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# Länderbericht

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## The President Demands Reforms

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**During the nationwide riots in early January, few Central Asian experts were betting on the political survival of Kassym-Jomart Tokayev. A lot of water has flowed in the Ishim River in Astana since then, and, the President has expanded his power in Kazakhstan and the region like never before to enforce his vision of New Kazakhstan. His reform agenda is impressive both in terms of content and timing. The President is pursuing modernisation.**

His predecessor Nazarbayev rarely appears in public. His deliberate multi-vector foreign policy will go down in the history of Kazakhstan, despite all the social contradictions that he left behind. His entourage was dismissed from all leadership positions in the political and economic areas. Nevertheless, the family with its business and assets remains an economic factor and, retains its influence despite being in the sidelines. A growing part of the population perceives this as an injustice, especially since the war in Ukraine has caused inflation rate and food prices to rise excessively, which represents a social explosion hazard for a resource-rich country with low salaries of the common people.

## A Fair State. One Nation. Prosperous Society

This motto from annual State of the Nation Address of the President as of September 1 sets the target direction. It openly lists flaws in the economy, politics and public administration. Since the tragic January, Tokayev has introduced a new unvarnished language into political processes, rather unusual due to its clarity for Asia. Many of his phrases will be remembered:

- "The systemic problems of our economy are well known. These are commodity dependency, low labour productivity, insufficient innovation and uneven distribution of income",
- "Two-thirds of the country's electricity networks, 57% of its heating networks and almost half of its water supply networks are worn out",
- "The decentralisation of the system should be emphasised, while personal accountability of political officials should be strengthened",
- "We have to reboot all areas of the state and society. We are pursuing political modernisation in line with the fundamental 'a strong President - an influential Parliament - an accountable Government' formula".

In a referendum in early June, the population has already supported the reforms initiated and the constitutional changes proposed by the President to shift from a super-presidential form of government to parliamentary system and decentralised regional responsibility. Consequently, it is logical that the President now proposes only one seven-year term (instead of two five-year terms in the case of direct re-election by the people) and tries to legitimise his ambitious reform agenda through early presidential elections this year (instead of 2024) and parliamentary elections next year (instead of 2025). We should remember that former President Nazarbayev held the post for a total of 29 years.

It can be assumed that a single seven-year presidential term will be applied already at the upcoming early presidential election. Moreover, current President has time and is likely to be re-elected, although the initial euphoria has faded. Many people have not experienced positive changes in their daily lives yet.

## Foreign Policy Emancipation

The war in Ukraine changes a lot of things. First of all, the economic situation of private households has deteriorated, as it has in Germany. The inflation rate has now reached around 16%, current interest rates on capital invested in construction have exceeded the 17% mark, and property prices have risen by around 23%. The influx of almost 50,000 Russian citizens who have received temporary residence permits – some of whom intend to circumvent the sanctions imposed against Russia in their companies – puts additional strain on the residential property market. For many people in Kazakhstan, this situation becomes a topic of major concern. In general, the level of self-confidence towards foreigners has increased. This applies to the country's foreign policy as well.

In mid-October, Vladimir Putin will visit Astana to attend three meetings at once: the CIS (Commonwealth of Independent States) Summit; the CICA (Conference on Interaction and Confidence-Building Measures in Asia); and the Central Asia-Russia Heads of State Meeting. In the past and present, and well into the future Russia's influence is significant in Kazakhstan. First of all, Western fears that the deployment of a CSTO (Collective Security Treaty Organisation) troops would increase Russia's influence have not been justified. At the same time, they have studiously ignored Kazakhstan's economic and military dependence on its big neighbour, which has been institutionalised for 30 years.

Moreover, it is interesting to observe how President Tokayev chooses significantly clearer language in foreign policy to represent Kazakhstan's interests on the international stage. During the 25<sup>th</sup> St. Petersburg International Economic Forum held in mid-June, President Putin was quite surprised when President Tokayev said on the open stage that Kazakhstan does not recognise the independence of Luhansk and Donetsk, and expressed surprise relatively statements repeatedly made by Duma deputies, journalists and cultural figures from Moscow questioning the integrity of Kazakhstan.

The great anxiety of many Kazakhstanis about the Russian invasion of North Kazakhstan - approximately 1.5 million of the estimated 3.4 million ethnic Russians resides in the north - dissipates as the war in Ukraine continues. Considering the total length of the border, which is over 7,000 kilometres, this concern initially seemed to be emotionally based.

## Where is Europe, where is Germany

At the same time, there are analysts who want to anticipate a major conflict between Moscow and Astana. This seems unrealistic, since both sides realise there is a strategic partnership. Nevertheless, the following statement from the above-quoted State of the Nation Address should be noted: "Given the current geopolitical situation, Kazakhstan is becoming the most important land corridor between Asia and Europe. We need to make full use of the emerging opportunities and become a transport and transit hub of truly global significance."

The desire of the Kazakhstan Government to maintain closer contacts with Europe, and especially with Germany, has so far hardly been heard in Brussels. It should not conflict with Kazakh-Russian relations. Should there first be a gas or oil pipeline laid across the Caspian Sea towards the West so that Europe recognises the future strategic role of Kazakhstan?

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