

Fifty large enterprises were slated for privatization in the first round. By the end of 1995, it is planned that 2500 large enterprises will have been auctioned off.

The delay in large-scale privatization reflected, first, the fact that many of these enterprises were difficult to privatize given their uncompetitive nature. Second, many local authorities have resisted a process that may cause significant disturbance in areas under their jurisdiction, and that runs the risk of creating new centres of economic power at their expense.

Finally, the program of privatization is linked inextricably to the issue of ethnic relations. The bulk of industrial property likely to be affected by privatization is in the northern part of the country in areas populated to a large extent by Slavs. Moreover, the bulk of the workers in modern enterprises throughout the country is also Slavic in origin. It follows that privatization schemes that favour the workers and managers of the enterprise in question (as Kazakh law does) are likely to push a large amount of valuable state property into the hands of the non-Kazakh population. This applies both to industrial enterprises and to agricultural land held in large state farms.¹³ The same is true of urban housing, much of which is occupied by Russians and other minorities. In other words, a strong effort to put privatization plans into effect risked further exacerbation of already strained relations between the titular nationality and other ethnic groups.

With regard to foreign investment, as of the end of 1992, there were 491 joint ventures registered in Kazakhstan (375 more than in 1991).¹⁴ Only 20 were actually in operation, employing 6000 people. Growth of the foreign sector has continued in 1993. The most significant foreign involvement by far has been in the energy sector. In addition to the \$20-billion Chevron deal, a group led by Elf-Aquitaine has obtained exploration rights in the Aktyubinsk Oblast', and a consortium led by British Gas and AGIP has obtained an agreement allowing exploration and development of the Karachanskii oil and gas deposits in Ural'skoi oblast', a project that may ultimately amount to a \$5-billion investment.¹⁵

¹³ As things stand now, there are no plans to privatize agricultural land.

¹⁴ Of this total, 300 are in the area of minerals development. *Far Eastern Economic Review* (February 4, 1993), p.48.

¹⁵ The Karachaganak gas field is one of the largest in the world, possibly containing 20 trillion cubic metres of gas. "The Next Frontier," *Far Eastern Economic Review* (February 4, 1993), p.48.