



## KAZAKHSTAN: REVIEWING 2018, LOOKING TOWARD 2019

### Introduction

Kazakhstan, a former Soviet Republic, is an oil rich country resting in Central Asia. Bordering Russia and China on the north and east, the country at the geopolitical crossroads and its stance on many issues affects the position of the other countries in Central Asia, namely Uzbekistan, Turkmenistan and Kyrgyzstan.

The shortage of arable lands and their location on the border regions was the main factor resulting in the population's concentration in the north -- at the border with Russia -- and south -- at the border with Kyrgyzstan and Uzbekistan. Geographic features such as the Kazakh Steppe – 'Ulu dala' – divides the country into two economic parts: the northern and southern regions. This geographic division also leads to political, economic, cultural and agricultural splits within the vast territory of Kazakhstan.

Like the other oil- and gas-rich former Soviet Union republics, the country's main source of income is the extraction and export of natural resources. The decrease of oil prices pushed Kazakhstan, as with all of the former Soviet Republics in the region, to declare plans for the rapid development of other sectors of the economy and attract foreign direct investment.

After the 2015 economic slowdown, Kazakhstan began rebuilding its economic areas, changing its strategic vision and adapting to the new realities inside and outside of the country. The President of Kazakhstan, Nursultan Nazarbayev, published several articles revealing his vision for the country regarding the future of the economy, foreign policy and, most importantly, national identity of the citizens of Kazakhstan. The economic crisis, which triggered reforms in the economic decision-making institutions, were also the reason for the reshuffles in other areas of public administration.

Among the many recent changes in the country, the most important have been the introduction of the Latin-based alphabet to replace the Cyrillic, the country's election as a non-permanent member of the Security Council, provided the Astana peace talks platform for the conflicting parties in Syria, and many others.

Kazakhstan is situated in a geopolitically sensitive location - it is certainly a country to watch. The effects and significance of developments in Kazakhstan's recent history is not limited only to Central Asia; Kazakhstan's stance is important for Russian-led economic and military projects, Russia's reassertion in the former Soviet Union countries, and the advancement of China toward the Caspian Sea regions and beyond. Therefore, this paper assesses current developments in Kazakhstan and makes predictions for future developments.

The paper is divided into three parts. The first part, following the introduction, explains the role of Kazakhstan in regional politics and its unexplored potential. This section tries to expose the role of the current president of Kazakhstan, President Nazarbayev's, personality and the role of Kazakhstan in its neighbouring countries, including Russia and China. It also sheds light on Kazakhstan's foreign policy regarding Collective Security Treaty Organization and Eurasian Economic Union.

The paper moves on to explore the recent developments in the country, especially following the slump in oil prices in 2015, and how the local government in Kazakhstan reacted to the new challenges.

The third part explores the role of Kazakhstan in dynamic processes in the region - Kazakhstan's role in Russian-led initiatives and its stimulating approach to current regional conflicts - and how 2019 will be shaped by these developments, particularly mediation efforts which may produce positive contributions to the aforementioned issues. The paper will provide the conclusion at the end.

### **Kazakhstan – current status and potential in the regional economic and political developments**

Kazakhstan borders mighty neighbours - in the north, Russia and China in the east, while the Caspian Sea forms the western border and other Central Asia countries- Uzbekistan, Turkmenistan and Kyrgyzstan - make up the southern flank. Kazakhstan is the second largest former Soviet state - second to Russia. 'Ulu dala' is the local name for the arid region of the country, which covers a significant amount of its territory.

'Ulu dala', or the Kazakh Steppe, divides the country into two economic parts: the north and south. Almaty and Astana are the centres where population density is the highest in the country, making this division also political, economic and

agricultural. The southern region mainly consists of the newly-found region 'Turkestan', of which the central city is Shymkent.

Most of the useable lands are in the border regions with Russia, and a comparatively small portion of arable lands is located at the border regions with Uzbekistan and Tajikistan. Due to this reason, most of the population is located in the area very close to Russia, which makes the inhabitants easily influenced by Russian culture, politics and economy,

The Russian influence in Kazakhstan is not only related to the geographical closeness of the majority of the Kazakh population. Additionally, while the number is decreasing, there are many Russians in Kazakhstan. The late Soviet national census in 1989 shows Kazakhs as minorities in the country, where as the 1990s census demonstrates the rise of the percentage of the ethnic Kazakh population in Kazakhstan, up to 53% (Committee on statistics, Ministry of National Economy of Kazakhstan, n.d.). The 2009 National Census indicates that the share of ethnic Kazakhs has grown even further - to 63%. Since the fall of the Soviet Union, the number of ethnic Russians has decreased from around 40% to 20%. Nevertheless, only 74% of the population understands the Kazakh language, whereas Russian is understood by 94% of population (CIA Factbook, n.d.).

Following its independence in December 1991, the local government had two contradictory policies regarding its ethnic policy. On one hand, multi-nationalism was promoted as a policy similar to that of the Soviet "Fraternity of peoples". This idea targeted mainly ethnic Russians, stating that they and Kazakhs had equal rights and ideas of multi-confessionalism are welcome in the country. On the other hand, the Kazakh government tried to use its newly found independence and numeric advantage to advance the dominance of ethnic Kazakhs. In addition, Kazakhstan remains a secular state and provides equal opportunities for minor religious groups, even those coming from China and the Mongolian Steppe. Since the regained independence, developing a cohesive national strategy is constantly on the public agenda in Kazakhstan and shapes its strategic vision.

Kazakhstan's geographic closeness to Russia pushes it into its orbit; as a result, Kazakhstan participates in practically all Russian-led international organisations. Together with Belarus, Kazakhstan is one of Russia's constant allies in the region. Kazakhstan is a member of the Common Security Treaty Organisation (CSTO) and the Eurasian Economic Union (EAEU). The EAEU began as a Eurasian Customs Union in 2000, but changed to the Economic Union in 2015. President Nazarbayev claims ownership of the idea of the 'Union' with Russia and other former Soviet Union republics. The Kremlin narrative is always appreciative of President Nazarbayev's role as the author of these ideas, which he first started advocating in the mid-1990s (Файзова, 2011) (Назарбаев, Послание Президента Республики Казахстан Н.А. Назарбаева народу Казахстана. Октябрь 1997 г., 1997).

Although it was expected to bring the Eurasian countries into a close union akin to the European Union, the EAEU has not become a full-scale political union. Kazakhstan and other members of EAEU aim to minimize their commitments and maximize flexibility, which creates an environment of under-commitment, a major obstacle for deeper economic and political integration.

President Nazarbayev, in his late 70s, is also the longest serving leader in the region. He was appointed as the local communist party leader in 1989, a position which was designed to lead the country, and became the country's first president following its independence. Since 2010, President Nazarbayev has also held the title 'Leader of the Nation', which is included in legislative documents and indicates that the usual two-term presidency rules do not apply to him.

Nevertheless, as one of the communist leaders appointed during the famous 'Perestroika' period, Nazarbayev was among the few communist leaders who immediately understood the importance of market liberalisation and privatisation.

On account of the fact he is the region's oldest president, the Turkic Central-Asian state's leaders informally titled him 'Aksakal', which means 'Eldest, Wise man'. The title is also respected by the Turkic countries west of the Caspian Sea, such as Azerbaijan and Turkey. This term shows that President Nazarbayev is a person who can act as a mediator among the leaders of aforementioned states, which has led to his relative success in solving complicated multilateral issues. For example, President Nazarbayev's personality and mediating skills were useful during the Russian-Turkish Military Plane Conflict which occurred at the Turkish-Syrian border.

A Turkish fighter plane had downed a Russian fighter plane, who accidentally overflew Turkish territories, causing diplomatic, political, trade and personal problems between Russia's V. Putin and Turkey's R.T. Erdogan. In sum, President Nazarbayev's personality and reputation, as well as his country's economic, political and geographical resources, is an important factor in geopolitical affairs.

In its international affairs Kazakhstan tries to implement a so-called 'multi-vector' policy, which tries to focus on multi-country partnerships rather than having a sole partner on which the country should depend on. Kazakhstan, therefore, welcomes Chinese investment and economic influence in the region. Astana has to cooperate with China for its own developmental needs and participates in most of its regional programs, such as the 'One Belt-One Road' (also 'Belt-Road Initiative' and formerly known as 'Silk Road'). The project was symbolically announced by Chinese President Xi Jinping in Astana in 2013. In addition to connecting China to Europe through Central Asia, the project also aims to connect the Central Asian and the Caucasus region to Chinese economic powerhouses via Kazakhstan.

On the western shores of the Caspian Sea, the project participants are Azerbaijan, Georgia and Turkey. In order to participate in this incentive, Kazakhstan is rebuilding its transportation infrastructure and creating new transportation facilities, such as a railway terminal at its border with China. As the largest landlocked country in the world, Kazakhstan aims to use this

initiative to overcome its remote location and reach both European and far-Eastern markets.

In conclusion, Kazakhstan is an important political and economic player. Its vast territories boarding Russia, China and the Caspian Sea allow Astana to be an influential actor in the former-Soviet Union region, the far-East, and the Caucasus. Kazakhstan's economic and political potential combined with the reputation of its leader, who is the only remaining leader in the region appointed during Soviet times, creates interesting and quickly developing opportunities for Kazakhstan in the region.

## **Kazakhstan -- From economic troubles to political changes**

The country possesses significant fossil-fuel reserves in the Caspian Sea. The main source of the country's income is the carbohydrate industry. Like the other oil- and gas-rich former Soviet Union countries – Russia, Azerbaijan and Turkmenistan – the energy sector is the major driver of the economy and is both the source and destination of investment. As a result of the 'resource curse' – a phenomena occurring when a country suffers from over-reliance on one economic sector, usually, an extractive industry – Kazakhstan suffered from the slump in oil prices in the global market in late 2014 (Total.kz, 2017).

Until the oil price crash, the country had experienced a constant 8-9% growth since the late 1990s. Economic troubles, which the country has been experiencing since 2015, are the major cause of tension, which was largely avoided since its independence. The Kazakh tenge decreased in value by 60% in the years following the crash, creating an unstable environment for many local businesses and raising social concerns. This has been the Kazakh Tenge's worst performance of all time (Index Mundi, 2018).

Kazakhstan was quick to understand the magnitude of the problems following the oil price crash and so was quick to act, declaring wide-reaching reforms such as changing the currency exchange to a free-flow, effectively stopping draws on national reserves. The government also initially attempted to introduce a policy of diversification for telecommunication, transport, pharmaceuticals and petrochemical industries. It also presented the food processing sector as an alluring sector for transformation and an attractive sector for investment.

The international sanctions imposed on Russia, the biggest economic and political ally of Kazakhstan, by the European Union and USA have a significant effect on the Kazakhstan economy - they slow down economic development, decrease the number of opportunities for Kazakh-produced products in Russia, and shrink the volume of remittances from Russia into the country. In general, Kazakhstan and other allies of Russia suffer due to Russian foreign policy ambitions, including its annexation of Crimea.

Several positive institutional and legislative reforms since 2015 have increased the attractiveness of the country for foreign investment. For example, because the President issued a directive to devolve some of the President's powers, especially related to economic decision-making, both the Parliament and the Cabinet of Ministers now play a more significant role in domestic decision-making. Although this action might make the country more attractive for foreign investment, since it signals a more equitable government process, concerns regarding corruption and over-blown bureaucracy are not completely out of the stage. Additionally, the banking sector and the independence of courts remain significant obstacles to increasing the country's attractiveness to the outside world.

The country aims to invest in the expansion of its oil production, which is already rapidly expanding. Chevron's sister company in Kazakhstan, Tengizchevroil, intends to invest USD 36.8 billion to the country's main oil field, the Kashagan field. The field started to be exploited in late 2016, with a USD 55 billion investment. This caused the country's total oil production to increase by 10.5%. This development shows that the loss from the export of fossil-fuel reserves is going to be compensated in the future by increasing the volume of export. It is apparent, that by increasing the amount of export, the country's leadership will have an option to keep the macroeconomic stability in the future, even in a low fossil fuel price environment.

The economically turbulent 2015 period was accompanied by a rise in the number of terrorist attacks in Kazakhstan. In 2016, a series of terrorist events took place in the western provinces of Kazakhstan and a terrorist attack occurred in the former capital, and country's biggest city, Almaty (Stratfor, 2017). Following the changes in 2015 and new rules for land legislation, Kazakhstan faced simultaneous protests in several of its provinces.

Both increased number of terrorist attacks and social protest movement can be seen as the result of decrease in general population's living standards: the radical ideas find easier audience and people are keen to protest. The reaction by authorities was comparably softer than their reaction to previous similar protest movements (News.ru, 2018). These events indicate that in the post-2014 period of its history, economic troubles due to low oil prices transformed into political and social problems.

Among many other political events, the following events from 2018 deserve a special review:

- Kazakhstan being represented at the UN SC
- President Nazarbayev's official visit to USA
- Change of the Kazakh Alphabet from Cyrillic to Latin (BBC.com, 2018)
- Change of Kazakhstan's official name to 'Qazaqstan' (Bnews.kz, 2018)

- Founding a region named ‘Turkestan’ and granting Shymkent special status (Informburo.kz, 2018)
- President Nazarbayev’s articles revealing his vision
- Signing document on the legal status of the Caspian Sea.

Kazakhstan was the first Central Asian country to become a non-permanent member the United Nations Security Council in 2016. Kazakhstan’s presidency of the UN SC was a source of pride - especially the event on the Non-Proliferation of Weapons of Mass Destruction and related Confidence-Building Measures, which was attended and chaired by President Nazarbayev.

Among many other initiatives, Kazakhstan took an active role in issues related to the growth of terrorism, rebuilding Afghanistan, human trafficking and illegal drug trafficking. Even before its presidency at the UN SC, Kazakhstan started the ‘Astana process’ for building peace in Syria. The event was attended by the all stakeholders in the Syrian conflict. Kazakhstan continued these efforts as a non-permanent member of the UN Security Council (Official web-site: Prime-minister of Kazakhstan, 2017).

Another important international activity was President Nazarbayev’s visit to Washington and his meeting with US President Donald Trump. This was a chance for US leadership to demonstrate its renewed interest toward Central Asia and its readiness to even work with countries that are part of Russian international initiatives. Kazakhstan used to actively support NATO military operations in Afghanistan in 2000s, making it one of the key countries for the US strategy in the region. In the new geopolitically challenging environment, and amidst the US trade war against China, Kazakhstan’s importance for Washington has increased. On the part of Kazakhstan, it would value support from the Transatlantic community to both keep its distance from China and gain more independence from Russian-led initiatives. President Nazarbayev’s visit to Washington was not the only case by the Kazakh leadership, which frustrated Russian nationalist interest groups in Kazakhstan and Russia (Stratfor, 2018).

In February 2018, Kazakhstan changed its alphabet from the Cyrillic to Latin script. During the sovietisation of Turkistan (the Central Asian states were united under this name for the first years of Soviet rule) in the 1920-30s, the Soviet leadership was particularly insistent on switching all the Turkic nations to a Cyrillic-based alphabet, which created additional bonds between Russian and Turkic speakers. This subsequent change to a Latin script shows a clear push against its Russian ties. Kazakhstan’s intention to change its name to a version which sounds less reminiscent of Soviet times- “Qazaqstan” - is also a move against Russia and its shared history.

Among many other things, the Kazakh president’s articles reveal his sentiments regarding the future of his country. His articles “The Course towards Future: Modernization of Public Conscience” (Назарбаев, Взгляд в будущее: модернизация общественного сознания, 2017) and “Seven Facets of the Great Steppe” (Назарбаев, Семь граней Великой степи, 2018) are pathways to the mind of the Kazakh elite and the President himself. The first article referenced elaborates on the reforms and the vision of the future of the economy; whereas the second article is about the history and historical heritage of Kazakh people. One might state that in both of the articles, the Kazakh leadership is looking for an individualistic approach for its country in the region and creates alternative historical and public narratives for its people. In sum, Kazakhstan has started creating a new, post-Soviet historic narrative.

As such, the aforementioned events from 2018 are part of a general process which began following the economic crisis caused by the slump of oil prices in the world market. As a result, economic processes triggered large scale changes in public administration, the social well-being of people, a rise in the number of terrorist events and a change in the historical mindset of Kazakh people. Reviewing 2015-2018, we can state that, whereas the previous two years were dynamic in terms of economic developments, 2018 was the highest point for decisions within the political and ideological context. One should expect that 2019 is going to be even more dynamic regarding public policy making.

## Kazakhstan – what to expect in 2019 and beyond

The economic slowdown, which hit all fossil-fuel rich, post-Soviet countries, created new opportunities for economic and political reforms. These improvements, however, are not limited to the economy and public administration; gradually, economic problems affect the social well-being and mindset of people, necessitating social reform. These changes have created a chance for the country to move away from its Soviet past. 2018 was rich in terms of ideological and dynamic policy processes. The Kazakhstan leadership is expected to make new radical moves in the foreign and regional policymaking spheres in the years to come.

In this context, increasing disunity in the Eurasian Economic Union (EAEU) is a point to watch (Miszerek, 2019). There are several factors affecting this unity:

- The economic problems in Kazakhstan are pushing Astana to look for new economic ties;
- Rise of nationalism in Kazakhstan;
- Russian ambitions toward Belarus and Kazakhstan creates an uncomfortable environment for advancing economic and political unity;
- Growing Kazakhstan-Western ties.

The US and EU sanctions on Russia exposed the economic vulnerabilities of Kazakhstan, hence Astana is looking toward the East more than it used to – Beijing became more attractive economic partner (Kenderdine, 2018) (Voloshin, 2018). Kazakhstan had chances to compensate its loses from the low-oil price environment, but the following sanctions imposed on

Russia, Kazakhstan's main strategic and economic ally, created additional problems. The burden of Russia's foreign policy objectives is not only supported by the Russian economy, but also the economies of the EAEU countries which are closely tied to it. For the last five years, Kazakhstan has tried to be supportive of the Kremlin, at times calling the sanctions imposed on Russia "wrong" and "ineffective" (RIA Novosti, 2018).

Nevertheless, in the recent years Kazakhstan had a growing dissatisfaction on the developments between Ukraine and Russia; even tried to mediate between two nations. As it was also mentioned by the Financial Times: "Nazarbayev has had public disagreements with Russia about Russian sanctions against the west and the use of the Russian legal model for the EAEU" (Miszerak, 2019). One may evaluate this factor as the starting point on the recent disunion within the Eurasian Economic Union, which will continue into 2019. Kazakhstan has stated its will to secure the Kazakh economy from sanctions imposed on Russia, and implementing the packet of actions, which will minimise the damage to the local economy due to the projects of integration.

In addition, the Kazakh leadership was always cautious about Russia's ambitions toward northern Kazakhstan, where the dominance of ethnic Russian population is obvious. The former Socialist countries, with a minority of Russians in it, always watchful for the Kremlin intentions to use their existence as a pretext to start military operations to "protect Russkiy Mir" ("Russian World"), as it did in Crimea and the Eastern provinces of Ukraine. In 2014, to praise President Nazarbayev and his role in building modern Kazakhstan, Putin said: "The Kazakhs never had any statehood" (Омаров, 2014). This statement, downplaying the historical existence of Kazakhstan, received angry reactions from general population in Kazakhstan.

In 2015, Kazakhstan celebrated the 550<sup>th</sup> anniversary of the Kazakh Khanate, which was considered as "Nazarbayev's answer to Putin" (Michel, 2015). Although, the percentage of ethnic Russians in Kazakhstan severely decreased since 1991, Kazakhstan is always alert when it comes to the Kremlin's policy towards the 'Russkiy Mir'.

As such, the rise of nationalism in Kazakhstan is a direct result of Russia's 'Russkiy Mir' policy in Crimea and other parts of Ukraine. Switching to the Latin script alphabet, creating a province whose name is 'Turkestan', and changing the name of the country to 'Qazaqstan' are direct examples of the rise of nationalism in Kazakhstan. Among the examples of radical nationalism in Kazakhstan is the incident when a medical doctor refused to treat an infant, because its mother was speaking in Russian and not in Kazakh language (Ekspress Gazeta, 2018).

Both of President Nazarbayev's articles address the patriotic feelings of the Kazakh population, calling for change of mindset and reassessing the country's historical path. The increased patriotic and nationalistic feelings in Kazakhstan will gradually affect the relation between Kazakhstan and Russia.

Nevertheless, the rise of nationalism also indicates Kazakhstan's political will to move toward the Turkic-speaking nations, especially towards Turkey. President Nazarbayev's personality, reputation and informal title 'Aksakkal' helps him to gain support among other players in the region and beyond. Creating a region, which is called 'Turkestan' is also an indication of building interest toward other Turkic nations toward Kazakhstan and its history. Moving toward the countries outside of the CSTO and EAEU might also be considered as a step for disunity in the Russian-lead projects.

Russia's will to replace the existing economic unity – Eurasian Economic Union – with a political unity is also going to push both Belarus and Kazakhstan away from the Kremlin. In recent months, the President of Belarus Alexander Lukashenko has numerous times stated his unwillingness to build a common state with the Russian Federation (TASS.ru, 2019). During meetings with journalists, President Lukashenko's concerns regarding Putin's plans to unite the two countries and become the head of a new state was palpable.

In order to turn the Eurasian Economic Union into the Eurasian Union, the Kremlin needs to act fast and win the support of both President Lukashenko and President Nazarbayev. President Nazarbayev's reputation as the leader of the Central Asian countries and 'godfather' of ideas for Eurasian integration might be highly useful for Kremlin decision-makers. Apparently, up to this point, this idea is pushing Kazakhstan away, but not closer to Russia. In contrary, President Nazarbayev's personality and reputation halts the Kremlin's plans. As it was stated by independent observers, there are rumours Kazakhstan seems to be prepared for the 'post-Nazarbayev era' (Hall, 2018) (Stronski, 2018).

So far, the Russian high-ranking officials had to make positive remarks on the developments within Kazakhstan. For example, Russia's Minister of Foreign Affairs Sergey Lavrov called Kazakhstan's switch to Latin script alphabet as "sovereign decision of Kazakhstan and its leadership" (MFA of Russian Federation, 2018) (Nur.kz, 2018). How the Kremlin is going to build its 'game' in the region is still unclear. This is another important point to closely monitor for 2019.

There is also a chance that in order to balance the Kremlin's influence in Russian-led military and economic incentives, Belarus and Kazakhstan might team up to bring a friendly country into the mix. As such, a highly speculated topic in the recent years is Azerbaijan becoming a member of CSTO. The quality and quantity of speculations on this issue has sharply increased following the President of Armenia, Serj Sargsyan's loss of his position to Nikol Pashinyan and Armenia's now being led by a pro-western establishment.

While the Kremlin sees this as an opportunity to attract the more resourceful Azerbaijan to its geopolitical orbit, Astana and Minsk would use Azerbaijan's possible membership to downplay Putin's plans of deeper integration and the creation of a political union. Although President Aliyev of Azerbaijan has announced his coldness toward the idea of Azerbaijan becoming a CSTO member (RIA Novosti, 2019), Kazakhstan's influence in the Turkic-speaking world might be a convenient tool to gain the support of Azerbaijan to balance the Kremlin in 2019.

Kazakhstan's growing ties with the Euro-Atlantic community are also going to be a trend to watch in 2019 and beyond. The term "multi-vector foreign policy" is one of the defining terms of Kazakhstan's foreign policy in recent years. The increased frequency of the usage of the term by Kazakh decision-makers is noticeable. The term applies not only towards China, but toward the Euro-Atlantic community as well. President Nazarbayev's visit to Washington and Kazakhstan being elected as a non-permanent member of the UN Security Council is considered to be a major event in 2018.

These developments demonstrate the endorsement of President Nazarbayev by the Western nations - Kazakhstan is not seen as a Russian subordinated nation which is not capable of making independent decisions. These developments also worry Moscow, which considers them as Kazakhstan's moving away from its commitments toward the Kremlin.

One of the examples of Astana flouting its commitment to its closest political and economic ally was during the discussions of the USA rocket strikes toward Syria at the UN Security Council meeting. Kazakhstan was among the countries who abstained to support the Russian proposed resolution, only China and Bolivia supported V. Putin's vision for developments in Syria. Russian TV news shows were highly critical of Kazakhstan and President Nazarbayev, promising the next 'Maydan' in Kazakhstan.

In conclusion, 2018 events have created a platform for Kazakhstan to seek more independence in foreign and economic policy making. Its economic problems and its closest ally Moscow's incapability to rebuild its ties with the Euro-Atlantic community and lift sanctions makes Russia a less and less attractive partner for Astana. The rise of nationalism and growing anti-Russian sentiment are the main points to watch in 2019. The Kremlin's ambitions to push toward building a political union, instead of an economic one, also creates an excellent opportunity for President Nazarbayev to reshuffle the geopolitical goals of his country.

## Conclusion

Kazakhstan is a country with significant clout in Central Asia and among the Former Soviet Union Republics. Alongside having vast fossil-fuel reserves, sharing borders with Russia and China creates new opportunities and new challenges. Politically and economically aligning itself with Russia, Kazakhstan also tries to attract Chinese investment to its projects and participate in Chinese projects.

For a long time gas and oil exports played a crucial role to build the domestic economy. Due to its overdependence on the oil and gas industry, the economy of Kazakhstan suffered big shocks following the decline in oil prices in 2014. The social well-being of the population and living standards were threatened. The number of terrorist attacks in the country's populous cities rose. The economic problems soon triggered reform, which resulted in structural and human resource changes in the elite of the country.

The 2015 economic slowdown continues to shape the countries current policy agenda. The period between 2015-2018 was dynamic in terms of economic developments and reform agenda. The events in this period led to a way for new political decisions. In order to resolve its economic problems, Kazakhstan is willing to build closer economic and political ties with China and the Euro-Atlantic community. The ties with Russia, which is under sanction for more than 4 years and who cannot resolve its own economic problems, became a burden for Astana.

The rise of sympathy toward the Turkic heritage, rebuilding its national consciousness, in its foreign policy acting in a less Kremlin-inclined manner was in Kazakhstan's public policy agenda in 2018 and is expected to be so in 2019.

In sum, since 2015, the country has entered a new phase of its history. Starting from 2018, by the Presidential articles on the modernisation of subconsciousness and emphasising the countries historical Turkic heritage, the country made a bold step toward building its post-Soviet, Moscow-detached history; the nation started its second transformation since the independence. These developments are going to be highly challenging for the country, which is in transformation for the 'post-Nazarbayev era' and tries to implement structural reforms in the economy and public policy.

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