

**Statement of**

**Richard E. Hoagland  
Ambassador-Designate to Kazakhstan  
before the  
Senate Foreign Relations Committee  
Washington, D.C.  
May 1, 2008**

Mr. Chairman and members of the Committee,

Thank you for this opportunity to appear before you today. I am deeply honored that President Bush and Secretary Rice have entrusted me with their confidence and nominated me for the post of Ambassador of the United States to Kazakhstan. If confirmed by the Senate, I will work diligently and faithfully on behalf of the American people to pursue U.S. foreign policy goals and to deepen the strategic partnership between the United States and Kazakhstan. I look forward to working with the Congress in pursuit of those goals.

Mr. Chairman, Central Asia is a region of significant importance to U.S. national interests. Recognizing the uniqueness of each of the five Central Asian nations and their sovereignty and independence, U.S. policy supports the development of fully sovereign, stable, democratic nations, integrated into the world economy and cooperating with one another, the United States, and our partners to advance regional security and stability. We do not view Kazakhstan or any other Central

Asian nation as any external state's special sphere of influence; rather we seek to maintain mature bilateral relations with each country based on our foreign policy goals and each country's specific characteristics and dynamics.

Kazakhstan is an important international partner. It is geographically strategic, ethnically diverse, and resource rich. It is the ninth largest country in the world, roughly the size of Western Europe. The population is 15.6 million, 59.2% Kazakh, 25.6% Russian with the remainder divided among many ethnic minorities. The largely secular population is 65% Muslim, 30% Russian Orthodox with the remainder divided among many smaller faiths. Located at the crossroads of Europe and Asia and bordered by Russia, China and the Caspian Sea, Kazakhstan's size, location and resources make it strategically important and key to regional stability. Kazakhstan's hydrocarbon reserves should, by 2015, rank it as one of the top ten world oil producers.

Kazakhstan established its credentials for leadership early. It was the first country to renounce its nuclear weapons voluntarily after the break-up of the Soviet Union. Today, Kazakhstan is contributing to coalition efforts in Iraq. Kazakhstan has deployed eight rotations of engineering troops to Iraq, working on water purification and explosive ordnance disposal. To date, they have destroyed 4.5 million pieces of ordnance. Since 2001, Kazakhstan has provided cost-free over

flights to over 6,000 U.S. military aircraft supporting Operation Enduring Freedom in Afghanistan. In addition, Kazakhstan announced almost \$3 million in assistance for Afghanistan for 2008, which includes funds for food and seed and to build a hospital, road, and school. Kazakhstan has established a peacekeeping battalion and is working to ensure that unit is trained and equipped to be compatible with NATO forces. Following an intense debate within the Organization for Security and Cooperation in Europe, Kazakhstan was selected to be Chairman in Office of the organization in 2010, the first former-Soviet republic to achieve that goal.

Kazakhstan is a key partner on non-proliferation. Through the Nunn-Lugar Cooperative Threat Reduction program, Kazakhstan has cooperated extensively with the U.S. for over a decade on a host of projects to eliminate its Soviet-legacy Weapons of Mass Destruction infrastructure, secure materials of proliferation concern, and redirect former Weapons of Mass Destruction scientists to peaceful purposes. U.S.-Kazakhstan cooperation has ensured that Weapons of Mass Destruction-related materials and technical knowledge will not fall into terrorist hands. Our bilateral Cooperative Threat Reduction agreement was extended for an additional seven years on December 13, 2007, allowing programs and projects to continue uninterrupted.

Recognizing Kazakhstan's important role in Central Asia, in September 2006, President Bush and Kazakhstan President Nazarbayev reaffirmed the strategic partnership between our two countries, declaring our commitment to a shared vision of stability, prosperity and democratic reform in Central Asia and the broader region.

If confirmed, I would continue to promote the United States-Kazakhstan strategic partnership's three primary strategic interests. First, we seek to advance democratic and market economic reforms. Economic reform attracts and sustains foreign investment while democratic reforms will improve opportunities for Kazakhstanis to participate openly in civic life. Together these are the only reliable ways to establish long-term stability. Second, our common security interests include bolstering Central Asian sovereignty and independence; fighting terrorism and the proliferation of weapons of mass destruction; and stemming narcotics trafficking. Third, we have a strategic interest in fostering the development of Central Asia's very significant energy resources. The region's resources can substantially advance international energy security, provided they have a reliable path to global markets via multiple pipelines that avoid geographic chokepoints or transportation monopolies. Energy can also form the basis of long-term economic growth and prosperity. All three sets of interests -- democratic

development, security cooperation, economic reform and energy -- are interrelated and must advance together.

Economically, Kazakhstan has laid a solid foundation for its market economy and future prosperity. Financial reform has created a banking system comparable to those in Central Europe. Pension reform has created a fully funded pension system with \$9.89 billion in assets. Kazakhstan's oil-driven economy has averaged 9.6% real growth over the past three years. Growth towards the end of 2007, however, slowed due to a tightening of credit largely related to global liquidity problems and the overvalued local real estate market. Growth in 2008 is predicted to be between 5 and 7%. Nonetheless, thanks to strong economic policies and oil wealth, Kazakhstan has dramatically reduced the percentage of its population living below the level of subsistence from 28.4% in 2001 to 13.8% in 2007.

U.S. companies have recognized Kazakhstan's potential and are cooperating with Kazakhstan to develop its tremendous oil and gas resources. They hold major stakes in Kazakhstan's two largest oil and gas projects, Tengiz and Kashagan. Our companies do face some difficulties, including problems with the tax authorities and stiff environmental fines. Kazakhstan also passed legislation last year allowing it to terminate oil and gas contracts in the name of the country's national economic security interests, though President Nazarbayev stressed that the

legislation would not be used retroactively against contracts already in place when the legislation went into effect. Despite these concerns, it is clear that our companies and the government of Kazakhstan are committed to a long-term partnership in Kazakhstan's energy sector.

Exchange programs are at the core of the U.S.-Kazakhstan strategic partnership. Academic, cultural, and professional exchanges are one of the most effective tools to promote the free exchange of information and ideas and to increase mutual understanding between citizens of the United States and Kazakhstan. Kazakhstani students study in the United States under the auspices of the Future Leaders Exchange, Hubert Humphrey Fellowship, Muskie Graduate Fellowship and Fulbright Fellowship programs. Since 2005, Kazakhstan's Presidential Scholarship Program, "Bolashak," has sent annually 3,000 plus students to universities in the United States and many other countries around the world.

Democratic political institutions, civil society and the independent media remain underdeveloped in Kazakhstan; the presidency dominates the political system; and the parliament elected in 2007 has representation from only one political party – the President's. We regularly encourage the government to move forward by taking concrete steps toward reform, and we have assistance programs that

promote democratic reform and the development of civil society and independent media.

We supported Kazakhstan's candidacy to act as Chairman in Office of the Organization for Security and Cooperation in Europe, but recognizing its political reform trajectory, we asked Kazakhstan to delay its Chairmanship from 2009 to 2010 so that it would have time to undertake several democratic reforms. If I am confirmed, I will work with Kazakhstan to prepare for its 2010 chairmanship and to fully meet the commitments it made to Organization for Security and Cooperation in Europe participating States when it accepted the chairmanship. Kazakhstan committed to work closely with the organization to reform its election and media laws, and liberalize its political party registration requirements by the end of 2008. It committed to reform the media law in line with recommendations from the Organization for Security and Cooperation in Europe's Freedom of Media Representative, which include, among others, to reduce criminal liability for defamation in the media and to liberalize registration procedures for media outlets. Kazakhstan has begun engaging the Organization for Security and Cooperation in Europe and civil society on the election and media laws, and we are continuing to monitor and encourage its progress. I will work with government and civil society partners alike to ensure that these reforms are implemented. In addition,

Kazakhstan pledged to support and preserve the current mandate of the Office for Democratic Institutions and Human Rights within the Organization for Security and Cooperation in Europe, including the integrity of its election monitoring efforts. Our broader vision is for a strong, independent, and democratic Kazakhstan that is a leader and anchor of stability in the region. We believe Kazakhstan's service as Chairman in Office of the Organization for Security and Cooperation in Europe will help serve that broader vision.

Mr. Chairman, I have spent a large part of my career serving in countries of the former Soviet Union. The historic ties between Russia and Kazakhstan are strong – Kazakhstan has the largest ethnic Russian population of the Central Asian republics. These historic, cultural and economic ties with Russia are important to Kazakhstan. However, we are aware that Russia is often at odds with U.S. efforts to promote democracy and the sovereignty of the Central Asian republics. Kazakhstan values its national independence and chooses its own partners. Kazakhstan is in no one's sphere of influence. If confirmed, I will draw on my many years of experience in the region to work with the Government of Kazakhstan and to reach out to the people of Kazakhstan to ensure that the already strong United States-Kazakhstan partnership continues to grow and strengthen. Kazakhstan is an important country with a promising future.

Thank you. I look forward to your questions.

