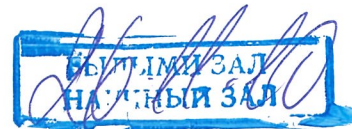


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High Dynamics of Process

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Existing systems of global and regional safety demonstrate the inefficiency in modern conditions. The situation is aggravated by natural-climatic cataclysms, ecological and humanitarian catastrophes, poverty, hunger, epidemics and inter-ethnic and inter-religious conflicts. Floods in countries of Eastern Europe, Pakistan, China, the drought and fires in Russia, the states of Southern Europe have once again shown vulnerability of a human civilization, necessity of uniting of the states of the world before modern threats and calls in this summer. In these difficult conditions Kazakhstan has successfully been carrying out its mission in the OSCE.

The President, Nursultan Nazarbayev, representing the program of our country's chairmanship in Vienna on 14 January of this year, has underlined that Kazakhstan considers the OSCE as one of key mechanisms of the international security and cooperation at the extensive space from Vancouver to Vladivostok. In many respects such position is explained unique geographical structure of the OSCE participants. According to the Head of the state, the paramount task of the OSCE is a giving of new breath to the Organization by an interaction establishment between the Euro-Atlantic and Eurasian organizations as to provide the European organization without the Asian measurement is impossible today.

Therefore within the limits of the chairmanship Kazakhstan supported and supports transformation of the OSCE from the Euro-Atlantic dialogue platform into the effective Euro-Asian organization, for trust strengthening between the OSCE Member States which are to the East and to the West from Vienna. With a view of strengthening of the Euro-Asian cooperation the Republic carried out such sign international activities, as the Trans-Asiatic parliamentary forum - the OSCE (Almaty, on 13-14 May of this year), the Third summit of

the Conference on Interaction and Confidence-Building Measures in Asia (CICA) (Istanbul, on 6-8 June of this year).

As a result the term «the Euro-Asian safety» has already found practical application. Though this concept was skeptically apprehended by not only abroad, but also in our country several months ago.

What results of Kazakhstan's chairmanship in OSCE, what problems it was succeeded deciding, what is necessary to do in the remained four months?

Kazakhstan actively worked on all three measurements (military-political, economic-ecological and humanitarian).

Within the limits of the first basket a paramount significance was given to settlement of the "frozen" conflicts in the responsibility zone. The series of working meetings with heads of Georgia, Azerbaijan and Armenia have been spent. Work at "Road Map" on the further process of the peace resolution of conflict in Nagorno-Karabakh comes to the end now.

Concerning opposition of Georgia with Abkhazia and South Ossetia Kazakhstan considers important to continue the Geneva discussions, having emphasized on creation of normal living conditions for simple citizens. On the Transdnestria settlement Kazakhstan promotes renewal of negotiations in the «5 + 2» format.

The real examination for the OSCE and Kazakhstan as the chairman of this Organization were events in Kyrgyzstan where a fragile balance was currently established. Kazakhstan had been giving and has been giving help neighboring country both in the line of the OSCE, and on the bilateral basis. To this effect the Kazakh-Kirgiz diversified working group is created. So, for example, in April the help was rendered by seeds, fertilizers, combustive-lubricating materials. As a result in Kyrgyzstan spring-field works have successfully been finished. Our country has given 1 800 tons of rice, 128 tons of buckwheat to Kyrgyz-

stan as the humanitarian help. For the construction and habitation repair in the Osh and Djalal-Abad districts 184 tons of metal slate, 29 vans of wood have been directed.

Experts of two countries have currently prepared the economic revival program of Kyrgyzstan which will be considered at the International Donor's Conference this month in Almaty.

Afghanistan has special significance for the regional safeguarding. Despite build-up of military potential of the NATO, the power decision of the Afghani problem isn't present. Restoration of economy and the decision granting of own destiny to the population of this distressful country under the aegis of the U.N.O. can be alternative only.

The Kazakhstan Government has transferred more than USD 2 mln. for the construction of school and hospital in provinces of Samangan and Bamyan. Agricultural seeds, the equipment, mineral fertilizers are regularly delivered from Kazakhstan to the Islamic Republic of Afghanistan. In March 6 thousand tons of rice was sent as the humanitarian help. The decision on allocation of USD 50 mln for training of one thousand Afghani citizens in the educational institutions of RK is accepted.

In the second basket of economic-ecological measurement – Kazakhstan promotes to development of transcontinental transport corridors (railway, automobile, aviation) and pipeline routes. Negotiating process on joining of national transport systems, harmonization of national legislative bases and creation of conditions for free moving of passengers, cargoes and vehicles, increase of safety of all types of transport is carried out.

The main project in this sphere is building of the road transit corridor the Western Europe – the Western China on the route Horgos – Almaty – Aktobe – Orenburg – Kazan – St.Petersburg (extent – 8 445 km). Extent of the Kazakhstani site is 2 787 km, cost – USD 5.4 bln. The Kazakhstani part of the road corridor is planned to construct by the end of 2013.

Our country's serious contribution to the global economic development is a delivery of the Kazakhstan's energy carriers to the world market. The construction of oil pipelines the Western Kazakhstan – the Western China has come into the final stage. In December, 2009 the construction of the first gas pipeline Turkmenistan – Uzbekistan – Kazakhstan – China came to the end and the construction of the second – the Central Asia – China is in process.

In aspiration to raise the importance of the OSCE second basket two new posts of personal representatives of the incumbent chairman of the OSCE on transport and ecological issues are confirmed.

One of key directions of Kazakhstan's chairmanship in the OSCE is also the third basket – human scale which imposes on our country the special responsibility for EU conformity of life, development of political and social institutes. Within the framework of the government program «the Way to Europe» Kazakhstan continues to improve the Kazakhstan legal system, socio-political institutes and the civil society on the basis of European political and legal, philosophical and moral values which are achievements of the world civilization. In this connection it would be desirable to tell about the reform of law-enforcement system of Kazakhstan initiated by the President, Nursultan Nazarbayev on 17 August of this year. The heart of the reform is liberalization of the criminal legislation and decriminalization of the crimes which are not representing to the great public danger, the ensuring system perfection of the law-and-order and public safety on the basis of the advanced foreign experience, expansion of enforcement scope of punishments which have been not connected with imprisonment, perfection and simplification of legal procedures for protection of the rights and legitimate interests of citizens.

Occurrence process in all-European civilized space will consider both own national and cultural identity. On 29-30 June, in Astana at the OSCE Conference of high level on Tolerance and Non-discrimination it has been noticed that Kazakhstan intends to bring its contribution to advancement of ideas of tolerance, the interethnic peace and the inter-confessional consent on all space of OSCE.

Certainly, it would be desirable to accelerate as much as possible the process of political and democratic reforms in our country. But as a rule, revolutionary impatience, attempts to run ahead lead to discredit of the most light ideas and plans. Visual evidence of it is events in the neighboring Kyrgyzstan. In this sense it is necessary to consider an opinion of Alcee L. Hastings, the American congressman, the co-chairman of the Helsinki commission. In the opinion of Alcee L. Hastings - "twenty years is a short term for the construction of democracy. At times in the West it seems to us that democracy can be constructed in a short time. I consider that in the USA democracy is under construction till now».

Estimating Kazakhstan's chairmanship in the OSCE for the last period, it is possible to notice that on all baskets of the Organization the essential work have been done by our republic. During the conferences, forums and seminars organized by Kazakhstan, new ideas and offers had been stated which didn't remain without attention of the leading international organizations and politicians of the world.

The positive estimation on Kazakhstan's chairmanship in OSCE was stated at the 19th Annual Session of the OSCE Parliamentary Assembly on 6-10 July, 2010 in Oslo. In particular, the chairman of the OSCE Parliamentary Assembly Zhoao Soares has declared: "Kazakhstan carries out the chairmanship in the Organization with exclusive dynamism".

The chairmanship of Kazakhstan in OSCE was positively estimated at the informal meeting of Ministers for Foreign Affairs of OSCE state-members (Almaty on 16-17 July of this year). According to the Minister for Foreign Affairs of France Bernard Kouchner, the vigorous activity of Kazakhstan in OSCE was a hit for all Organization. The French diplomat has underlined the chairmanship of Kazakhstan is a stabilizing element while the Central Asia passes through a serious crisis, and gives an opportunity to attract attention to this region. Also B. Kouchner has supported a position of Kazakhstan concerning the

evolution of OSCE from Euro-Atlantic in the Euro-Asian community on safety.

As we see, the extensive and concrete program of Kazakhstan on the post of the OSCE chairman gradually starts to grow. As the vice-president of the Council Europe Parliamentary Assembly Paul Villi has noted, it is possible to welcome aspiration of Kazakhstan «to give a new impulse to activity of this authoritative Organization».

At the same time, analyzing the Kazakhstan chairmanship in OSCE, marking the positive moments, it is necessary to mean that the big work on its adaptation to modern calls and threats is still coming, considering promptly changing realities of the 21st century. In these purposes the time has come to make "reloading" of the Organization in the way. The optimal variant for this purpose is carrying out of the summit of heads of OSCE member-states in Astana.

It is clearly understood both at the OSCE headquarters, and in the governments of the OSCE member states. The proof of it is a consensus on holding of summit which has been reached by the countries-participants. According to the President, Nursultan Nazarbayev, the given decision is a sign of high respect of the international community to the successes of the republic reached for the years of independence, and also support display of efforts of Kazakhstan on the post of the OSCE chairman.

April 2010 in Kyrgyzstan: as Seen from Kazakhstan

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Introduction

In April 2010, the political crisis that has been simmering in Kyrgyzstan over the past few years developed into an armed confrontation between the government and the people, as well as among the various clan and regional groups at the very top of the republic's political pyramid [1].

President Bakiev, deprived of his power (at first in part), legitimacy, and control over the country, tried to regain what he had lost by tapping the political resource of the country's South. The events that occurred in May made it abundantly clear that a large-scale political conflict, a civil war, and a split in the republic were only a step away.

The 2005 events, which toppled Akaev's regime, demonstrated that for its continued political development, the republic must acquire a strong vertical of power and move toward a strong presidential government, which alone could pull the country out of the crisis and set it on the path of sustainable development [2]. The compromise reached (which, albeit, proved incomplete) gave rise to the hope that the new president would be able to cope with this historic mission [3].

The objective factors and subjective circumstances, however, complicated the republic's political, social, and economic context still more. Most of the political actors (the main parties, the parliament, the business community, and the regional leaders) were dead set against any real reforms of the country's political system.

President Bakiev's political and economic blunders (legitimized corruption and the never-ending property redistribution in favor of his close relatives and supporters) added a subjective dimension to the objective factor.

More than that: some of the regional, mainly northern, clans refused to accept Kurmanbek Bakiev as the head of state (the position he gained and forti-

fied in 2005-2006); this and widespread disaffection with his economic policies impaired his legitimacy. Disagreements among the main political forces made the crisis a permanent feature of the republic's political landscape exacerbated by a crisis in the social and economic spheres.

Bakiev's downfall was brought about by his political rivals who disagreed with his policies; the discontent of the wide masses; the acute social and economic crisis; the president's failed attempt to strengthen his power; corruption and nepotism; regionalism and the clan nature of power; the low level of political culture of the ruling elite and the ruled masses; criminalization of political life; and the acute shortage of economic resources. Some of the external players, into the bargain, did not like Bakiev's foreign policies.

Economy in 2005-2010

The regime change in 2005 triggered property redistribution; a new political elite arrived from the republic's South to install itself in the republic, while the new government busied itself with looking for more resources.

In 2008, the republic hit another stretch of protracted economic and social crisis, the first signs of which were discernable in 2007; its social and economic future looked uncertain. The negative developments stemmed from property redistribution, which acquired gigantic dimensions, and the inconsistent economic policies of the rotating governments. In the last few years, customs duties and taxes (which increased three-to-four-fold) remained the only source of economic growth.

Between 2005 and 2007, the nominal GDP demonstrated relative growth, while its dynamics in comparable prices was much more modest. The inflation component of its growth was fairly large: annual inflation increased from 5 percent in 2006 to 20 percent in December 2007 and to 25 percent in

March 2008. The fast economic growth of Russia and Kazakhstan, Kyrgyzstan's main economic partners, had a positive effect at that time. Today, 37 percent of the assets of the republic's banking sector belong to Kazakhstan banks; they account for 50 percent of all loans.

Money which labor migrants (there are 330 thousand of them according to the official figures) send home is very important for the Kyrgyz economy. The EBRD has assessed the volume of these remittances at 25 percent of GDP, or over USD 1 billion a year [4]. This money is badly needed: nearly 11 percent of the economically active population (over 270 thousand) is unemployed [5].

Gold prices can be described as another favorable factor: between October 2006 and March 2008, the world price of one Troy ounce climbed from USD 420 to USD 1,030; today the price has stabilized at the USD 1,100 level. Gold accounts for 8 percent of the republic's GDP (nearly 40 percent of its exports), however the future looks less optimistic. In 2010, the Kumtor goldmine, which produces the bulk of exported gold, will be closed, while the smaller mines will hardly fill in the gap.

The structure of the republic's GDP has registered the fact that Kyrgyzstan is no longer an agrarian industrial country; it sells services (which account for 44 percent of its GDP). Its trade volume is much larger than that of its production. In the past, agriculture accounted for 25.8 percent of its nominal GDP; industry for 14 percent; construction for 3.1 percent; transport and communication for 8.4 percent; trade and maintenance for 18.6 percent; and hotels and public catering for 8.4 percent. The growth of the trade sector increased the share of services by 1 percent.

Up to 88 percent of industrial products are supplied by five branches: metallurgy (42 percent); food processing (13 percent); textile and tailoring (7 percent); production of construction materials (10 percent); and electric power production (16 percent). Over 35 percent of taxes come from industry, while export accounts for up to 85 percent. Depleted basic assets and shortage of skilled manpower and specialists at the medium level coupled with the shortage of working capital are responsible for the industrial decline (with the exception of Kumtor's production volumes).

Under Bakiev, the people in power made skillful use of the shaky integration processes within the CIS. In 2009, Russia supplied Kyrgyzstan with a package of financial aid totaling nearly 40 percent of

the republic's GDP, which consisted of a soft loan of USD 300 million (Bakiev used the money to promote political interests) and USD 1.7 billion to be spent on the construction of the Kambarata Hydropower Station.

The still very high share of the shadow sector (engaged, among other things, in drug trafficking) in the country's economy is one of the worst problems. According to the WB, the republic has developed into one of the places where Afghan heroin is stored and from which it is moved further to Russian territory. Today, Kyrgyzstan is Asia's second largest country in terms of trafficking and use of opiates (2.3 percent of the population over the age of 15 are drug users).

Bakiev's closest circle prefers to point to certain positive shifts in the country's economy: the budget has increased four-fold, which made it possible to lower the republic's external debt (it remains high at the level of 50 percent of GDP). Large sums have been moved from the shadow to the official sector. In 2009, the amended agreement with the company working at the Kumtor goldmine increased Kyrgyzstan's income several times over. Corruption, however, destroyed the positive effects of the above.

Today, the country is plagued by a shortage of agricultural land (acutely felt in the South) and the lowered efficiency and culture of local agriculture.

The acute economic crisis is accompanied by an energy crisis: the republic obtains electric power from hydropower stations, which accounted for about 76 percent of electric power in 1993 and for nearly 92 percent in 2007 [6].

In 2005, the Toktogul water reservoir contained 19 billion cubic meter of water to be used by its hydropower station, which generates 60 percent of the electricity used by the republic; in the fall of 2008, the available volume dropped to 6.5 billion cubic meter [7]. The expert community points to the possible causes: ineffective management and the high corruption level and lack of transparency in the branch coupled with smuggling of electric power and even water during the irrigation season to neighboring countries.

The government, loyal as ever to its favorite tactics of overtaxing the republic's population, raised the tariffs on electricity and heating. A social outburst became inevitable. The cost of life in Kyrgyzstan directly depends on the interrelated prices for three basic products—bread, fuel and lubricants, and electricity—therefore, an increase in price for any one of them may detonate a social explosion.

In 1995-2009, the volume of the shadow economy in the republic increased almost 20-fold, which is explained by the greater role of the household economy sector (which accounted for 12 percent of GDP) and the shadow economy (including agriculture), which accounted for 30 percent of GDP. The shadow economy is mainly concentrated in trade and the maintenance of domestic appliances, cars, and personal appliances with an annual turnover of about 60 billion soms.

Domestic Politics: The Crisis is Mounting

There is the opinion in the West that Kyrgyzstan has demonstrated to the world that Western style democracy (both as an ideology and a political practice), if planted in conditions very different from those in the democratic countries, does more harm than good. "Indirect democracy" might have produced a much better effect; I have in mind the civil rights and human rights standards common for all countries, irrespective of their forms of democracy.

Since 2008, the country's political situation has been exposed to a confrontation of two mutually exclusive and even antagonistic trends. On the one hand, the country obviously depends on its economy, which convinced the people that the republican form of government was unimportant. On the other, the social and economic problems piling up were the best confirmation of the acute disagreements between the government and the opposition over the country's political model. This was largely responsible for the dynamics of domestic politics [8].

The North and the South are two different sociopolitical entities; the Kyrgyz as former nomads are divided into two large "wings" (*Ong* and *Sol*); there are about 40 tribes and clans at the lower level with the ties much stronger than among the Kazakhs. This adds instability to the highly variegated political scene.

In 2007-2008, several quasi-elite groups close to the president clashed in their attempts to have an even greater influence on the head of state. They can be described as

- (a) the president's family;
- (b) the so-called group of Southerners which brought Bakiev to power; and
- (c) the "Akaev" bureaucrats resolved to keep their posts.

The family group was far from united: the older and younger generations relied on supporters from the other two groups to monopolize the president. In the

course of time, the conflict became even fiercer; the shuffling at the top gradually pushed the Southerners to the political outskirts, although the regional and clan factor did not lose its importance.

There is a more or less accepted opinion that the Southern clans, the richest in the republic (they have grown rich on drug trafficking supervised by Tashkent organized crime), demonstrate no mean skills in posing as impoverished outcasts.

The Southern protest was promoted, to a great extent, by an alliance of criminal groups in the country's South and the Uzbek part of the Ferghana valley which joined forces to squeeze the local criminal groups and those of Kazakhstan (based primarily in Shymkent) out of the economic expanse of northern Kyrgyzstan. The southern clans are more religious than the others, which explain why Hizb ut-Tahrir showed up first in the South and later in Bishkek.

The way the government responded to the opposition and its activities stirred up political tension even more. While formally acting within the law, the people at the top tried to scare the opposition and set up a police state. Their relentless persecution of individual members of the opposition was combined with a half-hearted struggle against the opposition as a whole. From time to time, the leaders, who, on the whole, tended to disregard the opposition's numerous actions, surprised the country with their violent responses.

The president's health did not add stability to state governance and consolidated the opposition. It was no secret that Bakiev spent much time in German hospitals. His absence added fire to the rivalry in the corridors of power and in the opposition. Unlike the president, the opposition remained active all year round: the contradictions were shelved for the sake of a consolidated stand on the situation in the country.

The domestic policy at that time can be described as contradictory and highly ambiguous. On the one hand, the government's attempts to preserve the authoritarian family-and-clan system of the first president gave rise to political stagnation. While on the other, the opposition and the civil sector were determined to rock the boat. Their highly different ideas about the country's future added a cutting edge to their contradictions.

The court cases against the most prominent opposition figures allowed Bakiev to carry the 2009 elections. Ismail Isakov, former Defense Minister, who had been active in the Tulip Revolution, and former Foreign Affairs Minister Jekshenkulov were

brought to court on criminal charges and effectively removed from the political scene. The united opposition began crumbling once Jekshenkulov, its coordinator and “brains” who for many years kept the rivalry and squabbles under the lid, was pushed aside. Some believe that he alone could have tamed the highly wild political movement and channeled it in the right direction.

The parliament dominated by Bakiev’s Ak Zhol Party set 23 July, 2009 as the date of the presidential elections. The Social-Democrats and the opposition miscalculated, while Bakiev and his team moved ahead toward victory ensured by several factors: the administrative resource, money, and the domestic political and economic situation. The other candidates either could not or did not tap their own resources [9].

The post-Akaev political landscape is highly patchy; there are 2.6 million voters in the republic with a total population of 5.8 million. The fairly small electorate has to choose from among 58 registered political parties and an equal number of movements and alliances; 30 structures out of the total 58 of these parties are in opposition to the government and in disagreement among themselves. The largest and most influential of them are The Party of Communists of Kyrgyzstan and the rivaling Communist Party of Kyrgyzstan; there are three Social-Democratic parties, the most influential of them being Almaz Atambaev’s party; there are three large parties—Ata-Meken, Erkin, and Felix Kulov’s Ar-Namys.

During the same period, the republic acquired new religious organizations which moved into domestic politics: the Alliance of Muslims of Kyrgyzstan headed by former ombudsman T. Bakiruluu and N. Motuev being one of them. This means that a centralized religious opposition is taking shape in the country.

In the north, Islamic fundamentalism is not very popular; the Islamic parties cannot move across ethnic boundaries because of the ethnic minorities. The high level of literacy, fairly widespread Slavic and Western cultures, and the market economy keep the local Kyrgyz away from fundamentalist movements.

Some of the radical Islamist groups managed to register with the Ministry of Justice in the country’s south, mainly in the cities (Osh, Dzhahal-Abad, and Batken); according to official information, there are over 1,000 mosques in Osh and around it; fundamentalist ideology supported by the local Uzbeks and spread by agitators from Tajikistan has a strong position in the area.

Hizb ut-Tahrir, an illegal religious and political movement, has moved away from ideological propaganda and agitation among the local people to practical action. Its polemics with the government have assumed new forms (audio- and video materials, leaflets, and books intended for the bureaucracy and statesmen of the medium and top levels) and become even more consistent. Its members have stepped up their activities in the capital and its environs; they look far beyond Central Asia. Its leaflets condemn what the United States, Israel, and some of the Western countries are doing in Iraq and Afghanistan. Hizb ut-Tahrir has already tested its powers by mobilizing people for political actions under its banners. Tablighi Jamaat is another unofficial religious organization which has obviously come to stay.

The uncontrolled political squabbles the nation has been watching for a long time have convinced the people that democracy means impunity and permissiveness (which of course has nothing to do with classical democracy and is better described as “ochlocracy”). Disregard for the law coupled with the low political culture of the political class and society at large have fuelled a painful response to the use of force by the state. In these conditions, voluntaristic ideas and trends spread like wildfire far and wide [10].

Bakiev’s Regime

The family and the clans as the cornerstones of Kurmanbek Bakiev’s presidency were the most typical feature of his regime. The opposition which came to power in April 2010 insists that all his numerous brothers were involved in politics.

One of them headed the security service of the Administration and the government, which placed him in command of the National Guard; his elder son controlled state security; his second son had the executive structures under his control, while his younger son headed the newly formed Agency for Development, the de facto executive power in the republic. One of his brothers represented the country in Germany; another, appointed special envoy of the president, was a de facto deputy foreign minister. Business, trade, and the economy were brimming with the president’s numerous relatives.

It is commonly believed that in 2007 Bakiev set about expanding his power and strengthening the vertical of power. Political technologists from Kazakhstan invited at the suggestion of Medet Sadyrkulov, [11] then the head of the presidential Administration, helped Bakiev set up the Ak Zhol People’s Party.

Bakiev was presented to the nation as a “staunch etatist.” The team of political technologists suggested that the Constitution of 1993–2003, the most logical and balanced one in the republic’s history, should be restored, albeit with wider presidential powers. They suggested that the ineffective Zhogorku Kenesh should be disbanded by the Constitutional Court followed by parliamentary elections. A nationwide referendum on presidential elections was deemed necessary. The old tradition of widespread nepotism should be buried, while professionals should be invited to the civil service in large numbers. The regions and the local administrations, which should be regularly reminded that the center is in control, were expected to concentrate on the social services; and rabid nationalism and religious extremism should be stemmed.

Political discontent was spurred on by the president’s widely publicized intention to radically reorganize state management. He shared his ideas about the country’s future with the Kurultai of Consent convened in Bishkek on the eve of the fifth anniversary of the 2005 revolution [12] and announced that Western democracy was ill suited to Kyrgyzstan and that its traditions and reality were much better suited to “consultative democracy”[13].

Under Bakiev, the Fundamental Law was amended three times: some of the versions limited presidential powers, others expanded them. The 2007 national referendum approved a version with much wider presidential prerogatives, which remained in effect until December 2009 when the president came forward with new amendments.

They were expected to register what had already been accomplished: the articles on the Presidential Administration, the secretary of state, and the Security Council should be removed; ranks for civil servants were abolished, while the president acquired the power to set up consultative structures, including one called the Presidential Conference.

Bakiev’s most important amendment: “any other person” appointed by the Presidential Conference by a simple majority of those present changes the previous constitutional provision which named the Speaker or the Prime Minister as possible acting presidents in the event of the president’s disability. The Constitutional Court accepted the amendment, albeit with a recommendation that it be further revised.

The opposition is convinced that this was devised to pass power on to Maxim, Bakiev’s younger son and a recent political heavyweight, which would have

started a dynasty. Bakiev’s powers expired in 2013 with no third term (banned by the Constitution) in sight. The constitutional reform launched early in 2010 transferred the right of the parliament to name a successor, in the event the president could or would not serve out his term, to the Presidential Conference, a gathering of the local elites which replaced the presidential administration.

Maxim Bakiev, the key figure in the republic’s most profitable economic projects, headed the Central Agency for Development, Investments, and Innovations (TsARII), a de facto shadow government. He controlled a vast financial and industrial empire of sorts ruled through fake offshore firms set up to win privatization tenders of almost all the republic’s energy enterprises and Kirgiztelecom, a TV and Telecommunication Company that supervised the Kyrgyzstan Development Foundation intended to “distribute” the USD 1.7 billion Russia had loaned for building the Kambarata Hydropower Station.

As the head of the newly created Foundation, Maxim Bakiev hastened to China to discuss bilateral relations and invite China to participate in the republic’s most lucrative economic projects, which Moscow had already been invited to join: the Kambarata Hydropower Station-2 and modernization of industrial polycrystalline silicon facilities used for solar energy production; this infringed on Russia’s interests. The president’s youngest son also spoke of deliveries of Chinese drones, electricity meters and turbines to Kyrgyzstan, as well as China’s involvement in a big railway project.

The suggested amendments gave the Presidential Conference—top bureaucrats and members of the president’s administration—the right to elect an interim president (if the head of state should be unable to perform his duties). The Constitutional Court, however, declined the amendment and pointed out that this prerogative belonged to the republic’s State Council (the members of which include the Prime Minister, Speaker, chairmen of the Constitutional and Supreme courts, Secretary of State, Head of the President’s Administration, Public Prosecutor, Defense Minister, Chairman of the National Security Service, and Mayor of Bishkek). It is headed by the president, while his administration functions as the Council’s working structure.

According to the expert community, the reform devised by Bakiev’s secretariat was discussed at length with the elites. On the eve of the Kurultai, the president traveled to Osh and Dzhahal-Abad, his

strongholds, to speak to the local elders. He promised to open TsARII branches in the region and move the Defense Ministry to Osh to bring more money to the south in the hope of winning the southern elite's favor of his son, who is not entirely accepted by the traditionalist circles since he is half-Russian and does not speak Kyrgyz.

The opposition feared that the president was setting up a dynasty to bring one of his relatives to power if the worst came to the worst, as opposed to the previous alternative that would make either the Speaker or the Prime Minister acting president.

This means that Bakiev was consistently following his election promises to strengthen presidential power. The constitutional reform would have radically changed the vertical of power. Some time later he might even remove the prime minister to combine the functions of head of government and head of state [14].

Obviously absolutely indifferent to what the nation and the opposition thought about his fairly inadequate policies, he continued pursuing his personal interests on the domestic and foreign scenes. By 2009, the Bakiev clan had tightened its grip on the country and its finances; corruption had escalated out of control.

Foreign policy blunders aggravated the relations between Bishkek and Moscow; the Kremlin chose to "forget" about the previously promised loans. By violating its obligations, Bishkek deprived the budget of Russian money: Moscow hinted that it was refusing to deal with the Bakiev regime on principle.

The Crisis Escalates

After the 2005 Tulip Revolution, Bakiev won the election mainly because former vice-president Felix Kulov, his potential and much more popular rival, dropped out of the race to ally with Bakiev. The tandem died soon thereafter, leaving Bakiev the only ruler. In 2009, Bakiev spent the larger part of Russia's multimillion grant to win the next election.

Between the fall of 2006 and spring of 2010, the country was growing more and more anti-Bakiev and, to a lesser extent, pro-Akaev, the natural outcome of the course pursued by Bakiev and his cronies. By the spring of 2006, people whom the country knew as criminals had become part of the political landscape; the public was indignant, while those members of the Kyrgyz political proto-elite who had been left out in the cold while others snatched lucrative posts stepped up their political activities.

At this time, two protest rallies a day were customary; in April 2007, when Felix Kulov headed the opposition for a short time, the protests became even more frequent.

There is a common opinion that the situation was not very much different from the last months of the Akaev regime: corruption in the government had become absolute; the family had appropriated all the resources; the elite was split into warring groups; incomes were pocketed by the chosen few; people lived in dire poverty; tariffs were rising together with public discontent; the media operated under pressure, etc. De facto censorship was nothing out of the ordinary, while journalists were beaten up or even murdered.

The expert community points out that maneuvering and even a retreat, albeit with political sacrifices, was still possible: Bakiev could close the structures set up to feed Maxim's financial and, later, political ambitions; he could abandon the latest reform of state management and the Constitutional amendments that reduced the revolutionary gains of 2005 to naught and which, to all intents and purposes, transformed power into autocratic and inherited, etc.

He probably realized that the activity Maxim and his circle were engaged in was rousing increasing discontent inside the country and doing nothing for his personal image. It was said that Maxim was strongly influenced by American Ambassador to Bishkek Tatiana Gfoeller, who was also his patron and advised him to stand firm when talking to Russia. It is rumored that the influential and most respected heads of the Kyrgyz clans demanded, in a letter to the president, that he should remove his son and his "foreign advisors" from power.

The opposition used privatization of strategic economic facilities conducive to even higher tariffs in the social sphere to start another political crisis.

Rosa Otunbaeva, leader of the parliamentary Social-Democratic faction, demanded the resignation of Prime Minister Daniar Usenov; she sent an official inquiry to the government, in which she insisted that the privatization of Severelektro and Kirgiztelecom, two strategic giants, "contradicted the interests of the nation, undermined the very foundations of its well-being" and was, therefore, "plundering and criminal" [15]. She pointed to legal violations and to the fact that offshore groups had no legal right to participate in the tenders. On 17 March, the People's Kurultai formulated its seven demands of the government and set up the Central Executive Committee to implement

the Kurultai's decisions with Rosa Otunbaeva as its head [16]. The newly established structure included: Otunbaeva, Sariev, Kaptagaev, Atambaev, Tekebaev, Sherniazov, Ibraimova, Chotonov, Erkebaev, Diushebaev, Beknazarov, Omurkulov, and Zheenbekov.

The opposition, however, miscalculated: the president's clan turned out to be much closer knit than that of his predecessor; it was resolved to retain power. On 6-7 April, the events that began in Talas and Naryn (two impoverished regions which the new government disregarded to an even greater extent than its predecessors) reached their peak. The seeds of discontent fell on fertile soil: in Talas, the people resented the fact that the most popular figures had been removed from the local power structures.

In the small hours of 7 April, opposition members and civil activists were arrested to prevent them from appearing at the protest rallies scheduled for 7 April. In Talas, the arrest of one of the local opposition leaders ignited the crowd and developed further when the Minister of Internal Affairs arrived to try and pacify the insurgents. However, he was captured and beaten up.

The country's leaders, who arrested Tekebaev, Atambaev, and others to extinguish the fiery protests, badly miscalculated. Left to its own devices, with no one to channel the protest sentiments (which could have been done by moderate opposition leaders), the crowd became unruly. The government was left to deal with a boiling mass of indignant and misguided people.

The events in Talas developed into a drama: once the people recovered from the onslaught of the riot police (they simply lulled them into a sense of false security by their feeble resistance), they reassembled on the square in even greater numbers. Armed with stones, bludgeons, and Molotov cocktails, they attacked the police ranks, which they outnumbered by the dozen.

The riots reached the capital, where the rallies attended mainly by young radicals tried to capture government offices. This made the use of force inevitable, although no one knows who provoked the shooting that claimed 80 lives and left several hundreds wounded [17]. Snipers killed dozens of attackers, while the crowd used Molotov cocktails to disperse the police ranks; fallen policemen were killed by the mob.

Enraged and unruly crowds captured the president's palace; they plundered the parliament, the public prosecutor's office, and the Museum of Arts; the

building of the State National Security Service was partly destroyed by fire. Later, the country learned that the president and his brother Zhanysh had flown to Osh in the country's south. The opposition announced that they had four out of the seven regions behind them.

With the opposition leaders either behind bars or out of the capital, the mob acted on its own; eyewitnesses described it as ungovernable. People stormed official buildings in ad hoc assault groups; in some places, however, enterprising people formed small groups for more organized action. The anti-Semitic slogans that sounded in front of the House of Government (which suggested close ties between Maxim and Jewish businessmen, especially notorious Evgeni Gurevich wanted in Italy for his contacts with the Italian mafia) added an ethnic dimension to the social turbulence. Alex Katz of Sohnut arrived to prevent Jewish pogroms.

An ethnic conflict in the town of Tokmak, 60 km from the capital, began as a conflict between Kyrgyz, on the one hand, and Koreans, Uighurs and Dungans, on the other; there were attempts to fan a similar conflict between Kyrgyz and Uzbeks in the Djalal-Abad region.

Meanwhile, an Interim Government headed by Rosa Otunbaeva appeared in the capital. On 8 April, she announced that the new electricity and heat tariffs would be annulled and promised that new presidential elections would be held in six months, until which time the Interim Government would fulfill the functions of the parliament, the president, and the government. The people in power pledged to use the six months at their disposal to write a new constitution and a new code of election laws and organize presidential and parliamentary elections.

As head of the Interim Government, Ms. Otunbaeva has five deputies: Almaz Atambaev heads the economic bloc [18]; Timur Sariev [19], leader of the Ak-Shumkar Party, will look after finances; former Speaker Omurbek Tekebaev [20] will be responsible for constitutional reform; Ismail Isakov will be responsible for the defense and security structures and act as Defense Minister; while the Public Prosecutor's Office and judicial reform were entrusted to Azimbek Beknazarov [21].

As soon as Prime Minister Usenov resigned, his deputies were dismissed by a decree of the Interim Government. The Ministry of Internal Affairs went to leader of the Talas protests Bolotbek Sherniazov; the National Security Service was entrusted to General of

the Militia Keneshbek Dyuyshebaev; “people’s governors” elected by the regional kurultais appeared in Bishkek and the northern regions (which went over to the side of the former opposition). People’s Governor Karamat Orazova rules in Batken, in the south.

The Interim Government closed five banks, probably to prevent an outflow of the Bakiev family’s capital, and promised to nationalize, as promptly as possible, Kirgiztelecom and Sevelelectro sold for a song. The new rulers went even further: they promised to nationalize two of the four mobile communication operators.

Significantly, the media and the public toyed with rumors that Askar Akaev might return to politics as a presidential candidate [22].

The events of March 2005 and April 2010 are very different. In 2005, the opposition wanted stabilization as quickly as possible to be able to present the regime change as another velvet revolution. Today, first, the opposition is different; second, on 6-7 April the discontented people rather than the opposition were in charge. The opposition joined the spontaneous developments at the eleventh hour.

This might negatively affect the course of events and the republic’s stabilization.

The New Leaders

Rosa Otunbaeva and Omurbek Tekebaev are two possible presidential candidates. So far, no details about the new Constitution and distribution of power between the president and the prime minister have become clear. Judging by what has been said about the powers of the parliament, the president will lose many of his present prerogatives, which will shift the center of power to the prime minister, a post which will attract both Otunbaeva and Tekebaev.

Rosa Otunbaeva is a Western “project,” which appeals to the world community: indeed, a woman at the head of a conservative patriarchal country with authoritarian neighbors will create an inspiring precedent. The voters might be attracted by her fluent English, her record of twice foreign minister, and her image as a progressive and emancipated woman, as well as wise and purposeful individual. Her international prestige might make it easier to get loans and grants from international financial institutions and sponsors.

She is regarded as a person of probity. The same is said about her rival: two previous regimes tried and failed to compromise him. On the other hand, Ms. Otunbaeva’s Kyrgyz is not as fluent as might

be desired, and traditional conservative voters will hardly want to see a woman at the helm [23].

Omurbek Tekebaev, an “eternal presidential candidate” as some people call him, won the 2000 presidential election, the results of which were falsified in favor of Akaev. Nevertheless, he is one of the most vibrant leaders: a profound and well-educated lawyer with perfect knowledge of the Codes of Kyrgyzstan. He cuts a more favorable figure with the electorate because of his perfect knowledge of Kyrgyz; his inadequate Russian, on the other hand, is unlikely to win the hearts of city dwellers and Russian speakers.

The expert community predicts that Rosa Otunbaeva is unlikely to retain control; after the elections she will either be sent out of the country as an ambassador or will be given a post in the foreign ministry.

Some believe that only a strong-willed person of outstanding abilities will be equal to the task of dealing with the corrupt system and clan and regional nepotism. As a person of such dimensions, Felix Kulov stands apart from the crowd of other leaders. The problem is: neither the elites nor the public need a figure like this.

The above suggests that the republic needs “external management” [24]. This can be realized only if the situation gets out of control and political opposition escalates into uncompromising regional confrontation. The resultant “domino effect” is feared by one and all: destabilization of Central Asia should be avoided.

The Russian Factor

Both regime changes were accompanied by speculations about the external factors behind them [25]. Russia is suspected, with good reason, of being instrumental in removing Bakiev from power: recently, its grievances against Bishkek have been rapidly piling up [26]. In June 2009, President Bakiev decided that the American airbase in Manas (which the Kremlin has been trying to remove from the country) would remain as the Transit Center in Manas. The Kremlin was infuriated: earlier in Moscow, the Kyrgyz president had publicly promised to remove the base; Russia reciprocated with a grant of \$150 million, a soft loan of \$300 million, and wrote off the republic’s debt of \$180 million.

It should be said that inside the country those who objected to America’s military presence moved into action; the Aksakal Council, a public organization, demanded that the airbase should be pulled out on the

strength, according to its member Academician O. Narbekov, of a statement earlier issued by Abdolmalek Rigi, leader of the Iranian terrorist structure Jundallah, who claimed that the Transit Center was being used as a training camp for those who would be launched into action to depose the Iranian regime [27].

Bishkek went even further: in 2010, it became known that the U.S. would open another military facility in the republic, a training center in the Batken region [28].

The irritants were piling up: construction of a military training center in the republic's south (on which the presidents of Russia and Kyrgyzstan had agreed at the CSTO summit in Cholpon-Ata in July 2009) was stalling. It was expected to become Russia's second military facility in the republic and, according to the expert community, a compensation for the eviction of the Americans. Under the Cholpon-Ata memorandum, the sides were to sign an agreement on the conditions and status of this future military facility before 1 November, 2009; no agreement, although all the documents had been drafted in advance, was signed.

Bakiev also promised Moscow other things: he said he would transfer the Dastan Joint Stock Company to Russia. The two presidents discussed the fate of the republic's only military-industrial facility for manufacturing BA-111 Shkval naval torpedoes in February 2009. It was decided that Moscow would write off Kyrgyzstan's debt of \$180 million if Bishkek gave it the controlling share in the enterprise and its testing ground at Issyk Kul Lake. Moscow kept its word, while the Kyrgyz leaders announced that the state owned only 37 percent of the shares, while the rest were privately owned. Later it turned out that Maxim Bakiev had been hastily buying up the shares, which infuriated Moscow still more.

Recently, the Kyrgyz authorities launched an offensive against Russian-language websites, access to which was either limited or blocked altogether. In March 2010, the RF embassy voiced its "concern" without much effect.

Russian businessmen with interests in the republic realized that someone was infringing on their business activity. According to the opposition, this was done by Maxim Bakiev's anti-Russian friends. In 2009, for example, Russian investors lost the controlling share in MegaCom, a mobile telephone operator.

On 27 February, Daniar Usenov, still at the head of the Kyrgyz Cabinet, took part in the 11th sitting of the Intergovernmental Russian-Kyrgyz Commission for Trade, Economic, Scientific, Technical, and Humanitarian Cooperation. It signed an agreement

on economic cooperation for 2010-2013, which included about 60 points in the relevant spheres. The two countries agreed to develop their cooperation in the oil and gas sphere in the form of a JV set up by selling some of the shares of Kirgizgaz Joint Stock Company to Gazprom and to revive, before the end of 2011, a geological exploration program of the Kuhart and Vostochnoe Maylisu IV areas.

The meeting, however, failed to agree on the main point: a loan for building Kambarata Hydropower Station-1. Russia was prepared to fund the project on the strength of feasibility studies and an expert assessment carried out by the World Bank. This was the first time Russia made its funding of any large-scale hydropower projects in Kyrgyzstan or Tajikistan dependent on an international expert assessment.

Bishkek, which took Usenov's mission as a failure, intended (according to certain sources) to ask the Kremlin to pull out of Kant. On 1 March, however, the intention boiled down to changing the way the base was staffed: members of the officers' families had to leave, while the military were invited to rotate on an annual basis.

No matter how resolutely Russian officials (President Medvedev, Prime Minister Putin, and Secretary of the RF Security Council Patrushev) denied Russia's involvement in the Kyrgyz developments, the Russian leaders were obviously satisfied. Nor can we exclude secret contacts between Russia and the Kyrgyz opposition, at least in the months that predated the regime change. Russia was the only country to openly support the Interim Government—a fact that speaks for itself. In a phone conversation with Prime Minister Putin, Rosa Otunbaeva was promised material support.

Some think that Russia was hoping the Bakiev regime would be subjected to the adverse effects of a month-long information campaign timed to coincide with the fifth anniversary of the March revolution aimed to bring the president to his senses. The events, however, spiraled out of control.

Whatever the case, Moscow will never let Bakiev return to his post even as part of a political compromise with the opposition. The two paratrooper contingents hastily moved to the Kant airbase speak volumes about Russia's intentions.

The Kremlin is probably prepared to work with the new people in power in Kyrgyzstan. On the one hand, Putin was the first to whom Rosa Otunbaeva turned for support. On the other, U.S. Secretary of State Hillary Clinton promised Washington's support

in exchange for the Manas base. Rosa Otunbaeva assured the U.S. State Secretary that her Interim Government would adhere to the earlier agreements reached with the United States.

In Lieu of a Conclusion: Can Kazakhstan Help?

Kazakhstan as the rioting republic's closest neighbor and one that shares many of its cultural, historical and mental traits cannot remain indifferent to the current and future developments in this country. More than that: its geographic location, the very specific international position of the Republic of Kyrgyzstan, as well as the national security interests of Kazakhstan and the close social and economic contacts between the two countries add urgency to the issue.

By early 2010, Kyrgyzstan found itself in an economic, social, and political trap, created, among other things, by the traditional North-South confrontation. A social upsurge was natural and inevitable.

The opposition convened the People's Kurultai as a lever of political struggle, while President Bakiev, who arrested three of its leaders, shifted it to the non-constitutional field. The drug barons (who appeared in the country when it became part of the route for moving drugs from Afghanistan to Russia) added fuel to the flames. This new clan possesses enormous amounts of money and vast organizational potential and has absolutely no need for a strong central government. In the mid-term perspective, state power will weaken even more; the social and economic crisis will deepen, while political instability will continue.

The inertia, the combined impact of objective and subjective factors, as well as the *de facto* political stalemate and social and economic crisis with no way out in view mean that the republic is unlikely to be able to pull out of the impasse on its own. The question is: How can Kazakhstan and its allies help stabilize its neighbor?

Today, Astana must answer the following questions: at what stage of the crisis, in what way, and how deeply should Kazakhstan interfere to stem the crisis? Should Kazakhstan extend its aid to Kyrgyzstan to prevent a repetition of the 2005-2010 developments? A positive answer suggests two other questions: how extensive should this aid be and what are the preferable directions?

An analysis of Kyrgyzstan's previous developments and the current trends in the political transformations suggest that Kazakhstan should be guided by the following: close coordination with Russia, which badly

needs stability in Kyrgyzstan. Astana should employ all the foreign policy instruments at its disposal: it should probably rely on the OSCE and diplomatic and political channels to inform all those involved in the political struggle that Astana will not tolerate the use of force and repeated bloodshed in Kyrgyzstan.

Kazakhstan should support all the progressive and moderate forces in Kyrgyzstan to achieve prompt stabilization and normalization of the situation in the republic. It may be necessary to restrict border crossings between the two countries for the citizens of Kyrgyzstan and labor migrants for an indefinite length of time. Regular consultations (which have probably begun) with the Interim Government on immediate and mid-term issues (including holding legitimate parliamentary and presidential elections before the situation gets out of hand again) are badly needed.

Coordination between Kazakh and international law-enforcers should be treated as a priority for neutralizing the Kyrgyz criminal community and its impact on the country's political developments. Kurmanbek Bakiev should be gradually removed from politics; his personal immunity should be exchanged for his promise to refrain from political actions. Astana should insist on acquiring firm guarantees from the new Kyrgyz government for Kazakh businesses and for ensuring Kazakhstan's economic interests in exchange for economic aid.

In the future, a project tentatively called a Leader for Kyrgyzstan (Moscow looks like the most suitable partner) might be launched aimed at identifying and supporting the most suitable political figure for president. This person should be strong and charismatic enough to rally all the healthy political forces and continue the historic mission of building a strong political system and sustainable economic and social sphere in Kyrgyzstan.

At the regional level Kazakhstan should, together with Russia and other CSTO members, strengthen regional security, which has been temporarily weakened by the gap left by Kyrgyzstan. Kyrgyzstan's water and energy sphere should be monitored to avoid an infrastructural collapse.

At the height of the crisis, Kazakhstan, as the current OSCE chairman, did a lot to normalize the situation in the neighboring country. It should be said that these efforts relied on another important resource—the personal prestige of the president of Kazakhstan. He discussed the problem in detail with President Medvedev and President Obama during the Nuclear Security Summit in Washington.

The OSCE chaired by Kazakhstan is looking for a way out of the crisis. Astana insisted that the OSCE allocate 200 thousand Euros from its reserve fund to help Kyrgyzstan maintain law and order, security, and the rule of law. Kazakhstan used its own funds to extend humanitarian and economic aid to the republic

in distress. It was thanks to Kazakhstan's diplomatic efforts that the U.N. Secretary General, the leaders of the European Union, and the OSCE Parliamentary Assembly dispatched their representatives to the republic, which helped normalize, to some extent, the situation there.

List of literature:

1. See: N. Borisov, "Kyrgyzstan: k chemu privela evolutsia form prvalenia," *Rossia i musulmanskij mir* (Institute of Oriental Studies, RAS), No. 3, 2009, pp. 95-100. of sustainable development.2 The compromise reached (which, albeit, proved incomplete) gave rise to the hope that the new president would be able to cope with this historic mission.3
2. See: A. Esenbaev, "Revolutsia tulpanov' v Kyrgyzstanci osobennosti transformatsii politicheskoy sistemy: popytka osmyslenia," *Rossia i musulmanskij mir*, No. 7, 2009, pp. 78-84; S.N. Cummings, "Domestic and International Perspectives on Kyrgyzstan's 'Tulip Revolution': Motives, Mobilization and Meanings. Introduction: 'Revolution' not revolution," *Central Asian Survey* (Oxford), 2008, Vol. 27, Issue 3-4, pp. 223-228; S.N. Cummings, M. Ryabkov, "Situating the 'Tulip Revolution,'" *Central Asian Survey*, Vol. 27, Issue 3-4, 2008, pp. 241-252; Sh. Juraev, "Kyrgyz Democracy? The Tulip Revolution and Beyond," *Central Asian Survey*, Vol. 27, Issue 3-4, 2008, pp. 253-264; D. Lewis, "The Dynamics of Regime Change: Domestic and International Factors in the 'Tulip Revolution,'" *Central Asian Survey*, Vol. 27, Issue 3-4, 2008, pp. 265-277; E. Marat, "Criminalization of the Kyrgyz State Before and After the Tulip Revolution," *The China and Eurasia Forum Quarterly* (ISDP, Stockholm), 2008, Vol. 6, No. 2, pp. 15-22; A. Temirkulov, "Informal Actors and Institutions in Mobilization: The Periphery in the 'Tulip Revolution,'" *Central Asian Survey*, Vol. 27, Issue 3-4, 2008, pp. 317-335.
3. R. Abduvalieva, "Kyrgyzstan's Security Problems Today," *Central Asia and the Caucasus*, No. 2 (56), 2009, pp. 72-81.
4. The republic's Ministry for Economic Development and the State Committee for Migration quote the figure of about \$1.2 billion of annual remittances and the share of the migrants' money in the republic's GDP at over 30 percent.
5. See: A. Rasul, Z. Ergeshov, "Migratsionnye protsessy v Kyrgyzskoy Respublike: vyzovy i riski dlia strany," *Mezhdunarodnye issledovania. Obschestvo, politika, ekonomika* (ISPI, Astana), No. 1, 2009, pp. 186-190; A. Esenbaev, "Sovremennye migratsionnye protsessy v Kyrgyzstane," in: *Postsovetskije migratsii: otrazhenie v migratsiakh*, ed. by Zh.A. Zayonchkovskiy, G.A. Zayonchkovskaia, Adamant Publishers, Moscow, pp. 377-403; A. Doolotkeldieva, "Kyrgyz Migrants in the City of Moscow," *Mezhdunarodnye issledovania. Obschestvo, politika, ekonomika*, No. 1, 2009, pp. 80-93; V. Ruget, B. Usmanalieva, "Citizenship, Migration and Loyalty towards the State: A Case Study of the Kyrgyzstani Migrants Working in Russia and Kazakhstan," *Central Asian Survey*, Vol. 27, Issue 2, 2008, pp. 129-141; M. Schmidt, L. Sagynbekova, "Migration Past and Present: Changing Patterns in Kyrgyzstan," *Central Asian Survey*, Vol. 27, Issue 2, 2008, pp. 111-127; A. Zhaparov, "The Issue of Chinese Migrants in Kyrgyzstan," *The China and Eurasia Forum Quarterly*, Vol. 7, No. 1, 2009, pp. 79-92.
6. See: L. Baum, "The Energy Industry in the Kyrgyz Republic: Current State, Problems, and Reforms," *Central Asia and the Caucasus*, No. 6 (54), 2008, pp. 101-112.
7. A volume of 5.5 billion cu m is the critical point at which the turbines will grind to a standstill.
- 8 See: B. Torogeldieva, "The Formation and Nature of Political Culture in Present-Day Kyrgyzstan," *Central Asia and the Caucasus*, No. 1 (55), 2009, pp. 126-134.
9. It was a weekday, something which the Social-Democrats had not expected. They would have preferred the fall when, they believed, public indignation would have become even fiercer. The opposition expected the world crisis to hit the guest workers from Kyrgyzstan who might have voted against Bakiev. Choosing a weekday as election day caused heated debates: the president's administrative resource allowed him to manipulate voters who work in the government service (doctors, teachers, bureaucrats) and students. They needed permission from their superiors to go to the polls. Permission followed.
10. Social anthropologists describe the Kyrgyz' political culture as the command and-obey tradition; people are indifferent to the country's political culture, they never respond to what the political institutions do; they are not interested in central power and concentrate on local developments. A widespread disregard for law and order is one of the hallmarks of the nation's political culture: people know next to nothing about the laws and government mechanisms; they mistake the person who executes state power for the institutions of state power.
11. In March 2009, Sadyrkulov and Director of the International Institute of Strategic Studies at the President of the RK S. Slepchenko met their deaths under mysterious circumstances. A top bureaucrat of the Akaev regime, Sadyrkulov kept his post after the 2005 revolution and remained friendly with A. Toyganbaev, Akaev's son-in-law.
12. It was expected that this nationwide consultative structure would have 750 members: the local kurultais were to elect one deputy from 441 ayyl districts and 18 settlement administrations; each of 23 district and regional towns and cities were to send 3 delegates; the capital had to elect 10 deputies, the city of Osh, seven. Labor migrants were granted the right to elect 35 members, while religious confessions received 20 seats. One-fifth (150) of the seats were to be appointed according to a quota at a national forum.
13. The project promoted the idea that "consultative democracy" (Russia between the February and October revolutions of 1917 is one of the pertinent examples) was the best instrument to be applied at the transition stage. Indeed, it is much better than no democracy at all: consultations, that is, discussions, are the first step toward political pluralism.
14. See: E. Kabulov, "On the Results of the Presidential Election in Kyrgyzstan," *Central Asia and the Caucasus*,

- o. 4-5 (58-59), 2009; A. Doolotkeldieva, "Presidential Elections in Kyrgyzstan: strategies, Context, and Implications," *The China and Eurasia Forum Quarterly*, Vol. 7, No. 3, 2009, p. 5-9.
15. Kirgiztelecom was sold for \$40 million, then, according to Otunbaeva, resold to Fintur, an international company, for \$400 million. Sevelektro, evaluated eighteen months previously by an independent structure at \$137 million, was sold for \$3 million.
 16. Rosa Otunbaeva filled the post of Deputy Chairman of the Council of Ministers of the Kirghiz S.S.R.; she was Soviet Ambassador and member of the Collegium of the U.S.S.R. Foreign Ministry. She was twice appointed as Foreign Minister of the Republic of Kyrgyzstan; U.N. Special Representative to Georgia; and Ambassador Extraordinary and Plenipotentiary of Kyrgyzstan to the United States and the U.K. In 2005, she was among the leaders of the March revolution. In December 2007, elected to the parliament of the Kyrgyz Republic, she joined the opposition Social Democratic faction. In October 2009, she became a leader of this faction. At the Kurultai in March 2010, she was elected leader of the opposition. In Europe, she is generally regarded as a good diplomat. Rosa Otunbaeva, a graduate of the Philosophy Department, Moscow State University, is fluent in four foreign languages.
 17. The opposition blames the president's brother Zhanysh Bakiev, who headed the Protection of the State Service. According to unconfirmed information he ordered to open fire at those who, on 7 April, stormed the government building. This means that he should be held responsible for the casualties among the opposition's supporters.
 18. A. Atambaev, one of the republic's first cooperators, was minister of industry and trade. After parting ways with Bakiev, he joined the opposition. A highly ambitious man, he cannot remain part of any team for any length of time.
 19. T. Sariiev is head of the Ak-Shumkar Party with the largest parliamentary faction and an experienced financier and successful stock broker who made it rich as a Komsomol functionary during perestroika; he is often described as a crafty manipulator.
 20. O. Tekebaev is deputy for the new Constitution platform (read: ideology), a former schoolteacher who was repeatedly elected to the parliament, and leader of several opposition parties.
 21. A. Beknazarov is deputy for the defense and security structures (with the exception of the army), a lawyer, former prosecutor general, a popular orator, and leader of the Talas rioters; he is another highly ambitious politician in the Interim Government.
 22. Some of the political émigrés who fled the country to avoid persecutions are toying with the idea of coming back: Edil Baysalov, former head of the For Democracy and Civil Society Coalition, plans to return from Sweden; Bakyt Beshimov, former head of the Social-Democratic faction; former Ambassador of Kyrgyzstan to Malaysia Ravshan Jeenbekov, former deputy Kubatbek Baybolov, and Ruslan Isakov, son of Ismail Isakov, from the United States. Removed from his post in 2005, Askar Akaev has shown no intentions of returning to active politics.
 23. Those experts who personally know Rosa Otunbaeva describe her as an "outstanding woman; a super activist, a fiery orator, and a very open and straightforward person who faithfully believes in the democratic demagoguery of the early 1990s—free elections, the free press, human rights, etc. She is convinced that Western-style democracy can be established in her country, which will then look like Switzerland. She has absolutely nothing in common with the current realities of a developed tribal society. In short," these people say, "she is a female alter ego of Askar Akaev."
 24. Some experts suggest that "external management" should take the form of an international military-political-economic consortium of the interested sides—China, Uzbekistan, Kazakhstan, Russia, the U.S., and Canada (which owns the goldmines). To avoid nepotism, managers should be invited from third countries (India is mentioned as one of them). Young ethnic Kyrgyz now living abroad (in Russia, the United States, and Europe) should be invited to fill, temporarily, the posts of secondary importance.
 25. Here is one of the explanations of the 2005 events. Some experts believe that Kurmanbek Bakiev, a figurehead of the southern clans, played the main role in the regime change. Removed from active politics by the Northerners, the Southerners nursed grudges against the regime. The Americans were even more interested in removing Akaev, generally regarded as a pro-Russian politician. Later, he said in so many words that he had lost his post because he refused to let the U.S. deploy AWACS-vectored weapons (allegedly needed for the Enduring Freedom operation) in his country, since they were absolutely useless against the Taliban, but very useful when it came to monitoring flights over Chinese and Russian territory. The opposition riots began two weeks later.
- There are numerous facts pointing to the direct and active involvement not only of American NGOs (the Soros Foundation and the International Institute for Democracy), but also of American diplomats stationed in Bishkek. At the technical level, it was the Southern criminal community that toppled Akaev and his regime. The opposition used Western money to come to terms with criminal "bands;" the law-enforcement structures proved unable to stand up to the concerted actions of the organized crime and Western-backed opposition that poured out into the streets.
26. See: A. Jekshenkulov, "Rossia-Kyrgyzstan: etapy razvitiia mezghosudarstvennykh otnoshenii i ikh perspektivy," in: *Tsentral'naiia Azia: vnesbniy vzgliad. Mezhdunarodnaia politika s tsentral'noaziat'skoy tochki zreniia*, F. Ebert Foundation, Berlin, 2008, pp. 277-293; N.M. Omarov, "Vneshniaia politika Kirgizstana posle 24 marta 2005 goda: osnovnye tendentsii i perspektivy," in: *Vnesbnpoliticheskaia orientatsiia stran Tsentral'noy Azii v svete global'noy transformatsii mirovoy sistemy mezhdunarodnykh otnoshenii*, ed. by A.A. Kniiazev, A.A. Migranian, OFAK, Bishkek, 2009, pp. 155-161; N.T. Muratalieva, "Voennoe prisutstvie SShA i Rossii kak faktor vlianiia v otnosheniakh mezhdru Kitaem i Kirgizstanom," in: *Vnesbnpoliticheskaia orientatsiia stran Tsentral'noy Azii v svete global'noy transformatsii mirovoy sistemy mezhdunarodnykh otnoshenii*, pp. 179-186; V. Sokolov, A. Sarygulov, "Sovremennai Kirgizia: mnogovektornost ili bezvektornost razvitiia?" *Voprosy ekonomiki*, No. 2, 2010, pp. 139-149; E. Huskey, "Foreign Policy in a Vulnerable State: Kyrgyzstan as Military Entrepot between the Great Powers," *The China and Eurasia Forum Quarterly*, Vol. 6, No. 4, 2008, pp. 5-8.
 27. Tehran, in turn, stated that the arrested terrorist admitted that he had been doubling as an American, British and Israeli agent and that he had been sent to the Transit Center to meet a high American official.
 28. Its cost was quoted as \$5.5 million; earlier, Americans had already allocated several million to be spent on a training center for the Kyrgyz Special Forces.

Kazakhstan and the CICA

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The Central Asian countries' integration into the global community made it necessary to elaborate on new measures to promote the Asian subcontinent's sustainable development. Asian countries, a number of which have quite complicated relations with each other, bear the weight of historical problems caused mainly by their colonial past and modern ethnic, religious, economic and political disagreements.

Kazakh President Nursultan Nazarbayev proposed the convening of a Conference on Interaction and Confidence-Building Measures in Asia (CICA) at the UN on 5 October 1992 and 20 Asian countries supported the idea and joined the process. Eight more countries and three international organisations became observers.

Initially the conference was designed as an Asian equivalent of the OSCE, however, some CICA members have not only contradictory but also conflicting relations with each other. In promoting the CICA, the Kazakh authorities have always referred to the fact that Kazakhstan, as a young state, does not have disagreements with any Asian country and, therefore, our country initiated this regional proposal and suggested that its meeting point and headquarters be located in Kazakhstan.

Undoubtedly, the CICA, designed to pursue a long-term and laborious task, must closely cooperate with other Asian regional organisations. In this context, the organisation is a pre-emptive step to create a comprehensive security system in Asia.

Asia is an extremely mosaic continent with a big variety of political, economic, ethnic, cultural and civilisation differences. To fulfil this task, it is necessary to find a common platform from which to build a functional security system for the whole region.

At present, the world is following the path of regional cooperation. The examples of efficient economic cooperation in North America (NAFTA), Europe (EU) and Southeast Asia (ASEAN) prove

integration bodies' powerful positive influence on the creation of regional security systems.

Asia is currently very fragmented geopolitically but the idea of the CICA is designed for the future. It is necessary to start by creating effective mechanisms for the conference's functioning.

Countries like China, Japan, India, Iran and Turkey and regional alliances, such as the Organisation of the Islamic Conference, the League of Arab States, ASEAN and others, play a special role in ensuring security in Asia. Mutual interests and economic efficiency could become a fundamental basis for creating the Asian security system.

During the second half of the 20th century, a number of countries, including the former USSR, proposed the creation of a common security system in Asia. But the idea failed due to a number of reasons.

Some of those initiatives were excessively comprehensive, which caused them to remain mainly declarative, and some did not have the "cross-cutting" issues capable of involving all participants.

Some initiatives failed because of quite severe conditions for their implementation, for which conflicting sides, primarily, and other countries with various political and economic systems were not ready.

Others failed because of rivalry between global powers, further aggravated by global ideological confrontation.

At present, there is no real global ideological confrontation; the bipolar system of international relations has broken down. Therefore, part of the aforementioned problems will not have a negative impact on the implementation of the CICA.

The *Declaration on Principles Guiding Relations between CICA Member States*, signed by the ministers of foreign affairs on 14 September 1999, does not have an imperative approach, which may have made a number of provisions simply declarative. At the same time, considering the composition of the conference, it was unlikely that there would be a different result.

Thus, the organisation's basic goals were to expand the areas of common interests among the countries with various foreign policies and resolve problems affecting all Asian countries.

During working meetings, Kazakh officials proposed a number of new provisions, which Astana believed would boost the bloc. One of the problems encountered in drafting joint documents was the participants' diverse visions of resolving issues or the lack of common interests among some countries.

To resolve this task, the organisation started drafting a catalogue of confidence-building measures. The catalogue was meant to give participants a chance to choose and concentrate on a wide range of urgent issues and problems. Participating states are entitled to choose what is more important for them to solve at present. These include issues related to confidence-building measures in the military and political, economic, environmental and humanitarian areas, as well as the fight against new challenges and threats.

Ten years of Kazakhstan's efforts to implement the idea resulted in the conference's first summit of heads of state and government in Almaty on 4 June 2002. The Kazakh leadership's foreign visits, special working group's regular work, special envoys' missions and meetings of diplomats and experts have all been directed towards boosting the CICA process since its establishment in 1992.

The summit participants signed the *Almaty Act* and issued the *Declaration on Eliminating Terrorism and Promoting Dialogue among Civilisations*.

Astana believes that it will be useful and important for the conference to use the resources of the Shanghai Cooperation Organisation and the Collective Security Treaty Organisation. Kazakh President Nursultan Nazarbayev said that "much has already been done as part of the Shanghai Cooperation Organisation and this organisation can become an effective tool to ensure security and confidence across the vast Asian continent" [1].

At the first summit, Kazakhstan suggested that the CICA observers, including Japan, Malaysia, Vietnam, Indonesia and Thailand, become fully-fledged members. This would promote the organisation's successful work as a continental body.

The *Almaty Act* defines the CICA as a forum for a dialogue, consultations, decision-making and implementing measures based on a consensus on problems regarding security in Asia. In addition, participants announced that they "regard the CICA as a unique Asian forum incorporating countries of

diverse cultures and traditions, which makes it one of the most important mechanisms for the promotion of dialogue among civilisations and cultures. The CICA member states intend comprehensively and actively to develop this dialogue, taking into account the fact that Eurasia was not only the cradle of some major world civilisations, but also served as a bridge between them" [2].

The catalogue of confidence-building measures was adopted by the foreign ministers of the participating countries on 22 October 2004. It is no less important that the CICA's ideology is based on the principle of cooperative security. The ideas of collective security with a strict policy of bloc allegiance, which was characteristic of the two world wars and during the Cold War, is no longer topical and reflect the past epoch, the organisation's ideologues believe.

In other words, cooperative security implies that participating countries should not defend themselves from third parties but maintain peace and stability and resolve existing conflicts and prevent possible ones.

In particular, the declaration of principles says that "member countries stress that any bilateral or multilateral military agreements must not be directed against any third party and must not undermine other states' security interests" [3, p 20].

In December 2005, Almaty hosted a session of the special working group, which considered the catalogue of confidence-building measures in three dimensions and new challenges and threats. In addition, a crucial issue was to create the conference's secretariat and its technical and financial coverage.

With its excessively diverse political, economical and cultural nature, the Asian continent has always been and remains a bundle of contradictions. However, the CICA is overcoming the inertia of traditional approaches, destroying stereotypes and the scepticism of observers and experts.

Naturally, it is too early to speak about a panacea for conflicts and contradictions in Asia. It is obvious that one should not expect from the *Almaty Act* more than what the conference members have so far agreed to. At present, the basic document is important enough and could become a starting point for future talks.

The signing of the agreement on the CICA Secretariat, with its headquarters in Almaty and Astana, at the second summit on 17 June 2006 made a significant contribution to the strengthening of the conference as an institution. In addition, the summit appointed the secretariat's executive director.

The summit also approved the membership of Thailand and South Korea, which joined the conference in 2004 and 2006 respectively. The declaration of the conference's second summit proclaimed 5 October CICA Day.

The summit's final document expressed support for Asia's candidacy for the post of the UN secretary-general. It is remarkable that South Korea was then represented by its Minister of Foreign Affairs and Trade Ban Ki-moon, who was elected UN secretary-general in early 2007. We hope that the CICA will become a strong cooperation force in resolving threats to security in Asia like the OSCE in Europe, Ban Ki-moon said [4].

At the 62nd session of the UN General Assembly on 12 November 2007, the conference was granted observer status in the UN.

Kazakhstan regards the conference as a groundbreaking forum of its kind for discussion and exchange of views. This forum's basic objective is to set up a constructive dialogue on security and confidence-building on the Asian continent.

In Asia, where the most formidable problems have intertwined into a complicated web, it is difficult to reach consent over the whole range of security issues. Therefore, the CICA participants must, first of all, focus on the common, most current and controversial issues.

Taking this into account, the second summit's declaration emphasised the conference's role as a

versatile mechanism for "developing common approaches to security and cooperation matters based on a consensus" [5].

Therefore, the establishment of the secretariat in Kazakhstan was the basic result of the second summit. Astana will continue to chair the conference until 2010, when the third summit is due.

The development of the CICA structures will make the organisation speedy and timely and help draft a catalogue of confidence-building measures and principles of cooperation security function. The CICA's organisational development involves the solution of issues relating to funding, research and analytical support and the examination of decisions adopted.

The CICA ministers of foreign affairs held their third meeting in Almaty on 25 August 2008 and summarised the results of their performance. They also welcomed Jordan and the UAE as new members of the CICA and adopted the declaration entitled "the CICA Progress in Implementation of Confidence-Building Measures".

With continued interest from the member states the CICA process may become a forum for dialogue between the parties involved with a possibility of becoming an international law-making institution. The implementation of the idea is capable of becoming a basis for creating a regional security system and speeding up processes of economic, cultural and social cooperation between Asian countries.

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Cooperation of Kazakhstan and Russia in the Sphere of Human Dimension: New Opportunities and Prospects

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The year 2010 – is certainly an anniversary. This year, our countries celebrated, 65 years of Victory in Great Patriotic War. This year marks 35 years of the Helsinki Final Act. And this year the Republic of Kazakhstan are implementing a very honorable and no less important mission in as a chairman of the Organization for Security and Cooperation in Europe (OSCE).

Kazakhstan's chairmanship in the OSCE is not only important from the standpoint of strengthening the position of our country in the international arena in general, but in the context of strengthening the security of the Republic of Kazakhstan and Central Asian region, as well as the development of democracy and observance of, human rights, of the prudent ethnic politics and the safeguarding of stability.

This was preceded by a difficult stage of development of cooperation and mutual understanding on the human dimension. At certain periods of intensified criticism of the United Nations or some of its institutions in relation to policies on human rights, democracy, the procedure of elections held, etc. These episodes tend to coincide with the changes of international situation and the geopolitical situation in Eurasia. Along with Kazakhstan, criticism was directed towards other former Soviet states, in particular Russia and all Central Asian republics.

In such circumstances, in July 2004 joint statement issued by the CIS countries – members of the OSCE (with the exception of Georgia), in which the Organization was reproached for the failing to “adapt

to the demands of a changing world and to provide an effective solution to security issues and cooperation in the Euro-Atlantic space” and to enforce such a “Helsinki principles” as non-interference in internal affairs and respect for the sovereignty of individual states. The statement of the CIS countries proposed to develop a “common objective criteria” for the “assessment of the electoral process throughout the OSCE area, reduce the size of the observer missions for the elections, till 50 people, to ban their representatives to comment on the electoral process prior to the official tabulation.

During this period, Kazakhstan adopted a policy aimed at strengthening the unity of the organization and to reduce confrontation between the Western countries, on the one hand, and the CIS on the other. In these circumstances, the Republic of Kazakhstan was put forward its candidacy for the OSCE chairmanship. This Proposition has found support in Moscow and among almost all the former Soviet states. Thus, Kazakhstan has received a sort of “collective mandate” from the CIS countries to protect their interests in the organization. The crucial role played by Russia in support of the presidency of Kazakhstan should be noted.

Cooperation in the sphere of OSCE human dimension, since signing of the Helsinki Final Act and to this day, the entire space of OSCE remains the most unstable and prone to the largest number of criticisms and suggestions of reform. At the same time, owing to the efforts of Kazakhstan as the OSCE chairman, there have been serious progresses in monitoring the electoral process.

Elections in Ukraine, the forthcoming election campaign in Azerbaijan and established parliamentary campaign in Kyrgyzstan witnesses the constructive interaction of observers from the OSCE and the CIS.

Factor of Kazakhstan's chairmanship in the OSCE, thus creating an additional impulse of interaction between the OSCE and the CIS countries as a whole, and Russia in particular.

Beginning in 2003, the main priorities were changing by the Chairman of OSCE reform, overcoming regional conflicts, terrorism and drug trafficking, promoting a democratic process and combating human trafficking, the support to the democratic processes, establishment of the tolerance and freedom of religion. In this regard Kazakhstan has the proper experience that can be studied and useful to the OSCE participating States.

In general, as acting chairman of OSCE, Kazakhstan tends to equal filling of all three baskets of the Organization, including humanitarian component, or the human dimension. With regard to the humanitarian "basket", then, as was stated at the Madrid meeting of Ministers of Foreign Affairs of the OSCE participating States, November 30, 2007, priority is given to a wide range of issues. First, is to strengthen dialogue between religions and peoples. Kazakhstan will support the extension of the mandates of the three Personal Representatives of the OSCE Chairman on religious tolerance and religious freedom. Secondly, – compliance with the basic principles of open participation of NGOs in the Organization, in accordance with the Helsinki document of 1992 and the Budapest Document 1994, and finally – the preservation of the mandate of the Office for Democratic Institutions and Human Rights. Kazakhstan pledges to keep the mandate of the ODIHR and will not consider proposals that are likely to create problems for ODIHR and its mandate.

During its presidency Kazakhstan continued to support the Office for Democratic Institutions and Human Rights (ODIHR), OSCE High Commissioner on national minorities and representatives of the Organization for media freedom. Kazakhstan supports the work of the Parliamentary Assembly of OSCE on elections, especially given the fact that this year's presidential and parliamentary elections are held in the 15 OSCE participating States.

At the same time, precisely in this direction Kazakhstan was to spend a lot of work to implement the recommendations of the ODIHR in connection with the upcoming presidency. All of these recommendations relate to the reform of Kazakhstan's legislation.

Kazakhstan's political reform processes remain at the center of attention because of the unifying idea is the overarching concept of security based on democratic values. Its obligations on the part of the democratic transformations Kazakhstan performs in accordance with the logic of its own internal transformations. These processes can not be boosted, as well as they can not be stopped.

In an interview with EuroNews on 15 January of this year, the President of Kazakhstan N. Nazarbayev said: "We – the young democratic state. We are probably in the beginning of the path of development. Europe, Western countries during centuries live in this mode. Therefore, democracy is for us – not the beginning of the path, but the end of the road. And we are grateful that members of the state OSCE constantly suggest your advice, engaging in changing laws, all the while helping us move forward in this regard. And now, preparing for the Chairmanship we have also made a further step – to change the legislation on eligibility, the scope for political parties, according to media freedom."

In February 2009, were amended to the laws of the Republic, the Republic of Kazakhstan "On Mass Media", "On elections" and "On political parties". For registration of parties now, instead of 50 thousand signatures is sufficient to collect 40 thousand, the difference did not change significantly, but the high number of signed-this is justified by the fact that in this way is reaching more of our citizens in the political process and encouraged the appearance of large-scale parties with substantial support of regional and oblast centers. The electoral legislation appears, which refers to the mandatory presence of a second party in parliament. Even if the other party has received the required number of votes. Innovations also facilitate the working conditions of journalists, although much of what is expected of media workers, has not yet found its reflection. According to the Head of State, "we recognize that maybe we have not yet reached a level of development reached the developed states – not just us, but many post-Soviet countries ... and our friends, partners – Western countries – must have patience in the case. Neither States that have hundreds of years, several generations have never had nor democratic nor liberal tradition, at one time to produce and can not be done."

In the field of protection of human rights and freedoms in Kazakhstan in recent years a number of laws, including: the prevention of domestic violence, gender equality, refugees, has been improving the judicial and penal system. In their design took part not only of State entities but non-governmental organizations as well.

The role of these organizations will be strengthened substantially in accordance with of statements by the President of the country's Concept of Legal Policy of the Republic of Kazakhstan for the period from 2010 to 2020. This policy document envisions a significant humanization of criminal legislation and legal proceedings, as well as empowering the Ombudsman.

Taking into account the generally accepted positive experience of Kazakhstan in ensuring interethnic and interreligious harmony, the issues of tolerance and intercultural dialogue in the OSCE area identified the top priority of our presidency.

Significant role in ensuring social stability and interethnic harmony in the history of sovereign Kazakhstan plays an Assembly of the People of our country, which includes 382 representatives of all ethnic groups, public-governmental organizations and government agencies. This organization represents a unique multi-ethnic composition of our state and serves as a tool in the implementation of national policies, based on – the principle of equality of opportunities for all citizens regardless of ethnicity or religious affiliation.

With the adoption of amendments to the Basic Law of the country's Assembly has received constitutional status, which provides expression of the interests of ethnic groups in Kazakhstan are the socio-political life. Guaranteed parliamentary representation of ethnic groups provide the deputies elected by the Assembly in September. Of the 153 Parliament members – 24 deputies belong to the representative of the ethnic groups. Participation of members in the top legislative body is a relatively new experience throughout the OSCE area. In the local representative bodies of 3,333 members represent 810 ethnic groups.

In order to prevent nationalism and chauvinism, a system of monitoring the interethnic situation – quarterly sociological tests, monitoring of enforcing the constitutional rights of citizens in the area of languages policy. Thus, according to sociological data, 94.7% of the citizens see in the national differences the factor of consolidation of society and not the ground for hatred. As the representatives of the titular Kazakh ethnos, and other ethnic groups who live in Kazakhstan consider the same extent. This is due to equal access to its traditional values – language, customs, cultural heritage, the possibility of self-realization, independence of ethnicity. Language policy of the state is approved by the 93% of respondents of all nationalities in the multiethnic Kazakhstan. Also this pattern is indicative in the religious sphere. In particular, over 87% of citizens surveyed believe that religion is not, the motive for criminal violations in

Kazakhstan, while the Republic of Kazakhstan has more than 45 denominations. It is significant that among the surveyed faithful persons (90,8%) related to the loyal members of the so-called "alien" religious movements. Characteristically, 85,3% of Kazakhstani people are tolerant and respectful to those religious movements that have recognized the destructive nature. This shows under emergency high level of tolerance of Kazakh society.

Scope of interethnic and interfaith relations is through-extremely important issue, both for Kazakhstan and to Russia. In my opinion, we have a lot of useful information that can be learned from each other. Lately the other day, from September 30 to October 8, Warsaw hosted the Review Conference in 2010, dedicated to the human dimension. In his speech, division by the conference executive secretary of the Council's interaction with religious organizations under the President of the Russian Federation radio-SAMelnikov said that "Russia in recent years, faced with increasing ethnic and religious tensions, the desire of certain forces to divide society along religious or ethnic grounds." At the same time, according to Mr. Melnikov, "according to the degree of public confidence in re-run by religious organizations occupy a leading position, ahead of other institutions of civil society." That is "between state and church-view build relationships of social partnership and cooperation in various fields of social service."

Thus, Russia's state-confessional relations between religious organizations play role and perform the functions of civil society institutions.

In general, in my view, our countries would be useful in coordination and cooperation of civil society institutions working in the field of interethnic relations. In this regard, I hope that the experience of Kazakhstan's model of interethnic tolerance will be in demand in Russia; we are also interested in the Russian experience of state-denominational partnership.

Another promising area of humanitarian cooperation of Kazakhstan and Russia may become issues of migration; the solution is possible only at the regional level, since it is related to socio-economic and political situation in Central Asia.

Because of its geographical location and availability of appropriate transport infrastructure of the territory of Kazakhstan used the labor migrants from Central Asian republics as a "transit corridor" in the CIS countries and the European Union. The scale of the migration of transit is practically incalculable and evaluation, as the majority of countries of origin of migrants has with the Republic of Kazakhstan the visa-free regime. In this framework-term flow of

migrants transit through Kazakhstan is focused on European part of Russia, as well as in Western and Eastern Siberia.

Actively developing the migration process entails and activated such negative phenomena as illegal migration, smuggling and trafficking in human beings. Despite the measures taken to combat these evils, the magnitude of these problems in the states of Central Asia is still at a high level. To prevent the growth of illegal migration, public policy of the Central Asian republics in the area of international migration should be focused on the formation of the legal framework regulating migration processes and capacity-together with the "host" countries, a common harmonized system of labor migration.

Kazakhstan stands for organizing civilized migration – elimination the causes of illegal migration and to create conditions for social protection of migrant workers, ensuring their full warranty rights, as provided by international treaties and national legislation. In particular, the signed agreements on employment and protection of the rights of migrant workers from the Kyrgyz Republic, Tajikistan, and Moldova. As part of forming the Common Economic Space of Belarus, Kazakhstan and the Russian Federation a draft agreement on the legal status of workers and their families is being approved. On an ongoing basis national legislation is improving. The Concept of Migration Policy for 2007-2015, which reflects the main directions of migration. The cooperation with the International Organization for Migration (IOM), International center on regulation of migration processes, the European Union, United Nations High Commissioner for Refugees and a number of other international organizations is intensified. IOM in Kazakhstan's programs for capacity building in migration management provides legal assistance to migrants and victims of the illegal transport and use. Seminars on studying the experience of foreign countries in the identification and investigation of crimes related to illegal migration and human trafficking. Currently, a draft Law "On Migration" in the new edition, aimed at updating immigration policies, improvement of the institutional conditions for migration policy, the creation of an integrated system of monitoring, analysis, forecasting and planning of the dynamics of migration process. As it was noted by the Russian delegation at the Warsaw Conference on the Review in 2010 devoted to the human dimension, in Russia the mechanisms to regulate migration processes in order to build an effective and balanced system of confederated at attracting and labor exchange with neighboring countries on the space CIS

are worked out. This, in particular, 1) foreign labor force in the general procedure, 2) organized recruitment of foreign workers, 3) preferences for highly skilled professionals, 4) the category of qualified workers, attracted to work in the Russian Federation out of the quotas, and 5) the mechanism of with self-applicants", 6) patents for foreign nationals from CIS countries, and 7) foreign experts engaged in working in Russia on the basis of bilateral international treaties. In addition, in Russia the considerable attention is given to issues of adaptation and integration of migrants into host societies. To this end, the Federal Migration Service established the Office to promote the integration, whose function is to work to overcome xenophobia, intolerance in society, as well as contribute to the adaptation of foreign citizens in the socio-cultural conditions of Russian life.

In general, according to the Russian side, already in force and created the state and interstate institutions should enhance the mobility of citizens and create conditions for a regular, forecasted and free migration. New mechanisms must send migrants in those sectors of labor in which the own resources of the labor involved in a minor degree. It is also noted that, at the present time has increased markedly the activity of non-public organizations (including national and cultural), thanks to the efforts which the second, is virtually painless integration of migrants takes on the community.

It seems that, along with public institutions, public unions of our countries in cooperation, can and should do more to influence the elimination of the negative consequences of migration.

Great opportunity, in my opinion, lie in the sphere of cooperation between the two countries on issues of media development. Of particular interest here is institutional self-regulatory press as one of the key elements of a democratic society. Because in addition to improving the legal framework and elaborate legal framework for the activities of the media community, many are important professional standards, ethics and moral limitations that the press sets for themselves. In addition, Russia has vast experience in the development of modern information and communication technologies.

In general, Kazakhstan's OSCE chairmanship has opened for the country an opportunity to get the real experience of equal cooperation with partners within the organization, and for the OSCE – the possibility of increasing the respect among member countries of the CIS area, their movement in the direction of constructing a balanced political system capable of adequately react to the challenges of today's globalizing world.

Regional Cooperation on Safety Issues in the Central Asia

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The global changes occurring in the world at the beginning of the third millennium compel to look at the security problems of Kazakhstan and the other states of the Central Asian region in a new perspective.

The region of the Central Asia in this context plays an important role since the succession of events in the region to a certain extent reflects and will continue to reflect the development of the situation at the global level.

The changes in the field of security have led to the essential shift of emphasis in connection with its new measures. A lot of other issues like ecological, social, etc. have been added to the military factors of security.

More attention is given to the humanitarian aspects of security, like the need to protect the interests of individuals and social groups. Security issues of the individuals and the society earlier having secondary importance were placed in the foreground.

Today the Central Asian region represents a territory with high degree of terrorism.

The problems that encourage terrorism: presence of extremely unstable regional environment (Afghanistan, Kashmir, Northern Caucasus); porous borders; expansion of drug trade; factors leading to expansion of religious extremism; conflicting interests of the leading powers and interstate contradictions.

The factors encouraging the growth of terrorism also include instability due to influence of growing criminality, increasing tendencies to solve the problems by force, poor performance of the state machinery and the law enforcement bodies etc.

Presently the fight against terrorism is basically directed to suppression of terrorist activities while the main focus of this activity should be on their prevention. In the formulation of the policy to fight against

terrorism the onus should be on the identification and elimination of the causes and the conditions leading to terrorist activities.

Consequently all the means of prevention should be set in motion: political, social, economic, legal, educational, informative, propagandist, etc.

Thus, it is necessary to create an interstate mechanism, capable of tracing and blocking the channels of financing of the international terrorism without which this phenomenon cannot show its destructive potentiality.

The important point in the fight against terrorism is adequate *legislative measures* at the state level. However, each country differently perceives the threat of terrorism, and terrorism itself has various, typical for the given country objects of infringement that excludes an opportunity of speedy unification of antiterrorist legislations and their merger into a uniform complex of legal norms for all the states.

There are internal and external factors *for the potential existence of the extremist groups*.

The internal factors are – low living standards of the population and generally unfavorable socio-economic situation in the Central Asian region, lack of proper social security leading to increasing threat on the part of radical elements.

External factors are – international terrorist organizations, powerful external financial support, military-political instability in the Middle East and negative impact of an adverse geopolitical situation and transit of drug trafficking.

After the events on 11 September, 2001 the fight against terrorism, extremism and drug trade became the main concern of internal and external policy of many countries. More often this began to be considered as a problem since drug trade remains the main support of terrorism and religious extremism.

The illegal distribution of drugs as one of the negative factors of modern development undermines the foundation of stability and safety of any state.

In Kazakhstan, as well as in the others states of Central Asia, the situation of drug trade is quite complex. The number of drug addicts increased 4 times. In the overall structure of drug addiction heroin registered significant increase. 10 % of all crimes happen to be drug related.

According to the experts fighting against drug trade antiterrorist operation of the coalition forces in Afghanistan has not resulted the production decrease of Afghan opium and heroin. On the contrary, the drug trade operating through the countries of the region has increased. Today on the territory of Kazakhstan there are four main routes of drug trafficking.

Nevertheless, for the liquidation of the problem it is necessary to do much more including strengthening of borders and development of effective regional and international cooperation. It is necessary to design a common strategy for the fight against consumption of narcotics. Priorities in the fight against consumption of narcotics and drug trading should be:

- Appropriate legal provisions: perfection of judicial system, strengthening of criminal suits for the crimes related to illegal drug trade;

Establishment of reliable police forces is for the control and implementation of the laws forbidding drug trading.

- Effective measures that should be taken to restrict drug related problems include: customs control, strict regulation of illegal circulation of drugs and their eventual destruction, introduction of other special mechanisms;

- Provision for medical-rehabilitation;
- Warning - development of drug immunity, involvement of nongovernmental and public organizations, educative programs for teachers, creation of specialized information-analysis centers in the districts.

For an effective fight against drug trade, a clear understanding of its military, economic and political implications is important. The countries of the Central Asia should play a key role to fight against drug trading and insist on the international control over the modes of drug trade financing and thereby curbing the income by drug trafficking

Thus, to solve the problem concerning fight against the emergence of international terrorism in Central Asia, religious extremism, drug trade, illegal circulation of arms, illegal migration, it is necessary

to evolve a joint policy leading to the formation of regional and inter-regional systems of security on a bilateral basis.

From the first days of its independence the Republic of Kazakhstan has defended the principle of indivisibility of security in its foreign policy that means the close relationship of all its elements.

The President of our country has said in the statement at the 47th Session of the UN General Assembly, that "the security of one State may not threaten the security of another, as well as regional and global security. It is important that all nations are equally protected against current threats and the risks and bear common responsibility for their security. This is the stability of international relations system.

One of the goals of Kazakhstan's foreign policy is the involvement of the state in the establishment of collective security system. Kazakhstan became a non-nuclear state by the collective efforts.

The antinuclear policy of Kazakhstan has helped in the establishment of positive relations with the world community; it has received guarantees of security enabling it to pursue internal political reforms independently with the aim to strengthening of the statehood without outside intervention, in other words it took full advantage of the "confidence" it enjoys from the world powers.

The antinuclear policy of Kazakhstan has created the conditions to support regional and global security, facilitating Kazakhstan to involve in the decisive process of building up a system of international security and disarmament.

As far as the question of possibility to create a system of security in the Central Asia is concerned, it is necessary to take note of the weak functional relations of the states of the region among themselves. There is little to speak about the evolution of the security system of post-soviet space and the Central Asian region, which in reality has not gained momentum.

Each of the countries of the Central Asian region independently defends its own interests on the issue of national security. This explains the intention of the big international players "dealing" with these countries separately not at the level of regional cooperation.

Kazakhstan consistently supported implementation and improvement of principles of multilateral structures.

Kazakhstan supports the formation of additional guarantees of security, both in the territory of CIS as a whole, and in Central Asia, in particular. Not

by coincidence, it is Kazakhstan that has taken the initiative to create a new structure of cooperation in Asia – by creating a Conference on interaction and confidence building measures in Asia (CICA), which occupies a special position in its system of the foreign policy priorities.

In terms of its objectives and functions CICA is often compared with the OSCE. It is a perspective the realization of strategic objectives to establish partnerships with many countries in Asia, for the prevention of crises and conflicts.

Kazakhstan defines the role of CICA as a forum for negotiations and consultations in the sphere of security and stability in Asia. The initiatives by Kazakhstan are directed towards the creation of a common area for security covered by CICA, which is “free from dividing lines where the states are partners of equal rights”.

The Shanghai Cooperation Organization is becoming more popular in the region of Central Asia. This is proved not only by participation of Russia and China in the regional organization, but also by the interest of the observer countries - India, Pakistan, Iran.

All efforts of the SCO member-states are aimed solely at maintaining peace and stability in the region and expansion of the geographical areas of cooperation is discussed.

No doubt, the existence of external threats and challenges to the stability and security of the region, especially an escalation of terrorism and extremism, as well as economic problems in the world are crucial to the process of the SCO member-states cooperation.

Maintenance of the military security of the SCO member-states is an important function, but not the main task for the organization. The main task is to ensure confidence, friendship, good neighborliness in the region, as well as to counter new threats. The main is the terrorist threat.

It should be noted that initially one of the main tasks of the SCO was fight against terrorism, separatism and extremism. The Convention on Combating Terrorism, Separatism and Extremism was signed at the “inaugural” SCO summit (June 2001). Subsequently, SCO Regional Anti-Terrorism Structure - a permanent body to facilitate coordination and interactivity of the corresponding authorities of the SCO countries was established.

The SCO is not a military alliance, not a political union of states. It is a regional security structure

aimed at expanding the scope of cooperation. Now important tasks for the strengthening of comprehensive cooperation of SCO are not only military and political cooperation, but also economic.

The SCO is an organization, capable of providing security in the Central Asia. Now it is at the stage of self-development and possibly in the future will exert significant influence.

The Central Asian countries are also member-states of the Collective Security Treaty Organization (CSTO).

At the present the role of the Collective Security Treaty Organization is of great importance because it is a regional organization established to ensure the stability and security of Kazakhstan and the Central Asian region.

In the 1990s, the post-Soviet space has become a new geopolitical and geostrategic field, where a new modern geopolitical scene was developed. The threat of unleashing World War II and the application of both nuclear and other weapons of mass destruction in the Central Asian region were reduced. The trend of forming a multipolar world is consistently growing. Significant progress in the field of arms control, the strengthening of stability and security in the world is achieved.

At the same time, global changes that have taken place in the world carry some contradictory trends: on the one hand, the world community has taken concrete steps to increase cooperation and the peaceful solution of disputes, control arms race and proliferation of nuclear weapons, on the other hand - the new risks and threats to security were emerged.

The CSTO originally is political, open and is not aimed to create a military bloc. It became the basis for a qualitatively new level of maintenance of member-states security, mainly by political, peaceful means, joint efforts to build a new security system.

CSTO is one of the few still working the CIS structures. It has the article like the NATO treaty, according to it an attack on one of the participating countries in the Collective Security Treaty Organization is regarded as an attack on all member countries, which inevitably involve them in military action.

Yet the official position of Kazakhstan regarding the CSTO is that the system of collective security, despite all the problems and difficulties, is the real basis for the formation of a regional security system and it is necessary to take further steps to improve the effectiveness of the organization.

Formation of new structures of security in the Central Asia cannot yield expected result, and will make the process bureaucratic, if it is to be conducted on the basis of old principles.

In the era of globalization it is not enough to have new regional designs on the basis of interstate agreements and contracts. It is also necessary to talk about "the formation of the uniform economic law and order and acceptance of the Uniform code of regional and world security".

Kazakhstan supports the initiative about prompt acceptance of the universal international Convention against international terrorism. It is necessary to build a system of counteraction to illegal transit of drugs with joint efforts. It is quite logical to set up an international structure to fight against such threats to security like illegal migration in Central Asia under the aegis of OSCE. OSCE can also play an important role in the security on the Caspian Sea. In this context Kazakhstan proposes to sign "A Pact on stability on the Caspian Sea" prohibiting the use of military force in Pre-Caspian region.

Our country actively participates in the international arena in the framework of multilateral security mechanisms, seeks to spread valuable European experience to Asia, which is a significant step forward the creation of multilateral security structures.

In general, Kazakhstan's participation in OSCE as in the consultative multilateral forum on preventive diplomacy is one of the cornerstone elements of our involvement in European security structures and procures the stability maintenance in Eurasia.

Despite the several critical notes, OSCE as a

unique organization due to its geographical coverage, still keep its role as a political forum; define the norms of internal and international activities, which are to be carried out by member states.

Kazakhstan stands for gradual OSCE activity transformation, provided that the interests, views and positions of all its members will be taken into account.

Speaking about the Kazakhstan's Chairmanship in OSCE in 2010, it should be an important factor in building a safe, stable and predictable Central Asia, as well as in increasing the attractiveness of the region, including economic to our partners in the OSCE.

As it was declared by our President N.Nazarbayev, within the traditions of OSCE, Kazakhstan stated the four "T" motto of its chairmanship: "trust", "tradition", "transparency" and "tolerance".

The Chairmanship in the OSCE will not be easy, demanding systemic initiatives to restart the European security system.

Preventive diplomacy towards potential regional conflicts and arms control agreements are prerequisites for the successful implementation of confidence-building measures.

Kazakhstan proposes significant new principles of mutual understanding and peace, and above that here you can start negotiating security structures such as NATO and the CSTO, OSCE and the SCO.

One of the goals of Kazakhstan as the chairman of the OSCE is to strengthen the values of the OSCE as a bridge between East and West in a dialogue of civilizations. Kazakhstan is a consistent supporter of the idea.

Cooperation Prospects in Kazakhstan – China – India Triangle in the Context of the Chinese-Indian Relations

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Fast rates of economy increase of such Asian powers as China and India became the reason of an aggravation of their rivalry for access to world natural resources and not in the last place to hydrocarbons of Caspian – Central Asian region.

Last years in Kazakhstan the Chinese and Indian companies became more active which aspire to counteract interests each other and other regional players of the Central Asia. The analysis of Chinese and Indian policy prospects in the Central Asian region isn't obviously possible without consideration of the Chinese-Indian relations which have special specificity.

Condition of the Chinese-Indian relations

Modern interrelations between China and India differ extreme instability. Again on the agenda problem border disputes are put, in particular, unsettled boundary issue of the territorial accessory the Aksai-Chin and the Indian state of Arunachal Pradesh.

Not the least of the factor, complicating the Chinese-Indian relations, is close military cooperation, and also financial and technical assistance of China to Pakistan which, is in confrontation with India because of territorial dispute for Kashmir. In turn, the Indian management openly supports the expelled government of Tibet led by the Dalai Lama.

Despite existing problems, the Chinese-Indian economic cooperation develops fast rates. According to statistics, goods turnover between China and India in 2008 made USD 50 bln. By the results of 2009,

as a result of influence of the financial and economic crisis the foreign trade turnover total amount was reduced to USD 43 bln. [1].

Along with the economic growth of these countries the requirement of their economy for import of power raw materials increases that transforms the People's Republic of China and India into strategic competitors in struggle for the energy carriers and, not in the last instance, for a source of raw materials of Caspian and Central Asian region.

At present in respect of power safety maintenance the Chinese companies practically advance the Indian corporations in all regions of the world. Beijing, using stagnation in the world economy during the financial and economic crisis, invests the big financial assets in acquisition of raw actives abroad and first of all in Africa, the South America and the countries of Asia.

On this background activation of the external economic and political activity of India is observed. It is based on necessity of an exit of India for limits of the traditional zone of influence in the South East Asia and water area of Indian Ocean, and also intentions to play more significant role on the global scale.

Complication of the Chinese-Indian relations is influenced also by presence of US interests in Asia which last years, intensively cooperate both with China, and with India:

- on the one hand, the USA give support of India as to the important ally in the Southern Asia for balancing of forces in the given region. Moreover, India, unlike ideologically "another's" (communistic)

China, is perceived as the democratic state that has the utmost importance for the American diplomacy. The main objective of the USA is restraint of growing influence of China in region of the Southern Asia. In this plan the Indian-American communications actively develop in the safety sphere, in military and economic areas. Besides, in 2008 the USA and India signed the contract on the nuclear cooperation. Hereby Washington showed the readiness to support nuclear ambitions of New Delhi.

- on the other hand, against an increasing role of China in world economy the tendency to approaching of positions of the USA and the People's Republic of China on a range of strategic issues is observed. During B.Obama's visit to China in November, 2009 the Parties signed a number of arrangements and the total communiqué in which it was informed on a special role of two states on the Asian continent, first of all concerning ensuring of security [2].

The Indian management, which considers the USA as one of the main strategic and economic partners, critically estimates expansion of the Chinese-American cooperation. In particular, in the Indian press results of a meeting between B.Obama and Hu Jintao in Beijing were briskly discussed. In turn, harsh reactions of the Chinese authorities was caused by visiting by the prime minister of India to Arunachal Pradesh on 3 October, 2009, and also visit of the Dalai Lama to India on 8 November, 2009. Making comments on a position of the Chinese authorities, the Minister for Foreign Affairs of India Somanahalli Mallaiah Krishna has underlined that Arunachal Pradesh is an integral part of India, and the Dalai Lama is free to make trips to any region of the country [3].

At the same time it is necessary to notice that some actions of the American management have become the cause for appreciable deterioration of the Chinese-American relations. In particular, on 18 February, 2010 despite sharp protests Chinese diplomats*. B. Obama met the spiritual leader of Tibetans – the Dalai Lama [4]. Earlier the White House had informed on intention to sell to Taiwan arms (surface-to-air missile systems of air defense Patriot-3, helicopters «Black Hawk» and the equipment for protection of communication networks) to the sum of USD 6,4 bln.

Considering the above-stated, it is possible to notice that rivalry of the Peoples Republic of China and the Republic of India is aggravated both on global and on regional levels. In the global plan China and India are as the countries with the largest economics entering in BRIC, become one of the main applicants for a role of the future world center of force. Along with growth of economic potential, these countries promptly increase military power^{0*}. Besides, as predicted by leading demographers, by 2040 India will have outstripped China on population size while the population of China will be sharply reduced.

Thus, by virtue of presence of some unresolved problems in global and regional scales, prospects of the Chinese-Indian relations will depend on following factors:

- the peace decision of bilateral territorial issues;
- increase in a bilateral trade and economic turnover that will form a steady basis for the further political cooperation.

Interests of China and India in Kazakhstan: Cooperation Prospects

At the present stage a role of Caspian and Central Asian region increases in foreign-policy directions of the Chinese and Indian politicians. It is defined by that the unstable situation in Persian Gulf demands from the Chinese and Indian managements of acceptance of practical steps on cooperation buildup with the countries CA, first of all in power sector.

Besides economic relations, China and India also are interested in cooperation development with Kazakhstan in the safety sphere.

• *in the geopolitical plan* the interests of India in the Central Asia are expressed in the following:

- Joint struggle with the Central Asian countries against the international terrorism and extremism, including within the limits of the Shanghai Cooperation Organization (SCO). Because activity of SCO is regarded by Indian authorities as a certain call to its strategic interests in region CA, New Delhi pretends to a constant membership in the given organization;
- situation settlement in Afghanistan, expansion of transport and communication and transit possibilities of this country;

⁰ The Official representative of the Ministry of Foreign Affairs of the People's Republic of China Ma Zhaoxu before a meeting of the 14th Dalai Lama with US president Barack Obama and state secretary Hillary Clinton, has extended the message where it is noticed that the forthcoming meeting will be rough intervention in internal affairs of the Peoples Republic of China and will do great damage on the Chinese-American relations.

** On 7 February, 2010 India successfully conducted the fourth and last tests of the ballistic missile of average range – “Agni-3”.

- plans on counteraction of political influence distribution of Pakistan which supports Beijing.

Activity activation of India in the Pacific Rim and the Central Asia supports fears of China concerning strengthening of New Delhi's influence. At the same time, considering geopolitical aspect of China's interests in the Central Asian countries, leading domestic and foreign Sinologues allocate following purposes which the Chinese authorities pursue:

- a non-admission of hit of CA under the monopolistic control of other powers;
- creation prevention in the region of the military alliances directed against China [5];
- a non-admission of the further distribution of US military bases on perimeter of their borders.

The basic tool by means of which the specified tasks of the Chinese management are carried out, interaction of the Central Asian countries and China within the limits of SCO is. In addition, the Chinese authorities pay great attention to deepening of the Central Asian and Chinese cultural ties, with the view of it numerous cultural programs are organized (软实力 *ruan shili* – a policy of soft force).

Unlike China, the Indian management hasn't currently formed its accurate official position in relation to the Central Asia yet. Despite it, in the judgment of the Indian experts, at India in the region are the big prospects that are caused by the countries' interests of region, and also other non-regional players. Most probably, the large actors who are present at the region (the Russian Federation, the USA, EU), don't interfere with cooperation expansion between India and the Central Asian countries.

It is necessary to notice that if the policy of Beijing and New Delhi in the CA has partly similar problems in the safety sphere, that geoeconomic interests of these regional powers in Kazakhstan are included into the obvious contradiction.

• *in the geoeconomic sphere* the contradiction are connected with crossing of interests of the PRC and the RI concerning use of economic, resource and transport and transit potentials of the Central Asian region. In the economic and energy plan China consolidated as the key player in the Central Asia. At the same time, in the Central Asian region in the economic plan China pursues following purposes:

- stabilization of Xinjiang Uyghur Autonomous Region the People's Republic of China at the expense of development of close trade and economic relations with countries of the region;
- an export diversification, guarantee of reliable oil

and gas deliveries against the background increasing requirements for energy carriers;

- strengthening of its economic, and in long-term prospect and political domination.

Transition of the Chinese diplomacy from the passive line of behavior to the active foreign policy, called to transform China in the basic participant of global process, becomes one of the main reasons of concern of India, and compels the Indian authorities to undertake counteracting measures.

For India the Central Asian countries are a potential commodity market of an industrial production, and also a perspective source of fuel and energy resources and minerals, first of all, nonferrous and precious metals. Besides it at the present stage the intensification tendency of trade and economic ties of India with Kazakhstan is observed. Not the least important performance of it is growth of the Kazakh-Indian goods turnover from USD 196 million in 2007 to USD 400 million in 2008

However unadjusted situations in Afghanistan and also military-political confrontation with Pakistan don't allow India to develop the full-fledged traffic with the Central Asian countries. Considering this circumstance, a paramount task of the Indian management's foreign policy is settlement of the Kashmir problem and the situation in Afghanistan. The given factor is one of the reasons of close Indo-American cooperation in the military sphere. Thereof, last years the Indian companies considerably became more active in Afghanistan. In particular, in 2008 India enclosed USD1 bln. on the aid program in Afghanistan. In the end of 2008 negotiations on the project of a gas pipeline laying from Turkmenistan via Afghanistan to Pakistan with the further exit to India were renewed.

Interests of Kazakhstan. For Kazakhstan buildup of cooperation with China and India has strategic significance that is caused by following factors:

- *economic*. For today the People's Republic of China actually became the main player in the economic space of the Central Asia. After the economic influence the political role of China increases in the region. Thereupon a paramount task of Kazakhstan is economic influence balancing of large regional players, first of all China and India.

Whereas the presence of big potential of India in the sphere of advanced technologies in comparison with China, for Kazakhstan is of interest more widely to involve the Indian experience in the sphere of scientific development, including in the nuclear industry.

Simultaneously with it for Kazakhstan the transportation of its power resources on the Asian market by means of developed Chinese and Indian projects on construction of oil and gas pipelines is of the highest priority;

- *attraction of investments*. Gold and foreign exchange reserves of India are estimated in USD 284 bln., the growth of gross domestic product of the country following the results of 2009 made 6,5%*, in this plan India becomes one of the perspective countries with a view to investment possibilities. The particular interest for Kazakhstan represents cooperation with India in the field of power and deliveries of nuclear fuel from the RK to the RI, and also attraction of investment possibilities of India for own nuclear industry development.

Thus, the cooperation intensification with India is one of alternative variants of a diversification of economic relations of Kazakhstan who isn't included into the obvious contradiction with geopolitical interests of other regional powers, but simultaneously with it promotes weakening of the economic domination of China and Russia.

The analysis of the contributed data allows ascertaining that at the present stage intensity level grows in relations between China and India. Necessity of national safeguarding, and also aspiration to political and economic fastening of its influence in Africa, in regions of Southern and Central Asia have

revealed deep geo-economic contradictions between two states. In particular, at the present stage these countries become open competitors in struggle for resources and product markets of their production in a number of regions.

The changing balance of forces and interests in the Central Asia demands activation of the Central Asian direction in the foreign policy strategy of India. In this context it is necessary to notice that strengthening of India in the counterbalance to the Chinese economic influence accords with the Central Asian countries' interests.

The Kazakh-Chinese cooperation in all spheres develops swift rates that it is impossible to tell about interrelations of the RK with India. A management of the People's Republic of China, understanding and estimating strengthening of a competition from India, tries the best to counteract it** [6].

Certainly, the most optimum variant for Kazakhstan is expansion of economic contacts, both with China, and with India that accords with the state's interests in respect of the Kazakhstani economic diversification. At the same time, it is necessary to pay attention that the intensification of trade and economic relations of Kazakhstan with the People's Republic of China gradually leads to tendency strengthening of the Kazakhstani economic dependence from the Chinese one. Thus for the Chinese party the development of commercial relations with Kazakhstan isn't priority.

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* Thus it is necessary to consider that currency reserves of China are estimated in USD 2 trillion, and gross domestic product growth in 2009 according to the state statistical management of the People's Republic of China made 8,7 %.

** In this plan it is possible to consider an example of rivalry of the People's Republic of China and India in the power sphere in a number of regions. For example, in the course of struggle for power resources in Kazakhstan, Ecuador, Myanmar and Angola the Chinese authorities surpassed Indian ones, offering higher price, the economic help, infrastructural projects, military technology, and also using diplomatic resources.

Middle and Near East Countries in Kazakhstan's Foreign Policy

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Middle Eastern countries have a powerful political, business and intellectual potential now. In the global system of energy balance, regional countries occupy a special place, which has allowed them to create major financial and economic centres that have a considerable impact on the geopolitical alignment of forces in the modern world.

Since acquiring independence Kazakhstan has been trying to establish friendly relations with Middle Eastern countries, with the intention of close interaction. Kazakhstan sees them as promising economic, political and cultural partners because all the necessary conditions have developed for mutual understanding and cooperation between Kazakhstan and the countries in the region.

Kazakhstan established diplomatic relations with Middle Eastern countries between 1992 and 1999. One of the first countries to establish official relations with Kazakhstan in March 1992 was the Republic of Turkey. Official visits that followed by Turkish President Turgut Ozal to Kazakhstan in 1993 and President Nursultan Nazarbayev to Turkey in 1994 expanded economic ties and political cooperation.

A package of important interstate agreements, signed by Astana and Ankara, has helped the consistent development of both diplomatic relations between the two countries and trade and economic relations, including as part of meetings of Turkic states.

Dynamically developing bilateral relations between Kazakhstan and Turkey have found reflection in joint activities to implement the Baku-Tbilisi-Ceyhan project. This oil pipeline ships Caspian oil to global markets, which is why Astana and Ankara attach particular significance to it.

A new impetus to interaction between Kazakhstan and Turkey was given by their leaders' declaration

of the development of strategic partnership between Astana and Ankara. This initiative was announced during President Nazarbayev's visit to Turkey in May 2003 and was confirmed during his meeting with Turkey's former President Ahmet Necdet Sezer at the NATO summit in Istanbul in June 2004 [37].

As a result, the constant nature of relations between the two states is a shining example of successful cooperation in which the issue of strengthening bilateral mutually beneficial contacts receives increased attention and Kazakhstan and Turkey intend to continue cooperation in international and regional organisations in the future.

The geopolitical location and economic potential of the Islamic Republic of Iran make it a major partner for Kazakhstan, and official relations were established in January 1992. The foundation of long-term cooperation between the two countries was laid during President Nazarbayev's visit to Tehran in November 1992 and Iran's former President Ali Akbar Hashemi Rafsanjani's visit to Kazakhstan in October 1993.

Later priority aspects of bilateral cooperation were defined during President Nazarbayev's visit to Iran in May 1996, October 1999 and October 2007 and during the then Iranian President Mohammad Khatami's participation in the Economic Cooperation Organisation summit in Almaty in May 1998 and his visit to Kazakhstan in April 2002 [37].

The establishment of partner relations between Astana and Tehran is characterised by the similarity of the two countries' positions on many international and regional issues. Kazakhstan and Iran now are putting joint efforts into the creation of the North-South transport corridor to reduce distance and optimise routes to supply goods from Europe to Asia.

The planned construction of a railway link and roads along the Caspian Sea to join Iran's transport networks will intensify economic processes not only

between Kazakhstan and Iran, but also throughout the entire region [38, p 183].

Astana and Tehran also intend to use the potential of sea routes in the Caspian Sea and ship freight between major ports in Kazakhstan and Iran.

Kazakhstan is currently actively cooperating with Iran as part of a project to ship oil on tankers from the port of Aktau to the Iranian port of Neka, where it would be swapped for Iranian oil in the Gulf for sale to Asia-Pacific countries.

The two Caspian-littoral states attach particular attention to defining the legal state of the Caspian Sea. An interstate dialogue in this direction is being held as part of summits of heads of Caspian-littoral states.

The two countries are also developing cooperation at regional levels. Iran's involvement in the Shanghai Cooperation Organisation since July 2005 (as an observer) helps expand the range of issues for discussion and consultation and exchange views on topical problems of international politics.

Enjoying its strong reputation in developing countries in Asia, the Arab Republic of Egypt tries to act as a mediator in solving complex regional problems. The similarity of Kazakhstan's and Egypt's positions on a broad scope of issues of regional security, including interethnic conflicts and interstate contradictions, and the formation of a regional system of collective security conditions the desire of Kazakhstan and Egypt to establish close mutually beneficial relations.

The countries established diplomatic relations in March 1992. Important political events in the history of Kazakh-Egyptian relations include President Nazarbayev's visit to Egypt in February 1993 and March 2007 and Egyptian President Hosni Mubarak's visit to Kazakhstan in November 2006.

Cooperation between Astana and Cairo on strengthening security measures in the region is reflected in the countries' interaction to implement the Kazakh initiative of convening the CICA and the Congress of Leaders of World and Traditional Religions, as well as joint work within international organisations like the OIC and the League of Arab States.

The Kingdom of Saudi Arabia occupies a key position in the political and economic life of the Middle East, and it is the world's largest exporter of energy resources as well as the home to Islamic holy shrines.

Kazakh-Saudi relations were established on 30 April 1994 and President Nazarbayev paid his first

official visit to the country in the autumn of that year. Strengthening friendly relations between the countries, at Saudi King Fahd Bin Abdul Aziz's invitation President Nazarbayev paid his second visit to the kingdom in March 2004.

In turn, high-ranking Saudi officials visited Kazakhstan, including Deputy Prime Minister and Minister of Defence and Aviation and Inspector General of the Kingdom of Saudi Arabia Crown Prince Sultan Bin Abdul Aziz, Justice Minister Abdullah Al-Asheikh and Supreme Judicial Council Chairman Saleh Bin Abdullah Bin Humeid.

Bilateral relations between Kazakhstan and Saudi Arabia in the trade and economic sphere have great potential. Moreover, Saudi Arabia has impressive investment opportunities and shows interest in fulfilling major infrastructure projects in Kazakhstan. In addition, the countries' leaders aim to create the best conditions for establishing active business contacts in the sphere of trade and finance.

Relations in the Middle East are characterised by the complicated relations between *Israel* and the Arab world. It is important to note that Israel is interested in cooperation with Kazakhstan as this will enable it to establish and expand relations with other Muslim countries.

Relations, established between Kazakhstan and Israel in April 1992, are developing both in the trade and economic and cultural and humanitarian spheres. Taking into account the continuing Arab-Israeli conflict, Kazakhstan has spoken in favour of conducting a policy of balance of interests in the region.

Kazakhstan's position on the Middle Eastern settlement is based on support for UN resolutions adopted on this issue.

Calling for the maximum use of negotiation potential to solve the existing Israeli-Palestinian problems, Kazakhstan has established political contacts with Israel and in parallel with the Palestinian National Authority. President Nazarbayev paid an official visit to Palestine twice – in 1995 and 2000. In turn, the former head of the Palestinian National Authority Yasser Arafat visited Kazakhstan in 1991 and 1999.

During talks the Kazakh and Palestinian leaders discussed issues of bilateral cooperation. The states are currently aiming to create the necessary conditions for a regular exchange of views on topical international problems, including the situation in the Middle East. This circumstance proves Kazakhstan's balanced policy on the problem of the Middle Eastern settlement.

Kazakhstan is dynamically and fruitfully developing relations with the United Arab Emirates. After the establishment of diplomatic relations in September 1992, Kazakhstan started to build the basis for bilateral cooperation.

As a result of a number of official and working visits by Kazakh President Nursultan Nazarbayev to UAE in 1998, 2000, 2004, 2005 and 2006 and UAE President Sheikh Khalifa Bin Zayed Al Nahyan's visits to Kazakhstan in 2002 and 2008, a package of important interstate agreements was signed.

In particular, the states signed the Plan of Joint Action: Kazakhstan – UAE, which envisages large-scale bilateral cooperation in the economic sphere, primarily, in industry, petrochemistry, transport and telecommunications and construction.

It is worth stressing that for Kazakhstan the UAE is a promising partner in the Arab world. Significant investment potential allows the UAE to fund the construction of various facilities and projects in Kazakhstan, including the Aktau City project in the Caspian Sea region and the Abu Dhabi Plaza project in Astana. Proceeding from this Kazakhstan favours boosting interstate cooperation and increasing contracts between the two countries' entrepreneurs.

Relations between Kazakhstan and the *State of Qatar* also help strengthen Kazakhstan's investment cooperation with Gulf countries. After signing a joint statement in July 1993, the two countries officially established diplomatic relations.

During Kazakh President Nursultan Nazarbayev's visit to Qatar in 1998 and 2007 and Emir of Qatar Hamad Bin Khalifa Al Thani's reciprocal visit to Astana in 1999 the two leaders discussed strengthening bilateral agreements and opportunities to develop economic and cultural and humanitarian cooperation.

Doha attaches great significance to developing relations with Astana and encourages Qatar's private sector to cooperate with Kazakh partners. Kazakhstan and Qatar are now trying to give a new impetus to interstate relations, expanding cooperation in the oil and gas, education, healthcare, agricultural, tourism and sport spheres.

In its relations with the Middle Eastern countries Kazakhstan aims to develop a constant dialogue and regular consultations on a broad spectre of global and regional issues. It should also be noted that boosting cooperation with Muslim countries meets Kazakhstan's long-term interests and is one of the country's foreign policy priorities.

Muslim countries regard Kazakhstan as a reliable partner and leader in the Central Asian region, considering it as an inseparable part of the Muslim community [39].

This is precisely why Arab countries welcome Kazakhstan's involvement in the Organisation of the Islamic Conference and the Islamic Development Bank and offer all-round support to Kazakhstan's foreign policy initiatives to convene the CICA, the Congress of World and Traditional Religions and the Muslim World-the West dialogue.

In addition, Kazakhstan's chairmanship of the OSCE in 2010 and of the OIC in 2011 invites positive reaction from Middle Eastern countries.

For its part, Kazakhstan is trying to fully open up the potential of trade and economic cooperation with Middle Eastern countries by creating a favourable investment climate for funding the non-extractive sector of its economy.

The implementation of major investment projects in the energy, infrastructure, tourism, food, banking, metal and other sectors will make it possible to elevate Kazakhstan's relations with Middle Eastern countries to a new level.

Anti-Recessionary Support of Economy: Directions and Priorities

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The present stage of economic strategy realization of Kazakhstan is caused by overcoming of consequences of a global economic crisis and strengthening of bases of steady post-crisis development. The strategic choice for creation of socially focused economy, made by the country leaders still at the turn of 1990s, has defined achievement of serious positive results in formation of the conditions contributing qualitative economic growth, increase of a living standard of the population, development of competitive branches of economy.

In the forthcoming period the basic efforts will be directed on deepening of the economy diversification, strengthening of the industrial infrastructure, perfection of the state support of business activity, and as a whole, on development of the directions contributing counteraction to the global crisis. Such steady basis will allow resisting more effectively to potential external calls, developing competitiveness of economy and the state.

The global economic crisis has caused set of inconsistent estimations of sources and character of its development, for the first time the world economy has faced simultaneous fast rise in price of credits, power resources and the foodstuffs. This crisis has surpassed previous in scale of distribution and influence degree, accordingly, ready tools of its overcoming were neither at International Monetary Fund, nor at the national governments and at one of the countries. But all estimations were reduced to that during crisis there will be a sharp redistribution of forces in the world economy therefore the new economic model for developed and developing countries should be born.

According to the report of the European Bank for Reconstruction and Development, in 2007 world crisis should deliver the first and main blow to Ka-

zakhstan. High degree of integration of Kazakhstan banks in the world economy has turned back a susceptibility to global risks that, by European Bank for Reconstruction and Development estimations, put the country before hyperinflation threat. And as the most difficult period October, 2007 was called – during this period the economy could break in a corkscrew of a galloping rise in prices.

Crisis scales depended to a large extent on quickness and efficiency of actions of the Government and National bank of the country. By estimations of foreign experts, thanks to the Kazakhstan model: the strong president – the professional government working as an anti-recessionary staff, - the taken measures have allowed stabilizing the prices, providing stability of national currency.

The basic measures of an anti-inflationary policy of Kazakhstan consisted in guaranteeing of food safety by the way of creations in each region of strategic state reserves; operative possibility security of interventions in the markets; export restrictions; financial support for building, bank system, small and medium-sized business; refusal of external loans and change of an export-import policy. •

As a whole for economy support in 2007-2008, by order of the Head of the state, it was allocated over KZT 540 billion (USD 4,6 bln.), or more than 3,5 % from the predicted volume of gross domestic product for 2008. First of all resources were directed on stabilization of housing construction sector, agriculture development, support of small and medium-sized business.

It is necessary to notice that at the initial stages of crisis development similar measures had been accepted in the majority of the countries of the world – considerable budgetary funds were allocated for support of the most vulnerable sectors of economy, preservation of employment, business activity and

social protection. Thus the primary goal of anti-recessionary measures is definition of conditions of stage-by-stage reduction of support volume and reduction of the state institutes in a private sector so long as anti-recessionary measures have operative character and a tightening of their application for “preservation” of reached can have a boomerang effect.

At the present time at the international level possibilities of turning of anti-recessionary programs, efficiency increases of state-private partnership, system of state orders are discussed. In Kazakhstan, except these goals, it is necessary to consolidate efforts for preservation of reached dynamics of growth rates and realization efficiency increase of the long-term plan of social and economic development.

System effect reception depends on that, how much strong and weak sides of economic and region sector, levels of their positive and negative influence on realization of possibilities and neutralization of threats with a gradual concretization on levels of acceptance and execution of decisions will be fully estimated. In the conditions of crisis the effect potential contains in performance clearness of formulated tasks by all participants, concentration on the most significant directions. The problem of food provision on the global scale, become aggravated under the influence of the exchange speculation which has caused prices hike for the basic foodstuff, has influenced counteraction measures to crisis and in Kazakhstan. Creation in the fields of stabilization funds, the conclusion of price memorandums with suppliers and distributors has allowed to keep the stable prices for the certain period of time, but in future it is necessary to define principles and mechanisms of a price policy realization in the sphere of manufacture and deliveries of the foodstuffs from the point of view of social and food safety, realization of strategic programs for agricultural sector development.

In the medium-term period the task on the intensive development of the agricultural sector can be solved by rational deepening of specialization of agricultural regions of the country and industrial cooperation, attraction of modern production technologies and deep processing of production, mechanical engineering development, the agrarian science, necessary infrastructure, investment appeal increase of sector, an export policy development in the regional and world scale.

To the agricultural sector of Kazakhstan the important role is assigned – in a diversification of export and increase in employment of the population. In the

world markets on the foodstuffs there will always be a demand, and the agrarian potential of the country isn't involved in full even within the limits of food safety guaranteeing of the country.

In the sphere of housing share construction, whereas necessity of protection of civic rights who have invested own and borrowed assets in the mortgage and building of habitation, necessary institutional and financial measures – by granting of means for refinancing and crediting are carried out. At the present stage the problem solution in the real estate market is basically connected with perfection of the state housing program realization to provide availability of the habitation, special conditions of share building, and a sustainable development of the building branch possessing in good potential of multiplicative effect.

For the forthcoming period the more scaled task is put – housing and communal services reforming, complex realization of construction plans according to directions of industrial and social regional development is necessary.

Within the limits of financial sector stabilization there were tasks for increase of financial system stability, granting of necessary funding for security for sufficient volumes and economy credit conditions as a whole, condition formations for necessary investment activity, realization of an active investment policy.

These tasks could be executed only with the assistance of the state institutes, as well as in the majority developed and developing countries where the state has given unprecedented support on volumes to the largest and, theretofore, successful banks and financial conglomerates during this period. Foreign markets of loans were in a fever, and commercial banks of Kazakhstan had no the available assets necessary for realization of the set aims before them – in the conditions of the crisis developing in the real sector of economy.

Measures on additional capitalization of backbone banks promoted preservation of a financial system stability, definition of requirements to quality of corporate governance, risk management systems and etc. These conditions have been put in the new concept of the financial system development for the forthcoming period. It is expected that banks can and intend to play a decisive role in achievement of priorities of the state development, performance of function initially inherent in them.

In the conditions of crisis for the small and medium-sized business sector the important role is assigned in the decision of a problem on social stability ensuring, especially in the sphere of employment of

the population, preservation of taxable base in the regions. With a view to business activity maintaining of small and medium-sized business financing has been provided by granting to banks of specially caused funds intended for refinancing existing and crediting of new effective projects of businessmen.

Thus the state had possibility to establish certain quotas on financing of the branches which are of interest for complex social and economic development of this or that region. But here the problem apparently consists in the skill level – at the estimation of perspectivity of projects and formation of closer ties in the course of consideration of credit requests between the fund “Damu” and banks so that the fund could give the necessary information and an expert estimation on development prospects of this or that market with a glance of state priorities.

With a view to stimulating of competitive development of small and medium-sized business, especially in the industrial sphere, new requirements to increase in the Kazakhstani contents in orders of the large enterprises and the national companies, to quality improvement of system functioning of the state purchases have been developed.

Addressing to large foreign and national investors, the Head of the state has set the task on involving in industrial-technological and service chains of the competitive small and medium-sized enterprises.

For overcoming of crisis and with a view of perspective advancing infrastructural development the realization of infrastructural projects is of great value. The crisis period comprises possibility at lower capital expenses and strengthening of the state role in concentration of investment possibilities to solve a system task of a power and transport infrastructure modernization for increasing requirements of economy.

In the sequel, at the stages of recovery from recession, the state will concentrate on gradual raising of economic growth rates. And building new objects and reconstruction of existent infrastructural objects should be subordinated to modern tasks and the perspective purposes of the state’s industrial development strategy. The accelerated development of an infrastructure will stimulate development of other branches, to provide the big share of employment of the population in regions.

If within the limits of anti-recessionary support it is attached importance to the employment preservation, during the post-crisis period one of the main priorities should be development of human potential and perfection of the labor capital. As is generally

known during the crisis the most effective methods are investments into the knowledge and improvement of professional skills. In turn, quality of manpower resources will actively have an influence on the industrial potential condition, a labor productivity level, application and development possibilities of modern technologies and the equipment.

In the social policy sphere the measures directed on preservation of social obligations of the state and increase of volumes of rendered social support have been assumed. Realization of tasks of the Road map has allowed providing population employment in regions. In future also a problem of labor potential preservation and development of qualifying and professional qualities of workers according to industrialization tasks is sharply set.

The realization level estimation of exercise and retraining program of population on necessary professions, job counseling and use of possibilities of educational institutions and employers is actually for the present. Qualitative realization of the declared plans also is defined by quality of an estimation of economic requirements in shots. The system approach to this problem will allow solving effectively problems of unemployment and a modern labor market development, effective investment in the human capital development in Kazakhstan.

The basic advantage of the anti-recessionary support measures which are carried out in Kazakhstan, first of all, all possibilities for support of socially vulnerable segments of the people are considered and used, there are a performance in full and increases in the assumed social obligations. Thus, at those or other updatings of the budget the priority of the citizens’ social well-being is above any other considerations, that purpose which always is a leitmotif of the President’s address to the people and leading structures.

The main task of the country’s management is ensuring of macroeconomic stability, social well-being of the population and acceleration of the economic modernization rates. The Head of the State not only has set the government clear tasks on transition to the new economic policy on the basis of concentration and mobilization of own resources, having given wide powers for the realization purposes of a necessary complex of anti-recessionary measures, but also has offered the adequate measures which have become the basis of the plan on the economic stabilization.

The sustainable development of the country in the conditions of global crisis is defined by change of economic policy priorities in a direction of strengthening of the state’s role in management of reproduc-

tion processes and strategic sectors control. For this purpose in planning system of the state policy and structure of the institutes realizing priority directions, changes can be made.

During the current year in Kazakhstan a transition task to the accelerated industrially-innovative development was put, for realization of it, institutional structure on the planned programs realization have been made changes in the state planning system.

In particular, the new system of state planning is directed on that short-term objectives and tasks correspond to the effective achievement of strategic and long-term objectives. Same increase of a decision-making procedure transparency for choice of those or another objects and subjects of economic policy will promote also.

Thus, global crisis has rendered also positive influence as has bared problems and weaknesses of existing model of economic development.

The basic problems of social and economic development are connected with quality of the industrial and investment policy, participation degree of business and a society, in whole, in their working out and realization, in terms of prospects of the country's strategic development. Realization of the planned prospects is most real in case if interrelations between the purposes of strategic programs and the purposes of steady economic growth will be established; interests of all groups of the population in realization of long-term reference points will be defined; personal responsibility for acceptance and realization of decisions on government programs, especially at the interdepartmental level will be concretized and established.

Thus, the influence of world crisis, and also remaining problems of balanced development of economy were negatively reflected in rates of economic growth. Along with it effectual measures on realization of the declared directions of economic policy, on social stability ensuring and macroeconomic equilibration support were accepted. Including the measures directed on preservation of conditions of the fiscal policy according to tendencies of economic development were taken.

Also measures on stimulation of business activity were actively taken, including: on expansion of the Kazakhstani contents; on perfection of regulation system of small and medium-sized business. Also measures of a monetary policy were accepted to provide liquidity of commercial banks and to keep crediting volumes of economy. Also regulator actions were directed at risk management development in the financial system, at perfection of control functions and branch regulation.

As a whole, the taken measures became effective enough and provided achievement of the established purposes. Further the actions directed at expansion of crediting volumes, availability improvement of financial assets, optimum distribution of allocated means will be undertaken. As while effect from the executed pouring of cash assets into economy has incompletely reached, there are problems with distribution and development of means according to short-term and long-term objectives of development of branches and regions.

The means received by banks within the limits of realization of the Stabilization plan have been drawn, but for restoration of former rates of the crediting are insufficient as banks incompletely use the given possibilities for the trade area development of the products and services. Also till this time the task of more active participation of the financial system in plan realization of the country's economic development isn't solved.

In future the refinancing of commercial banks should be realized under the investments of the enterprises with an establishment of mechanisms and responsibility measures for the drawing of cash assets allocated for hi-tech manufacture development in priority branches that will entail development of a competition in the market of financial services for attraction of corresponding consumers. Now similar schemes are used in China, India, Japan and the USA – when the monetary offer is correlated with the State expenditure on priority directions of development.

The results reached in the realization process of the anti-recessionary program will be fixed in accordance with performance of strategic tasks of social and economic development till 2020 within the frameworks of it the forced industrially-innovative development program will be realized.

In the forthcoming ten years in front of Kazakhstan there is a task for realization of the Strategic plan till 2020 in which on the basis of priorities of Strategy "Kazakhstan-2030" and in consideration of the changed environment measures are provided for formation of post-crisis development conditions of the country. First of all, it is an improvement of the business and investment climate; a financial system strengthening; government perfection.

Economic growth will be defined by the qualitative development of the economic and social infrastructure, the human capital, the efficiency increase of management institutes with a view to well-being increase of Kazakhstan's citizens and forming of bases of a sustainable development.

Kazakhstan's Positions in the Regional Energy Space

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The top priority for Kazakhstan's economic policy today is to solidify its positions in the regional energy space.

Kazakhstan is one of the top twenty largest producers of hydrocarbons. The oil and gas sector accounts for up to 25% of the country's budget. Hydrocarbon production is growing at a significant pace. In 2008, 70.6 million tonnes of hydrocarbons were produced, up 90% on 2000. Over 80% of hydrocarbons are exported to world markets.

In order to further develop the oil and gas sector, work is being carried out to forecast and discover new promising fields, and speed up their exploration, development and commissioning.

Increased production of oil and gas requires the speedy development of transport infrastructure. Projects are under consideration to expand existing transport systems and build new routes to export Kazakh hydrocarbons.

Because of the favourable prospects for the construction of pipelines, in planning hydrocarbon export routes Kazakhstan pursues a multi-vector policy which allows the most effective use of pipeline systems.

The oil and gas sector has to solidify the country's role as an influential and responsible player in global oil and energy markets. Therefore, important objectives at present include strengthening the country's energy security, ensuring reliable and safe transit for hydrocarbons, and developing international cooperation over pipelines.

The ratified Energy Charter Treaty is key to the enhancement of the country's export potential. This document sets forth the principles of unimpeded and non-discriminatory transit of energy resources – an issue which is extremely to Kazakhstan as an intercontinental state.

Hydrocarbons exported by Kazakhstan transit through many countries, primarily Russia. For this

reason, it is important to strengthen the government's role in oil and gas transport. This also explains the participation of state companies in the capital of major transport companies, and the strategic importance of the oil and gas sector to Kazakhstan's economy.

Pipelines account for the majority of exported oil. Therefore, *the top priorities of the country's policy are to further develop oil and gas transport infrastructure, and to create new export systems and expand existing ones.*

At present the main routes for Kazakh oil are the Caspian Pipeline Consortium's (CPC) oil pipeline, Atyrau-Samara and Kazakhstan-China pipelines, and the sea transport system through the Aktau port.

The 1,510-km *CPC pipeline* connects the Tengiz oilfield with an oil loading terminal on the Russian coast of the Black Sea near Novorossiysk. This pipeline is the largest route for Kazakh oil exports.

Over 131 million tonnes of oil have been transported since 2001 (the year it was commissioned), including 31.1 million tonnes in 2006, 25.6 million tonnes in 2007, and 25.8 million tonnes in 2008.

Taking into account the forecasted increases in the production of hydrocarbons, Kazakhstan needs to expand the CPC's capacity up to 67 million tonnes a year (including 50 million tonnes for Kazakh oil). Kazakhstan and Russia's energy authorities arrived at respective understandings in May 2008.

Another important export route is the Atyrau-Samara oil pipeline, which opens access to the markets of Eastern Europe through the Baltic Pipeline System and the Druzhba System, and to the Black Sea ports.

Atyrau-Samara exported 15.6 million tonnes of oil in 2006, 16 million tonnes in 2007, and 16.8 million tonnes in 2008.

Because of the planned increases in oil production, in particular in Western Kazakhstan, Kazmunaigas and the Russian Transneft are considering raising

Atyrau-Samara's capacity to 20 million tonnes a year, with a plan to expand further to 25 million tonnes a year.

Currently, Atyrau-Samara's capacity can be expanded with the help of batching technology for pumping high-gravity oil from the Tengiz, Karachaganak and Kashagan fields. The Kazakh side is currently negotiating with Transneft to reach a decision on this issue.

The Kazakhstan-China oil pipeline is being constructed in two stages. The first stage included building the Atasu-Alashankou section to transport oil from Western and Central Kazakhstan and Siberia to China.

The 813-mm Atasu-Alashankou pipeline runs 962 km. Its throughput capacity at the first stage is 10 million tonnes year; it will be increased to 20 million tonnes. In 2007, the pipeline exported 4.7 million tonnes of oil.

Investment in Atasu-Alashankou amounted to \$806m. Construction was funded from authorised capital and loans raised against guarantees by the China National Petroleum Corporation (CNPC). On 28 June 2006, the first start-up facility was commissioned. A total of 40,000 tonnes of oil were pumped to fill the pipeline.

To fulfil the second phase of the Kazakhstan-China pipeline project, the Kenkiyak-Kumkol oil pipeline will be built, the existing pipeline at the Kumkol-Karakoin-Atasu section will be reconstructed and modernised, and the Kenkiyak-Atyrau section will be reconstructed.

As for *sea transport*, the most important element in enhancing oil exports is the Aktau port situated on the Caspian Sea. Today, Aktau is the only Kazakh seaport which has offshore oil loading terminals and oil transshipment facilities to ensure transport of Kazakh oil by the Caspian Sea to Azerbaijan (Baku), Russia (Makhachkala), and Iran (Neka).

In 2008, the Aktau port shipped around 9 million tonnes of Kazakh oil.

In accordance with an agreement between Kazakhstan and Azerbaijan, Kazakhstan is implementing the *Kazakhstan Caspian Transportation System (KCTS)* project, which includes the Yeskene-Kuryk pipeline and the Transcaspian system. The latter will include oil unloading terminals on Kazakhstan's coast of the Caspian Sea, oil carriers for sea transport, oil loading terminals on Azerbaijan's coast of the Caspian Sea, and connections to the Baku-Tbilisi-Ceyhan system.

KCTS is expected to transport 500,000 bpd (23 million tonnes a year) at the initial stage, with a further expansion to 750-1,200 bpd (35-56 million tonnes a year).

Oil transport to Iran is another promising southern route. Kazmunaigas, Total, JNOC and INPEX are implementing the *Kazakhstan-Turkmenistan-Iran oil pipeline* project, which will become an alternative route for Caspian oil being pumped to the Persian Gulf markets.

The participants are currently considering Phase I of the project, which includes tanker transportation of oil (without the construction of the oil pipeline) from Kazakhstan to the Iranian port of Neka.

A particular problem today is the overloaded Turkish straits. Too many carriers and tankers cross the Bosphorus and the Dardanelles when passing from the Black Sea to the Mediterranean. Safe navigation and environmental requirements impose restrictions on the throughput capacity of the straits. In the long term, these will limit transport of additional quantities of Kazakh oil, hence the need for bypass projects.

This is the reason why Kazakhstan is considering participating in the construction of the Burgas-Alexandroupoulos and Odessa-Brody-Polotsk-Gdansk pipelines.

In its energy policy, Kazakhstan is pursuing a multi-vector approach and paying particular attention to the creation of new export routes to supply hydrocarbons to global markets. These will become a significant factor in raising the country's export potential and strengthening its economic security.

The gas sector is another important component of Kazakhstan's economy. Natural gas, the known and estimated reserves of which reach 3.3 trillion cu m (including the recently discovered fields on the Caspian shelf), and potential resources 6-8 trillion cu m, is becoming an increasingly significant energy carrier.

The paramount goals of the plan to advance the gas sector are to multiply the socioeconomic effects of the increased production and sound management of domestic gas reserves, and to enhance transit opportunities of the gas transport system with a view to satisfying domestic demand and further raising export potential.

Gas exports and transit are also important to Kazakhstan. The main gas routes are the Central Asia-Centre (CAC), Orenburg-Novoposkov, Soyuz, Bukhara-Ural and Bukhara Gas Area-Tashkent-Bishkek-Almaty (BGA-TBA) pipelines.

CAC transits Central Asian gas and exports Kazakh gas. Orenburg-Novopskov and Soyuz transit Russian gas and export Kazakh gas. Bukhara-Ural transits Central Asian gas, and BGA-TBA imports natural gas from Uzbekistan to Kazakhstan.

The most urgent issue for the country's gas transport sector is the reconstruction and modernisation of the gas pipeline system, in particular the CAC pipeline. CAC exports Kazakh and Central Asian gas to Russia, the Caucasus and Europe.

Intergas Central Asia prepared an investment feasibility study on the expansion of CAC, Makat-Northern Caucasus and Okarem-Beineu pipelines. This paper provides for the implementation of projects to raise the throughput capacity of CAC from 54.8 to 100 billion cu m a year.

Energy security and the energy deficit of the southern regions are also very serious issues for Kazakhstan. The Beineu-Shymkent pipeline, which will supply gas from western regions to southern oblasts and further to Kazakhstan's eastern border, is being constructed to consistently meet the southern regions' demand for gas. Kazmunaigas is finalising an investment feasibility study of the project.

Another significant issue is the diversification of export routes.

The Kazakhstan-China pipeline project is being developed, which will increase Kazakh gas exports to China and ensure the transit of gas there. In particular, it is expected that Turkmen gas will be transported to China through Uzbekistan and Kazakhstan to the

Kazakhstan-China border (through Shymkent to Khorgos). The first phase of the project was planned for 2007-2009.

The Caspian and Transcaspian gas pipeline projects are also important to the advancement of Kazakhstan's gas transport system.

An agreement on the former was made at an international level by Russia, Kazakhstan and Turkmenistan in late 2007. The Caspian pipeline project envisages the construction of a new pipeline, including along the Caspian Sea shore of Kazakhstan, with a throughput capacity of 30-40 billion cu m a year. This project will increase Kazakhstan and Turkmenistan's transit potential and increase exports of Central Asian gas to Russia and to global markets.

The Transcaspian gas pipeline project is being considered in connection with the construction of the Baku-Tbilisi-Erzurum (BTE) pipeline in Southern Caucasus, which is complete and ready to pump gas. This route will allow the export of natural gas to Europe through Azerbaijan, Georgia and Turkey.

The Transcaspian pipeline, the throughput capacity of which is expected to be 20 billion cu m, will export Kazakh gas to Europe, through a link to the BTE pipeline.

However, it should be noted that this project involves some risks. These include the legal status of the Caspian Sea, which directly affects the policy of laying the underwater pipeline, as well as some political, environmental and technological issues.

Transparency and Information Openness of the Kazakhstan Corporations

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The essence of disclosing of the information open joint-stock companies consists in providing of access to interested persons and shareholders to full and trustworthy information, concerning conditions of release and the reference of securities of joint-stock company, results of its financial and economic activity and other aspects of activity of a society.

Information disclosing in corporate governance is the main support of market monitoring of joint-stock company, a guarantee of investment safety and has key value for realization by shareholders of the vote. Thanks to the accessible, timely and exhaustive information shareholders and potential investors can estimate quality of management of a society from board, make of the decision on acquisition or sale of actions and voting on general meeting of shareholders. In turn the strict mode of disclosing of the information strengthens trust to a society and can promote capital attraction at additional issue of actions.

One of corporate governance principles says, that the corporate governance system should provide timely and exact disclosing of the information on all vital issues of activity of joint-stock company, including a financial condition, results of activity, the property and management by the society.¹

One of the most widespread now infringements of the rights of investors are infringements of their rights in the field of information reception. Though the legislation also establishes requirements on disclosing by emitters of the information, execution of the given requirements, to put it mildly, leaves much to be desired. A consequence of it is absence at investors necessary for volumes of the information on this

or that emitter that leads to sharp falling of appeal of investments in securities of such emitter.

Among interested external users of the information it is possible to allocate following groups:

- Existing and potential financial creditors;
- Existing and potential shareholders – holders of not control packages;
- Existing and potential proprietors of controlling interests;
- Partners in business (buyers, customers, suppliers, contractors);
- Competitors;
- The-state;
- A society as a whole, etc.

As the information transparency is connected with the certain costs, rationally operating economic agents feel necessity for information disclosing only in the event that benefits exceed costs.

From the point of view of macroeconomic, an information transparency of the companies – necessary (but insufficient) a condition of formation of the high-grade share market which, in turn, is necessary for economic balance. However it is obvious, that on a microeconomic level this stimulus hardly will work: the company will open the information on only in the event that it to favorably it and its proprietor.

Interest in disclosing of the information for external potential investors arises in the event that the company counts on attraction of the external capital – at the expense of new loans or at the expense of a share issue. The more an information transparency, the more low uncertainty (so, and risk) for external investors, the less award for the risk, demanded by the market, that more low cost of the capital for the

company. Therefore more all are interested in an information transparency, on the one hand, the external investors working on a securities market, and on the other hand, the companies – emitters of the securities addressing in the market. It indirectly proves to be true structure and positions of participants of incessant discussion about a transparency of the Russian emitters.

In overwhelming majority of cases the information transparency is necessary for the investor only for definition of the various risks connected with investments into the concrete company. And if disclosing of the information used for definition of financial

risks, is rigidly regulated practically in all countries where there is a share market with disclosing of the information on operational risks all is much more difficult.

It is accepted to rank the risks which are not credit or market as operational risks. An internal transparency (a transparency for own management) – necessary, though also an insufficient condition of an external transparency (a transparency for external users of the information). Special attention also it is necessary to give interrelations of an information transparency with share crises. Share crises – sharp falling of the prices for securities – occur in each country.

Table 1 the Transparency of the Enterprises for 2007.

Name	Transparency %
ASIA AUTO JOINT-STOCK COMPANY	95
KMG NAK AMANGELDY GAS	90
AES UST-KAMENOGORSKY THERMAL POWER STATION JSC	89
KAZAKHMYS CORPORATION	89
AKTUBINSK CHROMIUM COMPOUNDS PLANT JSC (AZHS)	89
TENGIZCHEVROIL	89
TEMIRBETON LTD	87
KERATEK LTD	87
KOSTANAY MINERALS JSC	86
“CONCERN “TSESNA-ASTYK” LLP	86
AIDABUL DISTILLERY JSC	86
PETROPAVL SU JSC	86
KMG NSC KAZTRANSOIL	86
GRES-2 POWER STATION EKIBASTUZ JSC	86
STEPNORGORSK BEARING BOX PLANT JSC	85
MANGISTAUMUNAIGAS JSC	85
SHYMKENTCEMENT JSC	85
KZACI JSC	82
TRANSNATIONAL CORPORATION KAZCHROME JSC	82
KMG NSC KAZAKHTURKMUNAI	81
COTTON CONTRACT BUILDING JSC	81
ALMATY POWER CONSOLIDATED	80
KEMON JOINT-STOCK COMPANY	78
IMSTALKON LISAKOVSK JSC	77
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KMG NSC KAZAKHOIL-AKTOBE	70
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SOURCE: http://nera.biodat.ru/social_certificate/ Center for stable production and consumption

Completeness, reliability and timeliness of reception of the information have key value for realization by investors of the rights. The insufficient or incomplete information worsen market functioning, raise cost of attraction of the capital and lead to irrational distribution resources.²

For each enterprise the relation opened (published or presented in the questionnaire) parameters to the general number used in estimation is defined. This indicator characterizes a reporting transparency, is expressed in percentage and is the important criterion of an estimation of social responsibility (ability to answer, carry on dialogue with a society) company managements.

If to consider typical displays of information closeness of the Kazakhstan companies it is possible to note the following, according to the Center of steady manufacture and consumption of Almaty for 2007³, many companies of republic have no internal documents on the politician of disclosing of the information and the percent of a transparency of the information at many does not reach 100 % to what data in the table testify.

The property structure is till now well protected secret. The most part of the companies do not open the information on large shareholders. Almost half from these firms have the shareholders owning more than a 20 percent share of the authorized capital, and 46 % have the shareholders owning more than 5 % of placed actions. Almost all firms give to shareholders the financial reporting.

According to the Republic Kazakhstan Law «On joint-stock companies» (further – the Law):⁴

- The information infringing on interests of shareholders of joint-stock company (further – societies), admit:

- the decisions accepted by general meeting of shareholders and board of directors, and the information on execution of the accepted decisions;

- release by a society of actions both other securities and the statement the authorized body of reports on results of placing of securities of a society, reports on results of repayment of securities of a society, cancellation by the authorized body of securities of a society;

- fulfillment by a society of large transactions and transactions in which fulfillment by a society there is an interest;

- reception by a loan society in the size making twenty five and more percent from the size of own capital of a society;

- reception by a society of licences for realization of any kinds of activity, stay or cancellation before the licences received by a society for realization of any kinds of activity;

- participation of a society in establishment of the legal person;

- arrest of property of a society;

- approach of the circumstances having extreme character in which result the society property which balance cost made ten and more percent from the general size of actives of a society has been destroyed;

- attraction of a society and its officials to administrative responsibility;

- decisions on compulsory reorganization of a society;

- other information infringing on interests of its shareholders, in conformity

With the society charter;

- The society is obliged to bring to the notice of the shareholders the information on the society activity, infringing on interests of shareholders of a society. Granting of the information on the activity of a society infringing on interests of shareholders, is carried out according to the Law and the society charter.

According to the Republic of Kazakhstan Law «About a securities market»:⁵

- Changes in activity of the emitter, infringing interests of holders of securities, are brought by it to the notice of holders of securities by information publication in mass media (further – mass-media) within fifteen calendar days from the moment of their occurrence.

By the affiliated organization of the Kazakhstan stock exchange (KASE) Open Company “eTrade.kz” it is developed and project JSC.KZ is supported (Joint-Stock Companies.kz).⁶ Project is developed for the purpose of granting of possibility to joint-stock companies to carry out placing of the information on the activity according to requirements of the Law of the Republic of Kazakhstan “On joint-stock companies” from May, 13th, 2003 # 415-II. Norms of the law according to which information placing in mass media and its types for placing in a network the Internet is required, are published on a site of the project and presented in table 2.

According to the Republic of Kazakhstan law “On joint-stock companies” mass media – the periodic printing edition or the Internet site for the publication of the information on activity of joint-stock company, the requirement to which are established by the decision of Agency of Republic Kazakhstan

Table 2 – the Information Published in Mass-Media by Joint-Stock Company.⁷

Character of the information	Norm of the law of the Republic of Kazakhstan “On joint-stock companies”	Information type
The offer to shareholders to get placed (realized) actions or other securities converted in simple actions, according to the right of primary purchase	Article 16, point 1 Article 23, point 1	The announcement
The decision on nonpayment of dividends under simple actions	Article 23, point 2	The announcement
The decision on payment of dividends under simple actions	Article 24, point 3	The announcement
The information on payment of dividends under preference shares (before approach of term of such payment)	Article 25, point 3	The announcement
The offer of the person which is independent or with the affiliated persons has got in the secondary market of 30 and more percent of voting actions, to other shareholders to sell actions belonging to them	Article 26, point 4	The announcement
The joint-stock company announcement	Article 26, point 1, subparagraph 13)	The announcement
About the repayment of the placed actions	Article 49, point 4 Article 51, point 6	The announcement
[Optional] the Notice of joint-stock company on convocation of general meeting of shareholders	Article 70, point 1 Article 76, point 4	The document for filling
The publication of the bulletin for correspondence voting of shareholders (at correspondence voting of shareholders without carrying out of general meeting of shareholders)	Article 82, point 7	(The appendix to the announcement)
[Optional] Results of voting of general meeting of shareholders or results of correspondence voting of shareholders	Article 83, point 5	The announcement
The decision of board of directors on the conclusion joint-stock company of the large transaction	Article 84, point 5	The announcement
The annual financial reporting of joint-stock company	Article 85, point 6	The report
The notice of creditors of joint-stock companies on their reorganization by merge	Norm of the law of the Republic of Kazakhstan “On joint-stock companies”	The announcement
The notice of creditors of joint-stock companies on their reorganization by joining of one of them to another	Article 16, point 1 Article 23, point 1	The announcement
The notice of creditors of joint-stock company on its reorganization by division	Article 23, point 2	The announcement
The notice of creditors of joint-stock company on its reorganisation by allocation from it other joint-stock company		
If it is provided by the society charter:	Article 79, point 1	The decision
The decisions accepted by general meeting of shareholders and board of directors of joint-stock company	Article 79, point 1	The decision
The information on execution of the decisions accepted by general meeting of shareholders and board of directors of joint-stock company	Article 79, point 1	The announcement
The notice on a share issue and other securities	Article 79, point 1	The announcement
The notice on the statement of reports on results of placing of securities, reports on results of repayment of securities, on cancellation of releases of securities	Article 79, point 1	The announcement
The announcement of fulfillment of the large transaction or the transaction in which fulfillment by joint-stock company there is an interest	Article 79, point 1	The announcement
The announcement of reception by loan joint-stock company in the size making 25 and more percent from the size of its own capital	Article 79, point 1	The announcement
The announcement of reception of licences for realization of any kinds of activity, about stay or cancellation before the received licences for realization of any kinds of activity	Article 79, point 1	The announcement

The announcement of participation of joint-stock company in establishment of the legal person	Article 79, point 1	The announcement
The announcement of arrest of property of joint-stock company	Article 79, point 1	The announcement
The announcement of approach of the circumstances having extreme character in which result the joint-stock company property which balance cost made 10 and more percent from the general size of its actives has been destroyed	Article 79, point 1	The announcement
The announcement of attraction of joint-stock company or its officials to administrative responsibility	Article 79, point 1	The announcement
The notice on compulsory reorganization of joint-stock company	Article 79, point 1	It [is not defined]
Source: Kazakhstan stock exchange website (http://www.kase.kz/ , http://beta.kase.kz/). [18.08.2006].		

on regulation and supervision of the financial market and the financial organizations from August, 27th, 2005 № 311.

Mass media should be defined the joint-stock company charter. The following information should be published in mass media:

The joint-stock company should represent other information on society activity, its securities, affiliated persons and the financial reporting in an order defined by the Law, the charter or general meeting of shareholders of a society. According to the Law a society the information reveals:

- About general meeting of shareholders
- About the financial reporting
- About dividends
- About actions
- About affiliated persons
- About large transactions.

For reception of the information and an explanation about society activity, its securities and affli-

ated persons the shareholder has the right to address in joint-stock company, to the registrar of a society and the authorised body (Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and the financial organisations), and in a case of not presenting to the body the information, occurrence of disputable situations and the purposes of protection of the rights – in the authorised body (Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and the financial organisations) or with the claim in court on the location of the respondent – joint-stock company.

Now the majority of the Kazakhstan joint-stock companies can be carried to a category it is information the closed. Proceeding from it, basic step on a way of decrease in risks of the investor is perfection of system of disclosing of the information. The state here should demand granting of the accurate and truthful reporting. Otherwise investors will be deprived possibility to make the weighed investment decisions.

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3. Source: http://nera.biodat.ru/social_certificate/ the Center of the steady manufacture and consumption, Almaty, 2007.
4. The Law of the Republic of Kazakhstan “About joint-stock companies” from May, 13th, 2003 # 415-II.
5. The Law of the Republic of Kazakhstan “About a financial market” from July, 2nd, 2003.
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7. Ibidem.
8. Source: official site of AFN – www.afn.kz

Innovation-Technological Factors which Increases Competitiveness of National Economy

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The innovative potential, quantitative and which qualitative characteristics reflect the ordered set of innovative resources, include material, non-material and financial actives. Natural result of use of innovative potential is, first of all, creation of innovative-technological systems. They are understood first of all as qualitatively new basic production assets giving high social and economic efficiency. They become a material basis for reproduction process. The social and economic basis of manufacture thus varies. In the conditions of the world effective market there is a transformation and most reproduction process, its scheme is supplemented with a phase of scientific and technical preparation of manufacture. The analysis reproduction process includes manufacture and distribution, including by means of an exchange not only means of production and consumer goods, but also such specific goods, as the high technology services, the information.

As an example we will result economy of the USA. In second half of the 20th century it has spent structural transformations, has made basic changes to the mechanism of the functioning which have in aggregate allowed to generate innovative type of economic model. One of the major features of development of the USA, with distribution scientific and technological revolution, orientation on flexible, diversified and small-scale manufacture, its ability to adapt for quickly varying requirements of a society is connected. It is reached at the expense of distribution to production of goods, and in sphere of services of technics and technology of the new generations based on use of microelectronics and microprocessors. Now the leading part is played by six basic types of new

technics and technology: industrial robots, machine tools with PNC, the flexible automated systems, systems of the automated designing, complexes of the processing centres with CAD, and also the COMPUTER of all types. Information and communication technologies have made huge impact on financial sphere. Actively there are transformations to public health services, education, and trade. Scale automation is the real factor of a social production of the USA.

Let's consider innovatively-technology factors increases of competitiveness of national economy as component of a structural policy. Spent to scientific and technical sphere, it has in advance set purpose. Each technological way, being an interbranch complex of the interconnected technical-technological principles and decisions, generates cluster the innovations covering various branches of an economy thanks to what development and replacement THAT occurs not smoothly, and in steps: is innovative-technological principles, revolutionizing system of productive forces, quickly win all branches of an economy, superseding elements previous THAT. One of the reasons of failure of numerous attempts of planning of technical and economic dynamics of the separate branches taking into consideration only branch interests consists in it.

The greatest difficulties at structural regulation are caused by the period of technological rupture when hopelessness former THAT is obvious, and new THAT, is still insufficiently widespread, are absent a number of its elements. The economic systems which are in a phase of lifting, as a rule, do not demand special efforts in the given direction as innovative processes act as the logical phenomenon

seldom requiring additional motivation. Therefore in a lifting phase often apply a policy *laissez-faire*, giving maintenance of a due technological level of production to care of separate private persons, whose economic interests are directly connected with innovative processes.

The macroeconomic situation in our country is that, which the prices for the new technics grow much faster, than its productivity so economic benefit of its application steadily falls. The new technics costs more expensively, than low qualified labour. At such state of affairs manufacture modernization becomes unprofitable. Thus, the less high technology is manufacture, the more low - with other things being equal - production costs. Low-productive live work manages to the enterprises more cheaply, than the advanced technics and consequently it is successful with it competes. Is innovative-technological systems are directed on economy not only live, but also the substantiated work. It means that new technologies should be cheaper than the analogues. If this condition is not carried out, structural reforming turns around economy of live work, but at the same time more prodigal expenditure of the substantiated work. Kazakhstan for increase of competitiveness of national economy at the expense of increase in employment of able-bodied population has settled possibilities. But not in connection with absence of a free manpower, and in connection with its low qualification.

The communication analysis between economic growth and employment is characterized by a number of indicators among which we allocate a parity between rates of economic growth and occupation levels and unemployments. Growth of number occupied in absolute measurement in comparison with reduction of number of the unemployed, has made in Kazakhstan for last 10 years more than four times. Growth of absolute number of the occupied has occurred mainly at the expense of involving in labour structure for the first time entered on a labour market and increases in economically active part of the population and in a smaller measure at the expense of reduction of number of the unemployed. With 2000 for 2006 number of economically active population has increased by 921,5 thousand persons.

More important resource of increase of competitiveness is other component of human potential and an innovative infrastructure - scientific and technical potential. The Scientific and technical potential consists and depends on many components: a research-and-production infrastructure, volumes of financing

of Research Work, quantitative and qualitative personnel potential of a science and many other things. Now in Kazakhstan there were following conditions with personnel potential in scientific and technical sphere. Number of the workers who are carrying out scientific researches in the end of 2005. Made about 19 thousand people, including 4130 doctors and candidates of sciences. The personnel potential is concentrated in HIGH SCHOOLS, national centres of science and the academic institutes. Last five years the tendency of growth occupied in private sector researches (in sphere of services and on manufacture) was fixed. In precritical years the share of a science of Kazakhstan in republic GNP fluctuated within 0,6-0,7 %. In the conditions of crisis and stagnation, in particular, in 1993-1999ss. The science was financed at a rate of 0,2-0,3 % of GNP, taking into account all sources of financing, including the foreign ones. Position with financing began to improve from 2001, Ministry of Education and Science of the Republic of Kazakhstan has received 2459,537 million tenge (including on carrying out fundamental and applied Research Work 2118,8 million tenge). In 2006 of expense Ministry of Education and Science of the Republic of Kazakhstan on realisation 31 budgetary programs have made 84326,3 million tenge of the republican budget. Under the budgetary program «Fundamental and applied scientific researches» expenses have made 7204,8 million tenge.

As a whole 2006 expenses of the republican budget on functional groups "Education", "Public health services", "Social security and the social help", "the Culture, sports, tourism and an information field" have made 614,5 billion tenge, or 99,4 % from the appointment specified for a year.

Connection of a science with manufacture is carried out to no small degree by means of the small and average enterprises which are, on the one hand, developers of new products and technologies, with another - organizers of their commercial manufacture and application. In turn, active development of innovative processes is impossible without the competitive environment which is created thanks to activity of innovative business. The contribution of innovative business to the decision of a problem of employment is measured by a share occupied in the given sphere in an aggregate number of the occupied population which in the developed countries makes 50-60 and more percent. On small innovative business also it is necessary in these countries to 70-80 % of new workplaces and from 50 to 80 % of gross national product.

In the rigid world market which the country now enters, the destiny of the goods and the companies is defined by marketing. And what such marketing? This satisfaction of requirements of the client with benefit for itself. The multinational corporations are armed with philosophy customer satisfaction (satisfaction of the client) and so-called «a platinum rule» - arrive with the client how he would want, that arrived with it. The basic tool of marketing thinking is the emotional analysis is an ability client-orientation to think and feel for the client. This ability to understand about the client everything, as to your commodity category and your goods to find out its true requirements and to understand those reasons and emotions with which it approaches to your goods, to service or the offer. The list of the selling moments (benefits of the client), both rational, and emotional should be result of the analysis. The marketing thinking is crowned with the creative decisions, allowing to use all resources available at your order for the maximum satisfaction of requirements of the client. And, hence, and for reception of the maximum profit! It is necessary to underline, that without effective decisions which finally and yield commercial result, even the most thin marketing philosopher and client-orientation is useless.

All told above about marketing gets special sense because from the West on us the economy of knowledge approaches. It has many definitions, one of them is the world in which people work as brains, instead of hands. In more details the economy of knowledge is described in articles about economy of knowledge (Whether there is to us a place in new economy? And others) the New economy is an extreme market almost without borders. This unknown exasperation of a competition, fast obsolescence of technologies, ideas and trades, penetration the Internet. But, first of all, the new economy is the blase and spoilt client with a huge choice of the goods and services and unlimited access to offers. And such client demands "extreme" marketing and a marketing turbo-thinking. Hundreds of the largest western corporations could not be entered in all it any more and consequently were ruined.

In Kazakhstan position with marketing thinking and innovative business is in a pitiable condition. The marketing culture of the overwhelming majority of the domestic companies is at exclusively low level. Any questions on the client, its requirements and its reaction to products and company services cause bewilderment what it concerns business? Even fashionable vertical command structure of the export

company - too not the best environment for creative marketing.

According to the author for last years the share of innovatively active enterprises practically has not changed as well because businessmen is inconsistent and widely understand definition "innovation". The overwhelming majority in the list of innovative actions include acquisition of the new equipment. And the equipment it, as a rule, is new only for the businessman, but in any way to the front lines in the given sphere of activity. The quantity occupied in sector of innovative business at the beginning of 2008 did not exceed 0,1 %. The share of high technology production in GNP is estimated approximately in 0,1 %.

The increase in number of the occupied workers in innovative business is predetermined by two factors: presence of highly-skilled personnel and growth prospects. In various spheres and economy branches its role is not identical. Having a number of advantages before the ordinary enterprises, innovative business at the same time encounters restrictions in many kinds of economic activities. So, for example, an objective obstacle of its development is the scale effect which does not allow is profitable to function to small enterprises. In this connection circumstance the innovative enterprises of an average and a small-scale business specialise on service of the large enterprises, or function in spheres where for them there are possibilities of effective activity because of limitation here actions of effect of economy on scale. Therefore small business in all countries prevails in sphere of services. Kazakhstan is not an exception: The majority of MT (35,4 %) specialises in trade, car repairs, household products and private use subjects. Building occupies 16,8 % of the enterprises, by operations with real estate, rent and granting of services to consumers - 14,6 %. Industrial activity occupies only 13,1 % of small enterprises, their greatest quantity is necessary on a manufacturing industry - 92,2 %.

Innovative strategy of the enterprises should be focused on development of basic innovations which allow to pass to new technological commodity structure of manufacture. Thereupon there is a problem of a complex estimation of innovative projects and a choice taking into account possible restrictions.

The national company operating in the international markets is a difficult multilevel structure of mutual relations with the certain hierarchy. The administrative structure is built so that as much as possible effectively to solve all spectrum of problems

both tactical, and strategic character. The organizational structure at the same time should be enough flexible for adequate and timely reaction to arising new calls and environment possibilities. Operation of business as a matter of fact is management of people. Strategy of development of the enterprise reflects inter-conditioned unity of two components: competitiveness of production and potential (personnel and research-and-production) the enterprises. The main thing in consideration and strategy realisation is to reveal factors and mechanisms of increase of competitiveness.

Other way - introduction of new technologies within the limits of realisation of innovative programs at level of groups of the enterprises, state holdings or in sub branch. However then problems of creation of the complex systems, capable to provide continuous innovative process of reproduction of high technologies at all stages of processing of initial resources in finished goods will not be solved.

The estimation of efficiency of innovative programs assumes definition of structural shifts in other branches, the description and calculation of the parametres characterising end results. Quantitative estimations of these parametres are described by indicators of development of branch, forecasts of macroeconomic efficiency, degree of influence of the factors formed in an environment, on competitiveness of let out production. To the greatest degree efficiency of interbranch interaction is shown in mechanical engineering and those industries which provide with resources release of innovative production. Consumer parametres of innovative production represent result search Research Work and applied Development Engineering and are formed in scientific and technical sphere.

Support of all branches without specific features will not allow to realise the program of innovative development successfully. The branches which have left with production on the world market (nuclear, mining and oil and gas complexes, metallurgy), for fastening on it require in diversification. Other branches making potentially competitive production (partially mechanical engineering, a defensive complex and others), require the state support for an exit on the world market. More attention is demanded by the third group of the branches focused in basic on the home market (food and light industry, manufacture of building materials and others).

Realisation of innovative activity concerning these three groups of branches differs on character,

support scales, volumes of the resources necessary for updating and modernisation of industrial potential on the basis of realisation of domestic and foreign achievements of science and technology.

Import replacement, as is known, is one of the main priorities of Kazakhstan. import replacement two departments are engaged in a policy: the industry and trade Ministry and the Department of Energy and mineral resources. Before these authorised bodies it has been put five economic problems. First, deeper processing of raw materials and increase in additional cost, the continuation of the import substitution policy, especially in oil and gas sector. Secondly, infrastructure development, including transport, communication, financial branches. Thirdly, reform of social protection and non-productive sphere. Fourthly, economic integration with the Central-Asian states, members of the Eurasian Economic Community (EAEC or EurAsEC), and the Shanghai Cooperation Organization (SCO). Fifthly, the further development of branches on processing of production of agriculture.

Real possibility of realisation of the program import replacement and the potential of its expansion and deepening is connected with the large corporations forming clusters in Kazakhstan and interested in increase of their competitiveness in economic. The beginning historically of formation of networks the supplier-consumer was necessary in regions as reorientation of contracts of corporations from the western suppliers on domestic in connection with presence of not used potential of the enterprises.

The mechanism of import replacement is based on interaction of factors of a supply and demand. As a starting point of long-term growth of import replacement it should be replaced by export. These two processes during any moment start to co-operate. Processes of import replacement and export are complementary as a competition in home market and an exit on the foreign markets demand structural transformation.

Successes of leaders of the multinational corporation are connected with creation of highly effective mechanisms of management by human resources at organisation level at the heart of which formation the complex approach to use and development of labour potential lays. After an economic crisis of 1970th of revision of main principles of traditional technocratic management which in 1980th has come to the end with formation of the scientific

concept of management by human resources which has enriched management practice by progressive methods, technologies of management of people in the difficult innovative environment became more active. Flexible forms of use of a labour, continuous improvement of quality of the human resources, new approaches to the organisation and work stimulation, the reference to cultural-ethical factors of productivity and quality of a labour life became priorities. The most successful corporations have today the general characteristic lines. They provide the guaranteed employment, promotion, internal development of the personnel instead of global campaigns of hiring. They create exclusively ample opportunities of participation in economic decisions, concern the workers not as to hired persons, and as to members of the general corporate network. They develop system of the general values. Proceeding from critical importance of long-term well-being of corporation, their heads show real fidelity to business instead of a pursuit only behind profit. As a whole management tendencies human resources have global character

and reflect searches of the advanced companies in creation of highly effective systems of realisation of creative and productive potential. Basic theoretical position of the new concept is the recognition of economic utility and social value of human resources, development and which development requires investment investments like other kinds of economic resources. Basic difference of the concept of management consists in it the personnel from the management concept human resources.

Thus, Kazakhstan as a whole has necessary resources and parcels for increase of competitiveness of economy. The basic loading lays down on a state sector. Social responsibility and co-ordinating function of the state should be shown:

- In the business notification about expediency of placing of new objects;
- Expansion of practice of compensation by the state of a part of expenses of the investor;
- Stimulation of the new enterprises to an exit on the world and share market;
- Development of human resources.

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Touristic Potential of Kazakhstan: Problems and Prospects

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When thinking where to go, tourists are attracted by natural landscapes, geographic peculiarities, cultural heritage, advanced infrastructure, and security. Kazakhstan has all the opportunities to become a country with a favourable tourism image.

Kazakhstan is situated in the heart of Eurasia, at the intersection of the largest Asian and European countries. This favourable geographic location is very beneficial for the development of international tourism.

Kazakhstan has diverse tourism potential and unique opportunities to develop almost all types of tourism, from visits to historic places and ecotourism, including observation of rare species of flora and fauna, to adventure travel and other active types of tourism.

The country has many unique natural preserves and national parks, over 100 therapeutic facilities, and more than 9,000 archaeological and historic sites.

Kazakhstan's tourism sector is an established structure, which is continuing to progress. This is confirmed by annual increases in the number of incoming tourists.

The development of tourism is one of the priorities of the Strategy for Kazakhstan Joining the Top 50 Competitive Nations. The State Tourism Development Programme for 2007-2011 was adopted because the tourism cluster is one of the seven priority non-primary sectors, the advancement of which will raise the competitiveness of the country and enhance its economic diversification. A number of investment incentives and preferential treatments are provided and the visa laws are being improved.

The country's recreational potential allows the development of a host of promising sub-sectors.

A list of twenty breakthrough projects attractive to tourists was compiled and is being implemented. The largest projects are the construction of the Zhana Ile tourist centre on the Kapchagai Reservoir, the Burabai complex in the Shchuchinsk and Borovoye recreational area, and the Kenderli Resort in Mangystau Oblast.

Following the example of the U.S., who have made the National Aeronautics and Space Administration (NASA) a popular tourist site, Kazakhstan is developing the First Space Harbour on the Planet project in Baikonur. This project will include excursions into the history of the space industry.

Other major projects include the construction of a chain of cheap tourist-class hotels in the regions. Twenty small hotels for 900 beds are already being built in Akmola Oblast alone. Another project envisages the construction of a 4,000-seat sports complex on the left bank of the Ishim River in Astana.

The creation of a special economic zone in Mangystau Oblast is also being considered. A project has been prepared to develop beach and cruise tourism on the Caspian Sea, including building the Aktau City coastal town. Another promising project is the construction of the Kenderli Resort.

Kazakhstan's geographic peculiarities make it evident that the country has significant potential for ecotourism. In particular, Kazakhstan's diverse mountainous rivers are ideal for rafting.

Tremendous work is being carried out in order to develop the ten most attractive tourist routes in the national natural parks, Altyn Yemel, Ile Alatau, and the Charyn Canyon in particular.

The Great Silk Road routes are also being worked on as an area of cultural and educational tourism. A 1,200 km northern line of the Silk Road runs through Kazakhstan, from China to Uzbekistan.

This section is a unique complex of historic, archaeological, and architectural sites.

The ancient cities of Otrar, Sauran, and Turkestan were not only trade centres, but scientific, cultural, and religious hubs. Today, more than 300,000 people visit these places every year for educational and religious purposes. Hotels and caravanserais are being planned along the route, and mutual recognition of tourist visas in Central Asia is being negotiated.

The launch of the Silk Road Pearl tourist train along the route Almaty-Turkestan-Tashkent-Samarkand-Bukhara-Urgench-Mary-Ashgabat-Almaty is also planned.

In addition, Kazakhstan has world-class ski sites that can compete with the best ski resorts in the world. The most popular tourist sites are the Shymbulak ski resort, the Medeo high-altitude skating rink, and the Shchuchinsk-Borovoye resort, often called the 'Kazakh Switzerland.'

Asiada-2011 will be a powerful stimulus for the development of tourism. Sports facilities which will be built for the Asian Games in Almaty and Astana can then be used as tourist sites.

As for international cooperation, 23 intergovernmental agreements on tourism are in effect now. Intergovernmental agreements with Slovenia, Lithuania, Moldova, and Cuba are being discussed. Agreements with Germany, the UK, South Korea, France, Japan, and the U.S. are being drafted.

An important measure aimed at the development of international relations in the area of tourism is strengthening ties with the World Tourism Organisation. Cooperation in the framework of this authoritative structure will help Kazakhstan join the global tourism community in the shortest possible time, effectively form its tourism image, take part in the largest forums, and exchange technologies.

“Kazakhstan-2030” Strategy at the Modern Stage of Kazakhstan’s Development

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The defining factor of Kazakhstan’s development was strategic planning. At the first stage of our development we had to focus on institutional construction and the solution of immediate macro-economic problems, whereas as early as 1998 we managed to look at longer-term prospects. President Nazarbayev noted at the time that “it is now important to thoroughly comprehend our situation and analyse our development from the point of view of international experience and compare the degree of implementation of our reforms and formation of new institutions with the best international experience. It is no less important to soberly analyse our strengths and weaknesses and, only after that, to draft our own strategy” [1]. This strategy was presented by the head of state in 1997 in his first State-of-the-Nation Address *Prosperity, Security and Improvement in the Wellbeing of All People of Kazakhstan until 2030*, or the *Kazakhstan-2030 Strategy*. All of the president’s state-of-the-nation addresses that followed set the main aspects of the country’s domestic and foreign policy, taking the strategy’s priorities into account. For example, in his address *Through the Crisis to Renewal and Development*, made on 6 March 2009, the president stressed: “we have adopted Kazakhstan’s development strategy for decades to come, and our experience in turning it into the country’s real successes have made us confident in our own strength and we have become convinced of the correctness of the path we have chosen.” [1] Russian political analysts, closely watching our successes, have concluded that “in the end, the

country’s wellbeing lies in the implementation of the *Kazakhstan-2030 Strategy*” [2, p 117].

The *Kazakhstan-2030 Strategy* is based on seven long-term priorities:

1. Developing and Strengthening the National Security System

Strengthening national security is one of the necessary mechanisms that ensure the stable and sustainable formation of any state. After the adoption of the *Kazakhstan-2030 Strategy* the development of Kazakhstan’s national security system acquired strategic importance and purpose. Our country has now created a comprehensive and efficient security system which takes into account its social, economic and military-political aspects. Kazakhstan’s security system is based on laws and special programmes, including the 1998 *Law On National Security*, the *Strategy for National Security in 2006-2010*; the *Military Doctrine*; and the *Blueprints of Military Reforms*. The latter programmes resulted in Kazakhstan launching the process of creating a professional army, capable of defending the country from foreign aggression.

In issues of ensuring national security Kazakhstan sticks to a multi-vector policy with singling out strategic partners. This foreign political course has led to Kazakhstan’s present membership of various systems of collective security which make it possible to maintain the balance between interests of global powers in its territory, ensuring the basics of the strength of our state’s national security. These systems of collective security are the Shanghai Cooperation Organisation

(SCO), the Organisation for Security and Cooperation in Europe, the CIS Collective Security Treaty Organisation and the Conference on Interaction and Confidence-Building Measures in Asia (CICA)*.

Kazakhstan's active involvement in these international organisations coincided with the beginning of the implementation of the Kazakhstan-2030 Strategy.

2. Ensuring Domestic Political Stability and the Consolidation of Society

Ensuring domestic political stability is a key priority for Kazakhstan's development until 2030. Implementing this priority will only be possible when the following main components, defined in the strategy, exist:

- equal opportunities for all citizens of the country;
- the removal of interethnic contradictions and the quality of rights for all ethnic groups;
- the reduction of the gap between the rich and the needy;
- the solution of social problems and rural problems;
- the development of all forms of communications between people;
- the strengthening of mutual respect, tolerance and trusted relations between different denominations [1].

As a result, our formula for domestic political stability can be presented as the sum of two components – social stability and interethnic stability. And now we can proudly say that his formula is working successfully.

This is also stressed by Russian experts: "Kazakhstan is the most successful country in the CIS. It is the only country to efficiently modernise the economy while preserving social and interethnic stability." [2, p 187]

In the 2008 state-of-the-nation address the head of state noted that "over the past 16 years of independence we have designed our own model of ensuring social stability, interethnic accord, building Kazakh identity and Kazakh patriotism. This is our Kazakh know-how, which we are proud of and have to carefully preserve "[3].

3. Economic Growth Based on an Open Market Economy with High Levels of Foreign Investment

The development of private initiative and business, active foreign trade and the attraction of investment in the country's economy are important preconditions for ensuring sustainable economic growth in Kazakhstan. In terms of this indicator, for the past few years Kazakhstan has been on a par with rapidly developing countries, such as China, India and ASEAN countries.

Our country's economic growth was based on the implementation of the first, preparatory, stage of the Kazakhstan-2030 Strategy in 1998-2000. Kazakhstan then built the basis for the fulfilment of all the provisions of this programme. The present stage aims at the post-crisis development of the economy with high rates of development of oil and gas fields as the basis of reviving the oil and gas sector and increasing budget revenue. The rapid development of the oil and gas sector brought Kazakhstan out of the economic crisis in the 1990s.

Since 2000 Kazakhstan has been firmly moving along a path of intensive economic development that coincided with the second stage of the Kazakhstan-2030 Strategy.

The second stage was intended to be carried out between 2001 and 2010. This phase organically continues the previous policy based on high economic growth rates, macroeconomic stability and the creation of conditions for a switch to sustainable economic growth model.

Generally, since the beginning of the strategy, Kazakhstan's GDP has increased five-fold, and its foreign exchange and gold reserves now exceed \$40bn. We can say that Kazakhstan is now, despite the consequences of the global economic crisis, ready and able to make a new qualitative breakthrough in its economic development: "We have all the necessary resources and experience to withstand the global crisis... We will overcome all the difficulties and make our Kazakhstan a strong, prosperous and respected state in the world." [4]

4. The Health, Education and Wellbeing of All of Kazakhstan's People

The issue of the social wellbeing of Kazakhs has always been a priority for state policy. Kazakhstan has adopted a comprehensive approach to their solution, envisaging increasing not only the living standards

* It was Kazakh President Nursultan Nazarbayev's idea to establish the CICA belongs to. Kazakhstan is an active member of the organisation, proven by its summits held in Kazakhstan. This organisation is expected to occupy an important place in creating a system of collective security in Asia. That Kazakhstan initiated and took part in its creation shows the maturity of our state and its ability to fulfil a considerable role in the context of Asian and global security.

of the population but also developing human capital and improving the quality of life.

In the healthcare sphere the priorities of the state policy are to improve the quality of medical services offered to the population and assist the healthy lifestyle of citizens. This means that emphasis is placed not on the treatment of diseases but their prevention.

These priorities are being implemented as part of the programme of reforming and developing the healthcare sphere in Kazakhstan in 2005-2010, which aims to build an efficient system of medical services that meets the modern needs of the population.

The programme has already produced good results. For example, Kazakhstan has managed to considerably improve medical services for the population, medical and demographic indicators of births, deaths, natural population growth and stabilise the maternal and infant mortality, and decrease the occurrences of diseases caused by poor living conditions. The Code of the Republic of Kazakhstan *On the Health of the People and the Healthcare System* has been drafted and submitted for the Mazhilis's consideration.

Since Kazakhstan aims to build a knowledge-based economy, the government is paying particular attention to the education sphere. Reforms have been conducted in secondary and higher education to ensure access to education for all the citizens of the country, especially young people, and international standards are being adopted.

Funding for the education sphere has constantly been increased, teachers' salaries have also been increased and school infrastructure has been improved. By 2008 public spending on education had increased by 6.4 times between 2000 and 2008 and it will have grown by almost 10 times by 2011.

Kazakhstan was the first country in the CIS to computerise its schools. A new mechanism of enrolling students through comprehensive university entrance tests has been adopted. A multilevel system of training specialists which meets international standard classifications of specialities has been introduced. A market of education services based on the mechanism of the multi-channel funding of universities has emerged.

Special focus has been placed on the social protection of the population. Government spending on social security and assistance totalled 566.5 billion tenge in 2008, up by 22.5% from 2007.

Growing funding for social programmes has made it possible to increase social allowances for all catego-

ries of recipients. For example, the minimum pension paid under the solidarity system is 12,700 tenge, the average pension is 18,400 tenge and the maximum pension is 26,700 tenge. The average size of pension has almost doubled in the past five years.

The central budget makes timely monthly social payments to 4.3 million people, or about a third of the country's population. In addition, local authorities allocated 1.1 billion tenge for target social support; 1.7 billion tenge for child allowances and 3.6 billion tenge for housing support.

5. The Efficient Use and Development of Energy Resources

It is no exaggeration to say that the main locomotive that has pulled other sectors of Kazakhstan's economy is the oil and gas sector. That is why the development of energy resources was singled out by the president as one of the strategy's long-term priorities.

Moreover, the growing Kazakh economy is demanding more spending on energy, and so Kazakhstan needs to adopt energy-saving technologies and develop alternative and traditional sources of energy. In order to achieve this aim the Law *On Energy-Saving* was adopted on 25 December 1997 which, along with the industrial and innovation development strategy, gave rise to the process of intensive development of energy-saving technologies and of alternative sources of energy.

The further development of our energy potential has necessitated the solution of a number of important problems, the principle of which is to ensure the outstripping development of deep refining and quick entry for products with high added value to the international market.

Aside from this, the key aspect of the work on energy potential is to diversify and ensure stable energy routes to global markets. Kazakhstan bears and realises its significant responsibility to maintain an energy balance and security on the global scale.

6. The Development of Infrastructure, Particularly Transport and Telecommunications

Kazakhstan's favourable location between the developed countries of East and West and the lack of access to open sea requires the development of transit transport corridors. The main objective in this sphere is to create a rational transport network integrated into the international transport system that ensures access to global markets.

To this end Kazakhstan has adopted the *Blueprint to Develop International Transport Corridors and the Transport Strategy until 2015*, which envisages running 80 investment projects worth about \$30bn from different sources of funding.

The building of transport corridors with relevant infrastructure, mainly telecommunications, is playing a significant role in the development of Kazakhstan's transit transport potential. Fibre optic lines have been built along the North-South and East-West transport corridors. Kazakhstan plans to build a national information superhighway which will become the shortest telecommunications bridge between Europe and China, Japan and Asia-Pacific.

In addition, as part of the strategy the country is carrying out comprehensive work to develop the telecoms sector. At the end of 2005, the KazSat telecommunications and broadcasting satellite was launched. The satellite has become a good basis for the development of broadcasting systems and fixed satellite services in Kazakhstan.

The number of Internet users in Kazakhstan has exceeded 2 million people and is expected to increase to 3.5 million people in 2010. The wide use of the Internet in schools makes it possible to use innovative, above all interactive, methods of teaching.

7. The Formation of Professional Government

One of the long-term priorities of government building in Kazakhstan is, undoubtedly, to improve

the efficiency of the government system and build a professional government.

This aim demanded the reformation of the civil service and the principles of its work and the creation of a body of professional civil servants.

During the entire period that the Kazakhstan-2030 Strategy has been being implemented a lot has been achieved. For example, the Law *On the Civil Service*, adopted on 23 July 1999, laid the foundations to optimise and improve the quality of government. Other steps in this direction were the creation of the Agency for the Civil Service in September 1998, the adoption of the Rules for Re-training and Improving Qualifications of Civil Servants (on 11 October 2004) and the adoption of a testing system for applicants for jobs in the civil service.

All these acts created a mechanism to increase transparency in the staffing of government agencies and increase the professional skills of civil servants.

The legislative basis of this process has been laid in the Laws *On the Civil Service*, *On Fighting Corruption*, *On Administrative Procedures*, as well as the Code of Honour of Civil Servants that was adopted.

The 2007 constitutional reform increased the local government capabilities: local legislative bodies were given powers of local self-government. International organisations and experts admit that Kazakhstan has brought its legislation and procedures in the civil service significantly in line with modern international standards.

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The Features of Kazakhstan's Gender Policy

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In Kazakhstan, the policy of gender equality is being pursued in accordance with the Constitution. Article 14.2 of the Constitution reads that, "No one shall be subject to any discrimination for reasons of origin, social or property status, occupation, sex, race, ethnic origin, language, religious beliefs, persuasions, place of residence, or any other circumstances" [1].

Kazakhstan has acceded to the most important conventions and declarations adopted by the UN and other international organisations in regard to women's rights. This has helped improve the situation with the political rights of women and overcome hidden and open gender discrimination. As for the political rights of women, the most important events were Kazakhstan's accession to the UN Conventions on the Elimination of All Forms of Discrimination against Women, on the Political Rights of Women, and on the Nationality of Married Women. Kazakhstan has also signed a number of statutes of the International Labour Organisation concerning the rights of women and children.

Kazakhstan's gender policy is being developed on the basis of the Blueprint for the State Policy on the Improvement of the Status of Women. This paper sets forth the main principles, priorities and objectives of gender policy in Kazakhstan. Its objectives are to achieve a balanced representation of women and men in authority; to provide equal opportunities for economic independence, business development, and career advancement; to create conditions conducive to the equal exercise of rights and duties in a family; and to eliminate gender-based violence. The blueprint is effective for the current period (until 2010) and for the longer term (until 2030) [2].

The Gender Equality Strategy for 2006-2010 is another conceptual instrument that specifies areas of gender policy and is aimed at more effective

resolution of the most significant gender issues. In particular, it provides for the creation of a training network for female politicians, and for the allocation of budget funds for socially important projects that concern the issues of family and women [3].

To improve women's employment opportunities, the Strategy provides for the development of state and private children's preschool institutions. A special section of the Strategy concerns gender education and advocacy among the population, in particular state officials, parliamentarians, the Maslikhat deputies, managers at all levels, and the mass media.

At present, Kazakhstan has a whole system of institutional mechanisms to protect the rights of women and improve their status. These mechanisms are being continuously developed and improved and are becoming increasingly effective.

The main such institution is the National Family and Gender Policy Commission, which is a consultative and advisory body to the President. Similar structures operate at regional levels of state management.

The Commission is working to eliminate the stereotypes of gender superiority and clarify the necessity of social equality of women and men. Its priorities for the near future are to lobby the draft laws *On Equal Rights and Equal Opportunities for Women and Men* and *On Domestic Violence*.

The involvement of women in economic activities is another issue on the agenda. Since 2000, the government has been taking measures to support women's businesses. Tens of thousands of women have obtained 'soft' loans and opened their own businesses. The Small Business Development Fund has allocated more than 2 billion tenge to this end over six years.

NGOs are playing a significant part in improving women's status in Kazakhstan. Currently, about 150

NGOs are active in the country, the most prominent of which are the Association of Business Women of Kazakhstan, the Feminist League, the Almaty Women's Informational Centre, and the Almaty Centre for Gender Research. In addition to these, the Institute of Social and Gender Research is operating under the Kazakh State Female Teachers Institute, and there are also some other scientific centres.

Women's NGOs have set up centres for employment and occupation guidance, and small business and legal support. They are also developing a network of crisis centres to combat violence against women.

In the area of gender issues, Kazakhstan is cooperating with international organisations including UNIFEM, OSCE, the International Organisation for Migration (IOM), USAID, the British Council, and UNDP.

The government is creating conditions to implement the gender approach in the budgeting processes at all levels and in the development of state socio-economic programmes. UNIFEM and the National Family and Gender Policy Commission are implementing the Social/Gender Budgets in Kazakhstan project.

Parliamentarians are also mindful of the issues of family and women. They have created the Otbasylar group and are cooperating with the National Commission.

Maternity and infancy protection is at the centre of the government's attention, taking into account the importance of the nation's health. In 2008, Kazakhstan began to implement a special Maternity and Infancy Protection Programme. As part of the state People's Health Programme, it is one of the priorities for the nation's gender policy. The programme has a number of blocks, including social support to women and healthcare. In particular, the birth and childcare allowances have been significantly increased.

In 2008, compulsory social insurance for pregnancy and childbirth, and for childcare until one year of age was introduced. The National Scientific Centre for Maternity and Childhood and the Republican Children's Rehabilitation Centre were launched. Additional measures are being taken to support large families.

The gender programmes have produced visible positive changes in the demographic situation. The birth, natural increase and reproduction rates have improved and the maternal and infant mortality rates are tending to decrease. The health of the population is improving.

Kazakhstan has created all the conditions for women to take part in the state management on a par with men. Significant efforts have been made to strengthen women's political leadership.

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