

displays the close interaction between political process within Central Asia and the stability of neighbouring states with large minorities of Central Asian origin (as in the case of the Uzbeks and Tadzhiks in Afghanistan). Instability or conflict in Kazakhstan would limit that country's capacity to play this stabilizing role in the region as a whole.

Finally, Kazakhstan is extremely attractive in economic terms for Western investment, particularly in the natural resource sector. The Chevron deal with the Kazakh government for the development of the Tengiz oil field by itself dwarfs the combined value of all other joint ventures in the former Soviet Union. Successful conclusion of these negotiations opened the door for a very rapid development of joint venture activity.¹ Kazakhstan — along with the rest of Central Asia — is rich in a number of raw materials in the production and marketing of which Canadian firms are very active.²

Several Canadian firms in the energy and non-ferrous metals sectors (notably Cameco's involvement in Kyrgyzstan and the Canadian gold mining industry's initiatives in Uzbekistan and Kazakhstan³) have already begun investing in production in the region. The extent to which this activity grows is highly dependent on the evolution of political and economic conditions in the region.

ECONOMIC CONDITIONS

The economic situation in Kazakhstan is somewhat contradictory. The resource base of the country is remarkably strong. Kazakhstan possesses substantial reserves of petroleum, natural gas, and non-ferrous minerals (gold, copper, uranium, lead, and zinc).⁴ It also possesses substantial agricultural capacity for grain production in the north (although precipitation is unreliable) and animal husbandry.

¹ An American Embassy official bemoaned the fact that he was assisting one new American firm a week attempting to set up operations in Kazakhstan in an interview with me in Almaty in June 1993.

² In particular, Kazakhstan is a major producer of copper, with 33 per cent (by Soviet estimate) of the former Soviet Union's reserves. It is the third-ranking world producer of uranium, and a major producer of gold. The Kazakh government announced plans at the end of last year to triple the level of gold production by the end of the decade.

³ See David G. Haglund, S. Neil MacFarlane, and Vladimir Popov, *Change in the Former Soviet Union and Its Implications for the Canadian Minerals Sector: The Cases of Copper, Gold, Nickel, and Uranium* (Kingston, Ont.: Centre for Resource Studies, forthcoming 1994).

⁴ Ibid.