

# Kazakh President Nazarbayev Says Power Won't Be Family Business

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Kazakh President Nursultan Nazarbayev said he won't hand power to his children to succeed him, as the former Soviet Union's longest-serving ruler delays democratic reforms amid the country's worst economic downturn in nearly two decades.

"I'm not envisaging succession for my children, I don't think that's a question for us," Nazarbayev, 76, said in a Nov. 22 interview in the presidential palace in the capital, Astana. "Our transfer of power is spelled out by the constitution," while he won't say anything now about a successor, he said.

"Until 2020, I'm going to work. And we'll meet again in 2020," said Nazarbayev, who won another five-year mandate in a 2015 election that international observers called "practically unnoticeable." The shepherd's son, who's ruled since 1989, said he'll decide whether to seek a new term based on his health and the level of public support.

The succession question is adding to tensions in central Asia's largest energy producer, sandwiched between Russia and China, which are eyeing events closely as they vie for dominance in the region. It was thrown into sharper focus by the death in September of Uzbek President Islam Karimov, 78, who'd also ruled since 1989. Economic hardship has frayed the social contract underpinning Nazarbayev's rule after he warned last year that the plunge in oil prices threatened a "real crisis" in Kazakhstan deeper than the 2009 downturn, when the government bailed out the banks and spent \$10 billion from its oil fund to prop up the economy.

Nazarbayev's responded to the crisis by ordering the biggest wave of privatization in Kazakhstan's history, while demanding that ministers boost annual growth to 5 percent over the next decade to counter the impact of lower oil prices and the tenge's 46 percent decline in 2015. The economy will grow 0.5 percent this year, according to Finance Minister Bakhyt Sultanov, its slowest since 1998.

## Trump's Plans

"Everyone's interested in stabilizing and helping increase oil prices," amid signs of consensus among members of the Organization of the

Petroleum Exporting Countries to curb oversupply, and Russian support for production limits, Nazarbayev said.

Metals prices will also “rise sharply” on U.S. President-Elect Donald Trump’s plans to revive domestic industry and boost infrastructure spending, which is “what we need,” Nazarbayev said. “I’m looking forward not to the worst but to the best in the future, starting from next year.”

He praised Trump for saying “a very important thing -- that there’s no need to spread American values across the whole globe” to promote democracy. “The best democratization, say of Russia and all countries, is to have the West in friendly relations with all of us,” Nazarbayev said.

While he plans to transfer more powers to the government and parliament in a gradual shift toward a “more liberal” political system, “I don’t think we should change from the presidential power vertical when we’re going through a crisis,” Nazarbayev said. “We need to overcome and deal with a host of other things.”

## **Family Ties**

His comments appear to rule out the leadership chances of his elder daughter, Dariga, whose appointment to the Senate in September was viewed by some analysts as putting her in line for succession. Under the constitution, the Senate’s chairman becomes head of state if the president dies or leaves office early.

Nazarbayev’s middle daughter, Dinara, shares control over London-traded Halyk Savings Bank, the country’s second-largest by assets, with her husband Timur Kulibayev, another powerful figure who’s been seen as a possible successor. The president’s youngest daughter, Aliya, heads the Elitstroy construction company.

The lack of a clear succession plan in a country whose leader looms so large has constrained Kazakhstan’s debt ratings for S&P Global Ratings and Fitch Ratings by exacerbating political risks.

## **Russia, China**

Nazarbayev didn’t “diversify the economy in the good times,” or crack down on corruption and “vested interests,” Eimear O’Casey, an analyst at Control Risks, said in an e-mail. The failures prevent “a genuine investment boom and much economic development,” he said.

The government is pouring money into state-sponsored programs to ensure the world's largest uranium producer averts its first annual economic contraction since 1998. It's seeking to kick start bank lending, restricted by non-performing or renegotiated loans that may account for one in three, according to S&P Global Ratings.

"The banking system has a problem," and the government will "take an objective approach to consolidating" lenders, Nazarbayev said.

He maintains a careful balance between Russia and China, Kazakhstan's two largest trading partners. Nazarbayev co-founded the Eurasian Economic Union of former Soviet states with Russian President Vladimir Putin in January last year, a month after signing cooperation agreements worth \$14 billion in support of Chinese President Xi Jinping's plan to revive the ancient Silk Road trading route to Europe through Central Asia.

### **Security Threat**

"There's already talk about free trade between China and the Eurasian Economic Union," Nazarbayev said. "That shows that there's room to include other Asian countries in our union. It would be good if Europe could be included."

After street protests forced him to abandon plans to encourage investment by easing land sales to foreigners, Nazarbayev shook up the government in September by replacing Kazakhstan's longest-serving prime minister, Karim Massimov, with his deputy Bakytzhan Sagintayev. Massimov, who now heads the National Security Committee, is seen as another potential contender for power.

Security concerns have increased after the predominantly Muslim republic's stable image was dented by terrorist attacks involving alleged Islamist extremists. Government forces killed 18 militants and arrested 21 people in June after clashes in the city of Aktobe.

Tensions over the succession haven't deterred Chevron Corp. and its partners from approving a \$37 billion expansion of the Tengiz oil project this year. The giant Kashagan field in the Caspian Sea, whose investors include Eni SpA, Total Sa and Royal Dutch Shell Plc, started to pump oil for export last month, bringing revenue to the state budget after about 16 years of development and more than \$50 billion of investments.