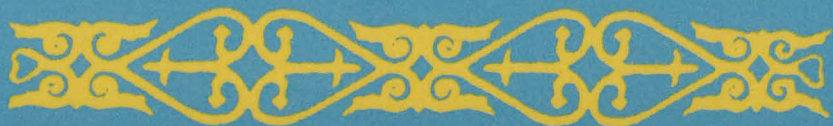


President Nursultan Nazarbayev



A Strategy for the Development of Kazakhstan as a Sovereign State



President Nursultan A. Nazarbayev



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Kazakhstan as a Sovereign State

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The Ministry of Foreign Affairs of the Republic of Kazakhstan

The Embassy of the Republic of Kazakhstan, Washington D.C.

February 14, 1994



President Nursultan A. Nazarbayev

Nursultan A. Nazarbayev
President
The Republic of Kazakhstan

A STRATEGY FOR THE DEVELOPMENT
OF KAZAKHSTAN
AS A SOVEREIGN STATE

The events that radically changed the face of the former Soviet Union are now part of history. The young sovereign state of the self-determined Kazakh nation as well as the peoples and economy of Kazakhstan are moving toward a new status.

Social, political and economic relations will be transformed. They are becoming increasingly more open. The development of democracy, property rights reform and the movement toward a full-fledged market system have been recognized as the sole means of lifting the economy out of crisis and are creating a climate conducive to the rise of a nation state.

In pursuing this course, we must soberly assess existing realities, eschewing any exalted breakthroughs. We must adopt a calm, measured pragmatism. In implementing the transformation

process we must take into account the existing psychology and traditions of the people, with due consideration for the rudiments of the former totalitarian regime in both our consciousness and our deeds, from which we cannot quickly free ourselves no matter how much we may wish to do so.

It is important to understand that no one will make this transformation for us. Nor will anyone else achieve a worthy place for Kazakhstan in the world community or raise our standard of living for us.

STRATEGIC GOALS AND THE CONCEPTUAL MODEL

What are our strategic goals? We can divide them into three parts.

First, our political goals:

Development of the young sovereign state in the direction of the formation of a strong presidential republic. The nation cannot exist without adopting some form of government. Such are the harsh dialectics of the problem.

Our state will pursue the principle of equal

opportunity and equality before the law for all, regardless of national affiliation. However, because *pre-perestroika* Moscow-centered power politics placed the Kazakh nation on the cusp of disaster and degeneracy through a purposeful process of denationalization was pursued for decades, it is entirely appropriate that the interests of the indigenous nation, the Kazakhs, are specially stipulated in some cases such as (1) matters pertaining to the revival of the national culture and language, (2) the rise of spiritual-cultural and other ties to the Kazakh diaspora, and (3) the creation of a proper environment for the repatriation of persons forced to leave Kazakhstan.

Creation of a multiparty system that will deepen the transformation to democracy, promote the consolidation of our multinational society and produce new political figures and leaders.

Ensuring political stability which is an essential condition for the successful implementation of economic reforms, especially during the transition period. This is one of the most important goals.

Observance of multilateral and multi-scenario military, political and economic balances that

ensure the security and sovereignty of Kazakhstan, with consideration for geopolitical self-determination.

Increasing the political strength of Kazakhstan in the world community through the observance of democratic freedoms and human rights and the integration of the Kazakhstan economy into the world economy.

The use of Kazakhstan's favorable geopolitical position in our approach to entry into international economic relations. Occupying the middle ground between Europe and Asia, the territory of Kazakhstan, with the many ancient tribes and their descendants who have lived here since time immemorial, has been an arena of lively commercial and political relations. Today, Kazakhstan can now play a strategically important role as a binding link between Europe, the Central Asian part of the former USSR, the rapidly advancing Asian-Pacific region, and the southern part of the Asian continent.

Second, our economic goals are:

The formation of a social market economy based on competitive principles, with a combination and interaction of the main forms of ownership (private and state), each of which will

perform its own functions in the overall system of economic and social interrelationships. The creation of legal and other conditions for implementation of the principle of human economic self-determination. In this respect, the share of state property will constantly decline and in the long term, probably will settle in the area of thirty percent. The Republic will retain ownership of natural resources because they form the backbone of the economy. Elements of state regulation will be used during the transition to a social market economy. The impact of the Kazakhstan Government on the economy and on the formation of a rational economic structure will become macroeconomic in character, and government decisions will be based upon the market and linked to regulation of monetary circulation and policy in the areas of taxes, customs duties, the budget, currency policy and bank interest rates. Note, that the Republic had to introduce a national currency without waiting for economic stabilization. Modernization of the banking system and the creation and regulation of securities markets also will be needed.

Attainment of a position in world trading markets on the basis of Kazakhstan's natural resources and the reconstruction of Kazakhstan's economy based upon the rapid development of

high priority sectors, drawing upon up-to-date foreign technology and processes in the processing, science-intensive and export industries as well as those industries where Kazakhstan can gain import substitution.

Saturation of the consumer market. This is the main way to increase the motivation to work which will improve the quality of life of every Kazakhstan family and create social stability. Interest in work will not be truly strong until there is a sufficient abundance of consumer goods. Furthermore, without an abundance of consumer goods, inflation and the budget deficit cannot be surmounted.

The attraction and effective use of foreign investment for Kazakhstan's development. In implementing the transition to the market, we must structurally reorganize the economy, convert our defense enterprises, eliminate our technical and technology lag and transform ourselves into a highly industrial nation with ecologically benign industries. The Republic's active participation in international economic and financial bodies and the opening of a network of foreign banks are also very important.

Kazakhstan's potential is so rich that it is realistic to project the Republic's transformation into

a state that will invest its capital in the economies of other countries in the foreseeable future.

Third, our social development goals are:

(1) to create a society in which the well-being of all is secured in fact, (2) affording everyone who wants it entrepreneurial freedom and the opportunity to apply their efforts in any sphere of activity. As we have satisfied ourselves through our own experience, wage-leveling and the lack of economic freedom kill active drive in people. For society this turns into a loss of dynamism and gives rise to social dependency, (3) the development of ethnic originality and preservation of the national and cultural diversity of Kazakhstan. The Republic can bolster its prestige in the world on the basis of being a region with a stable sociopolitical climate, and (4) increasing wages, pensions and benefits as the economy grows, stabilizes and is integrated into the international economic community.

The Conceptual Model

The conceptual model of Kazakhstan's development provides for the creation of an open society and a democratic, peace-loving state that is a strong presidential republic that guarantees human rights and liberties and political and ideological pluralism, ensures a stable secular

state, international peace, reliable defense and security and holds a worthy, full-fledged position in the international community of nations. This development model relies on a developed market economy with diverse forms of ownership and socially responsible entrepreneurship, healthy competition and reasonable participation by foreign investors. Further it has to apply a clearly enunciated social orientation that creates without exception, equal conditions and opportunities for everyone for application of their abilities and for a materially prosperous existence. The Republic shall preserve and develop the national originality of every people and it will pursue a policy of national consensus as the basis for stable development.

It is clear for this model to become a reality, there must be a profound transformation in Kazakhstan's economy. Without this transformation, there will never be fitting future demanded by every Kazakhstan citizen regardless of nationality, religious belief or political sympathies and antipathies. A flourishing society can be reached only through the market, through an open economy, through comprehensive support for enterprise.

To speak with absolute specificity, in the next two to three years we will have to normalize the consumer

market. In the next seven to ten years we will have to take substantial steps toward overcoming the raw-materials orientation of the economy and toward infrastructure development, and, for the five to seven years beyond, that we will enter the ranks of the developed industrial nations.

In Kazakhstan, there will be no liberal or popular capitalism, no true or modernized socialism, but simply a normal democratic society with a multi-tiered market economy that opens up for every person equal opportunities for independent choice and economic self-determination in the pursuit of his or her economic, social, national and political interests.

STRATEGIES FOR DOMESTIC ISSUES

General Problems of Domestic Policy

Current problems of domestic policy are closely related to the incontrovertible fact that for the first time in its modern history, Kazakhstan has the opportunity for comprehensive self-development to revive the customs and traditions of the Kazakh ethnic group and those of other nationalities that make up the diverse mosaic of the Republic's population. Therefore, the principle of national consensus is a fundamental premise

of domestic policy. This indeed determines the specifics of Kazakhstan's way of constructing a democratic legal state and the specifics of our entry into the world community.

Kazakhstan's sovereignty is of a complex ethnological and legal nature. It is a unique synthesis of the national sovereignty of the Kazakhs (which is returning them to their national origins and traditions) and the sovereignty of all the people of Kazakhstan as a single ethnopolitical community. Therefore, the problems of social stability and the dynamic equilibrium of the interests of the multinational population will always define the course of the development process of our state. Realizing this, one should constantly pay heed to the unity of all peoples of the Republic in the name of Kazakhstan's prosperity and the happiness and freedom of every individual and an increase in the material and spiritual standards of all citizens. We will be able to accomplish this by relying on the traditional, primordial ability of the Kazakhs to live in peace and harmony with the representatives of any nations and nationalities, their natural benevolence and their deep respect for the interests of their neighbors. This benevolence and respectfulness and the knowledge on the part of the other peoples who inhabit Kazakhstan of the desire of the Kazakh nation to

be restored, will become the foundation of accord and amity in our state.

It would be appropriate to note that within its modern borders Kazakhstan has historically been a territory for ethnic separation of the tribes who later constituted the Kazakh nation and the Kazakh khanate. In the last quarter of the 17th century, the Kazakhs essentially controlled the entire territory of what is now Kazakhstan.

The national resurgence of the Kazakhs, coupled with general democratic processes and the realization of human rights, is a necessary condition for the full-fledged development of other nationalities. Without encountering obstacles to their development, the Kazakh nation unquestionably will treat the interests and needs of other people with understanding and respect.

At the same time, the ability of the ethnic group to form a state is manifest above all in its desire and ability to live in harmony with the representatives of other nationalities and to support an atmosphere in which all who live in the Republic consider Kazakhstan their homeland. Any other position leads to a dead end. This is a very serious point, I would even say the key point. What is at issue is the consolidating mission of

the Kazakh nation.

The development of the state and form of government of an independent Kazakhstan will be accompanied by *de facto* support of presidential rule. The president of the Republic, as the head of state, must have all necessary levers for exercise of effective leadership.

With the adoption of the new constitution, a transition to more developed forms of organization of parliamentary activity will be carried out progressively. The supreme representative governmental body of Kazakhstan will become truly professional, with a compact and competent body of deputies capable of ensuring high quality in their legislative work.

The course toward improving the separation of powers and organizing more effective interaction among them on the principles of clear delineation of authority will continue in the future.

Judicial authority in the Republic will gradually move toward a system of lifetime performance of functions by judges and a more rational separation of authority between the head of state and the representative branch. Ultimately we shall create a single supreme judicial body for

the Republic and a branch system of local, specialized judicial authorities.

Improvement of the system of local representatives will continue in the direction of the development of truly representative principles of activity and the bolstering of the authoritative performance of functions by local executive authorities.

In the Republic there will be a process (characteristic of a post-totalitarian period) of limitation of political and economic authority, of overcoming the state's absolute monopoly on property in the formation of a massive middle class of property owners who impart stability to economic development in particular, and to society as a whole. It is this class which promotes the surmounting of such negative phenomena in society as the dependency complex, the habit of aid and the appeal to government in case of economic difficulties.

But in the transition period, when there is a significant stratification of living standards and, for most of the populace, the move toward the market system being related more to sacrifice than to improved well-being, one should be understanding of people's negative attitude toward the reforms being implemented. The

non-acceptance of the market is due to the totally explicable powerlessness of people who are unfamiliar with market realities and who do not have adequate practical skills for the new conditions.

In this regard, work should be done to create a mass approval base for market ideology capable of convincing people of the acceptability and validity of market values.

This is the principle social condition for successful implementation of economic reform.

Guided by the “Universal Declaration of Human Rights,” we shall strive to invest the property rights of citizens with real substance.

Another condition for successful transformation is an increase in the legal consciousness of citizens, law-abiding state and commercial structures and any others engaged in economic activity. Therefore, all the levers of authority including law-enforcement and judicial authorities shall be used to eliminate the traditional situation here, in which any authority always meant more than any law.

For the foreseeable future, the state will retain its functions of basically indirect regulation of

socioeconomic processes and, a reasonable relationship will be maintained between economic freedom and purposeful action by the state. During the transition period, the trend toward strengthening executive authority will be preserved because without it economic reform actually is impossible. The state should be perceived as a capable guarantor of rights and of law and order by a citizen's sense of justice.

It is especially important to ensure realization of a citizen's natural right to be a property owner and the unacceptability of mass and illegal forced confiscation of property on the grounds of social necessity (as has been done more than once in our memory).

Various political parties and organizations, as inalienable components of a democratic secular society, will play an increasingly significant part in Kazakhstan's domestic policy. The multiparty system objectively expresses the real differences between interests of different social groups of society, which depends on the property, occupational and other stratification of the population.

The multiparty system will not develop artificially, but will develop naturally through the normal breakdown of the socioeconomic uni-

formity of society *en route* to the market and through crystallization of the interests of various groups of the population. At the same time, the bounds between real political freedom and situations in which ignorance of general human norms of social behavior is passed off as political freedom will differ distinctly. We, therefore, decisively reject political parties and organizations that espouse national, class or religious intolerance or that pose a threat to the constitutional system and territorial integrity of our sovereign state.

Economic Development Strategy

Strategy and tactics in the economic sphere, the decisive sphere of social life, consist of continuing the transition to a market system while at the same time overcoming our structural and technological lag.

These problems, which are severe for even a stable economy, are exacerbated for us because Kazakhstan is now experiencing a complex economic crisis resulting from the dead-end nature of the former command economy. How are we to begin to overcome this crisis, halt decay and move on to a gradual upswing?

While foreign investment can unquestionably play a positive role, we must above all rely on ourselves and begin to pull ourselves out of the crisis by relying on our own efforts and resources. Emphasis should be placed on our own producers and investors and assistance should be provided to those who work and produce, who save and invest.

Of course, if political ambitions and unproductive games could be eliminated in the CIS, and if the CIS countries were able to combine their efforts, it would become much easier to work our way out of the crisis. After all, our economics have become very closely intertwined and it would be utterly unreasonable to sever them solely on the ground that every member of the former Soviet Union has become a sovereign state. Most countries in the world, guided by common sense and often conceding some of their sovereignty, are moving toward integration.

Kazakhstan has always been ready to work jointly together with other CIS countries to overcome crisis and has persistently striven to implement this approach through both economic and political methods. Unfortunately, however, our initiatives have not always received support from most CIS partners. Therefore, while remaining true adherents to a consolida-

tion of efforts, we are forced to seek an independent way out of the situation that has taken shape — specifically, to make the transition from a policy of “integration” to a policy of “coordination” with CIS countries. This political policy will be pursued without any fuss or dangerous impatience, and with stress on our internal assets that have great potential.

What are those assets?

First, Kazakhstan has tremendous energy reserves including oil, gas, coal and uranium. The Republic is not only self-sufficient in energy, but will become one of the world’s largest exporters of energy. Second, Kazakhstan has a wide range of minerals, which create a reliable raw-materials foundation for practically any type of production. Third, we have large areas of agricultural and arable lands that will enable Kazakhstan, after land reform, to become a prominent exporter of food products on the world market. Fourth, Kazakhstan has a fairly well-developed industrial potential and a literate corps of workers in all sectors. Fifth, we have a rich stock of scientific ideas, discoveries and inventions — a stock fully tapped by the previous system.

Thus, the first conclusion with strategic consequences is that we must overcome escalation of

the crisis and restore the economy through our own capabilities. There have been cases in our history in which we emerged from situations with much worse starting conditions. The second conclusion, which is just as important, is that progressive restructuring of the economy and the overcoming of its technological lag are accomplished by choosing the right priorities and implementing them on the basis of the mechanism now being created to stimulate the development of individual sectors of the economy.

In the sphere of production, the following are priorities for Kazakhstan: the saturation of the market with food products and consumer goods; the augmentation of the construction base and construction industry, especially for housing construction; key reorganizations in ferrous and nonferrous metallurgy; surmounting the raw-materials orientation of the economy; diversification; the introduction of ecologically benign technologies, and building a modern infrastructure (transportation, communications, power industry, tourism, hospital network, etc.). Special state programs and new organizational structures created to execute the programs will be developed to make progress in priority directions.

The main task is now to restore work incentives

so that a person will want to work and produce and will believe in the creative role of the market. The natural way to do this is to create an abundance of goods, even if at first only to afford people the opportunity to freely satisfy their simple priority needs, especially for food products.

Therefore, all strategic priorities will be preceded by the development and consistent, resolute reform of the agro-industrial complex, as well as measures to supply the consumer market with commercial products.

Based on the state's experience with a developed market economy, we must introduce the practice of projecting short to medium to long-term plan/ forecasts in order to provide constant analysis and monitoring by the government of the development of Kazakhstan's economy in one period or another.

We must go down this path for our own sake, for the sake of our children and grandchildren. But this then means that we must pick up our pace of work, for there is but one path of development and progress, and it is a simple path: constantly surpass what has been achieved.

We need to call for selfless, dedicated labor not

as just another propagandistic slogan, but as a dire, hard necessity if we seriously want to arise from our knees and live normally. We must not let slip an opportunity handed us by fate when we have at hand all objective grounds to move forward.

The “accelerated development strategy” should become the economic ideology of society as a whole, of everyone who considers Kazakhstan his or her homeland and is prepared to share with it the burdens of the transition period and the joy and rewards of our future well-being.

One cannot travel down the rails of the market economy without a clear “schedule” that contains its own stages and corresponding specific tasks. I envision them as follows.

The first stage, 1994-1995, should be characterized by two basic processes of microeconomic stabilization: active degovernmentalization and privatization of property and saturation of the consumer market with goods.

Property reform in this period should occur in one form or another at practically all state-owned facilities, except those of strategic im-

portance and those which support national security.

Coupled with an active antimonopoly policy, these measures will help strengthen the private sector and business owners. Local concessional transfer, long-term lease and sale of land to foreign investors for advanced-technology projects also should be practiced.

At the same time, a detailed review of the Republic's scientific and technical potential must be carried out to identify world-class developments and develop venture entrepreneurship, which ensures compact time frames for scientific research, a high return and quick production of commercial products.

Goal oriented preparation of a plan for future technological breakthroughs must be carried out in practice. Real potential exists for the formation of rapid development zones in the suburbs of Almaty and Pavlodar, technology parks or *technopolises* of an international nature based on the Semipalatinsk Test Range and the Baikonur Space Center and research centers in Karaganda, Ust'-Kamenogorsk, Atyrau and Akmola.

In the second stage (1996-2005), the gradual

push past the raw-materials orientation of the economy will, continue and, at the same time, accelerated development of the transportation networks and telecommunications network and the formation of developed commodity, currency and other markets (capital, manpower, securities, intellectual property, etc.) will become important components.

Implementation of the plans for the Trans-Asia Trunk Railroad from the Pacific Ocean to the Bosphorus Strait, the construction of a modern international cargo and passenger airport near Almaty and the simultaneous construction of oil pipelines running to the east and west will be priorities. This will speed up Kazakhstan's entry into the world economy and enable it to become a sort of "bridge" between East and West, between Europe and countries of the Asia-Pacific region and, to carry out its geopolitical activities.

In the second stage, the motivational forces and incentives for intense economic development should mature, namely, full-fledged market mechanisms, true freedom of all commodity producers, rational use of natural resources, accelerating the development of high technologies and taking of positions in the world economy, the presence of competent personnel

in the areas of domestic and international business.

The third stage, 2005-2012, will be characterized by an accelerated rate of development to an open-type economy, attainment of the strategic goals of the transition period, strengthening of Kazakhstan's positions in world trade and its entry into the ranks of the world's newly developed industrial nations.

As market relations are built, the problems of the budget deficit and convertible currency will be resolved. The state will retain only those functions that it performs better than other structures, including market structures.

In view of the exhaustion of the substance and strategic goals of the transition period, the elaboration of a different strategy for Kazakhstan will be required with consideration for Kazakhstan's new development and new role in the world community.

Social Development Strategy

Fulfillment of tasks in the economic sphere is closely interrelated to problems of social development. Suffice it to say that the saturation of the consumer market and creation of an abun-



Ekibastuz coal fields



Karaganda steel complex



Dzhezkazgan



The Tengiz oilfield



Mangistau



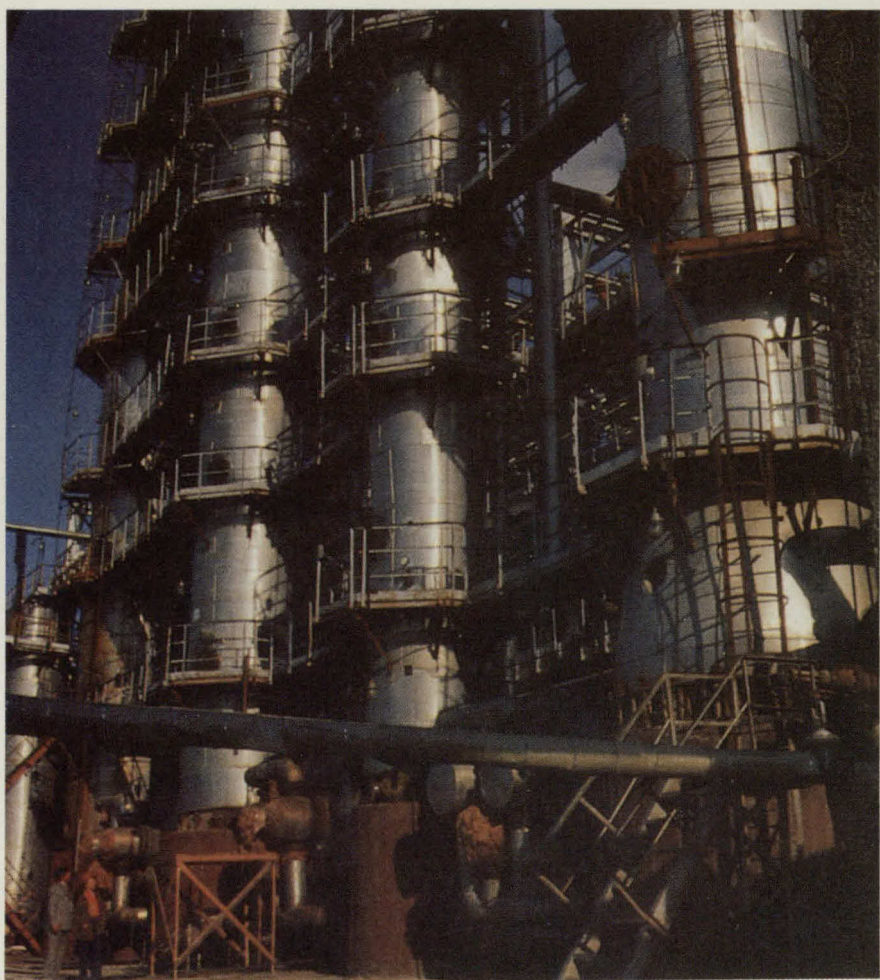
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Pavlodar Oil Processing Plant



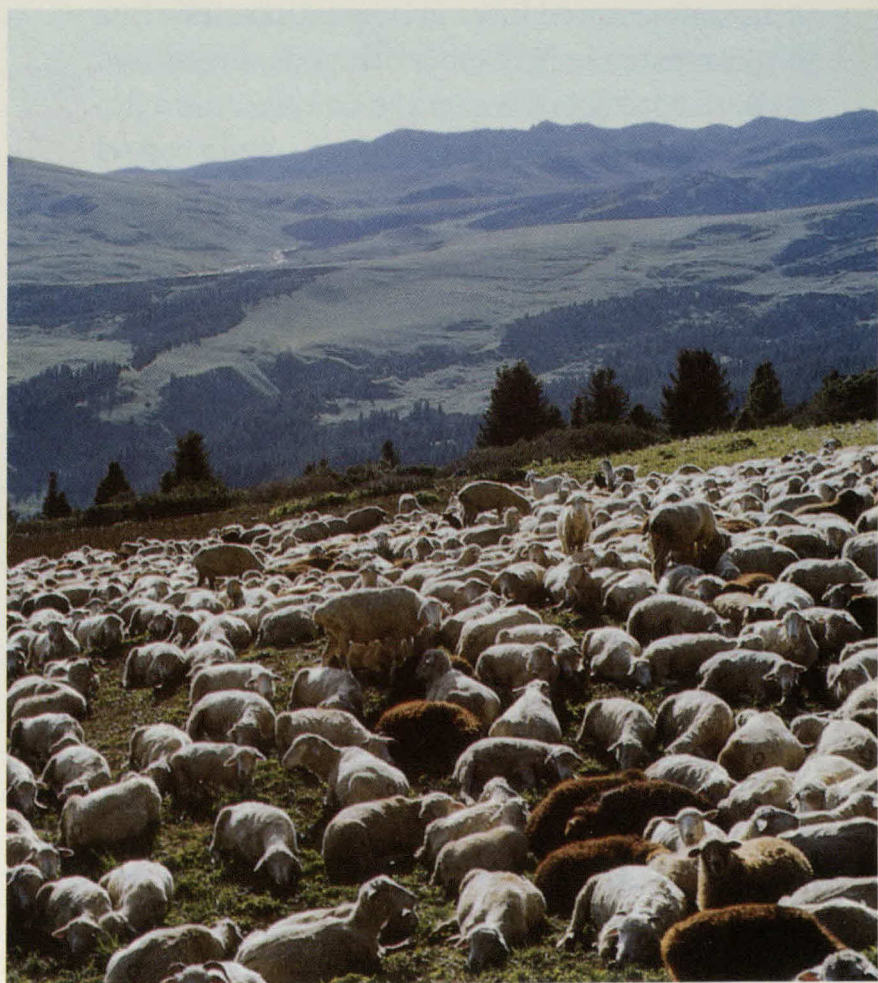
Almaty



Aktau



Woman in Kazakh costume



Livestock in the Ala-Tau mountains

dance of food products accomplish the task of economic stabilization, elevation of the standard of living and reduction of social strain all at the same time.

Steps to dampen the factors that generate inflation and thereby lower real personal income will be addressed first. This will be accomplished in two interrelated ways: expansion of the production and supply of goods and services and restraint of growth and coupling of income so that it can be taken away from current consumption (securities, housing construction, durable goods, etc.).

Social protection of the populace of Kazakhstan will be at the center of the state's strategy in the transition period and will include state support and creation of a social safety net, especially for those unable to work and for the needy (pensioners, the disabled, large families, young students, etc.), state support for science, culture, education and health services, provision of social unemployment guarantees.

Unemployment may increase at a rapid pace if large-scale bankruptcy of enterprises occurs because of high prices and constriction of consumer demand. Therefore, every oblast and city must work on a job-creation program.

The most earnest attention will be paid to the employment service in order to minimize the negative consequences of unemployment. To these ends, the retraining system for specialists and white-collar workers will be strengthened, a housing market will be created, and human migration within and beyond Kazakhstan will be brought into a civilized framework.

Minimum pensions and wages will be reviewed regularly, with a view toward an increase, with consideration for the dynamics of inflation.

Under the conditions of the economic crisis, the first to suffer are the service sectors where national intellectual potential is most concentrated. By making use of all the state's capabilities, steps will be taken here to bring average wages in the service sector closer to those in the production sector.

The free nature of primary medical services for the socially vulnerable contingent of the population and for education will be retained for the entire transition period. In the system of higher schools and specialized secondary schools, fee-based education should be introduced gradually, lest access to education be monopolized by the well-to-do.

Socially responsible and successful businessmen are called on to come to the aid of indigent segments of the population who are unable to work, especially in the transition period. At the same time, in a very short period of time the government will have to establish a well-defined, selective system to provide medium and long-term loans to small business. This is of great importance to Kazakhstan, since the fraction of small business is very small indeed because of the high degree of concentration of production in large organizations.

With consideration for our traditions and the starting level of well-being, even in well-to-do classes, a considerable amount of time will be needed if private property is to begin to play a decisive role. Therefore, we should not reject the values or efficacy of the collective or the effectiveness of the working businessman. Protection of entrepreneurship is a necessary and important element of the transition period. As an additional protective measure for citizens, it is planned to introduce voluntary pension insurance.

All in all, one component of the social strategy in the transition period is to ensure, on the basis of the social orientation of the market economy, high standards of living for low-income and

indigent segments and groups of the population, with a definite focus on the rural regions of Kazakhstan.

As is standard practice throughout the world, the status and social image of state employees, who should have high wages, bonuses for length of service and long-term labor contracts with the state, will be elevated substantially. Measures must be taken to provide advanced training to state personnel.

The formation of a new social structure in the population and social institutions adequate to the market system and elevation of the level of stability of international relations will be a consequence of the transformation.

In short, the substance of the social strategy reduces to the following: the attainment of a new quality of life for the people, a quality close to the consumption standards of developed countries, the formation of a social class of Kazakhstan entrepreneurs (ten to fifteen percent of the total able-bodied population) as a key factor for implementing economic and social transformation, initiating market reforms and effecting economic stabilization and upturn, a change in orientation values in society through inculcation of a breakthrough consciousness in

the young generation, the development of diverse insurance systems as additional channels of social protection, and finally, uplifting the level of social development of lagging regions within Kazakhstan through allocations from special funds and through preferential conditions of management.

On the whole, the social transformation will pass through three stages: 1) the social stratification of society, 2) the adaptation of new social structures to the market situation, and 3) their integration and rational interaction.

The Kazakhstan Government will strive, despite the process of stratification of society by income level, to reduce this difference to a reasonable minimum.

A few words are in order about both positive and negative factors that will affect the implementation of the social development strategy. The positive factors include a higher level of industrialization than in most countries that have undertaken radical transformations, a comparatively high level of education of the people of the Republic, a developed system for social support of the state in the form of mandatory secondary education, free medicine, availability of basic cultural services, etc., the presence of

mass social groups of intelligentsia and managers who make up a potential base for a future middle class, and relative freedom of geopolitical choice, due to non-involvement in any regional blocks.

Negative factors that will affect implementation include the persistent psychology of dependency, the sharp regional unevenness of population distribution and of social development resources, and the backwardness of production equipment.

STRATEGIES FOR FOREIGN ISSUES

Foreign Policy, National Security and Military Doctrine

With the advent of sovereignty and entry into the United Nations and other international organizations, Kazakhstan has run up against problems new to it in its own foreign policy, defense, and national security as well as problems of independent entry into the world economy and world community.

Finding itself on the international scene, Kazakhstan has plunged into a qualitatively new environment in which its foreign policy, like that

of any other state, is developing by a logic of its own dictated by national interests. But for all these factors, Kazakhstan's foreign policy must also embody a general human charge that will in the future secure a worthy place in the world community for its' people.

The specifics of the geopolitical situation and ethno-demographic composition of Kazakhstan and the level of its economic development and military construction make political means rather than military means dominant in ensuring its security, with emphasis mainly on its own forces and on reasonable, measured diplomacy, especially in the current dramatic period in which the governmental system is taking shape.

Recently, an absolutely new geopolitical situation has arisen in which Kazakhstan occupies a space that is advantageous in terms of foreign policy and strategic considerations, a space that links Europe to the Asia-Pacific region.

But our lack of a direct outlet to the open sea and our distance from connecting transportation are hindering the Republic's participation in international economic relations. Therefore, it is of exceptional importance that we maintain mutually beneficial amicable relations on principles of complete trust with adjacent states,

especially Russia and China, which are our gateway to world intercourse. Kazakhstan is prepared to do this. At the same time, we naturally advocate the development of extensive relations with all other states on the basis of international fairness and partnership.

Close interrelationships with Central Asian states, governed by common borders, existing economic relations, the mutual complementarity and interdependence of the economies and historical, cultural and ethnic community are very important to us.

The signing of treaties between Kazakhstan and Turkey, China, Pakistan, India and Iran provide grounds to speak of the development of cooperation with these and other Asian countries.

Kazakhstan will increasingly partake of integration processes in the Asia-Pacific region, South Asia, Southeast Asia, the Near East and the Middle East in order to gain access to dynamically developing markets for capital, technologies, raw materials and industrial products. The development of comprehensive cooperation with the leading countries of Western Europe and North America will remain an important strategic orientation.

The policy of entry into the world community must be built with due assessment of the potential of a partnership among the three principal centers of the market system: the United States, Japan and Western Europe, while keeping in mind that it was these centers which have acted as the motivational force for intensification of international economic relations. Interaction with them has opened the door for Kazakhstan into international financial and other institutions, whose role in the world has increased greatly. We consider multilateral cooperation and effective participation in international organizations — the United Nations, the International Monetary Fund, the World Bank, GATT, the European Bank for Reconstruction and Development (EBRD) and others — to be a logical extension of the course toward openness in our society, toward ensuring economic and national security.

To develop trade and economic relations with other countries and carry out greater diversification in these relations, Kazakhstan must secure for itself unobstructed access to the sea, in accordance with modern international law. Unless this right is secured and specifically set forth in bilateral agreements and treaties with our neighbors, Kazakhstan will find itself in a dependent situation, which might undermine not only its economic but also its political independence.

For our part, we will give guarantees that our air space, as well as our territory (railroads and highways), can be used for travel by people and freight in all directions. At the same time, we are closely analyzing the possibility of an outlet to the Mediterranean Sea and Black Sea through the Caspian (through the southern area). The agreement reached between China, Iran and Turkey to build a transit trunk railroad from the Pacific Ocean to the Mediterranean Sea is of great importance.

Moreover, the principle of open borders, free travel by citizens and information transmission should be adopted and implemented within the framework of bilateral treaties and agreements with CIS nations. The treaties should secure guarantees of security (military, economic, ecological), pledges by the parties not to resort to force or the threat of force in regard to each other in any form whatever, including use of the territory, territorial waters or air space of third parties adjacent to another party.

In constructing national security, we proceed from our geo-strategic location “at the junction” of two powers: Russia and China. National security can be provided through a combination of our own defense assets with participation in a collective security system.

Kazakhstan's security system should function as a component of the regional and worldwide security system.

As a result of geographic, political, ethnic and other historical factors, relations with Russia are an important matter for us. In our interrelationships with Russia, we shall strive, as necessary, to conclude with it agreements and a long-term mutual security treaty, assuming that Russia has a corresponding interest in doing so.

Since the breakup of the Warsaw Pact, the role of NATO in the modern world takes on a new look. NATO has an acceptable task for a rapprochement with us: promoting the democratic development of Eastern European, Central European and CIS countries, and preventing regional conflicts insofar as this is possible. NATO, like the European Community (EC), is interested in expanding its influence among the Republics of the former Soviet Union and in developing dialogue, partnership, cooperation and bilateral contacts and exchange within the framework of a body specially set up for this purpose: the Council for North Atlantic Cooperation. NATO member nations have pledged to provide their considerable accumulated expert potential and experience for these purposes in the solution of defense problems.

The diversification of military relations in strictly regulated bounds and active inclusion in the European security system are in the Republic's interests. Among the ten principles of the Helsinki Final Report are the inviolability of borders, the territorial integrity of a state and non application of force or the threat of force. This alone justifies the intention to expand Kazakhstan's relations with NATO and its joining the work of the Conference on Security and Cooperation in Europe, in which we became a participant as one of the successors of the former Soviet Union.

Kazakhstan has joined the Nuclear Nonproliferation Treaty. With consideration for our security interests, our ultimate wish is to receive guarantees of territorial integrity and inviolability without nuclear potential.

The many-sided ecological danger is a lamentable reality of our times. For Kazakhstan this danger is related above all to the Aral Sea which is drying up. This is not only a regional but a planetary problem. The Aral Sea plays a major part in the preservations of earth's biosphere. The solution of the Aral Sea problem requires the organization of large-scale, effective international cooperation to rescue it. This is a survival imperative and the moral duty of all humankind.

Our ecological diplomacy will be directed toward the conclusion of state multilateral and bilateral agreements regulating the management of the region's ecosystems. The Danube and Rhine Commission, the Canadian-American Great Lakes Commission, which have drawn up realistic mechanisms for resolution of international disputes and conflicts in regard to the use of water basins for industrial and agricultural purposes, can serve as an examples.

In view of recent changes in the geopolitical situation and the declaration of independence, Kazakhstan has established its own armed forces, which throughout the civilized world are an essential element of the structure of an independent state.

The Republic's national security system must be built on the following principles: guaranteed security of the Republic and its state and territorial integrity, chiefly through the use of political measures and deepening of economic interaction, subordination of departments responsible for national security to higher governmental authorities and to society as a whole, with *glasnost* and the fullest possible openness, adequacy of the organization of the armed forces, and of the level of supply of equipment and weapons relative to a real military danger on

the principle of defense sufficiency, compliance with the structure of the national security system with the principles of a legal state and the standards of international law, with consideration for national and historical traditions and world experience.

The central part of the Republic's national security system is military doctrine, with its mechanism of prevention and counteraction of a military threat.

Above all, we declare the peace-loving orientation of our policy and state that we have no territorial claims against any state on earth. Realizing our responsibility and understanding that any military conflict may lead to catastrophic consequences; we recognize preservation of peace as the priority objective of Kazakhstan's state policy, we reject war or the threat of military force as means of attaining political, economic and other goals, we support the principle of no first use of weapons of mass destruction and advocate the adoption of this pledge by all states of the peaceful community and we adhere to the principles of inviolability of existing borders and nonintervention in the internal affairs of other states.

The direct threat of world nuclear and conven-

tional war has now been greatly reduced. At the same time, serious contradictions of an economic, territorial, religious, ethnic or other nature still exist in the world. These contradictions may lead to armed conflicts that affect the interests of Kazakhstan and other states to which it is linked by mutual defense and other obligations.

We consider the following to be sources of potentially military danger: the desire of states or coalitions thereof to dominate in the world community or in regions and attempts to settle disputes by military means, the fact that a number of states or coalitions thereof have powerful groups of armed forces and a preserved basing system for them including some near the borders of the Republic of Kazakhstan, the instability of the internal political situation in a number of states and armed conflicts that are occurring between states, and, the enlargement of military potential by some states.

Kazakhstan sets as its main goal participation in the creation of the collective security system of the world community and pledges actively to assist any peace-making efforts. To these ends, the Republic is working and will work to achieve the settlement of conflict situations exclusively by peaceful means through negotia-

tions within the framework of international law, a wind-down of the arms race on earth and prevention of one in space, step-by-step reduction of armed forces by all states of the international community to the minimum level sufficient for defense, the curtailment of the production and testing of all types of weapons of mass destruction, especially nuclear weapons, with the prospect for complete elimination of them, the prohibition of the use of existing technologies and creation of new ones for the production of weapons of mass destruction and prevention of the export (transfer) of materials and technologies that contribute to the creation and spread of weapons of mass destruction, the destruction of chemical weapons, mutual openness in military operations, and implementation of steps in the area of bolstering trust and security, and finally, the transformation of military political alliances into new structures of a collective and universal international security system.

While recognizing the commonality of the military, political and economic interests of Kazakhstan with other CIS nations, we shall coordinate our efforts toward boosting international security with all members states of the United Nations.

Like any sovereign state, Kazakhstan considers

the maintenance of its defense capability one of the most important state functions and a concern of all its people and until a universal international security system is established, Kazakhstan will conduct military construction together with other states that have expressed a desire to enter into a defense alliance with it. Our main objective is to defend the sovereignty and territorial integrity of Kazakhstan.

Kazakhstan has formed its own armed forces (the Republic of Kazakhstan Army) on the basis of the concept of defense strategy. Within it are ground forces, the air force, civil defense forces, naval units and support and service units. In time of war, its reserves are interior forces and the Republican guard. The Republic of Kazakhstan Army is called on to rebuff aggression against Kazakhstan and its allies and to defend the sovereignty and territorial integrity of the Republic and states that are members of the defense alliance. The Army will be put together on the principles of territoriality, a combination of universal military obligation and voluntary enlistment under contract, and equality before the law of all citizens of the Republic in the performance of their military duty.

In declaring the principles of our military doctrine, we guarantee strict observance of pledges

made within the framework of the defense alliance and the United Nations, as well as obligations defined by other international legal instruments.

Foreign Economic Relations

Under current conditions, the basis for successful development of states is macroeconomic stability (a non-inflationary monetary and credit policy, strict control of the budget deficit, normal price formation and openness in trade) stimulation of exports, a minimum number of import restrictions, a unified import tariff, an optimal national currency exchange rate and favorable conditions for foreign investment.

The following steps are necessary within the framework of intensification of foreign economic activity: the creation of the conditions for development of entrepreneurship and attraction of savings by the public, (national capital in all developing countries produces eight to twelve times as much investment as foreign capital), drafting and introduction of a set of laws in the area of foreign economic relations and securing their observance and guarantees of stability, the development of infrastructure (transportation, communications, financial markets, insurance, the banking system) creation of a modern infor-

mation system, etc.), training personnel in the area of international law and marketing, statistics, tax inspection, banking, translators, interpreters, financial specialists, auditors, accountants, foreign trade specialists and other occupations required on the market and for competent management of reform, the implementation of active foreign economic policy both with respect to the priority sectors for the Republic and to economic blocks and goal-oriented work with individual countries whose economies are complementary to ours.

Foreign banks must be afforded access to economic activity in Kazakhstan, more flexible currency regimes and conditions for foreign ownership in priority sectors of the economy must be introduced and foreign capital should be attracted more extensively in the form of “portfolio investments” to carry out special national projects.

With consideration for the present state of the Republic’s relations and strategic interests, foreign economic policy will develop in the following directions which are of essentially equal importance.

“Commonwealth of Independent States”
Preservation and strengthening of the economic

alliance with Russia, Ukraine, Belarus, Uzbekistan and other states of the Community, bearing in mind the close relations between enterprises, the need for coordination of actions in the area of raw-materials exports, the necessity to secure transit for our freight to Europe and the Near East and the joint use of science and technology centers and defense conversion.

“Asian-Pacific Region” Peking-Seoul-Tokyo, with an outlet to other Southeast Asian countries. This direction is of great importance as an area of advanced technologies, a source of loans with the possibility of large-scale investments and, in the long term, as a market for our products and for attracting manpower for implementation of a number of projects in Kazakhstan.

“Asia” The focus here is on Turkey as a potential market and as an example of the development of a market economy. Cooperation with countries of the Arabic East and Asia Minor for attraction of economic investments.

“European” The priority focus is on Germany, which more than any other country is prepared to invest in the CIS. Thanks to the existence of a sizable German diaspora, large-scale cooperation with Kazakhstan is possible. Cooperation

with the EEC to obtain technical aid and loans for the purpose of developing the infrastructure and training personnel. Interaction with Eastern European countries will be maintained in a number of areas.

“American” The focus is on the United States as the leading economic power in the world. Relations with Canada, Mexico and other Latin American countries are quite promising.

Activity in international organizations — the International Monetary Fund, the European Bank for Reconstruction and Development and other economic organizations of the United Nations, GATT, the ICAO and alliances of countries that export certain types of raw materials — is a separate and highly important area.

The following are needed as the first steps toward realization of our strategic goals in the area of foreign economic relations.

Drafting of a program of structural reform of the Republic’s economy in order to create vertical integration and overcome our raw- materials orientation, subordinating all activity in the area of foreign economic relations to this task. Complete production complexes with output of finished products must be built and the task of

switching from extensive development of mining sectors to the use of new technologies, chiefly processing of tailings and waste and comprehensive development of intensive agriculture, light industry and the food industry both to saturate the domestic market and to increase the export potential. In these sectors and industries, we can realize more easily and quickly what are now our main advantages — the relatively low cost of manpower and the availability of raw materials.

Completion of the reform of the banking system, with reinforcement of the role of the National State Bank (Natsgosbank) as a regulator of monetary circulation and creation of market-type true commercial banks. Establishment of a state export-import bank to provide credits for exports, a development bank for accumulation and redistribution of income from the export of raw materials and institutions to insure foreign trade transactions and export credits; organization of the activity of Kazakhstan's representatives in financial markets abroad.

Improvement of the system for state regulation and organization of state agencies in the area of foreign economic relations; making it simple, monitorable and comprehensible to foreign partners with a clear-cut distribution of func-

tions and responsibility within the government itself, its departments, local authorities and enterprises.

Intensification of the activity of the Agency for Foreign Investment including work aimed at checking the credit-worthiness of foreign companies that are emerging in our market, performance of expert review of all large investment projects, the coordination or the use of foreign loans (credits) since for the time being they are all being granted only under governmental guarantees; creation of a system for informing both foreign investors of our capabilities and our enterprises of existing proposals.

Conclusion with principal partners of an agreement on mutual guarantees of investments and on avoidance of double taxation. Determination of departments responsible for enforcing national law in this area.

Adjustment of our patent-license system and joining of international agreements both for protection of the intellectual property of Kazakhstan organizations and for guarantees of the protection of intellectual property of foreign physical persons and legal entities.

Adoption of a state personnel-training program

in all the main directions of foreign economic relations.

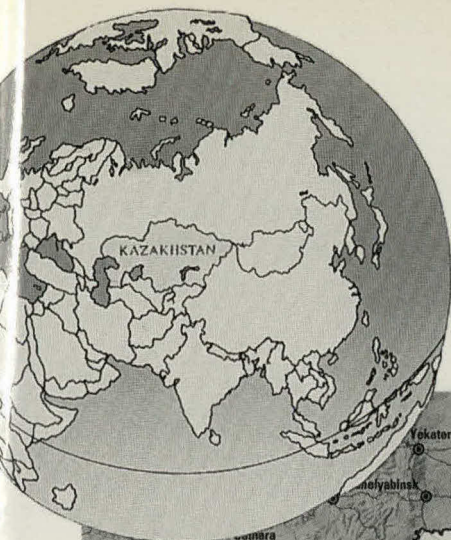
It is understandable that in expressing the desire to integrate with the world community, we are prepared to recognize existing instruments for coordination of international economic strategies. However, it is important that this occur not through economic and political pressure, but on the basis of a fair balance of mutual interests.

CONCLUSION

The specific situation of Kazakhstan is that it has features of both a developed country (universal literacy, an extensive network of scientific research institutions, space research) and a developing country (the raw-materials orientation of the economy, ecological pollution of many regions, the need for foreign investment and import of new technologies, backward infrastructure). Moreover, we have an intercontinental location, vast natural resources and a diverse ethnic makeup.

Understanding the gravity of our strategic designs, as head of state I have striven not to set forth unattainable tasks and not to go beyond

the framework of realistic foresight. Everything said here is fully within our reach if everyone adopts the foregoing as his or her own program, as a duty to his or her relatives and close ones, to the generations that succeed us.



Published with the assistance of the Mercator Corporation
in Commemoration of President Nazarbayev's
Official Visit to Washington D.C.

February 14, 1994