Yury Fedorov reports from Prague:

STRUGGLE FOR POWER, KAZAKHSTAN STYLE

«The existing mechanism of power in Kazakhstan is centered on the president, who remains at the top of the bureaucratic pyramid. He makes all the important appointments, as well as all the political and economic decisions of any consequence. The mechanism is built on a system of checks and balances, enabling Nazarbayev to act as the supreme arbiter in resolving conflicts between the bureaucratic clans, financial and industrial conglomerates or the several secret services, all keeping each other under close watch».

Y. Fedorov. Kazakhstan: Looming Instability?
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The main support to the Nazarbayev regime comes from a relatively stable group of 10-12 people sometimes referred to as the Old Guards. This group has shaped in its current form in the early 2000s; it consists of people highly trusted by the president. Along with the Old Guards, the Kazakhstan bureaucratic elite are dominated by the four largest financial and industrial conglomerates. Each has an extensive system of contacts in the government, and together they control all the leading media outlets in the country. In this article, second in the series on internal political development in Kazakhstan, I will talk about these four groups.

THE TIMUR KULIBAYEV CLAN controls almost the entire oil and gas sector in Kazakhstan. It is thought to be the most powerful clan in terms of its financial muscle as well as its connections in the central and regional governments. Almost half the regional governors in the country are thought to be linked to Kulibayev. The clan rose to prominence after the previous king of the hill, the group led by Rakhat Aliyev and Dariga Nazarbayeva, fell from grace. One evidence of Kulibayev’s growing clout
is his appointment on April 12, 2011 as chairman of the Samruk-Kazyn National Prosperity Fund, which manages all state-owned assets in the country. The fund controls more than 500 of Kazakhstan’s largest companies, including Kazmunaygaz (the national oil and gas company), Kazakhtelekom, Kazpochta (the national mail service), Air Astana, the People’s Savings Bank of Kazakhstan, Kazatomprom (the nuclear industry company), and other industrial and financial giants. Kulibayev who is married to the second daughter of Nazarbayev, Dinara, is thought to maintain very friendly relations with Prime Minister Masimov, as well as with the governor of Astana Tasmagambetov and counselor to the president Shabdarbayev.

THE KAZKOMMERZBANK GROUP, controlled by Nurzhan Subkhanberdin, is sometimes thought to be part of the Kulibayev financial and industrial empire. But other analysts claim that he is an independent economic and political actor, although he does have some common interests with Kulibayev. In the early 2000s the two groups joined their ranks against the Aliyev-Nazarbayeva group.

The core of the group is Kazkommmerzbank, which has become one of the country's leading banking institutions since its foundation in the 1990s. It is the largest commercial bank in Kazakhstan in terms of assets, credit portfolio and own capital. Some Kazakh analysts believe that Subkhanberdin and his entourage express the interests of the younger generation of the Kazakh business elite, who are unhappy with the state of affairs in the country.

THE EURASIAN GROUP, formed in the mid-1990s, controls the production of aluminum and chromium in the country, as well as the ferrous metals industry. Together these sectors account for 25 to 30 percent of national GDP. The group is led by Aleksandr Mashkevich, Patokh (Fattakh) Shodiev and Alidzhan Ibragimov. It owes its name to the fact that Mashkevich and his colleagues position themselves as advocates of the Eurasian political and philosophical doctrine - although it is not precisely clear what that doctrine stands for. Mashkevich is believed to enjoy fairly close personal relations with Nazarbayev. Along with some other Kazakh figures, he represents the president’s economic and political interests in Europe. For example, he lobbied (unsuccessfully) for Nazarbayev’s nomination for the Nobel Peace Prize. It is thought, however, that the group's political clout has been in decline since 2009, when its chief lobbyist Danial Akhmetov was
sacked after serving as prime minister in 2003-2007 and defense minister
in 2007-2009. After the removal of Akhmetov from the political arena, the
group's main lobbyist in the government is thought to be Kanat Saudbayev,
the state secretary.

**THE KOREAN GROUP**, which controls the **Kazakhmys company**, is Kazakhstan’s
largest producer of copper, some other non-ferrous metals and electricity.
The group is dominated by ethnic Koreans, who were deported en masse to
Kazakhstan from the Soviet Far East in the 1930s. The leaders of the
ethnic Korean diaspora in Kazakhstan are part of the country’s political
and business elite; they also have ties in the South Korean business
circles. After the death of Vladimir Ni who was the chairman of the
Kazakhmys board of directors, the group is led by Vladimir Kim, the owner
of a 46-percent stake in Kazakhmys. The Kazakhstan president’s brother,
Bolat Nazarbayev, is on the company’s board of directors. The Korean
group’s main lobbyist in the government is the chief of the national
security agency, Abykayev.

**THE ALIEYEV-NAZARBAYEVA GROUP** was formed in the mid-1990s. Its main
economic assets included the Sugar Center company, the national sugar
monopoly owned by Rakhat Aliyev; the Oil Center company, which owned a
network of gas pumps; and Nurbank, a large privately owned bank. But the
group’s influence derived mainly from Aliyev’s contacts in the national
security agencies. The group’s co-leader, Aliyev’s wife and Nazarbayev’s
elder daughter Dariga Nazarbayeva controlled several leading media
outlets and the pro-presidential political party Asar. Nazarbayeva was
the de-facto head of the country's largest media holding, Alma-Media,
which included two national newspapers, three TV channels (including
Khabar, a leading national channel); several radio stations and the
Kazakhstan Today news agency. Aliyev’s career in the law-enforcement
system began in 1996, when he was appointed first deputy head of the tax
police. In 1999 he was transferred to the Committee of National Security
(KNB) as head of the Alma Ata department. A year later he was promoted to
first deputy head of the KNB, and in 2001 he became chief of the
Presidential Security Service. In other words, unlike the other leading
clans, this group was not so much a financial or industrial conglomerate
as a center of political influence, whose power was based on connections
in the national security agencies and in the media.

Aliyev’s downfall began in 2002, when he lost all his jobs and titles,
except for his position as chairman of the Football Union. He was sent
into political exile as an ambassador to Austria. In 2005 he returned to
Astana to become first deputy foreign minister, but in February 2007 he
was once again appointed ambassador to Austria. In May 2007 he was sacked
and accused of serious criminal offences. He refused to return to
Kazakhstan, and announced that he was now in opposition to Nazarbayev.
Astana issued an international arrest warrant for him. Then came his
divorce with Dariga Nazarbayeva, and in January 2008 he was sentenced in
absentia to 20 years in jail. His former spouse lost her political influence and her media empire, but retained her seat on the Nurbank board and on the Political Council of the president’s Nur-Otan party. She is also a senior official of the First Kazakh President’s Foundation. In 2009 Aliyev published a book «God Father-in-Law», revealing some sordid details of the Kazakh President’s private life and financial affairs, and making any reconciliation impossible.

The more likely explanation of the sharp decline in relations between Aliyev and Nazarbayev is that Aliyev was not careful enough to keep his presidential ambitions to himself for the time being, and that he overestimated the influence of his supporters in the law-enforcement agencies. As a result, Nazarbayev came to see him as a real or potential adversary with a strong backing in the law-enforcement services. In addition, the leaders of the other Kazakh clans united against him to prevent him from disturbing the existing balance of power and interests in the country. It cannot be ruled out that the very same reasons could lead to the downfall of the Kulibayev group, which is now the most influential clan in Kazakhstan.

Meanwhile, some Kazakh analysts are certain that Aliyev still maintains contacts with his former subordinates in the security services, and that he could return to the country to play a role in the power struggle if Nazarbayev departs from the political arena. It is said that Aliyev and his former wife are on good terms, and that they could form a united front if the political situation in the country changes.

The downfall of the Aliyev-Nazarbayev clan in the first half of the 2000s was a very important - perhaps the most important - episode in Kazakhstan's politics. It has led to a serious restructuring of the system of checks and balances which Nazarbayev relies on to stay on top of the country’s elite. The downfall of the group is a good illustration of the rules of the game in the Kazakhstan ruling circles.

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