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The protests in Zhanaozen and the Kazakh oil sector: Conflicting interests in a rentier state[☆]

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ABSTRACT

The article analyzes the impact of the oil and gas industry on the socio-political stability in Kazakhstan. The first part will look at the role of the industry for the development of the country with a special focus on the political risks that might result from the orientation towards raw material production. The relationship between business and politics will be examined as well as the management model of the energy sector and the impact of corruption on social and political stability. The second part of the article will focus on the population's attitude towards public protests and aims to explain why the willingness to participate in protests has been rising. A case study on the protests of oil industry workers in the city of Zhanaozen in December 2011 will be presented in order to better understand the causes of the protests, the demands of the protesters and the relationship between state and society. The article concludes with a summary of results and an outlook for the development of the oil and gas industry and socio-political stability in Kazakhstan.

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1. Introduction

Since the late 1990s, Kazakhstan has been experiencing an oil boom. Within one decade, from 1998 until 2008, oil exports increased three times while world market prices for oil rose six-fold during the same period. As a result, fuel accounted for 70% of all merchandise exports by the end of the decade, and the country's gross domestic product

(GDP) rose on average by 8% per year until the global financial and economic crisis of 2008 led to a slowdown.

In reaction to the oil boom, Kazakhstan has adopted a conservative macroeconomic policy with the goal of saving the earnings from raw material exports by increasing the country's gold and foreign currency reserves. Although such a strategy allows the country to protect the national economy during economic crises, allowing for increased state spending to counter the economic downturn and to mitigate the social consequences, it stimulates economic growth and development only to a very limited extent. As a result, such a strategy is unable to improve the structural characteristics of the economy and to raise the population's standard of living significantly and sustainably.

Despite attempts to diversify the structure of the economy and to mitigate dependence on natural

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resources, Kazakhstan continues to face the problems commonly described as a 'resource curse'.¹ Three problems resulting from the oil boom are especially relevant for Kazakhstan. First, the country suffers from 'growth without development', i.e., economic growth is not accompanied by sustainable socio-economic development. Second, a high level of corruption in combination with a weak system of state management culminates in the opaque management of natural resources by a narrow circle of government officials. And third, poverty has been persistent. Although the president stresses the reduction of poverty as one of his economic aims, inequality has been growing. While a small group has benefited immensely from the oil boom, large parts of the population have not profited proportionally. A major reason for this is that the oil industry does not create many jobs and, moreover, often suppresses the development of other sectors of the Kazakh economy (Howie & Atakhanova, 2014; Pleines, 2012).

Despite the popular slogan of Kazakh authorities 'First the economy, then politics', claiming that economic development as a priority can be separated from political reforms, the rentier state approach seems to be applicable to the country. In the rentier state, which derives most of its income from the export of natural resources, the state budget is not dependent on taxes and taxpayers. Instead, elites depend on the revenue from natural resources sold on foreign markets with prices determined by external conditions. In such a resource dependent country, access to the natural resource industry determines success in society, and control over the resource industry determines political power. The lack of democratic traditions makes the distribution of income from the resource industry non-transparent. This results in a sharp rise in corruption, a huge discrepancy between the incomes of the general population and the elite, and a growing dissatisfaction among the populace. As a result, a society that focuses on access to rents and on hegemony over marginalised parts of the population is formed.

In this context, this article scrutinises the social and political consequences of Kazakhstan's economic dependence on oil. It starts with a brief analysis of the country's fiscal policy to show the distribution of rents in society. The analysis then continues with a look at the oil elite and the attitude of the broader population. To assess the tensions resulting from the rentier state characteristics of Kazakhstan, a case study is presented of the protest events of December 2011 in the town of Zhanaozen, Mangistau

¹ The term 'resource curse' refers to the paradox that countries with a sizeable endowment of natural resources have largely been unsuccessful in translating the resulting wealth into economic development, social prosperity and political stability. Beginning in the late 1980s, empirical studies showed the opposite trend, asserting that natural resource abundance increases the likelihood that countries will experience negative economic, political and social outcomes, including poor economic performance, increased income inequality, widespread poverty, low levels of democracy, high levels of corruption and a greater likelihood of civil war. This literature has been extremely influential: the idea that natural resources are bad for development is now widely accepted. For a review of the literature and a critical discussion with a focus on the Caspian states see Heinrich, 2012.

region, where a labour conflict in the oil and gas company OzenMunaiGaz developed into a huge social and political protest resulting in the death of several people and the arrests of representatives of opposition groups.

2. Kazakhstan's fiscal policy: The oil factor

To manage the state income from natural resources, Kazakhstan, like many other oil producing countries, has formed a sovereign wealth fund, the National Fund of the Republic of Kazakhstan. The Fund, which was set up in 2000, has as its main mission to save financial resources for future generations and to reduce the country's dependence on international raw material markets. To fulfil its savings function, the minimum savings amount has been defined for the National Fund, while its maximal size is unlimited. The Fund's stabilisation function is assured by the provision of a guaranteed transfer to the state budget (for a detailed analysis of this aspect see: Azhgaliyeva, 2014). At present, this amount is established at a rate of US\$8 billion, which can be reduced or increased up to 15%, depending on the situation of the economy.² The assets of the National Fund, which totalled US\$65 billion in 2013, are officially forecasted to rise to US\$122 billion in 2016.

The formation of the National Fund and its functioning is a vivid example of the low level of transparency both in the extractive industry and in the whole system of income distribution from raw material exports. The monitoring system over the National Fund is strongly linked to the president. At the helm of the Fund is a special management council, formed and chaired by President Nursultan Nazarbayev. It further includes the prime minister, the heads of the two chambers of parliament, the National Bank chairman and the finance minister. The fund is fiducially managed by the National Bank and overseen by the council. However, the council has only advisory capacities; its main task is to provide assistance and develop recommendations for the president, who actually issues the directives, which are binding on the council, the government and the National Bank, with regard to matters relating to the Fund (Kalyuzhnova, 2006, 2012).

It can be assumed that the majority of the council members by their status in the bureaucratic hierarchy are connected with different elite groups, and future power struggles by these groups will reflect on the activity of the council itself. To classify the existing threats to maintaining political stability in Kazakhstan, the Alliance of Analytical Organizations of Kazakhstan conducted an expert poll in October 2012 among political and social scientists, public figures, and political analysts of Kazakhstan's mass media. The majority of experts involved in the poll consider that intra-elite conflicts pose the most serious threat to political stability in Kazakhstan. A second important threat is the polarisation of society. The third most significant threat to

² 'O kontseptsii formirovaniya i ispol'zovaniya sredstv Natsional'nogo fonda Respubliki Kazakhstan', Ukaz Prezidenta Respubliki Kazakhstan, 2 April 2010, No. 962, http://adilet.zan.kz/rus/docs/U100000962_, last accessed 15 November 2014.

the country is corruption and the conflicts between the federal centre and the regions ([Alliance of Analytical Organizations, 2014](#)).

In this regard, Edward Prescott proposed the creation of a wide base of stakeholders by transferring parts of the money that Kazakhstan receives from oil exports to the bank accounts of each Kazakhstani citizen for the people to invest and/or spend individually.³ However, such proposals contradict the existing economic policy which is based on the use of enormous resources from the budget and the National Fund.

That is, the income received from raw material exports is used to finance the inefficient industrial and innovative development programme that has not released Kazakhstan from its raw material addiction and has not created competitive commodity producers. Even the cautious deputies of Kazakhstan's Parliament stated in March 2014 that they do not see any effect from implementation of the industrial and innovative development programme. In particular, the former Minister of Labour and Social Protection, now deputy, Gulzhan Karagusova, said that the final goal of the programme's first stage was to diversify the economy, reduce imports, increase payments to the state budget and saturate the domestic market with qualitative goods of domestic origin. Unfortunately, after 5 years, none of these tasks have been achieved ([Tashkinbaev, 2014](#)).

In a similar vein, in a report by Transparency International and the Revenue Watch Institute on the revenue transparency of 44 international oil and gas companies in 2010 (that is, one year prior to the events in Zhanaozen), Kazakhstan's national oil and gas company KazMunaiGaz (KMG) was categorised as absolutely intransparent. According to Transparency International and the Revenue Watch Institute, if the companies' capital flows were more transparent, the opportunity for corruption would be lessened and more money would be available for development ([Atabayev, 2011](#)).

3. Popular discontent

The traditional slogan of Kazakh authorities 'First the economy, then politics' actually has a double meaning. On the one hand, more attention was indeed given to economic reforms rather than to political ones. However, on the other hand, the economic system is closely connected with the political elite; the so-called 'nomenclature capitalism' ([Burawoy, 1995](#)) preserves the 'resource curse' under which the country continues to depend on the sale of raw materials without creating an efficient system of distribution of this income.

As a result, the feeling of social injustice is gradually spreading among various layers of the population. Larger parts of the population are increasingly disappointed by the discrepancy between the availability of considerable natural riches and the income generated by their sale and

the standard of living for the majority of the population.⁴ Under specific conditions this dissatisfaction can translate into open protest.

In December 2013, the British research centre Economist Intelligence Unit (EIU) conducted a survey of various countries' risk of social unrest. It compiled a list of countries with a 'high risk' of social unrest in 2014 that included Kazakhstan among several other post-Soviet countries. In the opinion of EIU's expert Laza Kekic: 'Decline in incomes and high unemployment rates are not always followed by unrest. Only when economic trouble is accompanied by other elements of vulnerability is there a high risk of instability. Such factors include wide-income inequality, poor government, low levels of social provision, ethnic tensions and a history of unrest. Of particular importance in sparking unrest in recent times appears to have been an erosion of trust in governments and institutions [...]' ([Economist Intelligence Unit, 2013](#)). Parts of this scenario seem to have been in place in Kazakhstan already for some time.

A representative poll of the population of Kazakhstan conducted by the Central Asian Fund for Democracy Development under the supervision of one of the authors of this article in 2010 shows that 63% of the population are convinced that the means of the National Fund are spent inefficiently, while only a quarter of the population has a positive view of the Fund's expenditure policy. At the same time, 58% of the interviewed Kazakhstani citizens noted the inaccessibility of the data on the accumulation and distribution of monies from the National Fund. While a further 32% of the respondents considered information available in the mass media to be insufficient, only 10% of the respondents were satisfied with information submitted by state agencies. In the meantime, the demand for information about the Fund's activity is high: 77% of the respondents are sure that the country's citizens have the right to know how financial assets of the National Fund are accumulated and distributed ([Umbetaliyeva, 2010](#): 156).

Galib Yefendiyev, Eurasia Regional Coordinator of the Revenue Watch Institute, drew attention to one more factor that affects the growth of social tension in Kazakhstan's oil and gas producing regions. In Kazakhstan, subnational budgets receive transfers from the federal budget. However, there is no legislation specifying what share of revenues should be returned to the producer regions, how often the transfers should be made and under what formula the amount should be calculated. However, it would help to assuage discontent of the local population in those

³ 'Delit'sya neftedokhodami prizyvaet ne tolko oppozitsiya', in: Radio Azattyk, 4 June 2012, <http://rus.azattyk.org/content/oil-petroincome-prescott-zhandosov-taizhan-baitasov/24602645.html>.

⁴ In fact, according to the Ministry of Industry and New Technologies of Kazakhstan, the country's current forecasted geological reserves are estimated to be worth approximately US\$9 trillion. ('Podschitali stoimost' vseh zapasov syr'ya v Kazakhstane', in: Nur.kz, 14 December 2010, <http://news.nur.kz/170894.html>). However, these data differ from that submitted by the experts of the RIA Rating Agency who came to the conclusion that all of Kazakhstan's natural reserves in money equivalent are equal to US\$3.8 trillion. ('Kazakhstan vladeet neftyu i gazom pochti na \$3,7 trln.', in: Kapital, 20 March 2013, <http://kapital.kz/ratings/12755/kazakhstan-vladeet-neftyu-i-gazom-pochti-na-3-7-trln.html>). Even under more modest estimates, Kazakhstan's oil and gas reserves in money equivalent per capita is estimated at about US\$236,000 per Kazakhstani citizen.

producer regions if they knew about the share of revenues returned to the regions from the federal centre (Trubacheva, 2014).

The results of the opinion poll carried out in 2010 show that despite the observed growth of protest moods, protest actions were not expected to take place. Thus, 70% of respondents assessed the probability of mass protest actions as 'low' even with the deterioration of the economic situation, and only 24% thought that the discontent could develop into protest actions. Though the potential of protests was high, with 41% of the respondents noting that they themselves had a reason to protest, only 9% claimed that they would be willing to assert their rights by participating in meetings and strikes (Umbetaliyeva, 2010: 157).

In fact, according to data from the Kazakhstan Bureau for Human Rights and Rule of Law for the period 2012–2013, a reduction in the level of protest actions could be observed in Kazakhstan. One major reason seems to be state repression, as 85% of demonstrations were held without permits from local authorities. Overall, 119 peaceful meetings were registered from October 2012 to September 2013 in Kazakhstan, 74 of them were related to social and economic issues and 45 to ecological and legal issues (Asautay, 2013).

The potential for popular discontent and peaceful protest actions to escalate into violent conflict was demonstrated by the notorious events of December 2011 in Zhanaozen in the Mangistau region; a labour conflict in the oil and gas company OzenMunaiGaz caused mass protests and led to the death of several people and the arrests of the representatives of opposition groups. These events also demonstrate the link between the oil industry, the rentier state and societal tensions.

4. Case study: The protests in Zhanaozen

4.1. Popular discontent in the oil producing regions

Workers in the oil producing regions of Western Kazakhstan feel excluded from the economic prosperity of the country's major urban centres, such as the cities Almaty and Astana (for detailed case studies see Jäger, 2014; Lobacheva, 2012). While workers in the Mangistau region produce close to 70% of the country's oil output, they live and work in difficult conditions with many households lacking basic services (Khamidov, 2011; Sakal, 2014).

The oil town Zhanaozen, where the major protests took place in 2011, has considerable socioeconomic problems. Predominantly ethnically Kazakh, its population more than doubled from 2000 to 2010 to more than 125,000, due to the oil boom that attracted the influx of better paid foreign workers and of migrants (mostly ethnic Kazakhs that have lived abroad, so-called oralman).⁵ However, Zhanaozen and the Mangistau region offer few opportunities: the economy

⁵ Since 1991, over 900,000 ethnic Kazakhs have moved to the country. The majority of oralman, 61%, came from Uzbekistan, approximately 12% came from China, 10% from Mongolia, approximately 8% from Turkmenistan and 5% from Russia.

is heavily dominated by oil production, which does not create many jobs. Most goods have to be imported at high prices, as the small business sector is underdeveloped. As a result, unemployment is high (cf. Kilner, 2011; Kourmanova, 2012; Lillis, 2011a).

The disproportion in the remuneration of labour between foreign and local specialists is a source of tensions in the Kazakh oil and gas industry. Prior to the events of December 2011, there were already labour conflicts in Kazakhstan's oil producing regions concerning unfair remuneration. At that time the monthly wage of a qualified engineer amounted to KZT 150,000 on average in Kazakhstan. In the Atyrau region, in which many foreign personnel are employed, it stood at KZT 193,000, while in the Mangistau region, it was KZT 207,000. The higher wages in turn have an impact on the prices in the region. While some in the region, namely managers and well-trained foreign workers, earn more and can afford higher prices, others who earn less than average salaries see their income in real terms reduced below the poverty rate. As a result, social inequality is higher in the oil producing regions of Western Kazakhstan. In October 2011, the poverty rate was 22% higher than the country average (Abishev, 2011).

The tensions between the local population, ethnic 'repatriates' (oralman) and the foreign labour force have increased (cf. Kourmanova, 2012; Kuşçu, 2014). However, not only between these groups are the tensions rising. The majority of oralman are dissatisfied with their situation after moving to Kazakhstan, which makes their community susceptible to various political influences and increases their protest potential, as was clearly observed in the events in Zhanaozen. Among the striking oil workers at Zhanaozen approximately a quarter were oralman (Zhampeisso, 2013).

Wage discrepancies and related discontent also exist in other segments of Kazakhstan's economy. For example, labour conflicts constantly occur at the largest mining and metallurgical enterprise in Kazakhstan, the foreign-owned Arcelor Mittal.⁶ However, the peculiar feature of Zhanaozen was that the labour conflict began not in a foreign company but in the subsidiaries of the national state-controlled oil and gas company KMG, which gave the state's leadership direct responsibility.

A labour dispute at KMG's oil producing subsidiary OzenMunaiGaz (OMG) had previously taken place in September 2009 and was accompanied by a hunger strike of several workers demanding a change in the remuneration system and a wage raise. According to mass media

⁶ In particular, in February 2009, the trade union of coal miners, Korgau, opposed a wage reduction for miners introduced by the management of Arcelor Mittal Temirtau. In March 2010, trade unions went to court to force the management of Arcelor Mittal Temirtau to pay the 13th wage to the personnel as stipulated in their contracts. In November 2011, trade unions again started to conduct bargaining for a wage increase with the board of Arcelor Mittal Temirtau. However, the two sides could not reach an agreement. Therefore, the trade unions convened labour arbitration. In July 2012, over 3000 employees of various shops of the metallurgical plant Arcelor Mittal Temirtau went to the meeting demanding to increase their wages by 30%.

reports, the company's management satisfied the demands of the oil workers; however, it remained unclear in what way and to what extent. In March 2010, there was another strike of OMG's workers because of disagreements over the transition to a new remuneration system. To settle this conflict, the company's management formed a special commission involving state bodies. This special commission inspected the legality of the demands of the strikers; it came to the conclusion that the demands of the workers were groundless (Khrankov, 2011).

4.2. The protests in 2011

The violent mass protests of 2011 started with a peaceful strike by thousands of oil workers at three companies on 26 May 2011 after labour activists had called for a general strike across the Mangistau region. The three companies were OMG in Zhanaozen, KarazhanbasMunai, a KMG-Chinese joint venture near the port city of Aktau, and Ersai Caspian Contractor, a joint venture by the Italian ENI and ERC Holdings of Kazakhstan. The workers demanded amendments to the collective bargaining agreement adopted in 2010, aiming at a pay increase (through the inclusion of regional and industry coefficients for the calculation of their wages), equal rights with foreign workers (including equal pay), and the lifting of restrictions on the activities of independent labour unions in the region (Salmon, 2011: 507).⁷

The oil companies were uncompromising over the key demand of higher take-home pay. Managers claimed they pay salaries that are well above average and they embraced an aggressive approach in dealing with the strikers (Khamidov, 2011). KMG insisted that salaries had been raised six times since 2008 and that it offered strikers the chance to return to work. Verifying KMG's wage assertion is complicated due to a complex salary-calculation system that makes gauging take-home pay difficult. Salaries in western regions are the highest nationally, but the cost of living is above average, and living and working conditions are tough (Lillis, 2011a; Nasimova, 2011: 98).

Negotiations to address workers' complaints are hampered by the unwillingness of state oil companies to recognise informal labour unions. Employers insisted on negotiating only with workers organised in the official Federation of Labour Unions of Kazakhstan, which often follows the government line and is therefore not trusted by strikers (Khamidov, 2011).

The companies appeared to benefit from the tacit support of the local government. To stop further strikes, the company's managers addressed the judicial bodies of the Mangistau region and the town of Zhanaozen, which considered all protest actions illegal, meaning that the strikers were subject to dismissal under the law. The court decisions were based on the fact that the strike actions did not follow the exact procedure stipulated in the Kazakh Labour Code (Khrankov, 2011).

In the summer of 2011, KarazhanbasMunai's and OMG's management decided to dismiss more than 2000 employees involved in the protest. In response, some of the dismissed oil workers appealed to the court of Zhanaozen to reinstate them to their jobs, but the court refused to do so. Instead, the strike organisers were arrested and convicted. The threat of retribution prompted many disgruntled employees to return to work: the number of strikers fell sharply. KMG then moved to declare the strike over. However, tensions remained high (Khamidov, 2011; Lillis, 2011a; Nasimova, 2011: 97).

After their dismissal, a large group of the workers set up a tent city in Zhanaozen's central square. From there, they kept up their protest, demanding reinstatement and a review of salaries. The protestors who considered themselves still to be company staff but had not received any money for several months hoped that the authorities would intervene on their behalf (Lillis, 2011a).

Amid growing concern over the economic impact of the labour action, the federal government intervened to broker a genuine compromise. The simmering conflict had been lowering the country's oil output; the economic costs of the labour unrest started to draw Astana's attention. KMG reported that it produced 9.2 million metric tonnes of crude oil during the first three quarters of 2011, 7% less than during the same period in the previous year. According to Timur Kulibayev, at that time the head of the Samruk-Kazyna fund that oversees Kazakhstan's state companies (including KMG), the strike caused great damage to state coffers. Kulibayev estimated that strike-related losses to the state would approach KZT 54 billion (US\$365 million) in 2011. He also said KMG faced an annual loss of KZT 40 billion (US\$270 million) as a result. That is why, Kulibayev offered a compromise to the dismissed workers in late-September. 'They are our people and we should work with them', he said. 'We are not giving up on helping them find employment'. Kulibayev said alternative jobs on a railroad project had been proposed, but turned down (Lillis, 2011a; Nasimova, 2011: 97).

The conflict then escalated on 16 December 2011 (Kazakhstan's Independence Day). On Zhanaozen's central square, where hundreds of protesters had set up their tents for more than six months, at least 16 people were killed and more than 100 injured (cf. Kourmanova, 2012) when shooting broke out as police tried to clear the square for preparations for the Independence Day celebrations. The protesters started throwing rocks and whistling. A crowd stormed a stage erected for an Independence Day party, smashing sound equipment. They reportedly later set fire to the city hall, the headquarters of the local oil company OMG, a hotel, several other buildings and vehicles. Eyewitnesses said police fired on unarmed protesters but the authorities claimed they were forced to defend themselves (Lillis, 2011b; Salmon, 2011, 2012).⁸

⁷ 'State of Emergency in Restive Kazakh Town', in: Eurasianet.org, 17 December 2011, <http://www.eurasianet.org/node/64727>.

⁸ 'State of Emergency in Restive Kazakh Town', in: Eurasianet.org, 17 December 2011, <http://www.eurasianet.org/node/64727>; 'Kazakh Zhanaozen Oil Unrest Spreads to Regional Capital', in: BBC, 18 December 2011, <http://www.bbc.co.uk/news/world-asia-16235282>.

President Nazarbayev imposed a state of emergency and a curfew in Zhanaozen. Under the 20-day state of emergency, rallies, protests, and strikes were prohibited; it restricted freedom of movement around the city and also limited access to and from the city. The authorities transferred large numbers of soldiers to the region and cut Internet and phone communications to control the flow of information. They then claimed that the situation was under control and vowed perpetrators of the unrest would be punished (Kilner, 2011; Lillis, 2011c).⁹

Nevertheless, another person died on 17 December, and 11 were injured when security forces opened fire in a railway settlement in the nearby village of Shetpe. Protesters blocked the railway line to support the striking workers in Zhanaozen. After protesters set fire to a freight locomotive and threw petrol bombs at the wagons, they rioted in the village, burning a New Year's tree, and smashing shop and car windows. When police came under attack with petrol bombs and stones, they were forced to use their weapons, the prosecutors said.¹⁰

On 18 December, oil workers gathered outside the mayor's office in Aktau to show solidarity with those workers killed in Zhanaozen. Riot police confronted them, cordoning off the area to keep the protesters from drawing a larger crowd. By 21 December, the solidarity protest had dwindled to approximately 60 people (Lillis, 2011d).¹¹

4.3. Reaction of the state

Prior to the riots the authorities had been quite successful in blocking credible reporting about the long-lasting labour dispute from appearing in the Kazakh press. To make sure the labour unrest remained contained, government media outlets carried reports discrediting the strikers by 'exposing the greed' of the oilmen. Thus, the strikers found it difficult to convey their message to workers in other economic sectors. As a result, labour unrest remained confined largely to the Mangistau region.

Therefore, for the major part of the population the events of December 2011 were unexpected (Khamidov, 2011).¹² After the outbreak of violence, pro-government newspapers blamed the conflict on the striking workers and opposition groups, while shielding the security forces from any blame. They also relied solely on the official accounts of the conflict. Talk of a provocation by external forces has been aired in the state-controlled media, and the Internet was rife with speculation (Lillis, 2011d). As qualitative research has shown, information provided by the

official mass media in December 2011 and later was very poor and brief.¹³ Pro-opposition newspapers on the other hand covered the conflict from both sides and presented a more nuanced picture (Bissenov, 2013; Nasimova, 2011: 98).

From the very beginning, state officials tried to downplay the role of internal factors in this conflict by stressing the activity of external players. Although a government investigation commission had just begun work, President Nazarbayev absolved the police and blamed the 'criminal actions' of protestors for the violence. He expressed doubt about a statement by Interior Minister Kalmukhanbet Kasyrov who said the clashes were provoked by dismissed staff members of OMC. Nazarbayev said that industrial dispute must not be mixed up with the actions of bandit elements that wanted to use the situation for their criminal schemes (Lillis, 2011c, 2011d).

In particular, the Kazakh authorities accused the former banker Mukhtar Ablyazov for organising the disorder and provoking the conflict in Zhanaozen, as he was seen as financing not only opposition mass media but also part of the Kazakh opposition in the form of the unregistered party 'Alga!'. Ablyazov's lawyer dismissed allegations of any involvement of his client (such as provoking the disturbances or financing the strikers) (Lillis, 2011d).

The leader of 'Alga!', Vladimir Kozlov, and other persons who were accused of instigating the upheaval, were consequently arrested. In November 2012, the Public Prosecutor's Office in Almaty requested that the court recognise several public associations and mass media outlets in Kazakhstan as extremist organisations. In addition to the unregistered political organisations 'Alga!' and 'Khalyk Maidany', eight newspapers and 23 Internet resources were categorised as extremist organisations, including the *Republika* and *Vzglyad* newspapers and their websites, the KTK TV channel and the Stan-TV Internet-portal. All these organisations and mass media outlets are, in one way or another, connected with Mukhtar Ablyazov.¹⁴

The blame for the conflict was also placed on Kazakh ethnic repatriates, the oralman (Nesterov, 2011). In 2013, consequently, the Kazakh authorities toughened the procedures for the resettlement for ethnic Kazakhs who lived abroad and decided to return to Kazakhstan. In 2008, the 'Nurly Kosh' (Bright Settlement) state programme was adopted to assist the migrants to settle in Kazakhstan and to provide them with the necessary facilities. The programme introduced quotas for the resettlement of oralman taking into consideration demographic changes and the country's economic and financial situation. However, in early 2012, 'Nurly Kosh' was suspended altogether until further notice because a new programme was being developed by the Ministry of Internal Affairs. President Nazarbayev stated that it was necessary to introduce

⁹ 'State of Emergency in Restive Kazakh Town', in: Eurasianet.org, 17 December 2011, <http://www.eurasianet.org/node/64727>; 'State of Emergency in Restive Kazakh Town', in: Eurasianet.org, 17 December 2011, <http://www.eurasianet.org/node/64727>.

¹⁰ 'Kazakh Zhanaozen Oil Unrest Spreads to Regional Capital', in: BBC, 18 December 2011, <http://www.bbc.co.uk/news/world-asia-16235282>.

¹¹ 'Kazakh Zhanaozen Oil Unrest Spreads to Regional Capital', in: BBC, 18 December 2011, <http://www.bbc.co.uk/news/world-asia-16235282>.

¹² "Shok budushchego" ili politicheskie strakhi kazakhstanstsev (resul'taty sotsiologicheskogo oprosa), in: Al'yans Analiticheskikh Organizatsiy (2013) 'Sumerechnaya zona' ili lobushki perekhodnogo perioda, Almaty: Al'yans Analiticheskikh Organizatsiy, pp. 177–183.

¹³ "Shok budushchego" ili politicheskie strakhi kazakhstanstsev (resul'taty sotsiologicheskogo oprosa), in: Al'yans Analiticheskikh Organizatsiy (2013) 'Sumerechnaya zona' ili lobushki perekhodnogo perioda, Almaty: Al'yans Analiticheskikh Organizatsiy, pp. 177–183.

¹⁴ 'Prokuratura Almaty prosit priznat' ekstremistskoi deyatelnost' ryada SMI, in: Today.kz, 21 November 2012, <http://today.kz/news/kazakhstan/2012-11-21/77089/>.

changes to the migration legislation to introduce a system of optimal settlement of the country's population and to cardinally arrive at an understanding with the oralman to concentrate them in one place (Baizhanov, 2012).

According to informal information, all these measures were connected with the fact that in the Zhanaozen events of December 2011, oralman were also among the oilmen who entered into the conflict with the authorities. The Kazakh authorities suddenly began to understand that the return of a large number of oralman, some of whom could not effectively adapt to new conditions, presents a threat to political stability, especially as the majority of the repatriates with secondary education do not possess the required qualifications necessary to find work in Kazakhstan. Thus, it can be said that a new protest group has arisen in Kazakhstan; by returning to their homeland, the oralman either failed to adapt to the new conditions or faced the corruption and unwillingness of local authorities to render assistance to them (cf. Kuşçu, 2014).

Parts of the ruling political elite have also been blamed for instrumentalizing the protests. For example, in December 2013, the Kazakh website *ratel.kz* published an article by the journalist Gennadii Benditskii in which he put forward the idea that the Zhanaozen unrest was provoked not by the opposition but by people employed by the Atyrau Region Akim (head) Bergei Ryskaliyev (Benditskii, 2013). Benditskii concluded that the reason was the struggle for control over the Atyrau Oil Refinery (ANPZ), which was about to enter the structure of KMG. Supposedly, with the arrival of the new management at the plant in 2011, Bergei Ryskaliyev lost control over ANPZ. Therefore, he decided to strike a blow against KMG through its subsidiaries operating in the Mangistau region, where already for almost seven months there had been a confrontation between KMG's management and its workers.

Being aware of the weakness of their arguments about the prevalence of only external factors in the Zhanaozen conflict, the authorities felt it necessary to publicly reshuffle personnel at the national oil and gas company KMG and its subsidiaries, as well as in the Samruk-Kazyna Fund where Timur Kulibayev lost his position. This was a forced sacrifice on part of the president aimed to release the pressure of the social tension and to improve his foreign policy image, which could be seriously damaged by the violent deaths in the course of the Zhanaozen conflict.

Further proof that internal rather than external factors dominated the Zhanaozen conflict is an article by President Nazarbayev published in the *Kazakhstanskaya Pravda* in July 2012 (Nazarbayev, 2012). This article was a reaction to the labour conflict in Zhanaozen focusing on the creation of a new multilevel mechanism for regulating conflicts in labour relations. Nazarbayev named two major reasons for labour conflicts: first, the lack of inclusion of employees in management decisions of the enterprise (i.e., 'social partnership'), and second, the weak mechanisms for extrajudicial settlement of labour disputes. In this regard, the president proposed to strengthen administrative and criminal liability, including for the delayed payment of salaries, failure to fulfil collective bargaining agreements and other offences. The president also ordered the

government to draft a 'National Concept for the Social Development of Kazakhstan', together with the ruling 'Nur Otan' party. Also discussed was the revision of the law 'On trade unions', which should include the concept of 'social partnership', mechanisms for concluding and fulfilling collective bargaining agreements, as well as considerably expanding state inspections of labour relations.

At the same time, the authorities have imposed a public discourse on 'social danger' by representing the protest participants as carrying danger to the rest of the society. It was pointed out that the demands of demonstrators are alien to the local population, in particular, it was mentioned that they were promoted by oralmen. Moreover, in the official discourse a conspiracy became the main explaining factor for the protests. Emphasis was placed on the claim that the protests were not spontaneous and originated not from oilmen, but from the opposition and dissatisfied elite groups. In this context, there were several versions: officially, the authorities adhered to the opinion that behind the protests there was the businessman Mukhtar Ablyazov. Another unofficial version focused on the participation in these events of the brothers Ryskaliyev, who were influential politicians from Western Kazakhstan. According to official information, the brothers have left the country.

The common points of the public discourse on the Zhanaozen protests are, first, that large parts of society cannot be trusted because they have evil intentions and, second, that the country should beware of a serious danger of chaos and anarchy.¹⁵ This discourse, thus, discourages people from protest actions and allows the authorities to toughen the regime of control and punishment.

5. Conclusions

The social outburst in Mangistau started just as any other labour conflict without the participation of opposition groups. The opposition might have joined it later, trying to use the already explosive situation. However, at the core of the conflict lies the lack of an efficient mechanism to solve work-related tensions. As the workers lack institutionalized ways to demand improvements in their situation, they are forced to refer to informal trade unions and unregulated protest actions.

The lack of strong trade unions, in turn, is only one part of a more serious problem in Kazakhstan's political system in which almost all official political and social institutions are artificial, weak players. There are political parties, but there is no party system. There is a parliament, but it is not an independent representative branch of power. There are courts, but there is no rule of law. There are trade unions, but there is no protection of labour rights. The dominant role within this political system is played by informal pressure groups.

The events of December 2011 in Zhanaozen have not promoted a revision of the main principles of the

¹⁵ "Shok budushchego" ili politicheskie strakhi kazakhstanstsev (resul'taty sotsiologicheskogo oprosa), in: Al'yans Analiticheskikh Organizatsiy (2013) 'Sumerechnaya zona' ili lobushki perekhodnogo perioda, Almaty: Al'yans Analiticheskikh Organizatsiy pp. 142–201, 264.

management of the political system. Instead, the political elites preferred to react rigidly to the protests of the oil company's employees and, on the whole, to toughen the 'rules of the game' in the political field. At present, almost no opposition parties remain in the country, while independent mass media are harassed by the state. At the same time, the role of the law enforcement bodies involved in the suppression of protest actions is being strengthened.

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