project on developing a copper mine "Aynak". The Chinese company «China Metallurgical Group» is planning to invest \$3.5 billion into this project by 2014. According to a plan, the deposit will operate at full capacity, providing about 10 million of Afghan citizens with employment. As a part of this project China has committed to build at its own expense a coal thermal power plant with capacity of 400 MW, and the railway, connecting Aynak with Hayraton on the border with Uzbekistan, and Torkham near the Pakistan border.

Since November 2012 Chinese corporations have accessed the oil fields in Afghanistan. "Petrochina", a subsidiary of CNPC, won the tender for the purchase of approximately 250 thousand tons of oil per year from the Afghan company Watan Oil and Gas (CNPCIW). Afghan oil can be sent for processing to Uzbekistan or Kazakhstan, using the tolling transactions. Depending on the level of oil production in Afghanistan, CNPC may additionally purchase 100 tons of hydrocarbons in 2013-2014.

Along with it, the Chinese government continues to invest into the construction of transport infrastructure in Afghanistan. According to Cheng Guoping, the Deputy Foreign Minister, the Chinese side holds inter-ministerial consultations on the implementation of the international project for the construction of the Kashgar-Herat railway (China-Kyrgyzstan-Tajikistan-Afghanistan), length of 1972 km. As per the Chinese diplomat, the railway construction is extremely important for China. The only issue is funding the project, it means, from whom, when and where will be found the funds to implement it.

Therefore, Chinese investors have opened the direct access to strategic resources of Afghanistan, and intend to expand the field for activity of Chinese companies. For this purpose, according to



Chinese experts, it is necessary to create favorable conditions. **Along with it, they also express the point of view in advantage of strengthening the measures, aimed to protect their investments in Afghanistan.**

So, for example, Zhang Li, the director of the Center for South Asia at Tsinghua University, notes that China is interested in the neutral status of Afghanistan, which will enable to increase Chinese economic influence in this country. In his view, the withdrawal of U.S. troops from Afghanistan is undesirable, but at the same time a threat to the national interests of the PRC is posed by their consolidation in the CAR. In this regard, China has to be activated in the Afghan direction, including in cooperation with Russia and the Central Asian countries in the framework of the SCO.

Thus, China, on expert level, actively considers the possibility of strengthening its position in Afghanistan, for which all possible mechanisms are being sought, especially in the economic field, with a particular focus on the production of minerals and construction of infrastructure.

\* \* \*

Considering the transformation of the geopolitical situation around Afghanistan, China's role becomes significant. The Chinese leadership has intensified its relations with the official Kabul, and with the governments of Central Asia, including in the framework of the security provision after the withdrawal of the international military contingent from Afghanistan in 2014.

Analysis of the researches and opinions of the experts from major research and analytical centers of China, having a serious impact on Chinese Communist Party's policy making, allows the following conclusions:

1. In the socio-political discussion among China's expert groups on the Afghan problem, first

of all, are pointed out the challenges and threats, associated with, on one hand, the withdrawal of ISAF troops from Afghanistan, on the other hand, a possible U.S. military consolidation in the Central Asian region;

2. Withdrawal of the international coalition main forces and the shifting the responsibility for security onto Afghan military authorities may cause to outbreaks of activity among irreconcilable opposition, which may also carry certain risks and challenges for Xinjiang, China. In case of the United States and NATO's military objects emergence in Central Asia, this factor, in the long term perspective, will be constrained by Chinese presence in the region.

In this regard, China's leading analytical centers offer various options for strengthening the role of China in the Afghan issue. First of all, the focus is set on strengthening the economic penetration by construction of transport infrastructure, major contracts in the energy sector, as well as by providing financial loans and credits;

3. According to some Chinese analysts, the reduction in number of the international coalition's forces would lead to expansion of the areas on Afghanistan's territory, which are beyond the control of the central authority and can be used as a base for training and further transfer of extremist groups to the territory of the Central Asian countries and Xinjiang, China;

4. Official Chinese authorities do not intend currently to take part in a military settlement of the situation in Afghanistan. Regarding the participation of China in the Afghan settlement in the framework of the SCO, Beijing believes that in order to effectively struggle with the challenges and threats originating from Afghanistan, the international community and international organizations must join their forces and solve the problems by complex measures, lying in political and economic spheres.

# Energy Security in the Caspian Central Asian Region

LEILA MUZAPAROVA

**T**he recent developments in North Africa and the Middle East once more actualized the questions of international and regional security. Therefore, the issue of energy security is increasingly important for the system of international security given that conflicts have occurred or are likely to occur in the countries and regions that are either rich in strategic reserves of hydrocarbons or have important transport routes on their territory.

Thus, possible military conflict in close proximity to the Caspian and Central Asian region or triggered by one of the Central Asian states may also be a result of the competition for access to natural resources of the region and control over its transit facilities.

Taking into account the above mentioned factors and considering the constant interest, the Indian experts reveal to the energy policy and security in the Caspian and Central Asian region, I will focus on this particular topic.

There are currently a number of interrelated problematic issues in the region; and the approaches of the Central Asian states to their national security including energy security reflect this complexity. In their relationships with each other and with the external actors interested in the Caspian and Central Asian energy resources, the countries in the region need to take into account the following challenges and threats to the regional stability.

*1) DISPUTED OIL AND GAS FIELDS IN THE CASPIAN SEA.* In the absence of a consensus and any document that defines the international legal status of the Caspian Sea and, therefore, the bottom lines of each national sectors, that are under the jurisdiction of each individual Caspian state, there is still a certain probability that they may opt to resolve the matter by force. Iran has displayed

force already when its navy forced the Azeri vessels to stop fieldwork on the offshore oil field in the "Araz-Alov-Sharq" in 2001 claiming it to be the Iranian territorial of water. This scenario is plausible for those littoral states that have not settled their relations with the neighbors over the disputable oil fields.

Here, the southern part of the Caspian Sea seems relatively conflict-prone, primarily because the delineation has not been achieved so far in the Azerbaijani-Iranian and Azerbaijani-Turkmen sector of the Caspian Sea.

As there is no any legal agreement on the status of the Caspian Sea, Iran, Azerbaijan and Turkmenistan continue to defend aggressively their positions on the offshore boundaries and, most importantly, build up their naval forces. Although the three countries claim that negotiation and dialogue to resolve disputes are their priority, stability and security in the southern Caspian remains fragile and vulnerable in the long term perspective;

*2) EXPANDING ACTIVITY OF EXTREMIST AND TERRORIST GROUPS.* Terrorism these days could be used as a new tool in the Caspian and Central Asian geopolitics. The pipelines crossing the territory of the region as well as offshore oil and gas platforms in the Caspian Sea may be potential targets for terrorist attacks.

The explosion on the "Baku-Tbilisi-Ceyhan" oil pipeline in August 2008 is a good example of vulnerability of the energy infrastructure. According to Turkish media, the responsibility was taken then by a Kurdish terrorist organization. As a result, the supply of hydrocarbons to the European consumers was suspended for a few days.

A slightest disruption in supply of the Caspian oil and gas to the world markets, especially given upcoming shift of the export routs the oil from Iran



because of the embargo, would cause immediate reaction on the markets and also may make other negative effects such as political destabilization in the Caspian states as well as sharp decline in investment attractiveness of the region and considerable losses for the suppliers of hydrocarbon resources.

These threats need prevention, the measures to strengthen defense potential are also needed. Conducting joint military exercises in the Caspian Sea to enhance the defense against possible attacks both when on the raid and while patrolling would be very timely and, therefore, worth particular consideration;

*3) INVOLVEMENT OF EXTRA-REGIONAL POWERS IN ONGOING PROCESS OF FORMATION OF THE REGIONAL SECURITY SYSTEM.*

Western powers, the USA in particular, are trying to maintain their military and political presence in the region to save their investments in the oil and gas industry of the Caspian states and secure the pipeline routes. In order to eliminate potential threat of sabotage and terrorist attacks on the Caspian energy infrastructure, the United States have focused on providing military-technical and material assistance to Azerbaijan and Kazakhstan;

*4) ACCELERATING MILITARIZATION.* Until 2002, the countries of the region had not taken any steps to increase their military capabilities in the Caspian Sea, but the situation changed dramatically after the first Caspian Summit in Ashgabat ended in failure. Since then, the coastal countries have seen their navies as an additional argument to defense their national interests in the Caspian region. Quite alarmingly, the Caspian states are building up their naval power. Military alliances are regarded as deterrent of possible threat and risk particularly those posed against the oil and gas fields. The militarization in the Caspian Sea continues despite official statements about the formation of the regional security system. While agreeing on cooperation among the national border and law enforcement agencies, the coastal states do not address the questions about the qualitative and quantitative composition of their navies deployed in the Caspian Sea;

*5) DISAGREEMENT OVER BUILDING TRANSPORT INFRASTRUCTURE AND ITS EXPLOITATION.* The location of the Caspian Sea

determines its significance in the global system of transportation. However, the projects aimed at increasing volume of traffic, especially hydrocarbons one, face complexities of a geopolitical nature. Since the legal status of the Caspian Sea has not been settled, the prospects of trans-Caspian oil and gas projects are pretty vague. However, Ashgabat does not consider the fact that international legal status of the Caspian Sea is still unsettled as an obstacle to build the trans-Caspian route. At the third Caspian Summit in Baku in November 2010, Turkmen President Berdymukhamedov claimed that underwater pipelines in the Caspian Sea could be built only with the consent of those parties which territories such a pipeline crosses. The consent of the others was not needed, he said.

Revitalization of the Trans-Caspian project to transport Turkmen gas, which is crucial to fill up the "Nabucco" pipeline, is fully consistent with the interests of the EU, namely its energy security. The European Council authorized the European Commission to negotiate with Azerbaijan and Turkmenistan on the legal basis of the Trans-Caspian gas pipeline. It should be noted that the 2020 EU Energy Strategy sees the Trans-Caspian gas pipeline as a key element for its realization.

At the same time, the fact that negative stance of Russia and Iran on the Trans-Caspian gas pipeline project is ignored brings additional complexities into the relations among the coastal states. The transportation of raw gas from the eastern to the western coast of the Caspian Sea via an underwater pipeline directly related to the unresolved issue of delimitation of the Caspian. The contradictions can be resolved only with the reference to an international legal status that would clearly define the boundaries of the each national sectoral area and, therefore, regulate subsoil mining. In the meantime, there is no any legally binding document and the situation is deadlocked;

*6) UNRESOLVED ENVIRONMENTAL ISSUES.* The negative impact resulted from intensive industrial development, especially in mining, has significantly aggravated environmental situation of the Caspian Sea, jeopardizing its biological balance. The considerable measures are needed and the Caspian states introduced a number of environmental regulations designed to minimize the negative industrial impact on the ecosystem



of the Caspian region. However, in practice, their implementation is subordinate to the political and economic interests of the geopolitical players present in the Caspian region;

The Caspian Sea is rather prone to man-made disaster, especially when the largest offshore project of "Kashagan" is launched. Therefore, closer coordination among the Caspian states is needed to maintain ecological security in the Caspian Sea.

In other words, the Caspian region faces a number of serious region-wide problematic issues and their solution requires convergence of the interests of all the Caspian countries:

1) unsettled legal status of the Caspian Sea hampers the prospects for the agreement about distribution of the reserves in the Caspian shelf and offshore oil production;

2) unique bioresources of the Caspian Sea that need to be preserved;

3) structure of the economies of all countries in the region that is primary oriented on raw materials export and the consequent need for modernization of the national fuel and energy complexes and, more importantly, a new economic model of development;

4) environmental and technological risks because of increasing scale of production of hydrocarbons, especially given that it will intensify when the exploitation of the offshore fields starts;

5) transportation of hydrocarbons related to the choice of delivery routes of oil and gas to the world markets, in other words, the problem of diversification of export routes;

6) a large number of external actors interfering into formation of the economic situation in the region;

7) absence of a common development strategy for the Caspian region that would regard it as an integrated socio-economic system, and, consequently, stipulate for overall priorities of regional economic cooperation of the Caspian states;

8) great importance of the energy Caspian resources for the individual countries of the region. For Kazakhstan, Azerbaijan, Turkmenistan, the Caspian Sea is the only sea they have the access to, besides it is not linked with any other water basins. In fact, these countries have no alternative but to develop the marine and energy resources of the Caspian Sea unlike Iran and Russia.

All of these problems require solutions via regional economic and energy cooperation that should be based on the following four principles:

1) region shall be regarded as a single and unique socio-economic system, and its destruction would be equivalent to an ecological and economic catastrophe on a global scale;

2) socio-economic interests of the states in the region shall prevail over the interests of external actors;

3) priority shall be given to foreign economic cooperation that would trigger development of the regional interrelations;

4) Convention on the Legal Status of the Caspian Sea shall be the key to maintain stability in the region.

There are a number of internal and external factors that influence economic cooperation among the Caspian countries and development of the region as a whole. The external factors are currently predominant; these are the world's demand for energy and the interests of non-regional global market players in the Caspian resources. External factors have both positive and negative effects on the Caspian socio-economic system. On the one hand, they stimulate development of the economy of the Caspian countries, in particular their energy and commodities sectors, and on the other, they may threaten economic stability in the region and destroy its unique biodiversity.

The internal factors determining the prospects for the regional economy of the Caspian Sea are the following:

- limited resource base of the Caspian shelf;
- fragility of bio-resources of the Caspian Sea;
- complicated nature of intra-regional relations.

All these factors (both external and internal) contribute to the following the trends in regional cooperation:

- increased influence of extra-regional factors and players in the economy both region wide and on the individual Caspian states;
- intensified competition among the pipeline projects;
- transit and transportation of energy resources is used as a major incentive to cooperate.

These trends aggravate the regional tensions, hamper stability of the regional economic system



and slow down economic convergence of the Caspian countries.

Lack of a strategy for regional economic cooperation, which should be developed by all states concerned, also prevents the convergence of economic interests of the countries of the Caspian region. Such a strategy should be aimed at achieving a common goal that is to maintain stability of the unique socio-economic system of the region. Such a strategy may serve to keep appropriate balance of global, regional and national interests, identify the priorities of economic development within the region, and offer a solution to the major issues that is rivalry among a number of the pipeline projects as this enhances considerable the inter-regional tensions.

Prospects of economic cooperation in the region are likely to improve if the following conditions are met:

- optimization of regional ties in the energy market so that it could contribute into common regional security and economic sustainability of the region;
- modernization of the fuel and energy sector of the industries in the countries of the region;

- establishment of the International Union of Caspian states;

- diversification of trade and economic relations among the countries of the region through the transition from bilateral (trilateral) to multilateral format of the regional cooperation in all sectors of economy. The current bilateral agreements on a number of "non-energy" issues are consistent with such a multilateral format, namely, cooperation in the banking sector, food (grain) market, fishing industry, transport and port infrastructure maintenance, etc.

The two primary goals of energy cooperation in the region are:

- 1) modernization of the energy system of the Caspian region;
- 2) diversification of the export routes for energy supplies to the world markets.

Thus, it is clear that there is a need to intensify regional integration and formulate the key areas of cooperation in the energy sector; this is how the global economic stance for the region can be enhanced.

# Some Aspects on Realization of “The Innovation Atlas of Kazakhstan” Project and Forecasting Estimates

SEITZHAN MUKAYEV

**I**n 1995, the Republic of Kazakhstan (hereinafter RK) became a full member of the Organization of Islamic Cooperation (hereinafter OIC).

At present, cooperation between Kazakhstan and the OIC is developing quite effectively, the membership of our country in the organization contributed to maintaining effective relationships with member states of the OIC, as well as to Kazakhstan's active participation in political and economic processes in the Islamic space, and also to attracting financial resources for the implementation of major investment projects in Kazakhstan.

On the March 14th, 2008 at conference of the Organization of Islamic Cooperation (hereinafter – OIC), held in Dakar (Senegal), the first phase of the project “The Atlas of Islamic World Innovation” was launched, which will consist of the identification of priority directions of science and innovations in OIC countries. The Organization of the Islamic Conference was established in 1926, is headquartered in Jeddah (Saudi Arabia). On the June 28, 2011 at the 38th Session of the Heads of States of the OIC, the Organization of the Islamic Conference was renamed the Organization of Islamic Cooperation, which is the largest and most influential Muslim official governmental international organization that brings together 57 countries with a total population of 1.5 billion people.

Within the first phase a website in Arabic, English and French was designed (site address). During the implementation of the project “The Atlas of Islamic World Innovation” such international orga-

nizations participated, as the OIC, the Royal Society, Ministerial Standing Committee on Scientific and Technological Cooperation (COMSTECH), Islamic Development Bank, Islamic Educational, Scientific and Cultural Organization (ISESCO), The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Nature – a world-class scientific journal, and the site Nature.com one of the most popular school sites on the Internet, which is visited by about 12 million people a month, the British Council, the Fund Qatar, Demos, the research center of international development and an intelligent power, one of the most influential in Europe on detailed study of science and innovation. This organization published “Atlas of Ideas”, which was marked by the newspaper Financial Times, as “a comprehensive evaluation of innovation in China, India and Korea.” The main part of the second phase will be taken from the “Atlas of Ideas”.

The Atlas of Islamic World Innovations aims to strengthening the links between innovation, science, religion, culture and politics in all 57 member states of the OIC. As a result of this project, new opportunities for collaboration between scientists, politicians and businessmen will be identified, as well as between various firms and companies in the Islamic world and the EU on global issues such as climate change, poverty reduction, including sustainable development.

Implementation of the project pursues six goals:

a. identification of major trends and priorities in the field of science, technology and innovation;



b. analysis of the geographical and economic diversity of the OIC countries, the implementation of an independent and objective assessment of how is changing their innovation potential, opportunities and obstacles for growth, expert vision of the transition to an innovative economy of knowledge;

c. identification of the new opportunities for collaboration between scientists, policy makers, private and non-governmental sectors in the Islamic world and Europe in particular, is aimed at achieving common global problems of climate change, poverty reduction and stability;

d. development of science, technology and innovation through the capabilities of the OIC;

e. creation of skills and capabilities for analysts in the field of science and innovations, as well as for people, who make decisions throughout the Islamic world, as well as creation of a new network for the exchange of ideas, best practices in the Islamic world, and between the Islamic world and Europe;

f. creation of conditions for commercialization of science and technology in the OIC countries and the world, in order to attract investments, focused on science and technology for the OIC Member States, as well as identifying opportunities for matching the supply and demand of science and technology, conducting joint research programs and researches, in order to promote the integration of science and technology in the OIC countries.

In the country reports, as part of "The Atlas of Islamic World Innovation" project, the current state of each country will be reviewed and analyzed, and recommendations for the development of science, technology and innovation according to international experience will be provided.

The problems in the implementation of science and technology policy, which are presented in each member state of the OIC will be fully investigated and the conclusion will offer specific recommendations and suggestions for improvements, including legal action.

A detailed action plan for the promotion of science, technology and innovation in the member countries of the OIC will be presented after the closing of the project. The initial phase will require the study of all the factors that contribute to innovation: stimulating the creation of a critical mass of high-level scientists, engineers and technicians; the creation of favorable conditions for the creation of

new innovative companies; making additions and changes to the regulatory legal acts. In particular, it will provide recommendations to encourage private sector, on investments into research and development (hereinafter – R&D), so the private sector could fund the establishment of research laboratories, by tax incentives or subsidies from the government, etc.

The country case reports will provide recommendations on changing the system of secondary and vocational education; will propose measures to introduce new training programs or modify existing training programs. It will also suggest measures necessary for the promotion of venture capital financing mechanisms taking into account an international experience, and will study the experience and the role of government and the private sector to encourage investment in R&D taking into account the best international practice.

It will analyze the measures necessary to attract foreign direct investments (expert treatment area, government initiatives, etc.), after the evaluation of the best international practice in the rapidly developing countries.

Participation of the Republic of Kazakhstan in this project provides an opportunity to gain more investments for the development of science and technology, as well as the expansion of ties with leading research centers of the Islamic world and Europe.

Implementation of the project for the preparation of the country case report will be based on previously prepared analytical studies such as the Arab Human Development Report of 2003, Report on the situation of scientific research in the OIC, published in 2005, as well as a special edition about the morals "Islam and Science" published in 2006.

At the beginning of the second phase of the Atlas of Islamic World Innovation OIC the seminars for representatives of 15 countries were held, which thereby allowed to support and create an understanding of the project in these countries. Phase 2 consists of work on the implementation of detailed studies in the 15 member countries of the OIC:

Middle East and North Africa: Iran, Egypt, Jordan, Saudi Arabia, Qatar, the United Arab Emirates.

Sub-Saharan Africa: Nigeria, Sudan, Mozambique, Senegal.

Europe and Central Asia: Turkey, Kazakhstan, Azerbaijan.



South and East Asia and the Pacific: Malaysia, Pakistan, Indonesia.

The OIC's member countries, where the researches will be held, have quite large differences in geographic location, languages, culture, models of economies and levels of development, so the relationship between the above-mentioned 15 countries and the Islamic world in the fields of science, innovation, religion, culture and politics will be studied.

The team of experts working on the project is expected to spend 4 to 8 weeks in each country. Their work will depend on the size and scope of the study. The main idea of this phase is a number of country case reports edition (about 15,000-20,000 words).

In the country case reports the following questions will be considered:

1. The main features of the innovation system;
2. The structure of science, technology and innovation system (institutions, policy, decision-making, financing, etc.);
3. The history of the development of scientific and technological innovation in the country and its background;
4. Indicators allowing to understand the viability of the system;
5. Strengths and weaknesses of the system of secondary and higher education;
6. Is there a "leak" of scientists and research personnel from the system;
7. The strongest sector or sphere of innovation;
8. The correlation between the private and state funding in the sphere of scientific, research and development, and engineering studies.
9. Are there any official fees and funding assistance from philanthropists for the development of R&D;
10. The share of international R&D held in a country;
11. Are any innovations being used by internal enterprises and any changes exist;
12. How far is the country close to the ethical and governance standards in science;
13. What is the relationship between Islam, science and policy in the country;
14. Is there a cooperation in the fields of science, business and innovation with the countries of EU, the U.S., Japan, China, India, etc.;

15. Is it possible to strengthen international cooperation and are there any barriers for this;

16. Is it possible to raise the level of R&D in the system of higher education;

17. What mechanisms are there to promote and encourage outstanding scientists, explorers and innovators in the OIC countries.

This project will help to identify new opportunities for collaboration between scientists, policy makers and organizations in the Islamic world and in Europe.

Following the meeting held in the period from 2nd to 5th October 2010 in Istanbul (Turkey), the leadership of the OIC decided to implement the project "Innovation Atlas of Kazakhstan".

On the June 11th, 2011 in Istanbul the OIC adopted three documents as a guide for the development of the report:

- 1) the terminology of the project;
- 2) the research methodology of the project;
- 3) the terminology of reviewing of the project.

The results of the researches on this project will provide forecasting recommendations for the Republic of Kazakhstan. After the preparation of the country case report the scientific audit over the results of the research is being planned, in this regard in order to obtain an expert estimate it is necessary to determine the independent expert group for reviewing the final report. The group of experts should consist of 5 experts, 3 of which, at least, must be experts on the country (the representatives of the National Academy of Sciences of the Republic of Kazakhstan, the Science Committee of the Ministry of Education and Science of the Republic of Kazakhstan), and two research fellows of the Royal Society, who have knowledge and understanding of national innovation systems (Figure 1).

The country case report "The Atlas of Islamic World Science and Innovation in the case of Kazakhstan" analyzes the state of science, technology and innovation in the Republic of Kazakhstan and provides an assessment of how effective national innovation system operates and maintains the innovative capacity of the country. In 1991 along with gaining an independence Kazakhstan inherited a wealth of natural resources. During Soviet times, Kazakhstan received strong scientific heritage in the basic sciences. However, the long period of Soviet centrally planned economy with a domination of state-owned companies slowed the country's efforts to develop an innovative society.





**Figure 1**

As a country with rich natural resources, Kazakhstan still faces challenges in the transformation of a resource-based economy to a knowledge-based one. Stable heritage of basic sciences, which the country received during the Soviet period, can be a positive factor in contrast to the other republics of the former Soviet Union, if this factor is supported by well-built culture of entrepreneurship.

Despite the fact that the government pays special attention to enhancing the country's capacity in science, technology and innovation, there are still possibilities for improvement of the legislation in the sphere of science, technology and innovation by involving all interested parties, as well as considering the needs of the market.

An important component of the national innovation system in the world is international cooperation, and this country case report provides a basis for identifying potential areas for such cooperation.

In accordance with the assignment of the former vice minister of the Ministry of Industry and New Technologies of the Republic of Kazakhstan N. Abdibekov on July 13, 2011 representatives of the OIC attended and held some meetings with the chief executives of the following organizations to determine the scientific and technological potential: JSC "National Science and Technology Holding "Parasat", JSC "Science Foundation", JSC "National Agency for Technological Development" (previously – JSC "National Innovation Fund"), JSC "KazAgroInnovation" and JSC "National Company "Kazakhstan Gharysh Sapary".

According to the letter received from the Department of Training and Technical Cooperation of the OIC (Ankara, Turkey) joint management of the project was carried out by Cengel Y.A., Dean of the College of Technology, Yildiz University of Technology (Istanbul, Turkey), who was the lead researcher in "The Innovation Atlas of Kazakhstan".

On October 3, 2011, Vice-Minister of the Ministry of Industry and New Technologies of the Republic of Kazakhstan (hereinafter MINT RK) Tuleushin K.A. sent a formal letter to the Department of Training and Technical Cooperation of the OIC, where MINT RK in accordance with the terms of the project as a national partner has identified the following representatives:

- 1) National Coordination Center – Bukharbayev K.S., Advisor to the Minister of Industry and Trade of the Republic of Kazakhstan;
- 2) Sultangazin A.Z., the Chairman of JSC "National Agency for Technological Development" and Mukayev S.B., CEO of RSE "National Centre for Technology Foresight", Industry Committee, MINT RK.

An analytical country case report shall become an outcome of the project. In this context, the national coordination center and research partners should organize all events related to the study of the country in the course of the project and assist in the promotion of the research, as well as actively participate with the project managers in the planning and implementation of the national launch of the project for the distribution of its results.



At present, the country case report on Malaysia has already been published. [1] In parallel, the country case reports on Egypt [2] Pakistan [3] and Qatar are being prepared. [4]

On May 24th, 2013 S.Alpay, CEO of Statistical, Economic and Social Research Organization of Islamic Cooperation, the Head of "The Atlas of Islamic World Innovation. Country case Analysis for Kazakhstan "Science, technology and innovation in Kazakhstan," [5 ] has presented this report at the VIII Congress of Innovation within the VI Astana Economic Forum "Innovative Development of Kazakhstan – On the Way to an Economy of Knowledge" in Astana. Co-author team consists of Professor Cengel Y.A., Professor S.Alpay, Dr. Sultangazin A.Z. and Mukaev S.B.

The third phase of the project Atlas of Islamic World Innovation includes the preparation of the final comprehensive report based on the results of the country case reports, the volume of about 50,000 words, which will show what the differences and commonalities there are between 15 countries and then describe the prospects for the development of science and innovation in the Islamic world. Country case report will include recommendations and comments by leading experts in the Islamic world. The final version of the country case report will be translated into Arabic and French.

The 4th phase is to advance the knowledge and experience in order to improve the innovation systems of member countries of the OIC.

For realization of this project 15 countries have adopted the estimate of \$2.6 million for 3 years. The organizers of the project hope that the budget

will grow from 3 main sources: 1/3 from the OIC, 1/3 from the EU and its scientific and cultural institutions, as well as 1/3 from the international funds that support the positive dialogue between religion and science.

Analysis of the situation in the field of science, technology and innovation suggests that the Republic of Kazakhstan has the potential and real opportunities, both to improve innovation and to attract world leaders in this field. This can be achieved not only by reducing the risks, but also by the creation of a transparent legal framework for investors and business, favorable conditions for the infusion of investments, as well as through the distribution of roles and coordination between all the structural elements of the National Innovation System.

National indicators of development of science suggest that the overall figures correspond to the world average. For example, today there are about 5 to 6 million scientists in the world, in Kazakhstan – there are 950 scientists on 1 million people. Number of published scientific and technical articles is 2242 in 1996 to 2005.

Main indicators of the state's development (see Table 1) show that in 2010 31.4% of all scientific organizations consisted of research institutes and only 6.1 % of engineering, design and technology organizations, but as we know, research and design departments in industrial enterprises are one of the main links of the scientific and technological system of the country ensuring the implementation of researches in the form of design documentation, prototypes and complex of activities on develop-

**Table 1.** Main indicators of the state's development [6-10]  
(According to Agency on Statistics of the Republic of Kazakhstan)

	Indicators	2007	2008	2009	2010	2011	2012
1.	Population, mln people	15,4	15,6	16	16,2	16,4	16,9
2.	Average life expectancy (years)	66,34	67,1	68,6	68,41	69,01	67,4
3.	Average life expectancy (years): women/ men	72,58 / 60,7	72,43 / 61,91	73,55 / 63,62	73,32 / 63,51	73,79 / 64,23	-
4.	Economically active population, thousand people	8228,3	8415	845769	8610,7	8774,6	-
5.	Maternal mortality (According to the Ministry of Health of the Republic of Kazakhstan)	153	113	133	84	66	-
6.	Infant mortality rate (Since 2008 new criteria have been in- troduced for live births (stillbirths) recom- mended by the World Health Organiza- tion)	14,57	20,74	18,22	16,54	14,84	-



7.	Mortality of children under 5 years (Since 2008 new criteria have been introduced for live births (stillbirths) recommended by the World Health Organization)	17,91	23,49	21,28	19,46	17,87	-
8.	Total fertility rate (According to the Ministry of Health of the Republic of Kazakhstan)	2,47	2,68	2,65	2,59	2,59	-
9.	The number of deaths during pregnancy, childbirth and the postpartum, people (According to the Ministry of Health of the Republic of Kazakhstan)	153	113	133	84	66	-
10.	The number of deaths during pregnancy, childbirth and postpartum women per 100,000 live births	46,8	31,2	36,8	22,7	17,4	-
11.	Real GDP, %	8,9	3,2	1,2	7,3	7,5	-
12.	Nominal GDP, US Dollars	104,9	132,8	141,7	126,3	138,7	-
13.	GDP per capita, US Dollars PPP	10839	11276	11337	12769	13105	-
14.	Budget deficit, % GDP	-1,7	-2,1	-3,4	-5	-3	-
15.	Government of RK's debt, mln tenge	683866	1015630	1618047	2221985	2741695	-
16.	Inflation	18,8	9,5	6,2	7,8	7,4	-
17.	Unemployment rate	7,3	6,6	6,6	5,8	5,4	-
18.	Self-employed, %	34,8	33,8	33,7	33,3	32,8	-
19.	Literacy rate of adult population 15 years and over, %	-	-	99,7	-	-	99,5
20.	Availability of public computers	-	15,1	18,2	31,6	49,5	-
21.	Level of computer literacy (mln people/%) (According to the National Census 2009)	-	-	4,1 / 33,9	-	-	-
22.	Number of Internet subscribers per 100 people	-	3,8	4,8	6	7,6	-
23.	Number of broadband Internet subscribers per 100 people	-	2,2	3,6	5,3	7,2	-
24.	Number of Cellular Network subscribers per 100 people (%)	-	102,6	106	118,9	152,4	-
25.	Industrial production, %	5	2	3,3	10	12,5	-
26.	The number of enterprises engaged in innovation (product, process loads, managerial)	-	-	-	572	762	-
27.	Expenditure on technological innovation (mln tenge)	83523,4	113460,1	61050,9	235501,7	194990,9	-
28.	Gross expenditures on R&D, total, mln US Dollars	219	289	265	227	-	-
29.	The share of R&D spent as a percentage (%) of GDP	0,21	0,22	0,24	0,16	-	-
30.	Domestic expenditures on research and development (mln tenge)	26835,5	34761,6	38988,7	33466,8	43351,6	-
31.	Domestic expenditures on research and development on basic researches (mln tenge)	3468,1	3846,5	4107,5	4490,4	7476,0	-
32.	Domestic expenditures on research and development on applied researches (mln tenge)	9692,2	13320,2	17373,4	18087,9	20864,3	-
33.	Domestic expenditures on science (mln tenge)	5916,9	9333,2	10486,8	9546,6	11412,1	-
34.	Domestic expenditures on technical science (mln tenge)	13643,5	17626,4	19302,1	15766,9	18556,1	-
35.	Domestic expenditures on agricultural science (mln tenge)	2369,7	2620,2	3564,4	3690,6	3258,1	-
36.	Domestic expenditures on medicine (mln tenge)	1692	1939,4	2391,4	1724,8	2266,2	-

37.	Filed patent applications (pieces)	1838	1668	1705	1850	1600	-
38.	Issued protection for inventions (pieces)	1009	1755	1687	1868	1887	-
39.	Applications filed for patents for utility models (pieces)	106	82	105	133	143	-
40.	Applications filed for the issuance of security documents on industrial designs (number)	245	201	167	250	257	-
41.	The number of employees engaged in R&D, people	17774	16304	15793	17021	18003	-
42.	Researches	11524	10780	10095	10870	11488	-
43.	Technicians	1290	1166	1151	1078	1102	-
44.	The support staff involved in the provision of scientific activities	2824	2349	2366	2754	2558	-
45.	Other staff involved in the provision of scientific activity	2136	2009	2181	2319	2559	-
46.	Number of researches by academic degrees (people)	4224	4052	4164	4447	4915	-
47.	Number of organizations performing scientific researches and development by types, units	438	421	414	424	412	-
48.	Scientific research institutes performing scientific researches and development, units	170	148	118	133	-	-
49.	Engineering and designing organizations performing researches and development	26	30	46	26	-	-
50.	Higher education institutions performing scientific researches	133	126	114	121	-	-
51.	Industrial companies performing researches and development, units	11	11	13	11	-	-
52.	Publications on the Web of Science	312	333	343	309	-	-
53.	Citations on the Web of Science	976	622	471	233	-	-
54.	Publications on the Scopus	316	315	381	400	-	-
55.	Citations on the Scopus	928	552	435	162	-	-
56.	Number of publications	316	313	374	377	460	-
57.	Total number of references to publications	802	453	305	74	172	-
58.		Publications	Citations				-
59.	Chemistry	332	521				-
60.	Mathematics	173	108				-
61.	Science of materials	195	303				-
62.	Earth sciences (geosciences)	185	370				-
63.	Agricultural and biological sciences	154	458				-
64.	Physics and astronomy	370	601				-

ment in serial production. In Kazakhstan, the number was only 2.6% in 2010.

In the organizational structure of the Science in Kazakhstan there is still a dissonance between the links of the chain “Scientific researches → development and engineering, fabrication of prototypes → commercialization of scientific and technological activities,” which is the basis of the process of scientific and technological development in the developed countries.

In 2010 out of the total number of employees researchers amounted to 10.9 thousand people (64.1%), support staff – 2.7 thousand people, technology – 1.1 thousand people, other workers – 2.3 thousand people. The total number of employees engaged in researches, with regard to the number of the teaching staff, was 21.4 thousand in 2010.

Since 2000 to 2010 the growth of the number of employees has amounted to 2.24 million people



(15.2%). The number of researchers in 2010 comparing to 2000 has increased by 21%, support staff – by 2.3%, the number of technicians has decreased by 6.8%. Outpacing growth in the number of researchers in comparison with the number of support staff may indicate a lack of funding of the research institutes, enterprises and institutions of research and development by the state.

The trend of aging of the staff of science has remained for the period from 2000 to 2010; the proportion of the number of researchers over 60 years has increased from 12.7% to 17.5%.

Since 2011, Kazakhstan has actively implemented various aspects of the Bologna Process, in particular, the transition to a PhD, a double-degree education that enhances the competitiveness of our university students, but the flip side of the coin is that the best-trained staff will go abroad.

According to the Report of NCSTI and the National Academy of Sciences of the USA “Current state and prospects of development of science and technology in the Republic of Kazakhstan”, there are 4 problems of low success in commercialization of researches: a lack of technologies with market potential, a lack of qualified entrepreneurs, a lack of a methodology to promote the product from the lab to the market and a lack of interest by the business to modern technology, who gain profit from cheap labor and old technologies.

Kazakhstan is poorly integrated into the global technological space, almost not included into the global production chains. In view of the three parameters of scientific potential – absolute and relative size of R&D costs, the availability of human resources – there is obviously a huge gap in the scientific potential of the country and in the structure of the global technology space. [7]

According to the estimates of E.Jansch, the transition from planning oriented to the output, to the one oriented to function. Gradually, in the future as the top of the decision tree, some “higher social purpose” will be taken that would link the planning of private firms and military-technical planning with the needs of society. According to the American expert on forecasting R.Lenz, “a denial of prediction” is tantamount to “a denial of survival”. [8] In this regard, whilst the development of strategic documents of the country it is necessary

to focus not just on economic indicators, but try to draw the model of the future with concrete objects, but based on the state budget.

According to the authors of the Country case analysis on Kazakhstan “Science, technology and innovation in Kazakhstan”, in order to carry out these tasks in the framework of the promotion of innovative trends in the world and Kazakhstan, the country needs to implement the following measures:

- 1) Introduction, promotion and explanation of the key terms related to innovation development, in order to achieve a common understanding among all interested parties of innovation that will further enhance the level of trust in the national innovation of statistics.

- 2) Continue to develop a system of skilled assessment of government agencies and development institutions.

- 3) Enforce the interaction between all elements of the innovation system and the role of higher education institutions and research organizations on increasing capacity for transforming the ideas into innovative projects and the focus of their work to the needs of the industrial sector.

- 4) The implementation of measures on popularization of science among children and young people, the creation of modern exhibition halls, clubs and training centers in various branches of science and high technology, distribution of publications and popular science books.

- 5) Focusing on the creation of innovative enterprises.

- 6) The establishment of appropriate mechanisms for monitoring and evaluating the effectiveness of innovation policy and related programs, and the use of such assessments to determine new priorities, initiatives and optimization.

- 7) Preparation of innovative personnel based on the theory of inventive problem solving (hereinafter – TIPS) in the field of innovation management, in manufacturing plants and in the system of additional education.

- 8) Solving the key production tasks and the creation of methods of TIPS innovation technology in enterprises of Kazakhstan, forecasting the development of individual businesses and territories and facilitation in the development of innovative

policy for them, as well as a creation of a system of methodological and information support of the development of TIPS in Kazakhstan. [13]

9) The necessity in the nearest future to transfer national energy systems to alternative energy sources and replacement of energy source to replace carbon energy carriers to hydrogen, and the formation of decarbonized energy by producing hydrogen from coal, oil and natural gas, and the placement of these industries in the regions of raw materials mining, in order to prevent the transportation and distribution of some organic minerals all over the world. [14]

Promotion of a free market economy with innovation capacity requires not only the declaration on the strengthening of public policies and the creation of legal instruments, private sector initiatives, but provides some changes of social consciousness.

Kazakhstan has a great potential for the development of the private sector and the country should pay special attention to effective public and private partnerships in order to create favorable conditions for the economy based on the knowledge of economy.

#### SOURCES:

1. Natalie Day and Amran bin Muhammad Malaysia The Atlas of Islamic-World Science and Innovation Country Case Study No.1.
2. Michael Bond, Heba Maram, Asmaa Soliman, Riham Khattab Draft Egypt The Atlas of Islamic-World Science and Innovation Country Case Study No.3.
3. Dr. Athar Osama, Dr. Syed Zahoor Hassan, Dr. Kamran Ali Chatha, Draft Pakistan The Atlas of Islamic-World Science and Innovation Country case study no.3.
4. Draft Qatar The Atlas of Islamic-World Science and Innovation Country Case Study No.2.
5. The Atlas of Islamic-World Science and Innovation. Science, Technology, and Innovation in Kazakhstan.
6. Kazakhstan in numbers, Astana 2012 – official web site of the Agency on Statistics of RK – <http://www.stat.kz>;
7. Statistical Bulletin Science. Innovation. Information Society, Agency on Statistics of the Republic of Kazakhstan, Astana 2012 - official website of the Statistics Agency - <http://www.stat.kz>;
8. Statistical bulletin “Women and Men in Kazakhstan 2007-2011”, Astana 2012 - official website of the Statistics Agency - <http://www.stat.kz>;
9. Agency on Statistics of the Republic of Kazakhstan: prices and tariffs. Express information “about inflation in the Republic of Kazakhstan for 2011”. Electronic resource. Access mode: [http://stat.kz/DIGITAL/CENI\\_TARIFI/Pages/default.aspx](http://stat.kz/DIGITAL/CENI_TARIFI/Pages/default.aspx). 21.10.12. (Almaty);
10. Assessment of scientific and technical potential of the Republic of Kazakhstan National Centre for Scientific and Technical Information of the Republic of Kazakhstan Ministry of Education and Science of the Republic of Kazakhstan, Almaty, 2006.
11. Erich Jantsch Technological forecasting in perspective, p.569
12. ООО «Алгоритм» Web site: <http://www.gen3.ru>.
13. Lepessov K.K., Mukayev S.B., Lepessov S.K. “The role of hydrogen energy economy in the doctrine of Germany.” Proceedings of the international scientific-practical conference. VI Ryskulov’s reading. “Socio-economic modernization of Kazakhstan in the context of global financial instability.” ISSN/ISBN: ISBN 978-601-225-393-1.



# Specifics and Some Problems in Regulating the Legal Status of Religious Associations in Kazakhstan

DAURENBEK KUSAINOV,  
MARKHABAT NUROV

**N**owadays the formation of civil society and legal state in our country has been further deepening. In this regard, the character of the evolving relations between people with different ideological orientations has been taken on special significance for contemporary life and the future of the country, including those between believers and non-believers, between the followers of the different religions, and between them and the state. The legal basis for these relations can be observing the principle of freedom of conscience and religion.

In the era of globalization and the construction of an open society the religious factor will largely determine the domestic political agenda of Kazakhstan in the coming years. Therefore, the Kazakh authorities are forced to even further continue pursuing an active state policy in the sphere of interaction with religious associations. To this end, the Parliament of the Republic adopted a law "On religious activities and religious associations" in October 2011. [1] This law became an important step in the settlement of the relations between all the representatives of various religions and denominations in our country. However, the registration of religious associations exposed the negative aspects of the religious life among the population as well. In particular, we have an increased number of citizens who stand in opposition to the circumstances in a society. Moreover, extreme forms of aggression and religious radicalism have begun to come out, and that

threatens the security of the citizens and stability in the country as a whole.

In our opinion, in the current geopolitical situation, the religious factor will largely determine the domestic political agenda of Kazakhstan in the coming years. The issue of freedom of conscience and religion is one of the important constitutional principles of a secular state, which is our country. Today in our country all the legal conditions have been created. However, the duty of the state is to regulate social relations in this field, taking into account international standards and approaches. The urgency of the problem is also being noted by M.S. Ashimbayev, Majilis Deputy of the Parliament of the Republic of Kazakhstan, Chairman of the Committee on International Affairs, Defense and Security: "Today the competent authorities face an important task, without prejudicing the rights of citizens for freedom of conscience, to build an effective system of preventing the religious intolerance and religious extremism." [2] As we can see, this situation in the religious sphere has been a result, in many respects, of external influence on our country, a purposive work of international radical religious centers. As a response to these actions Kazakh society should formulate an effective system of prevention and preventive actions against religious radicalism and extremism.

In our opinion, as the response of our state to further regulation of the relations between the state and religious associations appeared to be the opening of the Agency for Religious Affairs, for



two years of the existence of which we have been witnessing a number of effective steps in this area. While speaking about the first outcomes of the public authority, K. Lama Sharif said: "ARA together with the Spiritual Administration of Muslims of the Republic focuses its efforts on returning students studying in dubious foreign religious institutions to their homeland and their transfer to the Kazakh-Egyptian Islamic University "Nur" in Almaty... In general, the agency has examined 4344 religious books and other informational books. A negative statement was issued upon 148 books; at the present, 1923 religious books are being held a religious expertise. And also a negative opinion was issued upon 17 out of 618 statutes of religious organizations." [3] These measures taken by the ARA have legitimate reasons, which are based on the adopted law specified in this article.

Prior to the adoption of this law Kazakhstan's lawyers have done a laborious work. First of all, a legal status for a subject of the law was determined; the legal status of a subject of the law is a category which is an object of a study, first of all, of the general theory of law. Theoretical issues, related to the legal status of an individual, are mostly fully worked out. [4] The issues of the legal status of collective subjects of the law, such as public bodies, government and non-government organizations, are less observed.

Concerning the legal status of religious associations, its content and elements are poorly studied in juridical literature. Although there are some works that refer to a combination of "legal status (position) of religious associations," however they miss a theoretical analysis of the content of the legal status of the mentioned associations, the elements of its components do not constitute, only part of the legal categories is being considered, which characterize the legal status of the religious associations, and at the same time, highlights the issues that have no direct relation to the mentioned legal status. So, Yu.A.Rozenbaum, while revealing the legal status of religious organizations, considers the latter as members of various sectoral legal relationships, at the same time, not exploring other juridical categories which characterize the legal status. N.Merkulov, speaking about the legal status of religious associations, limits to the definition and characteristics of the latter. [5] Kazakh scientist

Professor G.P.Luparev in his scientific work in the chapter on the legal status of religious associations has mainly focused on the definition and types of religious organizations, the procedure for their legalization, not analyzing: concrete contents and elements of the legal status of religious associations. [6]

During the study of the legal status of religious associations we will be following the opinion, expressed in the legal literature, on the equality of concepts concerning the legal status.

There are many statements regarding the questions related to the legal status of subjects of the law, its content and the elements. However, we believe that, with all the variety of available points of view on the structure and the specific content of this concept, all authors agree that the legal status of a subject of the law is a legal expression of the actual status, which is possessed by a citizen or organization in the system of public relations governed by the law.

As can be seen from the above definition, the content of the legal status of the subjects of the law is being revealed through the possession by the latter of the rights and duties enshrined in the laws. In our opinion, each subject of the law by virtue of the operation of the law, or as is often said – "directly from the law", that is, regardless of participation in the various legal relationships, has a certain complex of rights and obligations. All these rights and obligations constitute the content of the legal personality or legal status of the person or organization.

The view that the rights and obligations of subjects of the law are included in their legal status and are a central element of the status, is commonly recognized in juridical literature. The dispute is being held over the other elements which, in the opinion of some authors, may be a part of a legal status. Thus, the experts of the general theory of the law during the analysis of the legal status include the legal ability of the subjects of the law (legal capacity, legal ability, and legal personality), personal rights and responsibilities, the actual status of the subject of the law in legal relationship and other general theoretical legal categories. Moreover, some limit the legal status of one of the above mentioned categories; others include a few categories into the content of the legal status.



Domestic jurists who study the legal status of the specific subjects of the law, as a key element consider the rights and responsibilities, and include into the legal status such elements as the principles of organization and operation of collective entities, guarantees of the rights and responsibilities of individuals and organizations and other elements (for example, citizenship and the legitimate interests.)

We, in this article, adhere to the understanding of the legal status in the broad sense, that is, along with the rights and duties, which are vested for religious associations; and consider other categories, which are inherent to religious groups as subjects of the law, and, in our opinion, also characterizing their legal status. It is a question of legal personality of religious associations enshrined in the law on the principles of religious associations, guarantees of their rights in different legal relationships. We consider it necessary to examine issues related to the relationship between government bodies and religious associations. The analysis of all of the above moments will help to disclose the actual situation of religious associations in social relations regulated by the law, which is expressed in the category of legal status. Limiting to consideration of only the rights and obligations, one can not, in our view, comprehensively characterize the legal status.

Based on the above provisions, it can be concluded that the legal status of religious associations is the legal expression of the position which these associations occupy in society; and express a collection of all the rights and obligations which religious associations are vested with according to the law. The legal status also includes the legal abilities of religious associations, as exactly they are necessary prerequisites for granting religious organizations with rights and obligations; the principles of religious associations activity that secure the conditions for functioning of the religious associations; legal guarantees of the rights, the measures to ensure the rights of religious associations and their protection, enshrined in the law. The legal status of the religious associations is realized when they enter a specific relationship. All of the above categories should be taken into account when describing the legal status of religious associations.

The rights and responsibilities have taken the prominent place, as already indicated above, in

the legal status of subjects of the law. The rights of religious associations are enshrined in various legal acts. We can distinguish two large groups of rights, which, depending on the purpose of their use, are possessed by religious association. The first group consists of those rights that are given to religious organizations in relation to the goals and objectives of the latter, which is the satisfaction of citizens' religious needs and interests. In the legislation this group of the rights is referred to as the rights of religious associations related to freedom of religion. Some rights of this group are unique to religious associations: the right to establish and maintain available for public access places of worship services, meetings, pilgrimages and other places; the right to freely conduct religious services, rites and ceremonies in religious buildings on the designated areas, in places of pilgrimage, in institutions of the religious associations, cemeteries and crematoria, in apartments and houses of citizens; the right to establish other religious groups. Other rights of this group are not unique to religious groups, but also to other subjects of the law: the right to establish associations of citizens for charity, cultural and educational activities, the right to acquire, distribute religious literature, items and materials for religious purposes, the right to use the mass media and to found it.

The second largest group of rights consists of the rights not directly related to the satisfaction of religious needs and interests, but necessary for the normal functioning of religious associations: property rights, employment rights, establishment rights, etc. These rights are unique not only to religious associations; however, the law has provisions that distinguish religious associations in this case. Thus, religious groups enjoy the exclusive rights of establishment of the enterprises for the production of religious literature, and the production of religious items; religious associations have a preferential right to assignment of religious buildings with the enclosed territory.

The rights granted to religious associations can be classified by other basics: depending on the industry sector – the rights in the civil, administrative, financial, labor, land and other areas of the law; depending on legal acts, which enshrine the rights – the right on freedom of religion enshrined in the law, and the rights enshrined in legal acts of



other branches of the legislation, depending on the subject of rights: the rights granted to all religious associations and their individual species.

Besides the rights, which are possessed by religious associations directly from the law, they get the rights at the entrance into the specific relationships in the events of the legal regulations of the legal facts.

Rights are always accompanied by responsibilities, which are also an essential element of legal status. But if the rights of religious associations, as well as of the other subjects of the law, are widely enshrined in legislation, the less is said about the responsibilities. Thus, the law of the Republic of Kazakhstan "On Freedom of Conscience and Religious Associations", along with the provision of a large number of rights for the religious associations, there is only one duty provided, which has a general character, namely: the obligation to comply with the requirements of the law and order. Such a balance of rights and responsibilities is typical for a common legal status of the religious associations. Another alignment is observed in the branch legal status, where duties can prevail over the rights, particularly, in the administrative and legal or financial and legal status.

Many of the duties of religious associations, contrastingly to the rights, are enshrined not in a legislation about freedom of religion and religious organizations, but in legal acts regulating social relations in various fields of activity, participants

of which are religious associations: the duty to ensure the preservation of historical and cultural monuments, the duty pay taxes, duty to effective use provided land and other.

As an independent element of the legal status of collective entities, some authors distinguish juridical responsibility. The issue of relevance of the legal responsibility to an independent element of the legal status is due, in our opinion, to theoretical problems of definition for the legal responsibility. Until today in the juridical literature there is no common approach on this issue.

Religious associations, as well as other subjects of the law, exercise their rights and responsibilities in the legal relationships, participants of which they become upon the occurrence of certain legal facts. In juridical literature there are different points of view on the question of alignment between the definitions of "subject of the law" and "subject of legal relationship". Some authors believe that we can not mix these concepts; the definition of "subject of the law" is broader, since the activity of a subject is not limited by frameworks of legal relationships and it is possible beyond them, as happens in the case of realization of the right beyond the legal relationship. Other scientists consider the proper use of a single concept of a subject of the law, which is common to all individuals and organizations, covering those who are endowed with legal capacity, as well as others, are participants of a particular legal relationship.

#### SOURCES:

1. The law of the Republic of Kazakhstan on October 11, 2011 № 483-IV "On Religious Activity and Religious Associations". "Kazakhstanskaya Pravda", Oct.15, 2011, № 330-331 (26721-26722);
2. Kazakhstanskaya Pravda, June 18, 2013 №205-206 (27479-27480), p.1
3. Kazakhstanskaya Pravda, June 18, 2013 №205-206 (27479-27480), p.2
4. Vitruk N.V. Fundamentals of the Theory on Legal Status of an Individual in Socialistic Society. – M.: Yuridicheskaya Literatura., 1979
5. Merkulov N.O. About Legal Status of Religious Association // Sovetskaya Yustitsiya, 1988. № 11. P. 39.
6. Luparev G.P. Legal Regulation of the Activity of Religious Organizations in CIS. Abstract of a Thesis, Doctor in Jurisprudence – M.: 2009 P.18 and others



# Strengthening the Non-Governmental Sector in the Republic of Kazakhstan as the Most Essential Element in the Process of Civil Society Formation

ZAURESH SAKTAGANOVA,  
DINARA OSPANOVA

**W**ith the acquisition of sovereignty the Republic of Kazakhstan has increased an interest in the issues of civil society. As noted in the Concept of Civil Society Development in the Republic of Kazakhstan for 2006-2011, "civil society development is a main condition for formation of a democratic, secular, law-governed, and social state. Social progress, democratic development, and economic recovery are possible to take place in case of active involvement of citizens in all vital major spheres of their society." [1] The ideas of civil society were accepted as an attempt to set humanistic forms of a social order, which were aimed at overcoming the authoritarian regime.

Kazakhstan's accession to the road of democracy and a market economy has exposed a lot of problems that are not directly related to the satisfaction of material needs of people. In most countries, those who express the views of individual community groups are non-governmental (non-profit) organizations (NGOs), the main peculiarity of which is the lack of desire for commercial profit. Nearly in all countries of the world, with the rare exception, non-profit organizations (NPO) are allowed to carry on business, but as long as it serves the purposes of the statutory non-profit organization. Their role

at this stage is reduced to the combined efforts of individuals to address the problems of individual groups formed with the same interests, the protection and promotion of certain interests to address the most urgent, issues, including the social ones.

In the foreign literature NGOs have been subjected to researches for a long time already. They study their essence, the appearance of legitimacy, legal status, and their increasing role in assisting the state in solving the problems related to the protection of human rights, conservation of the environment, and etc.

Today's society is faced with a situation where the state does not have sufficient financial resources to find the ways of resolving the issues related to meeting the immediate needs of individual citizens. Business is theoretically supposed to meet all the needs of people, especially in a market economy. However, business community is mainly interested in anything that can be profitable. In any society, regardless of their level of wealth, there are problems solution of which literally can not make a profit, but their removal can bring substantial benefit to society.

The origin of the "revolutionary breakthrough" in the activities of non-governmental organizations, according to K. Souter, lies in the increasing dis-



satisfaction of citizens in the actions undertaken by the governments of their countries. Citizens do not believe that governments have sufficient information to make accurate and balanced decisions in the field of international relations. [2]

Therefore, according to Samilleri and Falk, "humanity is entering such stage of the development of international relations, when the states deliberately lose the monopoly of the only subjects of international relations." [3]

At the present time, a growing number of states are beginning to realize that it is necessary to look for new, largely non-traditional approaches to solving the problems of human survival, development of new and reorganization of the existing mechanisms for coordination of not only states in this direction, but of the world's population. One of the really existing but unused opportunities is the recognition by the states of the partner's role for their own societies represented by numerous non-governmental organizations, the activity of which in the international arena does not threaten a democratic regime in any way. Moreover, it increases the potential of the state, increases its authority in front of the world public opinion and favors foreign policy acts of the government.

Social sphere in the Republic of Kazakhstan has not been prioritized traditionally, although lately we can see a clear tendency towards shifting the accents, i.e. shifting towards the system of society development "for the sake of a human being". This economy was called a socially oriented market economy [4].

In well developed countries with democratic regime at the greatest, as in developing countries which are on the stage of shifting to the market economy model, followed by setting and promoting democratic norms and principles, the idea that later was transformed into the concept of sustainable development, obtained a wide circulation. For some time now the correctness of the model, which considers economic growth as the foundation of society, has been increasingly thrown discredit. As per the experience of different countries, the economic growth, caused by the development of the market sector, is not able to reduce the level of poverty, rather it increases the gap between rich and poor. Today, the priority emphases on human development, its civil liberties that could be implemented in the context of social justice, ruled

on the regional and local levels, as well as on the conduction of socially-oriented economic policies.

Today Kazakh society has combined as a whole with the aim of achieving sustainable development solutions, jointly solving the urgent issues of the mankind. For the successful integration of the Republic of Kazakhstan into the international community, in order that Kazakh non-profit organization could manage to become full participants in reforms implemented today at the local level, in order to achieve a better quality of life, it, first of all, should take its place, accepting and recognizing the new global reference points. An important role in this process is assigned to NGO activities at the state level.

In recent decades, the factor of non-governmental organizations (NGOs) has been becoming more important in the political process, a strategic function of NGOs as a political subject and an important element of the political system has been increasing. As subjects of social and political actions, NGOs unite citizens on the basis of the important tasks for the population, articulate and aggregate the interests of the citizens to lobby them in the governmental structures. Moreover, NGOs are not only co-operate with the institutions of government in solving social conflicts, self-determination of the human personality, the realization of civil initiatives, but also in some cases they successfully replace the structure of government and political parties, transforming the political system and its institutions, stabilize the political system or destabilize it.

In addition, NGOs are, as a rule, a reliable element of "feedback" between citizens and the government, with which the political regime receives objective information about the effectiveness of management decisions and the response of the populations. The history of the development of civil society suggests that the existence of non-governmental organizations stimulates social activity, and it, in turn, becomes a stimulus for the development of the economy and the progress of our country.

The urgency of studying the role of non-governmental organizations is defined by absence in Kazakhstan of the researches on the history and development of non-governmental (non-profit) organizations. The information vacuum about the possibilities of inclusion of NGOs in Kazakhstan's



government determines the relevance and timeliness of this research.

The process of democratization that began in Kazakhstan in the second half of the 1980s caused the necessity of modernization of political institutions and civil society formation. The change of the political regime has led to a crisis in the system of political power and the need for its reorganization, with the mandatory use of the resource of new civil institutions and the institutions of government that can ensure an adequate performance of the changing needs of the modern state functions at the local level. This institution is a developing NGO. Its development and protection is one of the most important conditions for the implementation of a democratic system, decentralization of state power in the interests of economic progress and welfare of the people, the rights of citizens to directly participate in the management of public affairs.

The surge of interest to NGOs is associated with significant changes that have taken place since 1985 in the social, political and economic spheres. These changes are caused by the collapse of the socialist system and the emergence of free and democratic societies in countries long ruled by totalitarian regimes. NGO, as an independent institution of civil society, occupies a separate place and performs its own role in the political system. One of the main goals of NGOs is an association of people, turning them into a community with similar goals close to each. Throughout the world, the issues on NGOs had a significant role; it is regarded as a lower level of management, an integral feature of a democratic state, a school of political leaders.

Announcing the intent to meet the requirements of democratic states, Kazakhstan in the 90s of the 20th century commenced NGO institutionalization and enshrined the right of citizens for its realization in the Constitution. In addition, it was intended that NGO would be one of the bases for a constitutional form of government as well as a fundamental principle of the authorities' organization, which along with the principle of power division, defines the governance system [5].

It should be mentioned that the government of Kazakhstan fully realize the significance of development of civil society institutions to form a democratic and law-governed state. Moreover,

it does not only realize but also offers orientation for the state machinery and the whole society to solve this task.

Thus, in the Message of the President of Kazakhstan on the main directions of domestic and foreign policy the head of the state determined further strengthening of civil society institutions as an essential course for democratization of the political system in the country.

Moreover, the President mentioned the necessity to support powerful and responsible parties, offered to introduce the principle of economic support for non-governmental organizations, and appealed for a large-scale cooperation with them, which was launched by the First Civil Forum held in October 2003.

It gives the evidence that today the state pays due regard to issues of development of civil society institutions.

An enhancement of law order, a prevention of corruption, an environmental protection, and a provision of public amenities, all these and other issues can hardly be effectually solved by efforts of state bodies' control only, without an active support from the public at large. Moreover, certainly, civil society institutions must be the connecting link in cooperation between state bodies and citizens in these and many other directions.

However, an efficient and mutually-beneficial cooperation between the state and society will be impossible, until NGOs and other civil society institutions do not take the appropriate steps towards each other.

In a well developed democratic and law-governed state there is no need for the authorities to interfere in activity of civil society institutions, which can solve all the tasks by themselves. However, as it was mentioned above, Kazakhstan is still the on the way to become such a state. All necessary conditions have not been created yet for civil society institutions to be able to resolve all issues by themselves.

Therefore, the objective of the state at this stage consists in providing the first-order conditions for successful functioning of the civil society institutions, and in promoting them, and sometimes, as the experience proves, in urging them for their activity to meet the needs of society.

We can see the proofs that Kazakhstan is on the way of realizing this circumstance by means of try-



and-error method. Thus, since Kazakhstan became an independent state, some hundreds of new laws and about a thousand of amendments were adopted.

However, in the majority of cases the focus of these laws was lopsided and quite crude: all actions came to a simple "tightening the screws". In other words, for instance, in order to make citizens comply with the law it is required to have a constant increasing number of sanctions for its violation. Moreover, sometimes some autonomous state bodies were formed for these purposes.

It stands to reason that such an approach to the problem solving turned to have low efficiency and did not fulfill the expectations. Despite a regular increasing charge, the number of law offences did not drastically grow down.

In addition, the norm setting policy mentioned above did not contribute to the formation of respectful attitude to the law by the citizens as well as to their commitment to meet its demands, but, on the contrary, in some way it instigated legal nihilism and habituation to get away by all means with unreasonably severe penalties.

However, in law-governed states the problem to ensure law compliance is solved not by means of a primitive way of increasing sanctions of punishment, but a way of providing conditions under which a violation becomes an impossible or unfavourable thing. For this matter the potential of civil society institutions is actively taken advantage of, since in many cases it is impossible to ensure an efficient control over implementation of all regulations by efforts of only state bodies.

So that for civil society institutions to be able to take an active part in provision of law-obedience, in many states at the legislative level their activity is stimulated and promoted by means of granting them a right of keeping some part of the resources disposed from a violator of the law.

As the result of this support the civil society institutions get an opportunity to have a sustainable development and perform functions that are assigned for them by their society effectively.

In Kazakhstan civil society institutions also have the potential to play more significant role in issues which do not required direct government interference. Under the condition of a well-arranged organization these institutions would be able to become that necessary public "self-regulator" that

does not have a need to be controlled by the state. On the part of the government in terms of this case it is just required to establish common legal frameworks the borders of which the civil society institutions mustn't violate while performing their activity.

However, today they do not have sufficient financial support, and in order to do at least anything useful they have to "beg for alms", nearly soliciting the grants from contributors or the government.

In our opinion, the Law of Kazakhstan is required to insert amendments which would give an opportunity for non-governmental organizations to receive a rightful bonus for their socially beneficial work.

Therefore, the Kazakhstan-European Fund for Law Research and Innovation drafted a number of projected laws to reach this goal and submitted its proposals for the appropriate authorized bodies.

Under such conditions 35 thousand of non-profit organizations in Kazakhstan would be able to make much more contributions in solution of issues that the society faces, releasing the state bodies from this routine work so they could be able to resolve more serious issues.

For instance, after receiving some economic incentives, non-governmental organizations of customers would have an opportunity to impose the public control on all manufactures and sales clerks, by forcing them under penalty of economic sanctions to strictly comply with the law in the terms of standardization, certification, sanitary and epidemiological welfare of the population, and etc. The tight control by social ecological organizations would rapidly make all owners of sources of environmental pollution strictly comply with all environmental laws.

It is common knowledge that nowadays authorized state bodies are not able (and in some cases they have no desire to do that) to take charge in the mentioned spheres. However, non-governmental organizations, among other matters, having material interests, certainly, will be able entirely by civil methods (by means of claims, lawsuits, and etc) to control the situation in such way that law violation will merely become inexpedient.

Then the staff of these authorized state bodies can be reduced or involved in achieving other governmental targets.



One of the most important matters for a law-governed state is a protection of human rights. Non-governmental organizations can also provide the government with lots of support to solve this issue.

The governmental institutions that we have today are to protect human rights (we mean courts, prosecutor's offices, law enforcement bodies, commissioners for human rights), but they do not perform their functions in a proper way.

The lack of effect of the current state control system originates from the fact that all state officials, both who infringes on citizens' rights, and the ones who must supervise their exercise, do not nearly depend upon the citizens. Therefore, when it comes to legal relationship between a state and a citizen, there must be control from the both parts. It is necessary that officials' actions are not only controlled by other officials, but also by their citizens whose rights are violated.

Involvement of NGO foundations for human rights can be very efficient in regard to claims against official bodies committing breaches of citizens' statutory rights and interests. Being in charge to protect rights and freedoms of all individuals due to the mission, NGOs for human rights have all possibilities to become a real "helping hand" for state bodies in these matters.

In addition, in order to have these organizations to be more motivated, the state orders could be placed among them by means of a commissioner for human rights. For this matter it would be reasonable to make a commissioner for human rights also responsible for NGO's activity coordination and supervision over its progress.

Thus, authorized agents all over the country would have the whole group of their helpers represented by the organizations for human rights, and possibilities to give required legal assistance would drastically go up. The most essential thing is that the population would see visible efficiency from non-governmental organizations [6].

At the present time civil society is considered to be a universal value and an ideal type of social order. It is known that under the soviet system civil society was taken over; all spheres of social life, social structures became owned by the government, where the party transformed into the structure that hierarchically was above the state. Therefore, when Kazakhstan became an independent state, the Republic had to form the democratic political system before economic, social, and cultural presuppositions came to fruition [7].

The urgent character of non-governmental sector support in the Republic of Kazakhstan is determined by wide and closely interrelated changes that occur in the country and the world for the last years and especially for the very recent time. Strengthening the impact of social powers on the state can be recognized by quantitative and mainly qualitative grows of their activity and further competence increasing [4].

Summing up the above-mentioned, we want to declare emphatically that we consider the strengthening of the civil society institutions to be a key condition for realization of constitutional provisions on the status of Kazakhstan as a democratic and law-governed state.

#### SOURCES:

1. The Concept of Civil Society Development in the Republic of Kazakhstan for 2006 – 2011. – Astana, 2006. p. 64.
2. Keith D. Suter The UN and NGO, in Frank Barnaby, ed.. Building a more democratic UN. Proceedings of CAMDUN -1 (London; Frank Cass, 1991). – p. 16.
3. Camilleri J., Falk J. The end of Sovereignty? The politics of a shrinking and fragmenting world, Aldershot. UK. 1992. – p.32.
4. Botnev Y.V. Constitutional and legal regulation of non-governmental organizations for human rights in the Russian Federation // [http://discollection.ru/article/07022008\\_botnev\\_jurij\\_vladimirovich\\_71326](http://discollection.ru/article/07022008_botnev_jurij_vladimirovich_71326)
5. Dosmagambetova G. Institutional formation and development outlook of local self-government in Kazakhstan // Sayasat-Policy. – 2006. – №6. – p. 27 – 30.
6. Shnitkovskiy V. NGO is to be realization of the democratic and legal institution in Kazakhstan // Jurist. – 2005. – № 11. – p. 70 – 72.
7. Gabdullina K.G. Civil Society and peculiarities of social and political transformation in the Republic of Kazakhstan: Social policy and image of the Republic of Kazakhstan. – 2007. – № 4. – p. 88 – 95.



# Main Factors of Kazakhstan's Image

GULMIRA RAKHIMOVA

**T**he modern political development of Kazakhstan is in the mainstream of the international global processes. The political and international experience, already available in Kazakhstan, suggests that in the contemporary processes of globalization, solving of important national objectives should be implemented in full consideration of the international tendencies. All of this overall contributes to the national security of Kazakhstan, an approval of its sovereignty and territorial integrity, comprehensive strengthening of the political and economic position in the world arena, the development of equal and mutually beneficial international cooperation, a support for the ongoing interest of the community and government organizations, as well as commercial structures.

The positive perception of the country in the world is the key to successful implementation of the political, social and economic reforms carried out in Kazakhstan as an integral part of the global political space.

Creating a positive attitude towards Kazakhstan will allow, firstly, coordinating the behavior of the real sector of the foreign countries' economy - its potential lenders and investors, and secondly, creating an enabling environment that would facilitate the resolution of political, economic and social issues, improve various areas and forms of its cooperation with the countries of the world.

A country is a set of values, national interests, features of the geographical location, the characteristics of the domestic economic system, social and political processes, ethnic and cultural backgrounds, traditions, mores, customs, and other constantly developing components [1].

Kazakhstan is a country which occupies a large geographic area. Its territory is a home to representatives of different religions and nationalities. This is special, historically constituted community

of nations, peoples, with their inherent cultural, national, philosophical and other features.

The image of the state is, on one hand, the starting point that determines which reputation a country gets in the minds of the world community as a result of various interactions with the outside world. On the other - these areas, character, practical forms of organization of international cooperation are in proportional dependence to the state's reputation. The image of the state is in close cooperation with its reputation. The country's image is a set of objective interrelated characteristics of the state system (economic, geographic, ethnic, demographic, etc.) [2]. Understandability, the reality of the country's image, but not the degree of virtuality, are defined by a level of national interests realization, its civilizational choice and investment attractiveness. To date, Kazakhstan has already acquired its image and thus largely justified a capital of publicity on the international arena. Eurasian Summit, the Eurasian Media Forum, the Summit of CICA have increased its publicity capital and made it the undisputed leader in Central Asia. This capital of Kazakhstan is largely gained by foreign policy initiatives of N.A. Nazarbayev as well, who professionally and purposefully positioned our country, confirming the remarkable qualities of the political, economic, and social competence.

They were formed in the process of evolutionary development of the state as a complex of multi-factor subsystem of the world order. At the same time, the effectiveness of the interaction between various components determines the tendencies of socio-political, socio-economic, ethnic and religious, and other processes.

An image of a state is largely determined by an opinion of the ordinary citizens as well, on one hand, and the opinion of other countries in the world, that is, international image, which nowadays largely represents the trajectory of the investment vector into the attractiveness of the country.



According to Russian researchers, the image of the state consists of a number of components [3]. Among them are the key ones: the image of power; the image of Kazakhstan's democracy; foreign policy image of Kazakhstan; the image of the information policy of the state; the image of the Kazakhstan's economy; the image of the Armed Forces of the Republic of Kazakhstan, etc.

For a full view of the image of the state it is necessary to have a comprehensive study of the perception of the state power. The perception of the image of power is a complex process. This thesis involves the relationship between the government and its citizens. Exactly these relationships allow us to estimate the image of political leaders who embody the power in Kazakhstan. It has a constant influence on the relationship between the political system and an individual in the state. The ultimate goal of the power influence on the citizens of the state is to achieve electoral support, even if it is unstable. In this case, the political person is, on one hand, a target, on the other, a mean of power reproduction. Through the prism of its perception the image of the state is formed. Based on this perception, a person chooses a particular form of behavior, which immediately expresses in support for the political leader, and hence the overall power. Kazakhstan's political scientist L. Adilova notes: "In assessing the current situation, we can see the disastrous need to reduce the distance between the government and society, drawing together all branches of the government with the public. Sociological studies show that there is a lack of trust to the government in the society. In powerful structures there has been the detachment of officials from the people, the government secrecy and corruption. The power loses its strength and increasingly manifests itself in actions." [4] The reason for this situation is the fact that the authorities especially in the provinces have a low level of organizational, political and legal culture in the field, but not a malicious intent to harm the credibility of the authorities.

Evaluation of the competent authorities by the mass consciousness is an important component in the characterization of the image of the state. For example, as noted by D. Ashimbayev, the last parliamentary elections in 2004 showed that "in recent years there has not occurred any seri-

ous political alternative for "Otan" in the society. Of course, such attempts have been made by the parties of "Asar", "Ak Zhol" and, in part, AIST's block, however, all three candidates for the role of "political forces number 2" in the course of the election campaign showed their weaknesses. Those include the underdeveloped ideological concepts, uncritical selection of candidates for deputies and the abuse of the populist slogans." [5]

As for the perception of the President of the Republic of Kazakhstan N.A. Nazarbayev – a personified power – then, as shown by the presidential election, the totality of such qualities as the scale of thinking, professional competence coupled with the natural charisma make it possible to fully realize the resources of power, to elect a strategy of behavior adequately to the situation and do not use at the same time any violent methods. Nazarbayev's image dominates as the political leader of the state, on one hand, and, as an image of the country – on the other, are in accordance with the established opinion in the Kazakhstan's media about the standard of attractiveness, strength and activity, which find a positive assessment from the citizens of Kazakhstan and thus win their confidence and sympathy.

A certain role in the power relationship is playing such a quality of a political leader, as the desire to provide a submission of the subject in accordance with his political interests. At the same time he is basing on such methods of influence as the authority and cooperation, and thus tries to call for confidence of the electorate by his actions. According to political analysts, the uniqueness of the Kazakhstan's political reality is that the technology of ruling tries to achieve the maximum impact on people with minimum expenses, and thus ensure their voluntary obedience. [6, p.19]

Annually announced projects of a large-scale modernization have become a big advantage for the current authorities in Kazakhstan – Messages of the President of the Republic of Kazakhstan to the people of Kazakhstan. These political projects take into account the national political and economic characteristics of our state. The President of Kazakhstan, as noted by political scientists, manages politically properly to present and put in action the mechanisms for the mutual integration of the government and the society. This, along



with full-scale projects of national significance, Kazakhstan's regional specificity has never been overlooked as well.

In this respect, an issue solving on harmonization of interests of political elites and various community organizations gains a special angle. As the current political realities show, in this matter our country managed to achieve certain political consensus. A certain role in this process was played by the so-called "third sector", that is, various non-governmental organizations, for the most number created at the expense of the foreign sponsors' funds. Nowadays, exactly the "third sector" is a significant factor of holding many political as well as economic activities.

In Kazakhstan, unlike Russia, has long been formed and implemented the mechanism of negotiation between the power and the interests of the ordinary citizens. Such mechanisms were: a permanent Conference on Democratization (PDS), the National Commission for Democratization. For materialization of the spiritual projects and corporate interests into the political life of the state, a great help was given by an activity of the Assembly of Peoples of Kazakhstan, which largely determines the vector of loyal address in interethnic and interfaith.

A promising program "Kazakhstan-2030" has given the long-term structural priorities for the state policy. The project, which had acquired the status of a national concept, as the political and economic experience showed in recent years, has been implemented consistently. The targeted implementation of the "Kazakhstan-2030" clearly shows the world community that our country has its Eurasian path of development.

The process of forming an image of the state, adequate to the reality, is the sum of the positive components, objective advantages and distinctive features of the state. Along with that you can not lose the sight of the specific trends of national development. These trends are closely intertwined with the design principles of the national image, and not to accept or ignore them means consciously create a negative public perception of the image of the state.

In addition to these factors which form the image of the state, a certain role is played by such as "relatively static", sociological and institutional

factors as well. [6, c.12] Let's consider them in order.

The first group of factors includes the so-called "relatively static". This is natural-resource potential, national and cultural heritage, constant geopolitical factors (location, size of occupied territory, the length of the boundaries of the state, the output of the seas, etc.), historical events that influenced the development of Kazakhstan's statehood (conquests, the great scientific and voyages of discovery, etc.), as well as the contribution of outstanding Kazakhstan's people, whose activities or names are inextricably linked with the history of the country, the basic form of government and governance. For example, the political space of the Kazakh SSR has long been associated with the activity of D.A. Kunayev. His portrait among the members of the Political Bureau of the Central Committee of the Communist Party was familiar to all citizens of the USSR. In the global political space such a recognizable image of Kazakhstan is the President of the Republic of Kazakhstan N.A. Nazarbayev. The image of the famous Baikonur is invariably associated with the Kazakh steppe. Among the giants of the industry the image of "Kazakhstan's Magnitka" belonged to Karmetkombinat in Temirtau. Even after the collapse of the USSR in the market conditions the images of corporations related to the oil industry have become well-known - "Tengiz - Chevron" and others. And also different firm: "Kazakhmys", "KazakhOil", "KazMunaiGas", "Air - Astana" air company, "Temir- Zhol" - the new name of the railways of Kazakhstan. This category of factors can be attributed to the former capital of the Kazakh SSR Alma-Ata and the adjacent world-famous mountain skating rink Medeo. The entire northern and central Kazakhstan after the war was perceived as Tselina.

Sociological factors may include social and psychological mood in Kazakhstan's society, the forms of social and political integration of Kazakhstan people, structure, nature and principles of political associations, the moral aspects of development of Kazakhstan's society.

Institutional factors include the sustainability performance of Kazakhstan's economy, which is estimated by set of indicators of the GDP's dynamics, the income per capita, the volume of attracted investments, financial security budgets at



all levels, guarantee of the rights and freedoms of the representatives of the real sector of the economy working in Kazakhstan market, etc., legal space of Kazakhstan and Kazakh laws compliance with international requirements, functions, powers and mechanisms of state regulation of the different areas and activities in Kazakhstan.

Therefore, understanding the importance of all the above mentioned factors for the development of the international image of our country, we must also create a tool that will allow to continue building and maintaining a positive image of Kazakhstan. This means that the formation of a positive image of Kazakhstan will provide the necessary perception of it in the international political arena. In this case,

a positive perception of the country is the key to the formation of good-neighborly foreign policy and economic relations with the world community, as well as mechanisms to regulate internal processes taking place in today's Kazakhstan.

As the political experience of our state shows, the modern prospects of improving its image are quite favorable. Such factors as the multi-ethnicity and identity of Kazakhstan, Kazakh community of peace-loving nations, the existence of ideological and practical background for the next round of integration, professional mobility and power structures, etc. when used judiciously can consolidate the positive component of the modern image of Kazakhstan.

---

#### SOURCES:

1. Sokolova-Serbskaya L.A., Sorokovikova V.I. National Idea and Image of Russia // *Politicheskii Marketing*. 2004. - №7 (76), - P.32-36.
2. Morozov V. Definition of State's Identity in Modern Theoretical Discourse // *Mezhdunarodnye processy*. 2006. - T. 4. - № 1. - P.82-94.
3. Galumov E. International Image of Russia. - M.: Izvestiya, 2003. - 450 p.
4. Adilova L. Complex of the Brand Compositions of the Modern Kazakhstan: Simulacra and Realities // <http://www.ia-centr.ru/expert/910/> 24.04.2008.
5. Ashimbayev D. Political results of Parliament's Elections// *Reputatsiya* - 6 October 2004.
6. Mechanism of Forming the Positive Image of Russia in the Countries of Post-Soviet Space. - M., 2007.



# Сведения об авторах

---

CENTRAL ASIA'S AFFAIRS

ЕЖЕКВАРТАЛЬНОЕ АНАЛИТИЧЕСКОЕ ОБОЗРЕНИЕ

№ 2, 2013

---

**Абен Даурен** — старший научный сотрудник Казахстанского института стратегических исследований (КИСИ) при Президенте РК

**Изимов Руслан** — старший научный сотрудник КИСИ при Президенте РК

**Кусаинов Дауренбек** — профессор КазНПУ им. Абая, доктор философских наук

**Лаумулин Мурат** — доктор политических наук, профессор

**Музапарова Лейла** — первый заместитель директора КИСИ при Президенте РК, кандидат экономических наук

**Мукаев Сейтжан** — научный сотрудник ТОО «Физико-технический институт»

**Нуров Мархабат** — магистрант Института магистратуры и PhD докторантуры КазНПУ им. Абая

**Оспанова Динара** — докторант Карагандинского государственного университета им. Е.А. Букетова

**Рахимова Гульмира** — соискатель кафедры теоретической и прикладной политологии КазНПУ им. Абая

**Сактаганова Зауреш** — профессор Карагандинского государственного университета им. Е.А. Букетова, доктор исторических наук

**Сыроежкин Константин** — главный научный сотрудник КИСИ при Президенте РК, доктор политических наук, профессор



# Authors

---

## CENTRAL ASIA'S AFFAIRS QUARTERLY ANALYTICAL REVIEW No.2, 2013

---

**Aben Dauren** - Senior Research Fellow of the Kazakhstan Institute for Strategic Studies under the President of Kazakhstan (KazISS)

**Izimov Ruslan** – Senior Research Fellow at KazISS

**Kussainov Daurenbek** – Professor at Kazakh National Pedagogical University named after Abai, Doctor in Philosophic Sciences

**Laumulin Murat** – Chief Research Fellow of KazISS, Professor, Doctor in Political Science

**Mukaev Seitzhan** – Research Fellow at LLP “Institute of Physics and Technology”

**Muzaparova Leila** – First Deputy Director of KazISS, Candidate in Economics

**Nurov Markhabat** – Master’s Degree student of Magistracy and PhD Programs of KNPU named after Abai

**Ospanova Dinara** – PhD candidate of Karaganda State University named after E.A.Buketov

**Rakhimova Gulmira** – External PhD candidate of Department for Theoretical and Applied Political Science, KNPU named after Abai

**Saktaganova Zauresh** – Professor at Karaganda State University named after E.A.Buketov, Doctor in History

**Syroezhkin Konstantin** – Chief Research Fellow of KazISS, Doctor in Political Science, Professor



## About the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan

---

The Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan (KazISS) was established on June 16, 1993, by the Decree of the President of the Republic of Kazakhstan.

Since its foundation the mission of the KazISS as the national research institution is to provide analytical support to the President of the Republic of Kazakhstan.

The KazISS enjoys a reputation of the leading think tank of Kazakhstan as it employs a highly professional pool of experts; at present it includes nine doctors and thirteen candidates of sciences, who specialize in political science, history, economics and sociology.

The KazISS has published more than 200 books on international relations, global and regional security, economics and politics. The Institute is publishing three journals: *Kogam jane Dayir* in Kazakh, *Kazakhstan-Spectrum*, and *Central Asia's Affairs* in English. The KazISS has a trilingual website.

The KazISS holds a great number of international conferences, seminars and round tables, including the Annual Conferences (regularly held since 2003) on the issues of security and cooperation in Central Asia participated by the experts from Kazakhstan, Central Asia as well as Russia, China, Germany, France, India, Iran, Turkey, Japan, the U.S. and other countries.

The KazISS is the basis for both professional practice work of students from the leading Kazakhstan universities and fellowship of experts representing foreign research institutions.

Contact us for further information:

87B Dostyk Avenue

050010, Almaty

Republic of Kazakhstan

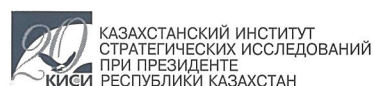
Tel: +7 (727) 264-34-04

Fax.: +7 (727) 264-49-95

E-mail: [office@kisi.kz](mailto:office@kisi.kz)

<http://www.kisi.kz>





Выходит ежеквартально с 2003 г.

Шеф-редактор  
**Буллат СУЛТАНОВ**,  
директор КИСИ  
при Президенте РК

Заместитель шеф-редактора  
**Лейла МУЗАПАРОВА**

Ответственные за выпуск:  
А. Арзикулов  
Верстка:  
Е. Игнатенко

Перевод ИП "Дюсембинова"

Адрес:  
Казахстанский институт  
стратегических исследований  
при Президенте Республики Казахстан  
Республика Казахстан, 050010,  
г. Алматы, проспект Достык 87-б

Телефон (727) 2643-404  
Факс (727) 2644-995  
E-mail: [office@kisi.kz](mailto:office@kisi.kz).  
[www.kisi.kz](http://www.kisi.kz)

Журнал зарегистрирован Министерством  
культуры, информации и общественного  
согласия РК 24 января 2003 г.  
Регистрационное  
свидетельство № 3529-ж

При перепечатке ссылка  
на журнал обязательна.  
Мнение редакционной коллегии журнала  
может не совпадать  
с точкой зрения авторов статей.

Отпечатано в типографии  
ИП «Волкова Е.В.»:  
Республика Казахстан, г. Алматы,  
пр. Райымбека, 212/1

Тираж 300 экз.