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Kazakhstan's New Military Doctrine Tackles Security Challenges, Outlining Further Reforms

President Nursultan Nazarbayev approved a new military doctrine for Kazakhstan on March 21 affirming the country's defense posture and outlining priorities for continued military reforms.

The new doctrine, excerpts from which were published in the national news media, was called for by "social, economic and political modernization of Kazakhstan's society, and changes in military and political situations in the world."

"The situation around Kazakhstan has changed in a fundamental way. New factors had emerged destabilizing the situation in the region and posing threats to national security, requiring improving the effectiveness of continued monitoring of military threats," the doctrine states.

The doctrine continues: "The military doctrine is of a defensive nature. It confirms the commitment of the Republic of Kazakhstan to peace and to firm determination to protect our national interests, and guarantee the country's military security. It specifies the conditions and new directions of development of the Armed Forces, other troops and military formations in light of the need to counter asymmetrical threats such as terrorism, extremism, drug trafficking, illegal arms transfers, and illegal migration."

Kazakhstan's previous doctrine was in force for six years. It was approved in March 2000, before the September 11, 2001, terrorist attacks in the United States brought about fundamental changes in regional dynamics unleashed with the ouster of the Taliban movement in Afghanistan by the U.S. led coalition.

Kazakhstan's new doctrine will be implemented through further modernization of the system of military management and a mix of political, diplomatic, economic, social,



Defense Ministry photo
Kazakhstan Army shows off its new equipment, including American-made Humvees during a parade in Astana.

informational, legal, and military measures to ensure Kazakhstan's military security.

The document outlines a set of interconnected military, political and technical measures to be implemented stage by stage. During the first stage, from 2007 to 2008, "Main efforts will be directed at completing the establishment of [regional] commands capable of ensuring the state's military security independently, and at equipping units on combat alert with modern weapons, armaments and special means." During the past several years, the structure of Kazakhstan's Army has been undergoing reforms to create four new regional commands, East, West, South and Astana, to improve management.

During the second stage, from 2009 to 2010, efforts will be directed at "improving the quality of troops and their stage by stage re-equipment with modern weapons."

Later, the Government will focus on completing technical re-equipment of the Armed Forces, development of modern weapons and military equipment at local defense factories together with leading world producers, and ensuring those weapons meet international standards.

Kazakhstan's new military doctrine also calls for expanding the number of combat-ready formations and units, establishing a unified system of air space control and management, and providing for Kazakhstan's participation in international peacekeeping operations, such as the one in Iraq.

An April 7 press release from Kazakhstan's Defense Ministry showed the Government is putting money where its mouth is. According to the press release, financing for Kazakhstan's defense this year will be 142.5 billion tenge (US\$1=123 tenge) which is 74 percent higher than last year. Moreover, expenditures for modernization and weapons acquisition this year will amount to 53.6 billion tenge, which is almost 40 percent of overall expenditures for 2007 and five times as high as 2005.

Also, on April 11, Daniyal Akhmetov, Kazakhstan's first civilian defense minister announced he had approved a new structure for his ministry which delimited more clearly the civilian control over the military and created a new department of combat readiness.

Stock Market Development High Priority for Astana

The further development of Kazakhstan's fledgling stock market is increasingly viewed as one of the Government's highest priorities and a mechanism for boosting the prospects of Almaty as the regional financial center.

In his February 28 annual state of the nation address, President Nursultan Nazarbayev instructed the Government to develop a set of measures promoting stock market development through the attraction of Kazakh people's assets.

In a wide ranging interview with Kazakhstan's TV channels on April 9, the President said participation of the Kazakh people in their stock market is crucial for its existence, "I know our people hold huge amounts of money. Our banks' capitalization has reached 70 percent of Kazakhstan's GDP. Our pension funds hold about seven billion dollars. We estimate our people still hold in their homes approximately 10 to 12 billion dollars. These monies need to be involved in turnover, but we need to teach our people how to do that." Citing the experience of the United States, where 45 percent of the population own stock, the President said, "We need to make sure our people understand the mechanism of a stock exchange and view their participation in this process as one of the means to get richer."

At an April 10 Cabinet meeting in Astana, Prime Minister Karim Massimov set the timeframe of two weeks for the Government to finalize a draft program for the development of the stock market. It will include proposed amendments in legislation and outline budget expenditures for this work.

In the meantime, the Government has already taken steps to ensure more shares are traded at the country's stock exchange, the Kazakhstan Stock Exchange (KASE), in Almaty. Last year, the Government listed a portion of its equity in Kazakhtelecom, the national telecommunications company, at KASE. In late March, the Prime Minister instructed the Finance Ministry to sell 0.8 percent of shares in Eurasian Natural Resources Corporation (ENRC), one of the largest industrial conglomerates in the country. The

Government currently controls 24.8 percent of ENRC, which runs the largest aluminum and chromium plants in Kazakhstan. Additionally, the Samruk and KazAgro holdings and the Kazyna Sustainable Development Fund were asked to prepare proposals to sell shares of companies they hold. The companies, whose shares are managed by these holdings, include KazMunaiGaz, the national oil and gas company, Kazakhstan Temir Zholy, the national railway operator, KEGOK, the national energy grid company, and others. The Kazyna Fund manages all the development institutions in Kazakhstan, including the Development Bank and the Innovation Fund.

As of December 2006, 2,160 companies issued their shares in Kazakhstan with a total nominal cost of 876.6 billion tenge (US\$1=123 tenge). The institutional infrastructure of the country's stock market includes KASE, a central depository, 65 broker companies, 17 registrars, 10 custodian banks, 12 companies managing pension funds' assets, and 35 organizations managing investment portfolios.

Samgau to Improve Management of Science

A new national science and technology holding company, Samgau, will be established to improve the management of scientific research and streamline the path from research to development to commercial production.

The April 6 decree of President Nursultan Nazarbayev on this issue stated: "With the view of creating favorable conditions for effective scientific and technological development of the country, I instruct the Government to set up a joint stock company, Samgau National Science and Technology Holding."

The Government was given two weeks to approve a memorandum on main principles of Samgau's activities and a list of organizations, where the state ownership will be transferred to Samgau's charter capital. Within one month, the Government will need to introduce amendments and changes to regulating documents reflecting the change.

This move reflects a growing recognition in Astana of the need to do more to promote national science and research and to better manage and coordinate the activities of scientific institutions and research facilities as Kazakhstan seeks to improve its competitiveness internationally.

In late March, President Nazarbayev said Kazakhstan should purposefully work to nurture its own scientists if the country is to keep abreast of international economic development trends. (See [Kazakhstan News Bulletin](#), April 5, 2007.)

Seal Deaths in Caspian, Investigation Opened

More than 350 dead seals have washed up on the shores of the Caspian Sea in Kazakhstan in the past week and a half, according to the country's Emergency Situations Ministry.

Authorities were conducting tests to determine what killed the seals found by oil workers inspecting the shore in the western Mangistau region.

Since the late 1990s, several epidemics of a viral disease have killed thousands of Caspian seals. Last year, more than 300 seals and thousands of sturgeon died in a northern part of the Caspian. Environmentalists have expressed increasing concern about the potential impact of exploration of the Caspian's extensive oil reserves on the fragile ecosystem of the landlocked sea.

Responding to the situation, Kazakhstan's Environmental Protection Minister Nurlan Iskakov said a special commission had been set up to investigate the cause of the deaths. The investigation is expected to last another two weeks.

"There are quite a few dangers in the area, including blowing wells, tectonic fractures with the risk of gas discharges, and exploration drilling," the Minister said, adding he had already issued instructions to "ban drilling waste disposal in Caspian offshore areas."

Symonyi Blasts Off from Baikonur, Stewart Bids Farewell

Charles Symonyi, Hungarian born U.S. billionaire blasted into space from Baikonur Cosmodrome in south western Kazakhstan on April 7, becoming the world's fifth space "tourist". Martha Stewart, his long time friend and a famous TV personality who turned her love of stylish living into a business empire, came to Baikonur to see him off.

Rising on a column of smoke and fire into the clouds over the bleak steppes, the Russian Soyuz TMA-10 capsule lifted off at 11:31 p.m. local time sending Expedition 15 to the International Space Station including two Russian cosmonauts and the tourist. The rocket cast an orange glow over the Baikonur cosmodrome and dozens of officials and well-wishers watching from about a mile away.

After seeing Symonyi off for final preparations, Stewart spent the last hours before the launch aboard another mode of transportation common to this part of Kazakhstan's steppes, a camel. "The ride was excellent," she said.

Simonyi, a 58-year-old native of Hungary, paid \$25 million for the 13-day trip, the fifth paying "space tourist," or "space flight participant," as officials prefer to call them.

Simonyi had said he would bring with him to space the paper computer tapes that he used decades ago when he first learned programming on a bulky Soviet machine called Ural-2. He emigrated to the United States in 1968 and eventually worked at Microsoft Corp., helping to develop Word and Microsoft Excel before founding his own software company.

While at the space station, Simonyi will be conducting a number of experiments, including measuring radiation levels and studying biological organisms inside a lab.

Symonyi will return to Earth with Expedition 14, expected to land in the Kostanai region of Kazakhstan on April 20.



AFP photo
Martha Stewart pretends to kiss a camel at Baikonur Cosmodrome in Kazakhstan, 07 April 2007.

Things to Watch:

- President Nursultan Nazarbayev gave a wide ranging interview to a number of Kazakhstan's TV channels on April 9 covering topics including economic diversification, stock market development, demographic policy, political reforms, foreign policy, the country's bid to chair the Organization for Security and Cooperation in Europe in 2009 and join the World Trade Organization, among others. The Embassy expects to distribute excerpts of the interview shortly.
- Askar Sembini, President of the Development Bank of Kazakhstan (KDB), and United States Ex-Im Bank Chairman James Lambright will sign a Memorandum of Understanding (MOU) between their two organizations on April 12 in Washington, opening the way for joint financing of projects in Kazakhstan of mutual interest which could benefit from U.S. exports. For more information click [here](#).

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