



ASIA MAIOR

Vol. XXXI / 2020

Asia in 2020: Coping with COVID-19 and other crises

Edited by
Michelguglielmo Torri
Nicola Mocci
Filippo Boni

viella

A large, intricate, light-colored floral mandala pattern is positioned on the right side of the cover, partially overlapping the text area. It features complex geometric and organic shapes, typical of traditional Indian or Middle Eastern art.

CENTRO STUDI PER I POPOLI EXTRA-EUROPEI "CESARE BONACOSSA" - UNIVERSITÀ DI PAVIA

ASIA MAIOR

The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989

Vol. XXXI / 2020

Asia in 2020: Coping with COVID-19 and other crises

Edited by
Michelguglielmo Torri
Nicola Mocci
Filippo Boni

viella

Asia Maior. The Journal of the Italian Think Tank on Asia founded by Giorgio Borsa in 1989.

Copyright © 2021 - Viella s.r.l. & Associazione Asia Maior

ISBN 978-88-3313-827-5 (Paper) ISBN 978-88-3313-828-2 (Online)

ISSN 2385-2526 (Paper) ISSN 2612-6680 (Online)

Annual journal - Vol. XXXI, 2020

This journal is published jointly by the think tank Asia Maior (Associazione Asia Maior) & the CSPE - Centro Studi per i Popoli extra-europei «Cesare Bonacossa», University of Pavia

Asia Maior: The Journal of the Italian Think Tank on Asia founded by Giorgio Borsa in 1989 is an open-access journal, whose issues and single articles can be freely downloaded from the think tank webpage: www.asiamaior.org.

The reference year is the one on which the analyses of the volume are focused. Each *Asia Maior* volume is always published in the year following the one indicated on the cover.

Paper version	Italy	€ 50.00	Abroad	€ 65.00
Subscription	abbonamenti@viella.it		www.viella.it	

EDITORIAL BOARD

Editor-in-chief (direttore responsabile):

Michelguglielmo Torri, University of Turin.

Co-editors:

Nicola Mocchi, University of Florence.

Filippo Boni, The Open University.

Associate editors:

Axel Berkofsky, University of Pavia;

Diego Maiorano, National University of Singapore, ISAS - Institute of South Asian Studies;

Giulio Pugliese, King's College London;

Emanuela Mangiarotti, University of Pavia;

Pierluigi Valsecchi, University of Pavia.

Consulting editors:

Elisabetta Basile, University of Rome «Sapienza»;

Kerry Brown, King's College London;

Peter Brian Ramsay Carey, Oxford University;

Rosa Caroli, University of Venice;

Jaewoo Choo, Kyung Hee University (Seoul, South Korea);

Jamie Seth Davidson, National University of Singapore;

Ritu Dewan, Indian Association for Women Studies;
Laura De Giorgi, University of Venice;
Kevin Hewison, University of North Carolina at Chapel Hill;
Lucia Husenicova, University Matej Bel (Banská Bystrica, Slovakia);
David C. Kang, Maria Crutcher Professor of International Relations, University of Southern California;
Rohit Karki, Kathmandu School of Law;
Jeff Kingston, Temple University – Japan Campus;
Mirjam Künkler, Swedish Collegium for Advanced Study – Uppsala;
Noemi Lanna, University of Naples «L'Orientale»;
James Manor, School of Advanced Studies – University of London;
Aditya Mukherjee, Jawaharlal Nehru University;
Mridula Mukherjee, Jawaharlal Nehru University;
Parimala Rao, University of Delhi;
Guido Samarani, University of Venice;
Marisa Siddivò, University of Naples «L'Orientale»;
Eswaran Sridharan, Institute for the Advanced Study of India, University of Pennsylvania;
Arun Swamy, University of Guam;
Akio Takahara, University of Tokio;
Edsel Tupaz, Harvard University alumnus, Ateneo de Manila University and Far Eastern University;
Sten Widmalm, Uppsala University;
Ather Zia, University of Northern Colorado;

Book reviews editors:

Francesca Congiu, University of Cagliari;
Oliviero Frattolillo, University Roma Tre.

Graphic project:

Nicola Mocchi, University of Florence.

Before being published in *Asia Maior*, all articles, whether commissioned or unsolicited, after being first evaluated by the Journal's editors, are then submitted to a double-blind peer review involving up to three anonymous referees. Coherently with the double-blind peer review process, *Asia Maior* does not make public the name of the reviewers. However, the reviewers' names – and, if need be, the whole correspondence between the journal's editors and the reviewer/s – can be disclosed to interested institutions, upon a formal request made directly to the Editor in Chief of the journal.

Articles meant for publication should be sent to Michelguglielmo Torri (mg.torri@gmail.com), Nicola Mocchi (nicola.mocchi@unifi.it) and Filippo Boni (filippo.boni@open.ac.uk); book reviews should be sent to Oliviero Frattolillo (oliviero.frattolillo@uniroma3.it) and Francesca Congiu (fcongiu@unica.it).



ASSOCIAZIONE ASIA MAIOR

Steering Committee: Marzia Casolari (President), Francesca Congiu, Diego Maiorano, Nicola Mocci (Vice President), Michelguglielmo Torri (Scientific Director).

Scientific Board: Guido Abbattista (Università di Trieste), Domenico Amirante (Università «Federico II», Napoli), Elisabetta Basile (Università «La Sapienza», Roma), Luigi Bonanate (Università di Torino), Claudio Cecchi (Università «La Sapienza», Roma), Alessandro Colombo (Università di Milano), Anton Giulio Maria de Robertis (Università di Bari), Thierry Di Costanzo (Université de Strasbourg), Max Guderzo (Università di Firenze), Franco Mazzei (Università «L'Orientale», Napoli), Giorgio Milanetti (Università «La Sapienza», Roma), Paolo Puddinu (Università di Sassari), Adriano Rossi (Università «L'Orientale», Napoli), Giuseppe Sacco (Università «Roma Tre», Roma), Guido Samarani (Università «Ca' Foscari», Venezia), Filippo Sabetti (McGill University, Montréal), Gianni Vaggi (Università di Pavia), Alberto Ventura (Università della Calabria)



CSPE - Centro Studi per i Popoli extra-europei
«Cesare Bonacossa» - Università di Pavia

Steering Committee: Axel Berkofsky, Arturo Colombo, Antonio Morone, Giulia Rossolillo, Gianni Vaggi, Pierluigi Valsecchi (President), Massimo Zaccaria.



viella

libreria editrice

via delle Alpi, 32

I-00198 ROMA

tel. 06 84 17 758

fax 06 85 35 39 60

www.viella.it

CONTENTS

- 9 FILIPPO BONI, *Foreword. Asia in 2020: The COVID-19 pandemic and its impact*
- 19 FRANCESCA CONGIU, *China 2020: The successful struggle against the COVID-19 pandemic and the Xinjiang question*
- 45 SILVIA MENEGAZZI, *China 2020: A foreign policy characterized by growing resilience, fading responsibility and increasing uncertainty*
- 71 MARCO MILANI, *Korean peninsula 2020: Overcoming the challenges of COVID-19*
- 103 COREY WALLACE & GIULIO PUGLIESE, *Japan 2020: Abe's well-laid plans go awry*
- 147 SHELDON WONG, *Hong Kong 2020: The downfall of «one country two systems»*
- 181 AURELIO INSISA, *Taiwan 2020: Crossroads of COVID-19 international politics*
- 205 YVAN YSMAEL T. YONAHA & ESTHER MARY L. CALVO, *The Philippines 2020: The gamble of the populist leadership*
- 223 RUI GRAÇA FEIJÓ, *Timor-Leste in 2020: Containing the pandemic in a changing political environment*
- 241 SALEENA SALEEM, *Malaysia 2020: Democratic backsliding amid the COVID-19 pandemic*
- 259 MATTEO FUMAGALLI, *Myanmar 2020: Elections in a pandemic*
- 275 SILVIA TIERI, *Bangladesh 2019-2020: Issues of democracy, disasters, development*
- 305 DIEGO MAIORANO, *India 2020: Under the COVID hammer*
- 331 MICHELUGUGLIELMO TORRI, *India 2020: The deepening crisis of democracy*
- 377 MICHELUGUGLIELMO TORRI, *India 2020: Confronting China, aligning with the US*
- 407 SHAMARA WETTIMUNY, *Sri Lanka 2019-2020: Extremism, elections and economic uncertainty at the time of COVID-19*
- 441 MARCO CORSI, *Pakistan 2020: The PTI government amidst COVID-19 pandemic*
- 465 FILIPPO BONI, *Afghanistan 2020: The US-Taliban peace deal, intra-Afghan talks and regional implications*
- 479 LUCIANO ZACCARA, *Iran 2019-2020: The double impact of crippling sanctions and the COVID-19 pandemic*
- 505 PAOLO SORBELLO, *Kazakhstan 2020: Between a rock and a hard place*
- 521 *Reviews*
- 557 *Appendix*

KAZAKHSTAN 2020: BETWEEN A ROCK AND A HARD PLACE

Paolo Sorbello

Ca' Foscari University of Venice
paolo.sorbello@unive.it

With its society deeply affected by the COVID-19 pandemic and its economy struggling due to low oil prices, 2020 was the year in which Kazakhstan's government was compelled to continuously adopt emergency measures. This contributed to a looming uncertainty about the country's ability to cope with the multiple crises constantly affecting it.

Throughout this essay, the COVID-19 topic permeates all aspects of Kazakhstan's politics, from the internal measures undertaken to curtail its spread, to the effects of the lockdown on the economy and relations with other countries.

Internationally, Kazakhstan's attempts to build a positive global image were threatened by the release of a sequel to Borat, the US satirical film portraying Kazakhstan as a backward country, as well as by slanderous misinformation from the Chinese Embassy in Nur-Sultan. Old refrains claiming that Kazakhstan's northern regions belong to Russia were repeated by Russian nationalist journalists and politicians, highlighting the precarious relationship between the two neighbours.

KEYWORDS – COVID-19; oil crises; elections; protests; healthcare; nation branding; diplomacy.

1. Introduction

As in other countries around the world, Kazakhstan's year was dominated by the COVID-19 pandemic. While 2020 will go down as the Coronavirus Year in history books, it had already started on the wrong foot both politically and economically for Kazakhstan. With the fall of oil prices (discussed in the third section) and the infamous riots in the border village of Kordai (discussed in the fourth section), the economy and society of Kazakhstan showed cracks of instability that seem to be more structural than coincidental.

The second section of this work shows that, despite the effects of the pandemic and compromising allegations against prominent members of the elite, the regime remained stable. This was further cemented by the parliamentary election of January 2021, which gave the ruling party a supermajority.

An analysis of the chain reaction that pushed oil prices down during the year is provided in the third section, alongside an in-depth study of the

government's measures to counter the negative effect of the pandemic on the economy. The section concludes with a breakdown of the major deals in Kazakhstan's financial sector, which essentially reduced competition in the banking sector.

The fourth section opens with an analysis of the repercussions of the nationwide lockdown in the country's international relations, reinforcing just how pervasive the COVID-19 pandemic was in 2020. The government also had to cope with both innocuous and dangerous threats to the country's image, with the release of a second Borat film in October and a new wave of Russian nationalist declarations in November and December. Lastly, the section delves deep into the riots in the border village of Kordai, where Kazakhs torched stores and homes owned by Dungans, an ethnic minority which has made Kazakhstan a homeland for the past several decades.

2. Lockdowns, intrigues, and elections

This section discusses major internal trends in Kazakhstan during 2020. Inevitably, as with other countries around the globe, one of the major topics is the COVID-19 pandemic, which began to affect the country in March and had killed almost 3,000 people by the end of December. The first part is dedicated to dissecting the effects of the pandemic on the socioeconomic fabric of the country and the countermeasures adopted by the government.

The second part of this section addresses the political stability of the regime, while introducing potential elements of insecurity and political scheming. Political trials as well as slanderous rumours have inspired speculation of infighting at the elite level. The parliamentary election, analyzed in the final part, pitted these rather conspiratorial arguments, in particular concerning the legislative branch, against the backdrop of the country's stability.

2.1. The COVID-19 pandemic and the nation-wide lockdown

In mid-March 2020, President Kassym-Jomart Tokayev called for emergency steps to counterbalance the spread of COVID-19, in an effort to «avoid an avalanche of new cases», now registered across the world, especially in countries which introduced quarantine measures at a late stage.¹ A relief package of 4.4 trillion KZT (around US\$ 10 billion) was set aside to build temporary camp hospitals; to protect businesses from the economic fallout and to aid families in need.

1. 'Выступление Президента Касым-Жомарта Токаева на заседании Государственной комиссии по чрезвычайному положению' (Speech by President Kassym-Jomart Tokayev at a meeting of the State Commission on the State of Emergency), *Akorda website*, 23 March 2020.

A lockdown was put in place at the end of March, restricting movement both between cities and within urban centres. Countless businesses were shut down, as only supermarkets and pharmacies were open to the public. Like other countries, Kazakhstan established a monitoring system for those who developed symptoms and quarantined entire apartment buildings when cases were detected. The government mandated the urgent building of camp hospitals for infectious diseases outside the largest cities to serve as backup hubs to quarantine those affected by the virus, yet not in life-threatening condition.

The country's overburdened health care system, especially in the early months of the pandemic, failed to provide enough testing facilities and enforce sanitary measures.

In June, as coronavirus infections grew at a dramatic rate, the country's minister of health, Yelzhan Birtanov, was sacked by Tokayev and replaced by his deputy, Alexei Tsoi.² Birtanov was later arrested on charges of embezzlement, together with other former members of the ministry.³

2.2. *Regime stability amidst political intrigue*

Despite the power transition in the Spring 2019, when Tokayev replaced long-time president Nursultan Nazarbayev, Kazakhstan's political system remained generally steady throughout the first two years of the «post-Nazarbayev» period. Yet, two political trials and a number of allegations of elite corruption alerted observers that a power struggle might be taking place behind the curtain of stability.

In March 2020, Mukhtar Dzhakishev was released from prison in the north-eastern city of Semei. Dzhakishev was arrested in 2009, while serving as the chairman of Kazatomprom, the country's monopolist in the nuclear energy sector. Despite his early release, his liberties will continue to be restricted until his sentence lapses in 2023. The health status of Dzhakishev had progressively deteriorated and it became clear that he would now pose a relatively small threat to the status quo compared to a decade ago.

At the time of his arrest, Dzhakishev was one of the prominent figures in Kazakhstan's business world, with future plans for the modernization of management at state-owned companies. His links to fugitive banker Mukhtar Ablyazov were at the core of his political persecution.⁴ In the

2. Указом Главы государства Биртанов Елжан Амантаевич освобожден от должности Министра здравоохранения Республики Казахстан (By the decree of the Head of State, Yelzhan Amantayevich Birtanov was relieved of his duty as Minister of Health of the Republic of Kazakhstan), *Akorda website*, 25 June 2020.

3. Экс-министра здравоохранения Казахстана задержали по подозрению в растрате (Ex-Minister of Health of Kazakhstan detained on suspicion of embezzlement), *Itar-TASS*, 3 November 2020.

4. 'Former Uranium Tycoon Dzhakishev Released From Kazakh Prison', *Radio Free Europe/Radio Liberty*, 19 March 2020.

months following his release, however, Dzhakishev refrained from talking to the press about his detention.

Another prominent court case in Kazakhstan involved civic activist Asya Tulesova, who served a two-month jail sentence before being released on parole. She had been detained for 14 days in 2019 after unfolding a banner saying «you cannot run away from the truth» during the Almaty Marathon. The Marathon protest had been organized after the resignation of Nazarbayev and sparked a youth protest movement in Almaty.⁵

In June 2020, during the first «quarantine protest» in Almaty, Tulesova took to the streets and documented the mass arrests carried out by special police forces. On the day, 52 people were arrested for their affiliation to the Democratic Choice of Kazakhstan (DVK), a banned political group headed by fugitive banker Mukhtar Ablyazov. Tulesova said that she witnessed elderly citizens being hauled into police trucks and decided to voice her disappointment in the authorities' treatment of her fellow citizens. Approached and surrounded by a handful of policemen, Tulesova fell to the ground while struggling to escape the ensuing scuffle and knocked off the hat of a policeman, triggering her arrest.⁶

The combination of charges of «insults» and «harmless violence» against the police meant that Tulesova could face up to three years in prison, yet the court set her free on parole after the first hearings – which took place two months after her arrest, in blatant violation of due process.

While it seemed that Kazakhstan's judicial system had become more lenient towards opposing figures of the regime, another reading of these court cases could point to the general weakness of the country's opposition. After his term in prison, Dzhakishev could in fact be considered «neutralized». On the run for more than a decade, Ablyazov can count on only scant support in the country, beyond the people on his payroll; the more independent youth movements have struggled to spread beyond the urban context of Almaty. Far from being considered a threat, these pockets of opposition have become pawns in the government's wayward policy towards the opposition, sometimes crushed, sometimes tolerated.

The regime stability, further cemented by the parliamentary election discussed below, suffered a series of blows to its highest echelons during the last months of 2020. Rumours and allegations of corruption and bankruptcy involved two of the most prominent businessmen in the country, Bulat Utemuratov and Timur Kulibayev, while previous speculation around Kārim Māsimov, head of the National Security Committee and former prime minister, resurfaced.

5. Paolo Sorbello, 'Kazakhstan's Top Party Picks President, Meanwhile the Youth Debate the Future', *The Diplomat*, 23 April 2019.

6. Paolo Sorbello, 'Court Releases Activist in Kazakhstan in High-Profile Case', *The Diplomat*, 13 August 2020.

Utemuratov owns a medium-sized lender, Forte Bank, and is involved in telecoms, mining, and real estate through his holding Verny Capital. In early December, a UK court froze some assets of BTA Bank⁷ – Abyazov’s former bank, now property of Kazakhstan’s government – in an effort to ascertain the legality of some of the transactions. Part of these funds were owned by Utemuratov, who rushed to publicly guarantee that his businesses would not be affected and that the court decision would be appealed. In the meantime, Abyazov spread rumours about Utemuratov being «on the run» and that his arrest was imminent. Contrary to speculation, the UK court reversed its decision only a few days later.⁸

In the same week, a *Financial Times* exclusive investigation revealed that Timur Kulibayev had profited personally from a state contract to build a gas pipeline to China. Leaked emails showed that companies linked to Kulibayev, Nazarbayev’s son-in-law and owner of the largest bank in the country, had inflated the price of steel charged to the country’s state-owned company, pocketing the mark-up.⁹ Kulibayev and his lawyers decided to ignore the allegations of fraud.¹⁰

Three months earlier, Tom Burgis, the same *Financial Times* journalist who unveiled the scheme linked to Kulibayev, also wrote about Kārim Māsımov, one of the most powerful figures in Kazakhstan’s politics. According to leaked emails, in 2011, London-listed mining company Kazakhmys paid for Māsımov and his family to go on holiday in France. Māsımov was then serving his first term as prime minister, and the trip would be considered a violation of the British Bribery Act, by which Kazakhmys was bound.¹¹

Concentrated over a period of around 100 days, these media attacks on Kazakhstan’s elite represented a new wave of *kompromat*, or the publication of compromising material, against those who are considered untouchable. Yet, Kazakhstan’s closed and conspiratorial political environment left unanswered the question on whether this incident was isolated or part of a media campaign to discredit certain prominent figures.

2.3. *An unsurprising parliamentary election*

The lower house of parliament, or Mājilis, has traditionally been a stronghold of the ruling party, and has seldom been considered anything more

7. Bradley Hope, ‘U.K. Court Freezes Up to \$5 Billion Tied to Alleged Kazakhstan Bank Theft’, *The Wall Street Journal*, 1 December 2020.

8. ‘The Freezing Injunction of the English Court in relation to the assets of Bulat Utemuratov has been revoked’, *Verny Capital*, 9 December 2020.

9. Tom Burgis, ‘The secret scheme to skim millions off central Asia’s pipeline megaproject’, *Financial Times*, 3 December 2020.

10. ‘No reaction from Kazakh elites as bombshell FT report says Nazarbayev’s son in law siphoned millions from pipeline scheme’, *bne IntelliNews*, 4 December 2020.

11. Tom Burgis, ‘UK mining group arranged Paris trip for Kazakh prime minister’s family’, *Financial Times*, 8 September 2020.

than a rubber-stamp institution. Electoral landslide victories have been a common feature of Kazakhstan's parliamentary history. Scholars who have analyzed the political environment in Kazakhstan have noted a definite gap between the parties and society, and dissatisfaction on the part of the population.¹² In this environment, the establishment of a «party of power» was functional for regime stability and legitimation.¹³

Notably, the history of Kazakhstan's parliamentary politics closely mirrors that of the post-Soviet regime. In the early years after independence, Kazakhstan featured a single-chamber system, essentially inherited from the Soviet bureaucracy. The Supreme Soviet was dissolved in 1994, in a process that further curtailed opposition, especially after the adoption of a new Constitution in 1995.

Historically, the ethnic composition of the parliament also reflected the demographic and nationalizing dynamics: membership in the Supreme Soviet at the time of its dissolution was 60 percent Kazakh, while the proportion of Kazakhs in the overall population was 45 percent.¹⁴ The share of Kazakhs in parliament and across all power institutions increased steadily over the decades.

As it was being 'nationalized', the Majilis was also increasingly occupied by loyalists of the regime that Nazarbayev was creating around his figure. After the first parliamentary election, which featured a varied political competition of sorts, the country's Supreme Court annulled the result and called for new elections, under a new Constitution, which consolidated Nazarbayev's rule.

By the early 2000s, the Nur Otan became the driving force of pro-regime legislation. As Nazarbayev's power strengthened after the 2005 presidential election, the Majilis became a loyal institution, which sometimes surpassed the leader's desires. In 2016, for example, the lower house adopted a proposal to change the name of the capital in honour of the First President.¹⁵ Nazarbayev rejected such a proposal, in an attempt to paint himself as a truly selfless leader, uninterested in a cult of his own persona. He did so in 2010 as well, when he «modestly opposed»¹⁶ a bill that would make him «Leader of the Nation» – which was nonetheless later approved, thus granting him and his family lifetime immunity. In March 2019, the day

12. Rico Isaacs, *Party System Formation in Kazakhstan: Between Formal and Informal Politics*, London: Routledge, 2011.

13. Adele Del Sordi, 'Legitimation and the Party of Power in Kazakhstan', in Martin Brusis, Joachim Ahrens & Martin Schulze Wessel (eds.), *Politics and legitimacy in post-Soviet Eurasia*, Basingstoke: Palgrave Macmillan, 2016, p. 81.

14. Bhavna Dave, *Kazakhstan: Ethnicity, Language and Power*, New York, NY: Routledge, 2007, p. 152.

15. 'Kazakhstan's parliament wants to rename capital after president', *Reuters*, 23 November 2016.

16. Joanna Lillis, 'A Modest «Leader of the Nation»', *Eurasianet*, 16 June 2010.

after he resigned, Nazarbayev finally agreed to the renaming of Astana into Nur-Sultan, as proposed by his successor.¹⁷

In a way, Nazarbayev used the Majilis as a legitimization tool, while, with false modesty, denying that several of the public decisions revolved around his whims and desires. Since 2005, in fact, the electoral process has followed an erratic path, with early elections becoming so customary that parliamentarians and governments could be reshuffled at any time. The 2021 election was the first to be held in line with the parliamentary term, another public attempt for Tokayev to signal a break with the past and a new political course.

In line with his speech regarding the progressive opening of the political arena to competition,¹⁸ in June 2020 President Tokayev signed into law a measure that would allow political opposition in parliament to be officially recognized. Yet, the principal opposition movements, the DVK, the Democratic Party, and other smaller organizations did not register.

Oyan, Qazaqstan!, the youth movement born after Nazarbayev's resignation, refused to register, arguing that political plurality should be a fundamental civic right, not a legislative measure. The DVK, piloted from abroad by Ablyazov, remained classified as an illegal organization in the country. When it tried to register via the official channels, the Democratic Party, headed by Zhanbolat Mamai, was met with a decided denial. The Central Election Commission (CEC), in fact, argued that Mamai's party did not meet the minimum requirements and could not be registered.

Once the campaign kicked off in late 2020, some parties claiming to be in opposition to the ruling party said they would attempt to snatch seats in parliament, yet only a small number of loyalist parties were registered by the CEC. The race even lost some of its hesitant competition when the Nationwide Social Democratic Party (NSDP) decided to boycott the election. In November 2020, in fact, Ablyazov called on supporters of DVK to vote for NSDP in an effort to show how this organization, though illegal, still had widespread backing among the people. Fearing a hijacking by DVK supporters, the NSDP abruptly ended its campaign and retired its symbol.

According to the final report of OSCE's election monitoring mission, only Nur Otan and the People's Party (formerly known as the Communist Party) registered over 100 candidates. All other parties ran between 33 and 16 candidates across the country, thus essentially signing up for a minority share of the seats in parliament – in a best-case scenario.

17. Paolo Sorbello, 'Kazakhstan 2018-2019: Change and continuity amid economic stagnation', *Asia Maior*, XXX/2019, pp. 450-452.

18. 'Kazakhstan to liberalize rules on protests and political parties', *Reuters*, 20 December 2019.

The polls returned another one-sided victory for Nur Otan,¹⁹ which obtained 5 million votes (71 percent) and secured 76 seats in the Mäjilis. The other two parties to surpass the 7 percent threshold were Ak Zhol and the People's Party, which obtained 12 and 10 seats respectively. While the government noted that the gap between the leading party and the others has reduced in terms of votes and seats in parliament, observers pointed out that the two parties that won seats are loyal to Nur Otan.

The OSCE monitoring mission stated that «the 10 January parliamentary elections in Kazakhstan lacked genuine competition and highlighted the need of the announced political reforms», once again falling short of the organization's standards for free and fair elections.²⁰ In short, a new rubber-stamp parliament began its five-year term in January 2021.

3. *Economic downturn amid two oil crises and a pandemic*

Having dedicated economic measures worth around 5% of its GDP to the response against the COVID-19 pandemic, Kazakhstan tried to push through a stimulus package despite the slowdown in economic activity. The pandemic also amplified the effects of falling oil prices in early 2020, which directly affected Kazakhstan's budget. Besides analyzing the effects of low oil prices and of the recession linked to the pandemic, this section also provides a snapshot of the state of the banking sector, now further concentrated among a handful of oligarchs.

3.1. *The double crisis of the oil sector*

At the start of 2020, the first effects of the COVID-19 outbreak in China hit oil demand, increasing its global price volatility. In early March, when representatives of Russia and Saudi Arabia met at the margins of a meeting of OPEC+, an enlarged group of oil exporting countries besides the 14 full members of OPEC, they failed to reach an agreement on supply cuts. The snowball consequence of Saudi Arabia flooding the market with oil and Russia increasing production was a sharp fall in oil prices. Caught in between, Kazakhstan and its foreign investors had to cope with a real decline in export revenues.

Already part of previous OPEC+ agreements to cut oil supplies in an effort to maintain high oil prices after their decline in 2016, Kazakhstan had repeatedly breached the various quotas agreed at the regular multilateral negotiations. The start of production at the Kashagan oil field, after

19. Annette Bohr, 'Elections in Kazakhstan yield results as predicted', *Chatham House*, 20 January 2021.

20. OSCE Office for Democratic Institutions and Human Rights, *Kazakhstan, Parliamentary Elections, 10 January 2021: Final Report*, 26 March 2021.

decades-long delays, was deemed too lucrative to pass up by both foreign operators and the local government, which owns a stake in the project. Therefore, production was increased, against the impasse of the OPEC+ negotiations.

Just as the government was projecting the fallout of the «oil supply crisis» resulting from the Russo-Saudi spat, the global pandemic held demand low, depressing oil prices even further. Essentially, exports to China slowed down due to a reduced demand, and westward exports via the Caspian Pipeline Consortium to the Black Sea port of Novorossiisk became uneconomical. Worldwide, traders kept their tankers at sea rather than docking and underselling their product.

As the coronavirus spread to Kazakhstan in March, one of the first infectious hotspots were the rotation villages near the oil fields, especially at the giant project developing the Tengiz field in the Atyrau region.²¹ Several expatriate workers travelled there from overseas and the confined spaces of the rotation camp became the ideal environment for the virus to spread. Besides the capital Nur-Sultan, formerly known as Astana, and Almaty, the Tengiz rotation village registered the most COVID-19 cases in the first months of the pandemic. The worsening situation at the field led companies to move most of the staff to remote working. Operations were reduced to a minimum and worker rotation schedules were doubled in order to isolate them further.²²

The Tengiz oil field was among the most affected, especially as the joint venture between the Kazakh government, US Chevron and other transnational companies decided to postpone the completion of its US\$ 37 billion expansion plan, the so-called Future Growth Project. Kazakhstan's national oil and gas company Kazmunaigas said it would reduce production at certain fields and consider discontinuing some of its unprofitable operations.

The consequences of reduced production were dire both for companies and for workers. Thousands of oil workers were laid off from production and service companies alike, while tens of thousands had to accept a salary cut. While such measures affected the highest-paid jobs in the country, almost 50 percent of Kazakhstan's workforce either lost their jobs or became underemployed, a socio-economic catastrophe that was only alleviated with the aid of government measures to ease the lockdown. The bustling informal economy remained key for several primary economic sectors, though not oil.

In May, Borealis, an Austrian company and major player in the polymer industry, pulled out of a US\$ 6.8 billion project to build a polyethyl-

21. Catherine Putz, 'COVID-19 Cases at Kazakhstan's Tengiz Oil Field Top 1,000', *The Diplomat*, 4 June 2020.

22. Paolo Sorbello, 'Kazakhstan's Oil-dependent Economy between Two Crises', *Friedrich Ebert Stiftung*, October 2020.

ene plant in the western Atyrau region. Borealis, co-owned by oil company OMV and Emirati investment company Mubadala, had signed the contract in March 2018 in Abu Dhabi during a high-level ceremony involving the heads of state of Kazakhstan and the UAE, who pledged to co-finance the project. Borealis cited adverse conditions due to the COVID-19 pandemic as justification for its strategic decision to exit the project.²³

At the end of the year, Austro-Romanian investor OMV-Petrom decided to sell off its upstream assets in the Mangistau region. While the principal reason for the divestment was a mutated business strategy that steered the company's interest towards the Black Sea region, the effects of COVID-19 undoubtedly affected the decision. OMV-Petrom sold its assets to a relatively unknown company, said to be close to Kazakhstan's top elite.

3.2. *Financial and socioeconomic distress*

The COVID-19 pandemic had a disastrous effect on Kazakhstan's economy, first because of the early lockdown imposed in the first months after the first coronavirus case was registered in the country, and then because of the sudden increase in cases once lockdown was eased in the summer. Errant decision-making in terms of what kind of businesses could remain open and the manner in which they dealt with their customers, while at the same time respecting sanitary rules, increased uncertainty and led several businessmen to shut down their activities.

While the relief package was seen as a welcome measure to counter-balance the economic downturn that the pandemic had caused, its magnitude was marginal when compared to other countries: According to official statistics, Germany allocated funds amounting to 33 percent of its GDP, the United States 12.1 percent, while Kazakhstan only 6.5 percent.²⁴

Millions of people – those directly affected by the economic effects of the pandemic – received a subsidy of 42,500 KZT (around US\$ 95) per month between May and August.²⁵ The amount, although meagre, represented the state-sanctioned minimum wage and was crucial to ensure the survival of several thousand families. Economic hardship, however, could not be reversed with a small cheque and human-rights watchdogs warned that hundreds of thousands of new poor could emerge as a result of the viral pandemic.²⁶

While several thousand lost their jobs, inflation galloped to 7.5 % for the year, far above the earlier prediction of 5 %, and the price of a basket

23. Kanat Shaku, 'Borealis pulls out of \$6.8bn plan to build petrochemical plant in Kazakhstan', *bne IntelliNews*, 20 May 2020.

24. Ziyad Cassim, Borko Handjiski, Jörg Schubert & Yassir Zouaoui, 'The \$10 trillion rescue: How governments can deliver impact', *McKinsey*, 5 June 2020.

25. Anastasiya Fershtey, 'Kazakhstan's Coronavirus Payments: The Quest for 42,500 Tenge', *The Diplomat*, 15 May 2020.

26. 'Kazakhstan: Extend, Expand Covid-19 Aid - Hundreds of Thousands Facing Poverty, Economic Hardship', *Human Rights Watch*, 17 August 2020.

of basic goods increased by 11 %, according to official statistics.²⁷ The combination of higher prices and lower purchasing power plunged thousands into poverty.²⁸

3.3. *Banks: a family business*

Since Halyk Bank took over Kazkommertsbank in 2018 after years of negotiations, Halyk Bank became the undisputed leader of Kazakhstan's financial sector, accounting for around one-third of the country's banking assets. Between 2015 and 2017, Kazkommertsbank, once the country's largest lender, was slowly swallowed by Halyk, co-owned by Timur Kulibayev and his wife, Dinara, the daughter of Nazarbayev.

After the banking collapse of 2018-2019, which saw a handful of lenders lose their licence and go bankrupt, the rampant Jusan Bank (also spelled Jýsan) finalized the purchase of medium-sized ATF Bank in December 2020.²⁹ Importantly, Jusan – which used to be named Tsesnabank and was owned by the Dzhaksybekov family until 2019 – is owned by the fund First Heartland, which has direct links to Nazarbayev.

Once the merger is completed in the first months of 2021, Jusan will become the second-largest bank in Kazakhstan after Halyk with a 10 per cent share of the market. ATF's former owner, Galimzhan Yessenov, son-in-law of Akhmetzhan Yessimov, head of the national fund, will now own 20 percent of Jusan.

It is important to note that this development sanctions both a reduction in the number of banks in the country, and a consolidation of financial assets into the hands of the Nazarbayev family, which now directly controls almost half of the banking sector.

Indirectly, however, the elite circles close to Nazarbayev still control the vast majority of the financial markets. One of Kazakhstan's richest men and a close ally of Nazarbayev, Vyacheslav Kim co-owns Kaspi Bank, one of the country's best-known banks, because of its mobile application for money transfers and its marketplace for e-commerce.

The modern and flexible characteristics of Kaspi made its shares interesting for investors, who flocked to buy a stake once the bank listed its global depository receipts (GDRs) on the London Stock Exchange.³⁰ Initially priced at US\$ 38 per share, its value soared to US\$ 67 by 31 December. Besides investors who bet enthusiastically on a bank from Kazakhstan, the operation

27. Инфляция в Казахстане за 2020 год составила 7,5% (Inflation in Kazakhstan in 2020 reached 7.5%), *Vlast.kz*, 5 January 2021.

28. 'Kazakhstan: Extend, Expand Covid-19 Aid - Hundreds of Thousands Facing Poverty, Economic Hardship', *Human Rights Watch*, 17 August 2020.

29. Paolo Sorbello, 'Banking Consolidation Continues in Kazakhstan', *The Diplomat*, 25 November 2020.

30. Paolo Sorbello, 'Kazakhstan's Fintech Group Lists in the London Stock Exchange', *The Diplomat*, 16 October 2020.

was advantageous to Kim and Mikhail Lomtadze, CEO and co-owner, who became billionaires by selling part of their stake in the London market. Kaspi is likely to remain in Kazakhstan's ranking of the top-five banks in terms of assets, yet the PR coup of scoring the second-largest initial public offering (IPO) of the year in London was a memorable feat for a Kazakh bank.

Curiously, the timing of the IPO may have been carefully negotiated to follow the exit of Kairat Satybaldy, Nazarbayev's nephew, who owned between 9 and 30 percent of the holding controlling Kaspi Bank until 2018. Once again, the presence of the Nazarbayev family in the history of the company might have contributed to its initial success and stability. When the time came to attract international investors and to avoid alerting regulators, Kaspi had to rid itself of Satybaldy's towering presence.

4. Travel restrictions, Borat, and disputes with China

4.1. Closing down borders

After the first cases of COVID-19 were registered in the country in March, the government decided to suspend travel in an effort to contain the spread of the virus. As noted above, the rotation system at oil fields caused a few of the camps to become viral hotspots. Kazakhstan suspended the visa-free regime it had established with 48 countries and only allowed incoming flights for citizens of Kazakhstan and their relatives. Companies had to obtain special permission from an intergovernmental commission if they wanted their foreign workers to travel to the country.

The restrictions on travel and migration had a positive effect in containing the virus, yet the measure inevitably curtailed overseas business activity. Official visits and business travel were reduced to a minimum and only allowed through special permits given by the government on a case-by-case basis. Foreign companies in the country had to carefully organize their expatriate workers' rotation puzzle schedule due to entry restrictions. As mentioned above, rotations were doubled and sometimes forcibly prolonged, in the event of the expatriate substitute suffering delays in gaining approval to enter the country.

After a few months, the government cautiously reopened the borders to citizens of those countries which maintained a direct flight connection with Kazakhstan. This ensured that incoming passengers, only allowed in the country with a negative PCR test, could be easily traced if contact with others resulted positive to COVID-19.

Having postponed all international conventions and moved to tele-conferencing key high-level meetings, the global reach of Kazakhstan's diplomacy was limited. However, the following events describe how the international spotlight was directed towards this Central Asian country.

4.2. *Affirming international sovereignty*

In October 2020, after a remarkable advertising campaign, the US streaming service Amazon Prime debuted the sequel to the movie *Borat*, which follows the adventures of a fictional Kazakh journalist, portrayed by Hollywood actor Sacha Baron Cohen. While the film's objective is to push the boundaries of satire and unveil some of the pitfalls of the «American Way», the diplomatic machine in Kazakhstan was once more disappointed that the production chose to portray the Central Asian country as stereotypically backward, where incest is alluded to as common practice.

The backlash against the movie was strong, from one politician threatening to bring the issue to the United Nations, to a group of nationalists protesting outside the US consulate in Almaty, demanding that the film be recalled, to feminist critiques of Cohen's power play: only an established male Western actor could afford to mock Kazakhstan as inferior.³¹

In a quick response to the movie, the national agency Kazakh Tourism produced an advertising campaign based on Borat's punchline «very nice!» – while pointing out that landscapes, food, and hospitality are indeed pleasant features of Kazakhstan.³² The campaign received a global echo, essentially spinning Borat's bad publicity into a far-reaching tourism campaign.

The wave of international attention in the aftermath of the Borat film, however, was interrupted by a revival of revanchist sentiment in Russia. Nationalist MPs of the Russian Duma argued that Kazakhstan would not exist without Russia's historical role and that parts of the Central Asian country should be returned to Russia. Historically, prominent writers, artists, and politicians, such as Alexander Solzhenitsyn, Eduard Limonov, and Vladimir Zhirinovskiy, have declared that the northern regions of Kazakhstan should be «taken back» by Russia.

In December 2020, Russian journalist Vyacheslav Nikonov and nationalist politician Evgeny Fyodorov claimed, on separate occasions, that Kazakhstan was a «gift from Russia» and that Kazakhstan was essentially leasing Soviet territory that belonged to Russia.³³ These outings were followed by an official diplomatic note, rejecting such claims, from Kazakhstan's Ministry of Foreign Affairs.³⁴ While Kazakhstan's territorial integrity

31. Aizada Arystanbek, 'Borat profits from Kazakhstan's name, we don't', *Open Democracy*, 28 October 2020. Paolo Sorbello, 'One Thousand and One Responses to Borat', *The Diplomat*, 17 November 2020.

32. Shannon McMahon, '«Very nice»: Kazakhstan makes «Borat» catchphrase its official tourism slogan', *The Washington Post*, 27 October 2020.

33. Bruce Pannier, 'An Old Refrain: Russian Lawmakers Question Kazakhstan's Territorial Integrity, Statehood', *Radio Free Europe/Radio Liberty*, 16 December 2020.

34. «Казакхстана просто не существовало». МИД направил ноту России из-за высказывания депутата Госдумы («Kazakhstan simply did not exist.» The MFA sent a diplomatic note to Russia because of a statement of a State Duma deputy), *Radio Free Europe/Radio Liberty*, 13 December 2020.

is deemed to be unquestionable at the highest levels, nationalist provocateurs in Russia have continued to ignite a revanchist discourse, which has ultimately strained bilateral relations.

4.3. *Diplomatic spats with China*

In February 2020, a minor car accident in the southern region of Zhambyl (also spelled Jambyl) turned into a riot that targeted ethnic Dungans, namely people who speak a Sino-Tibetan language and profess Islam, who settled in Kazakhstan several decades ago. Upset local Kazakhs unleashed violence against Dungan shops and homes in several villages in Zhambyl's Kordai district, which borders Kyrgyzstan. Eleven died in the clashes, while dozens were injured and hundreds fled to the busy border checkpoint demanding passage to Kyrgyzstan to escape the violence. In the end, thousands of Dungans found a safe haven by crossing into Kyrgyzstan.³⁵

In an attempt to contain the rumours, President Tokayev told the press that the events were just clashes between local residents. Reports from local journalists and social media posts, however, showed that the conflict had a defined ethnic undertone. In the aftermath of the clashes, 37 ethnic Kazakhs were arrested for their role in the riot, alongside a dozen Dungans who resisted the pogrom.

Askar Myrzakhmetov, the governor of the Zhambyl region was replaced by Berdybek Saparbayev, a veteran official among the most loyal to the Nazarbayev-Tokayev ticket.

To repeat, the violence had clear ethnic components, but it also reflected socioeconomic dissatisfaction on the part of the Kazakh population. Just as Dungans had, over the decades, built up thriving small and medium businesses even though economic distress had severely affected the livelihoods of those residents of the peripheries of the country, rather than focusing on the root causes of their economic instability, Kazakhs directed their anger against Dungans.

Unaddressed socioeconomic issues have been at the centre of several interethnic clashes in Kazakhstan, as local residents and workers have sparked violent riots against particular minority groups, be it Armenians in a Karaganda restaurant,³⁶ Middle Eastern workers at the Tengiz oil field,³⁷ or Arab workers in one of the capital's flagship construction projects.³⁸ The feeble interethnic harmony that ex-President Nazarbayev claims to have

35. Paolo Sorbello, 'Violence in Kazakhstan Turns Deadly for Dungans', *The Diplomat*, 11 February 2020.

36. Maxim Alexeyev, 'In Kazakhstan, a New Year's tragedy continues to echo far beyond its borders', *openDemocracy*, 4 March 2019.

37. Paolo Sorbello, 'Mass Brawl at Kazakh Oil Field Unveils Labor Dissatisfaction', *The Diplomat*, 2 July 2019.

38. Paolo Sorbello, 'Working Conditions and Ethnic Relations Ignored in Kazakhstan', *The Diplomat*, 11 September 2017.

built over the decades in fact rests upon economic stability. When inequality and poverty become tangible threats, the local Kazakh population is known to turn on its neighbour.

In the hours following the February Kordai riots, social media in Kazakhstan was ignited by false information about the incidence of coronavirus cases among Dungans and Chinese people. Importantly, Kazakhstan had not yet recorded any cases of COVID-19 and the rumour was spread in an effort to stir further violence against Chinese and Chinese-speaking communities in the country. While seemingly an internal clash, the targeted violence was a reminder of the widespread Sinophobia in the country; though the incident did not trigger a diplomatic row, it paved the way for a more tense geopolitical spat between Kazakhstan and China.

In July, the Economic and Commercial Office of the Chinese Embassy in Kazakhstan published a note warning Chinese citizens of a “new pneumonia” that had allegedly appeared in Kazakhstan.³⁹ As the news spread fast on Chinese social media and national outlets, the international press also picked up the rumour and published articles about a «Kazakh Pneumonia», tainting the image of the country’s healthcare sector.

Officials in Kazakhstan rushed to deny the allegations, while observers noted that the increase in deaths in the country had more to do with the unreliable collection and calculation of statistical data in the country. In fact, it was a recalculation of COVID-19 and infectious pneumonia, together with the inclusion of asymptomatic carriers that caused the sudden imbalance in the country’s trends and for it to be misinterpreted by the Chinese Embassy.⁴⁰

5. Conclusion

This essay has argued that Kazakhstan is increasingly susceptible to external crises due to the sluggish pace of the country’s economic and political reforms.

Marked by the struggle to contain and defeat the fast-spreading pandemic, the year 2020 was defined by a rollercoaster of emergencies for Kazakhstan. «Crises» continued to materialize and the government tried to find short-term solutions. Such a circular trend has become a constant in Kazakhstan’s politics for the past decade, characterized by scant long-term planning. In this period, despite economic growth, the economy remained

39. Wendy Wu, ‘«Unknown pneumonia» deadlier than coronavirus sweeping Kazakhstan, Chinese embassy warns’, *South China Morning Post*, 9 July 2020.

40. Tristan Kenderdine, ‘China Missteps With Wild Allegation of a «New» Deadly Pneumonia in Kazakhstan’, *The Diplomat*, 11 July 2020.

«still susceptible to external shocks»⁴¹ and plans for diversification away from dependency on oil exports lag behind the heralded strategies.

In 2020, however, the country's GDP fell by 2.6%, the first year in the red for two decades, which meant that the government had to face its crises with a tighter budget. The repercussions of the recession will inevitably be felt for years to come. Oil represents a large part of the economy and the fluctuations in global prices are such that Kazakhstan's ability to spend is linked to the whims of the market.

Politically, the country has shown stability, mostly because the system built by Nazarbayev has remained in place, two years after his resignation. A sparse personnel turnover has not dented the First President's grip on power. His successor, Tokayev, has aptly balanced elite infighting and maintained the status quo by organizing a tightly controlled parliamentary election, which resulted in the ruling party winning a super majority once again.

As some foreign investors have left Kazakhstan, the assets they left behind were grabbed by local elites, as in the case of the exit of OMV Petrom from the oilfields in the west of the country. The Nazarbayev circle, being the strongest elite group in the country, has continued to consolidate its control over the financial sector, by claiming another bank under its wing.

Internationally, Kazakhstan has had to polish its international image after hostile declarations from Russian nationalists, fake news from the Chinese Embassy, and the release of a second Borat film. Though unrelated, these incidents showed the enduring fragility of Kazakhstan's place in international relations.

The pogrom against the Dungans in February 2020 represented one of the darkest pages in Kazakhstan's history, because it highlighted the cracks in the social fabric of the country, so often praised for its interethnic harmony. With nationalism on the rise, socioeconomic conditions worsening, and the precarious equilibrium between a stable government and potential external crises, Kazakhstan's 2020 has perhaps been a year of devastating events, forcing the leadership to confront its toughest challenges.

41. Adele Del Sordi, 'Kazakhstan 2017: Institutional stabilisation, nation-building, International engagement', *Asia Maior*, XVIII/2017, p. 428.