

Statement of
Kenneth J. Fairfax
Ambassador-Designate to the Republic of Kazakhstan
before the
Senate Foreign Relations Committee
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Mr. Chairman and members of the Committee,

Thank you for this opportunity to appear before you today. I am deeply honored by the confidence with which President Obama, by nominating me for the post of Ambassador of the United States to Kazakhstan, and Secretary Clinton have entrusted me. I would also like to take this opportunity to thank my wife, Nyetta Yarkin, who is here with me today, as she has been with me continuously for the past 25 years as my work has taken me around the globe, including to my current posting in Baghdad, Iraq.

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. If confirmed, 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. U.S. policy in the region supports the development of independent, stable, democratic nations, integrated into the world economy, that

cooperate with one another, the United States, and our partners to advance regional and global security.

Kazakhstan is an important regional and international partner. It is geographically strategic, ethnically diverse, and resource rich. It is the ninth largest country in the world by land mass, or roughly the size of Western Europe. The population is 15.6 million people, 59.2% of whom are ethnically Kazakh, 25.6% ethnically 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. If plans are approved to expand production at its three largest oil fields, Kazakhstan's hydrocarbon reserves should, by 2018, rank it as one of the top ten world oil producers.

As the first country to renounce its nuclear weapons voluntarily following the breakup of the Soviet Union, Kazakhstan established early its commitment to international security and credentials for leadership. Since that debut on the international stage, Kazakhstan has continued to pursue a policy of active engagement with the global community, with chairmanships of the Organization for Security and Cooperation in Europe (OSCE) and Shanghai Cooperation

Organization (SCO) in 2010 and Organization of the Islamic Conference (OIC) in 2011, as well as hosting the Shanghai Cooperation Organization Summit on June 14-15 of this year.

Kazakhstan is providing significant support to our stabilization and reconstruction efforts in Afghanistan. The United States and Kazakhstan have had an over-flight agreement in place since 2001 that has facilitated over 9,000 over-flights and over 85 divers. Kazakhstan actively participates in the Northern Distribution Network – which entails commercial shipment through Kazakhstan of supplies for U.S. and international forces in Afghanistan. The recent expansion of the 2001 over-flight agreement to include new polar routes will significantly increase the efficiency of operations. In addition to facilitating U.S. and international efforts to stabilize and strengthen Afghanistan, Kazakhstan is directly investing in Afghanistan's future development through a \$50 million program to educate the next generation of Afghan leaders in Kazakhstan's universities. Over time, we hope Kazakhstan will be part of a revitalized regional economic system encompassing Central Asia, Afghanistan, and South Asia.

Starting with its voluntary renouncement of nuclear weapons, Kazakhstan has been and continues to be a key partner on non-proliferation. Through the Nunn-Lugar Cooperative Threat Reduction program, Kazakhstan has cooperated extensively with the United States 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. In 2009, Kazakhstan ratified a seven-year extension to the umbrella agreement for our bilateral Cooperative Threat Reduction (CTR) program. The United States provided significant assistance to decommission a Soviet-era nuclear reactor designed to produce weapons-grade plutonium and to manage the safe and secure disposal of fuel from that reactor in 2010. Ongoing CTR program activities include the construction of a state-of-the-art Central Reference Laboratory to consolidate Kazakhstan's collection of pathogens. The Kazakhstani government continues to seek opportunities to remain actively engaged in non-proliferation cooperation, both bilaterally and via its pursuit of a more active role in the International Atomic Energy Agency (IAEA).

Economically, Kazakhstan has laid a solid foundation for its market economy and future prosperity. Financial reform has created a modern, full-service banking system. Kazakhstan's natural resource-driven economy averaged over 9% annual growth during the 2001-2007, before dropping to 3% in 2008 and 1% in 2009 amid the global financial crisis. Kazakhstan's economy rebounded strongly in 2010, however, posting 7% growth, and growth in 2011 is predicted to be between 7 and 10 %. Thanks to its 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.

Thanks to Kazakhstan's tremendous natural resource wealth, Customs Union with Russia and Belarus, and imminent accession to the World Trade Organization, U.S. companies are recognizing Kazakhstan's potential. We have the opportunity to export more with the assistance of the U.S. & Foreign Commercial Service Office in Almaty. U.S. oil companies, including Chevron, ExxonMobil, and ConocoPhillips, hold major stakes in Kazakhstan's largest oil and gas projects, Tengiz, Karachaganak, and Kashagan. U.S. companies do face difficulties, however, including aggressive tax audits and work permit restrictions. Despite these concerns, it is clear that U.S. companies and the government of Kazakhstan are committed to a long-term partnership.

Exchange programs are effectively strengthening the core of the U.S.-Kazakhstan strategic partnership. Via the free exchange of information and ideas, academic, cultural, and professional exchanges are one of the most effective tools to promote long-term relations, as well as economic and social development, and to increase mutual understanding between citizens of the United States and Kazakhstan. To promote these exchanges, we have 11 American Corners throughout the country, which currently reach over 50,000 people annually. In addition, the Future Leaders Exchange, Hubert Humphrey Fellowship, Muskie

Graduate Fellowship and Fulbright Fellowship programs all support students from Kazakhstan to pursue studies in the United States. The Government of Kazakhstan also understands the strategic importance of both education and exchanges. Since 1994, Kazakhstan's Presidential Scholarship Program, "Bolashak," has sent almost 8,000 students to universities in the United States and many other countries around the world. The newly inaugurated Nazarbayev University, which will have a Western-style curriculum taught in English, is partnering with several American universities, including Duke, University of Wisconsin, Carnegie Mellon, University of Pennsylvania, University of Pittsburgh, and Harvard Medical School.

In 2010, the United States and Kazakhstan concluded a new Science and Technology Cooperation Agreement. Both President Barak Obama and Secretary of State Clinton have advocated the inclusion of science in diplomacy and "science diplomacy" has become an important component of U.S. foreign policy. Through the Bolashak program and Kazakhstan's investments in research and education Kazakhstan has adopted the goal of building an innovation focused economy and will broaden its cooperation areas with the United States.

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. The 2010 Human Rights Report highlights other

problematic issues, including arbitrary arrest and detention, lack of an independent judiciary, restrictions on freedom of speech, the press, and assembly. 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.

If I am confirmed, I will work with Kazakhstan's government and civil society partners as the nation prepares for parliamentary elections scheduled in 2012, the first elections that will be governed by a new law guaranteeing that at least two parties will be represented in the parliament. It remains to be seen how representative this new party system will be, and we will work to encourage a competitive, pluralistic party system. Kazakhstan has expressed its commitment to reform its election and media laws and to liberalize its political party registration requirements. It has also 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. We will hold Kazakhstan to these commitments.

Recognizing Kazakhstan's important role in Central Asia, in April 2010, President Obama 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 interests. First, we seek to advance democratic and market economic reforms through diplomacy and development, including an innovative partnership model with the government of Kazakhstan. 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 natural resources. The region's resources can substantially advance international energy security, provided they have a reliable path to global markets via multiple routes that avoid geographic chokepoints or transportation monopolies. Energy can also form the basis of long-term economic growth and prosperity. Kazakhstan has the potential to be an agricultural power, and, as the world's sixth largest exporter of grain, is critical to global food security. All three sets of interests -- democratic

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

Mr. Chairman, I have spent nearly my entire career serving in countries in transition from centrally planned to market economies and from authoritarian to representative government. From more than two decades of experience working in countries in Asia, the former Soviet Union, Central and Eastern Europe and, most recently, Iraq, I firmly believe that there is an inextricable link between the growth of an open, democratic system of government and the development of an open, market-based economy. Both are fueled by the universal desire of people to build a better, safer and more prosperous future. If confirmed, I will draw on my many years of experience in countries in transition 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.