

THE MIDDLE CORRIDOR'S IMPACT ON KAZAKHSTAN: FOREIGN POLICY, ECONOMIC DEVELOPMENT, AND REGIONAL COOPERATION

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ABSTRACT

The Russian invasion of Ukraine in 2022 altered economic integration in Eurasia. Sanctions imposed on Russia led to the West's blockage of the Northern Corridor and elevated the role of the Middle Corridor, which passes through Central Asia. Kazakhstan in particular has been actively promoting the Trans-Caspian International Transport Route (TITR). This route goes through Southeast Asia, China, Kazakhstan, the Caspian Sea, Azerbaijan, and Georgia, and advances to Europe. Considering the impact of the Russian war in Ukraine on the connectivity of Eurasia, this research analyses the effects of the increase in global interest in the Middle Corridor on Kazakhstan's foreign policy, economic development, and role in regional cooperation. The research is based on the analysis of data retrieved from the databases of the Vienna Institute for International Economic Studies and the Bureau of National Statistics of Kazakhstan on investments and trade turnover, as well as on the information gathered in interviews with experts from international institutions and think tanks. This research argues that the growing interest in the Middle Corridor has impacted the economic course of Kazakhstan, which in turn is shaping the multi-vector foreign policy of the country. Despite the developed infrastructure of the Northern Corridor, the Middle Corridor, with its route bypassing Russia, is becoming a critical juncture of connectivity between China and the European Union. The paper emphasizes the political significance of the Middle Corridor for Kazakhstan's position in Eurasia, as well as its importance for economic development and regional cooperation in the Central Asian and South Caucasian states.

Keywords:

Middle Corridor, Central Asia, Kazakhstan, China, regional trade, multi-vector foreign policy.

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INTRODUCTION

Economic connectivity in Eurasia was drastically impacted by the Russian invasion of Ukraine in 2022. Sanctions imposed by the West on Russia interrupted the viability in Eurasia of Russian trade routes, which in turn increased global interest in the Middle Corridor.¹ One large project in the framework of the Middle Corridor is the Trans-Caspian International Transport Route (TITR). This rail corridor, crossing Southeast Asia, China, Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and Europe, is focused on coordinating the transportation of goods from Asia to Europe and back.² This increasing interest in the Middle Corridor has positively impacted the development of the TITR. “According to the TITR International Associations, the transportation volume of the Middle Corridor reached 771 million tons in the first quarter of 2024, up from just 1.7 million tons in 2022.”³ The growing transportation volume demonstrates the potential of the TITR and its ability to affect Eurasian trade to a major extent.

One of the countries that plays a significant geographic and economic role in Eurasia is Kazakhstan which, with the elevation of the role of the Middle Corridor, has started to attract additional investments from the European Union and China. For instance, in 2022 the European Bank for Reconstruction and Development (EBRD) invested around 100 million USD “in Kazakhstan Railways local bond issue.”⁴ This investment shows not only the interest of the EBRD in contributing to regional connectivity but also demonstrates its support for Kazakhstan’s national railway company, Temir Zholy (KTZ). Moreover, “[t]his is the EBRD’s first ever investment in a local currency bond in Kazakhstan and the first issue of a bond with TONIA-linked coupon by a local company.”⁵ Besides investments, there have been additional significant steps in strengthening the partnership between European Union countries and Kazakhstan. On 1 November 2023, the President of France, Emmanuel Macron, during his visit referred to Kazakhstan as a “natural bridge of autonomy between Europe and Asia.”⁶ During approximately the same period, in November 2023, Kazakhstan also welcomed the Vice Premier of the Chinese State Council, Ding Xuexiang, who noted that “[t]he Chinese side is ready to participate in the implementation of the agreements of the heads of state and the joint high-quality implementation of the One Belt, One Road initiative.”⁷ This long-term partnership can be further strengthened under the TITR as “Kazakhstan and China will increase the volume of cargo transportation along the TITR to 600 container trains per year in 2025 and 2026. In 2027, there will be 1,000 container trains, and in 2029, there will be 2,000.”⁸

¹ Guliyev, Vusal, “The Rise of Trans-Caspian Routes amidst Russia’s Isolation,” *Geopolitical Monitor*, published on 8 November 2022, accessed on March 2024, <https://www.geopoliticalmonitor.com/russian-isolation-and-the-trans-caspian-international-transport-route/>

² Trans-Caspian International Transport Route, “Route,” *Middle Corridor*, accessed in April 2024, <https://middlecorridor.com/en/>

³ Rafiq, Muhammad, “Kazakhstan and Middle Corridor: Impact on Global Trade,” *The Astana Times*, published on 27 June 2024, accessed on 2 January 2025, <https://astanatimes.com/2024/06/kazakhstan-and-middle-corridor-impact-on-global-trade/>

⁴ Usov, Anton, “EBRD invests KZT 50 billion in Kazakhstan Railways bond,” *European Bank for Reconstruction and Development*, published on 25 July 2022, accessed on 28 April 2024, <https://www.ebrd.com/news/2022/ebd-invests-kzt-50-billion-in-kazakhstan-railways-bond.html>

⁵ Pearson, Gavin, “EBRD: \$100m for Kazakhstan railway modernization,” *Infrastructure Global*, published on 25 July 2022, accessed on 30 December 2024, <https://infra.global/ebd-100m-for-kazakhstan-railway-modernisation/>

⁶ Satubaldina, Assel, “Strategic Partnership, Energy Security: Macron’s Visit to Kazakhstan Redefines Bilateral Ties,” *The Astana Times*, published on 3 November 2023, accessed on 30 October 2024, <https://astanatimes.com/2023/11/strategic-partnership-energy-security-macrons-visit-to-kazakhstan-redefines-bilateral-ties/>

⁷ Akhmetkali, Aibarshyn, “Kazakhstan’s President Prioritizes Elevating Relations with China,” *The Astana Times*, published on 28 November 2023, accessed on 30 October 2024 <https://astanatimes.com/2023/11/kazakhstans-president-prioritizes-elevating-relations-with-china/>

⁸ Kwan, Sergey, “Kazakhstan and China to Increase Cargo Transportation Along Trans-Caspian Route,” *The Times of Central Asia*, published on 26 September 2024, accessed on 30 December 2024 <https://timesca.com/kazakhstan-and-china-to-increase-cargo-transportation-along-trans-caspian-route/>

The interest of China in the Middle Corridor is driven by the goal of developing a route that connects China with Europe via alternatives to the Northern Corridor, in this case through Kazakhstan, the Caspian Sea, Azerbaijan, and Georgia. The Northern Corridor goes through Russia and has a total length of 10,000 km and a transit time of about 14 days.⁹ In comparison, the Middle Corridor's transit time is estimated to be 30 days.¹⁰ However, as mentioned, using the Russian territory-based trade route has become politically problematic since the Russian invasion of Ukraine and the imposed sanctions from the West. Regardless of the advantages that the Northern Corridor provides in terms of timing and capacity, the question of political accountability and the potential growth of the Middle Corridor makes it a possible substitute route for maintaining the connectivity between Chinese and European markets. That is why the initiative of the Trans-Caspian International Transport Route, and the geopolitical turbulence created after Russia's full-scale invasion gives momentum for Kazakhstan to review its foreign policy, diversify its trade, and enhance regional cooperation. Based on the World Bank's forecast, if the infrastructure improves, "[t]he cargo flow through the MC via the Caspian Sea could exceed 11 million tonnes by 2030."¹¹

Kazakhstan and Russia have prolonged strong economic and political relations. Both countries are members of organizations such as the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organisation (SCO), the Commonwealth of Independent States (CIS), and the Eurasian Economic Union (EAEU). Moreover, "[i]n total, nearly 94 percent of Kazakhstan's oil crosses Russia to reach export markets."¹² For a country whose economy is significantly affected by oil, this is a clear indicator of economic dependence, which can echo on different occasions. For instance, after the Russian invasion of Ukraine and the energy crisis that followed in some European countries, Kazakhstan expressed its readiness to help the European Union strengthen its energy security.¹³ However, "Russia appeared to respond by temporarily closing the Caspian Pipeline Consortium (CPC), which makes up 80% of Kazakhstan's total oil exports."¹⁴ Moreover, in 2022, this interruption of oil export from Kazakhstan through Russia happened four times, in March, June, July, and August. A different explanation was offered on each occasion, some of which were regarded as cynical.¹⁵ Additional evidence to support Russia-Kazakhstan interdependence can be seen in the relevance of Kazakhstan to the violation of sanctions by Russia. For instance, Geopolitical Intelligence Services reports evidence based on the example of microchip import and export in Kazakhstan: "According to official Kazakh statistics, the country's imports of microchips in 2022 were valued at \$75 million, compared to \$35 million in 2021. Meanwhile, the export of microchips to Russia rose more than seventy-three-fold, from \$245,000 to \$18 million."¹⁶ Because of this interdependence, the diversification of trade routes is a vital aspect that needs

⁹ Van der Laan, Dennis, "Here's all you need to know about the Eurasian transport corridors," *Rail Freight*, published on 26 July 2024, accessed on 30 October 2024, <https://www.railfreight.com/railfreight/2024/07/26/heres-all-you-need-to-know-about-the-eurasian-transport-corridors/?gdp=accept>

¹⁰ Container News, "Xi'an, China-Middle Corridor-Europe transit times are now around 30 days," *Container News*, published on 26 November 2024, accessed on 10 December 2024, <https://container-news.com/xian-china-middle-corridor-europe-transit-times-are-now-around-30-days/>

¹¹ World Bank, "Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030," *International Bank for Reconstruction and Development/The World Bank*, published in November 2023, accessed on October 2024, <https://thedocs.worldbank.org/en/doc/6248f697aed4be0f770d319dca4ca52-0080062023/original/Middle-Trade-and-Transport-Corridor-World-Bank-FINAL.pdf>

¹² Nakhle, Carole, "Kazakhstan and the EU: Common interest in energy security," *Geopolitical Intelligence Service*, published on 2 June 2023, accessed on 30 October 2024, <https://www.gisreportsonline.com/r/eu-energy-security/>

¹³ Interfax, "Kazakhstan ready to help stabilize energy prices on European, global markets – Tokayev," published on 4 July 2022, accessed on 30 October 2024, <https://interfax.com/newsroom/top-stories/80918/>

¹⁴ Slobodov, Alexandra, "Kazakhstan-EU Relations in a Shifting International System," *The Institute for Peace & Diplomacy*, published on 24 February 2023, accessed on 30 October 2024, <https://peacediplomacy.org/2023/02/24/kazakhstan-eu-relations-in-a-shifting-international-system/>

¹⁵ Kumenov, Almaz, "Kazakh oil exports across Russia interrupted for fourth time this year," *Eurasianet*, published on 23 August 2022, accessed on 4 November 2024, <https://eurasianet.org/kazakh-oil-exports-across-russia-interrupted-for-fourth-time-this-year>

¹⁶ Hedlund, Stefan, "Kazakhstan helps Russia evade Western sanctions," *Geopolitical Intelligence Services*, published on 18 July 2023, accessed on 30 December 2024, <https://www.gisreportsonline.com/r/kazakhstan-helps-russia-evade-western-sanctions/>

to be on the agenda for Kazakhstan. Moreover, the development of alternative routes also aligns with other states' interests. For instance, the Chief Financial Officer of Shell, Sinead Gorman, in July 2022 commented that the company "[...] is working with partners on alternative routes for oil exports from Kazakhstan."¹⁷ Moreover, "[...] Kassym-Jomart Tokayev in early July instructed KazMunayGas to work out the best options for implementing the Trans-Caspian International Transport Route (TITR) in order to diversify supplies of Kazakh oil."¹⁸ This focus by Kazakhstan's President makes the discussion of the Middle Corridor even more relevant and important for the country. On top of that, there is international economic support from China and the European Union (EU) based on the "One Belt, One Road" (also known as the Belt and Road Initiative, or BRI) and "Global Gateway" projects that also contribute to the potential of the TITR. The growing interest from European Union countries and China directly impacts the economy of Kazakhstan, which may affect the country's position in Eurasia. This research analyses the economic course of Kazakhstan within its cooperation with major partners. In addition, the paper also discusses Kazakhstan's participation in regional cooperation with other Central Asian and South Caucasus states. Based on the data on transport volumes, trade dynamics, investments, and infrastructure development in Kazakhstan, the research will address the impact of the Middle Corridor on Kazakhstan's economy. Moreover, through the analysis of Kazakhstan's decisions on foreign policy after 2022 in addition to interviews with experts from the European Bank for Reconstruction and Development (EBRD), the European Neighbourhood Council (ENC), the Organisation for Economic Co-operation and Development (OECD), the Norwegian Institute of International Affairs (NUPI), and Nazarbayev University, the research highlights the multi-vector policy approach of Kazakhstan, as well as how its economic development has been impacted by the Middle Corridor and the perspective of Kazakhstan on regional cooperation with other Central Asian and South Caucasian states.

¹⁷ Interfax, "Shell, partners working on alternative routes for exporting oil from Kazakhstan besides CPC – CFO," published on 28 July 2022, accessed on 30 October 2024, <https://interfax.com/newsroom/top-stories/81747/>

¹⁸ Ibid.

RESEARCH QUESTION

How does the developing role of the Middle Corridor in Eurasia influence Kazakhstan's multi-vectoral policy and economic cooperation with its major partners and shape its approach to regional cooperation with Central Asian and South Caucasus states?

LOCATING KAZAKHSTAN IN THE MIDDLE CORRIDOR

The role of Central Asia as a region is often generalized. However, each country in the region has contrasting economic and political positions. In reviewing the period of independence of the Central Asian states, we can identify many issues such as “low levels of cooperation and regular disputes, including trade wars, border feuds and disagreements over the management and use of water and energy.”¹⁹ However, lately, the importance of cooperation between Central Asian states is more actively being promoted. For instance, Bo Li, in his speech on behalf of the International Monetary Fund (IMF), pointed out that the integration of the Caucasus and the Central Asian (CCA) region can enhance the connectivity of Europe with Asia.²⁰ However, if we review the amount of investment in Central Asian countries by the European Union and China, we will see that investments in the region vary country by country. Thus, in the context of the Middle Corridor, it is vital to discuss each Central Asian state separately, rather than viewing and referring to Central Asia as a holistic region.

In the contemporary world, the question of economic interest plays one of the decisive roles for countries in building partnerships. For instance, within the BRI, reviewing the cooperation of Kazakhstan with China, we can see investments of 18.69 billion USD in seven years from 2013 to 2020.²¹ In second place in terms of amount is Kyrgyzstan, with 4.34 billion USD.²² At first glance, there is a huge difference, however, the amount is also obviously affected by the difference in the size of the economies of these two Central Asian states. If we analyse the data on a deeper level, we will see that almost 51% of the BRI investments in Kazakhstan during this period went to the energy sector and only 3.81 billion USD was allocated to the transport sector, while Kyrgyzstan for the same period and sector received 1.69 billion USD.²³ With these numbers, the difference does not seem as distant as it looked with the total amount. However, it is still significant to note that Kazakhstan received 2.25 times more, which indicates its increasing interest from China. The TITR functions to connect China to the EU and travels only through Kazakhstan, without the involvement of the other Central Asian states, as can be seen in Figure 1.

¹⁹ Bohr, Annette, “Kazakhstan: Tested by Transition,” *Chatham House*, published on 20 July 2023, accessed on 5 January 2025, <https://www.chathamhouse.org/2019/11/kazakhstan-tested-transition/6-relations-other-central-asian-states>

²⁰ Li, Bo, “Harnessing the Power of Integration: A Path to Prosperity in Central Asia,” *International Monetary Fund*, published on 11 September 2024, accessed on 5 January 2025, <https://www.imf.org/en/News/Articles/2024/09/11/sp09112024-harnessing-power-integration-path-prosperity-central-asia-dmd-bo-li>

²¹ Taliga, Harri, “Belt and Road Initiative in Central Asia,” *Friedrich Ebert Stiftung*, published in 2021, https://www.ituc-csi.org/IMG/pdf/belt_and_road_initiative_in_central_asia.pdf

²² Taliga, Harri, “Belt and Road Initiative in Central Asia”

²³ Taliga, Harri, “Belt and Road Initiative in Central Asia”



Figure 1. The Trans-Caspian International Transport Route (Source: EY²⁴)

The EU on the west side of the route is also keen on developing cooperation with Kazakhstan through the TITR “by attracting expertise and investments within the Global Gateway strategy.”²⁵ At the Global Gateway forum in 2024 it was announced that “Kazakhstan and the European Union (EU) signed four memorandums worth over 800 million euros [...]”²⁶ As we can see from Figure 1, the links between the EU and Kazakhstan through the South Caucasus states are also developing. Regarding the structure of trade, for the EU it is about Kazakhstan’s exports of natural resources and minerals, while Kazakhstan mainly imports machinery and chemicals from the EU.²⁷ This support from both sides can enhance the capacity of the TITR which is crucial for Kazakhstan’s vision of the Middle Corridor.

Moreover, the Middle Corridor has also positively impacted the relations of Kazakhstan with states in the South Caucasus and Türkiye. For instance, in November 2022 representatives of Georgia, Azerbaijan, and Türkiye were welcomed in Aktau, Kazakhstan at a Trans-Caspian connectivity event, where “all parties signed a Roadmap for the simultaneous elimination of bottlenecks and the development of the ‘Middle Corridor’ for 2022-2027.”²⁸ This demonstrates the common goal of all sides and the aligning vision of the Middle Corridor in contributing to the enhanced cooperation of states. This partnership also positively impacts the bilateral relations of states along the corridor. It is especially important to note how the relations between Kazakhstan and Azerbaijan were enhanced by the “creation of a joint \$300 million investment fund.”²⁹ Both countries’ locations are vital for the connectivity of China and Europe through the Caspian Sea. Thus, such funds not only strengthen the bilateral relations of countries but also contribute to the improvement of trade in the whole region.

²⁴ Mussayev, Amangeldy, “Trans-Caspian International Transport Route,” EY, published on 15 April 2024, accessed on 30 December 2024, https://www.ey.com/en_kz/insights/strategy-transactions/trans-caspian-international-transport-route

²⁵ Sakenova, Saniya, “EU Confirms its Interest in Attracting Expertise and Investment for TITR Progress,” *The Astana Times*, published on 16 October 2024, accessed on 5 January 2025, <https://astanatimes.com/2024/10/eu-confirms-its-interest-in-attracting-expertise-and-investment-for-titr-progress/>

²⁶ Haidar, Aida, “Kazakhstan and EU Ink 800 Million Euro Deals at Global Gateway Forum,” *The Astana Times*, published on 30 January 2024, accessed on 16 September 2024, <https://astanatimes.com/2024/01/kazakhstan-and-eu-ink-800-million-euro-deals-at-global-gateway-forum/>

²⁷ European External Action Service, “EU-Kazakhstan relations,” *EEAS Factsheet*, published on October 2023, accessed on 30 December 2024, https://www.eeas.europa.eu/sites/default/files/documents/2023/EEAS-%20FACTSHEET-Kazakhstan_October2023.pdf

²⁸ Bachmann, J., “Kazakhstan, Azerbaijan, Georgia and Turkey signed a Roadmap for the development of the Middle Corridor for 2022-2027,” *New Silkroad Discovery*, published on 28 November 2022, accessed on 7 January 2025, <https://www.newsilkroaddiscovery.com/kazakhstan-azerbaijan-georgia-and-turkey-signed-a-roadmap-for-the-development-of-the-middle-corridor-for-2022-2027/>

²⁹ Shahbazov, Fuad, “Azerbaijan – Kazakhstan Strategic Partnership: A New Geopolitical Axis?” *The Astana Times*, published on 5 July 2024, accessed on 7 January 2025, <https://astanatimes.com/2024/07/azerbaijan-kazakhstan-strategic-partnership-a-new-geopolitical-axis/>

The TITR is not the only infrastructure project planned along the Middle Corridor. Another significant connectivity project is the China-Kyrgyzstan-Uzbekistan (CKU) railway, which could appear as an alternative to the route through Kazakhstan. This initiative, proposed in 1997, however, has faced many disputes in terms of financing and construction conditions from Kyrgyzstan.³⁰ Moreover, this route is still not realized. While the President of Kyrgyzstan, Sadyr Japarov, ratified the development of the China-Kyrgyzstan-Uzbekistan (CKU) Railway project through a law on its practical enactment on 27 June 2024,³¹ the pace of implementation is another question. The realization of the project requires the establishment of 50 tunnels and 90 bridges through the mountains of Kyrgyzstan, where the elevation of some parts of the route reaches up to three kilometres.³² On top of that, China and post-Soviet Kyrgyzstan and Uzbekistan use different gauge widths of 1,455 and 1,520 millimetres, respectively, which creates a question of finding a way to connect these different rail systems.³³ Most importantly, the development of suitable infrastructure for building a railway for the CKU project requires funding, which currently creates significant concerns for Kyrgyzstan. As the practical implementation of the project is so costly, the country must rely on funding from China. According to railway officials from Kyrgyzstan, based on the financing agreement, the country will receive a loan of 2.3 billion USD from China to cover more than half of the project cost.³⁴ However, the question of Kyrgyzstan's debt to China has been a politically sensitive issue causing dissatisfaction among locals. Since the independence of Kyrgyzstan, its approximate total external debt is 6.2 billion USD, which is 45% of its Gross Domestic Product.³⁵ Looking at this value, we may see how considerable the estimated loan is to be received from China for the China-Kyrgyzstan-Uzbekistan railway. Thus, it is vital to note the risks posed by the growing anxiety among locals and the potential for unrest that may cause a delay in the realization of the project as happened with the revolutions in Kyrgyzstan in 2005, 2010, and 2020. Anticipating this risk makes even more sense if we bear in mind the growing anti-Chinese sentiment in Kyrgyzstan. For instance, in 2020, hundreds of people protested against a project in At-Bashi in the Naryn region, demanding the cancelation of an initiative based on Chinese investment.³⁶ These issues may significantly slow the pace of the implementation of the China-Kyrgyzstan-Uzbekistan Railway project, which has already been under discussion for almost 30 years.

In contrast with the CKU railway project, the TITR with Kazakhstan is being developed much faster. Indeed, the TITR and CKU projects may be perceived as complementary in the long term. However, considering the delays in the implementation of the CKU railway, China can focus on TITR as more advantageous in the short term. Furthermore, the delay in the CKU railway can benefit Kazakhstan and

³⁰ Cutler, M. Robert, "Is the China–Kyrgyzstan–Uzbekistan Railway Project Losing Steam Again?" *The Times of Central Asia*, published on 3 May 2024, accessed on 31 October 2024, <https://timesca.com/is-the-china-kyrgyzstan-uzbekistan-railway-project-losing-steam-again/>

³¹ Xinhua, "Kyrgyz president signs law on China-Kyrgyzstan-Uzbekistan railway," *XinhuaNet*, published on 27 June 2024, accessed on 28 September 2024 <https://english.news.cn/20240627/ce859c0fe5fe40b2af7cad5006fce08f/c.html>

³² Askary, Hussein, "The China-Kyrgyzstan-Uzbekistan Railway: Three Gamechangers Enveloped in One," *The Belt & Road Institute in Sweden*, published on 10 June 2024, accessed on 28 September 2024, <https://brixsweden.org/the-china-kyrgyzstan-uzbekistan-railway-three-gamechangers-enveloped-in-one/>

³³ Gundal, Andrew, "The China-Kyrgyzstan-Uzbekistan Railway: Between Optimism and Concern," *Vlast*, published on 21 June 2024, accessed on 23 October 2024 <https://vlast.kz/english/60686-the-china-kyrgyzstan-uzbekistan-railway-between-optimism-and-concern.html>

³⁴ Rail Freight, "China to pour at least \$2.3 billion for line to Kyrgyzstan-Uzbekistan," *Railway Investments*, published on 20 June 2024, accessed on 16 November 2024, <https://www.railfreight.com/corridors/2024/06/20/china-to-pour-at-least-2-3-billion-for-line-to-kyrgyzstan-uzbekistan/#:~:text=According%20to%20Kyrgyz%20railway%20officials,cent%20of%20the%20expenses%2C%20respectively.>

³⁵ The Voice of America, "Debt to China fuels anxiety in Kyrgyzstan," *VOA News*, published on 18 April 2024, accessed on 28 November 2024 <https://www.voanews.com/a/debt-to-china-fuels-anxiety-in-kyrgyzstan/7575825.html>

³⁶ Radio Free Europe/Radio Liberty, "Hundreds Join Protests Against Chinese Investment in Kyrgyzstan," *RFE/RL*, published on 17 February 2020, accessed on 16 October 2024, <https://www.rferl.org/a/30439686.html>

its positioning as a main transit country in Central Asia. In addition to that, “Kazakhstan benefits from customs duties collected for the passage of Chinese cargo through its territory, making the CKU railway an unwelcome prospect” for Astana.³⁷

The increasing interest in the Middle Corridor has boosted the transportation volumes through the TITR. In the period from 2021 to 2022, we can mention the rapid increase of transportation volume to 899 thousand tons, as shown in Figure 2. In 2023, the volume almost doubled in comparison with the previous year, reaching 2,764 thousand tons. Based on the available data for 2024, we can see that the total transportation volume for 11 months reached 3,097 thousand tons, which is already larger than the transportation volume in 2023. These statistics demonstrate how the TITR has become more significant as a connecting link between China and the European Union in just a short period of time.

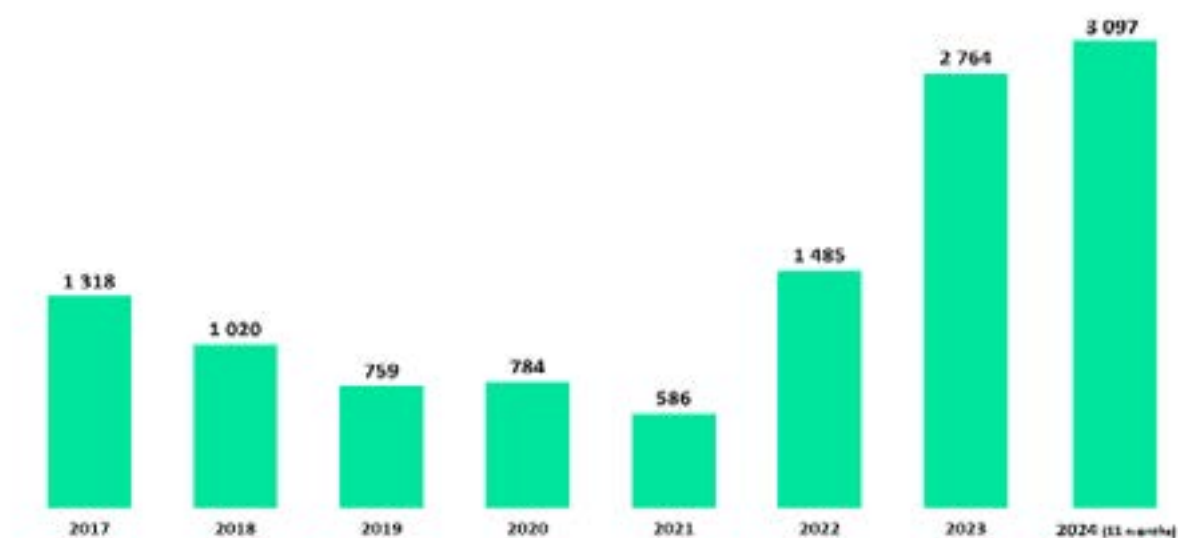


Figure 2. Transportation volume via TITR, in thousand tons (Source: Trans-Caspian International Transport Route project³⁸)

On the other side, the Middle Corridor faces many challenges that make it impossible to position it as a full alternative to the Northern Corridor. The main challenges centre around the small capacity of the Middle Corridor, as well as the lack of “transport vessels on the Caspian Sea and locomotives and wagons in Azerbaijan and Georgia.”³⁹ Moreover, it is important to mention the unpredictability of the transportation time which by 2022 was extended to 40 days and sometimes even more.⁴⁰ These difficulties have negatively impacted global interest in the Middle Corridor and the solution of many of the issues requires closer cooperation between states along the route.

³⁷ Daryo, “Challenges of Uzbekistan-Kyrgyzstan-China railway for Kazakhstan,” *Daryo*, published on 5 October 2023, accessed on 21 October 2024, <https://daryo.uz/en/2023/10/05/challenges-of-uzbekistan-kyrgyzstan-china-railway-for-kazakhstan>

³⁸ Trans-Caspian International Transport Route, “Transportation volume via TITR, thousand tons,” *Middle Corridor*, accessed on 6 January 2025, <https://middlecorridor.com/en/>

³⁹ Woldemar, Walter, “Challenges and Opportunities of the Middle Corridor,” *German Economic Team*, published in November-December 2022, accessed on December 2024, https://www.german-economic-team.com/wp-content/uploads/2022/12/GET_NL_UZB_21_2022_en-1.pdf

⁴⁰ Ibid.

Under the current situation, the Central Asian states seem to have similar goals of becoming a key transport hub for Eurasia. This can serve as a basis for strong regional cooperation. On the other hand, such cooperation also depends on the economic interests of the states. If we discuss this from the perspective of Kazakhstan, we should note that its “trade turnover with Central Asian countries totalled \$7.7 billion in 2023.”⁴¹ In comparison with Kazakhstan’s major economic partners, this value is relatively small. For instance, with China, Kazakhstan’s trade in 2023 reached “\$31.5 billion, a 30% increase versus 2022,”⁴² while with the EU, this number in 2023 reached 42.4 billion euros.⁴³ We can see that Kazakhstan’s trade with the whole region of Central Asia is around four times smaller than with China and more than five times smaller than its trade with the EU. This difference can impact Kazakhstan’s priorities and focus in terms of partnership and level of interest in the development of regional cooperation, as the economic benefit brought by China and the EU is significantly more important.

Despite this, Kazakhstan and other Central Asian states can still potentially become linked via the Middle Corridor. According to Ravshan Nazarov, the China-Kyrgyzstan-Uzbekistan railway “[...] will directly connect the key economic centres of the three countries and also expand the route to Kazakhstan, Russia, and Europe, providing fast communication through our region with the Middle East and other territories.”⁴⁴ However, with its geographical advantage, Kazakhstan alone can link China to the Caspian Sea and further, while other Central Asian states have to rely on routes through several states. With analyses of the impact of increasing interest in the Middle Corridor on Kazakhstan’s foreign policy, economic development, and engagement in regional cooperation, we can identify Kazakhstan’s perspective and position. To further this understanding, it is also significant to grasp the perspective of the EU and China on the routes through the Central Asian region.

⁴¹ Sakenova, Saniya, “Kazakhstan Strengthens Trade Turnover with Central Asian States,” *The Astana Times*, published on 15 May 2024, accessed on 6 January 2025, <https://astanatimes.com/2024/05/kazakhstan-strengthens-trade-turnover-with-central-asian-states/>

⁴² Interfax, “China was Kazakhstan’s main trading partner in 2023 – QazTrade,” *Interfax*, published on 19 February 2024, accessed on 6 January 2025, <https://interfax.com/newsroom/top-stories/99569/>

⁴³ European Commission, “Kazakhstan,” *European Union*, accessed on 6 January 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/kazakhstan_en#:~:text=Trade%20picture,2022

⁴⁴ Nurmaganbetova, Zhanna, “China – Kyrgyzstan – Uzbekistan railway to strengthen Central Asia’s role in global supply chains,” *Kazinform*, published on 31 December 2024, accessed on 6 January 2025, <https://en.inform.kz/news/china-kyrgyzstan-uzbekistan-railway-to-strengthen-central-asias-role-in-global-supply-chains-5f5b74/>

RESEARCH DESIGN

This research uses qualitative and quantitative analysis. The data on economic integration covers the information on trade volumes, investment flows and infrastructure developments under the Middle Corridor initiative. The information on the trade turnover of Kazakhstan with other countries, its exports and imports, and investments in the sector of “transport and storage” is accessed through the Bureau of National Statistics on the website of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan. Through these data, this research examines the trade relations of Kazakhstan with members of the European Union, China, the Central Asian states, and the Caucasus. The research uses the database of the Vienna Institute for International Economic Studies (wiiw) to access the information on Foreign Direct Investments to Kazakhstan from the European Union, China, and Russia, and particularly considers investments in “transportation and storage.”

The research also uses a qualitative approach analysing in-depth interviews conducted with researchers and experts from international organizations, think tanks, and universities that research transboundary initiatives related to the Middle Corridor to grasp their perspectives on the development of ties between Kazakhstan, the EU, China, Russia, and the Central Asian and South Caucasus states. This research contains the comments and perspectives of experts from the ENC, NUPI, NU, OECD, the EBRD, and the European Union delegation to the Republic of Kazakhstan. This research paper will aim to contribute to the studies of Eurasian connectivity and the influence of the Middle Corridor on Kazakhstan.

ANALYSIS AND RESEARCH RESULTS

Table 1. Trade turnover of the Republic of Kazakhstan by country from 2020 to 2023⁴⁵

Trade turnover	2020		2021		2022		2023	
	Total, USD, mln	Country's share in total trade turnover, %	Total, USD, mln	Country's share in total trade turnover, %	Total, USD, mln	Country's share in total trade turnover, %	Total, USD, mln	Country's share in total trade turnover, %
EU countries	24,863.53	28.8	30,073.27	29.6	41,875.39	30.9	41,302.83	29.6
Russia	18,775.35	21.7	24,624.28	24.2	26,972.02	19.9	27,054.45	19.4
China	15,798.57	18.3	18,000.96	17.7	24,203.95	17.9	30,055.39	21.5
Kyrgyzstan	848.59	1	1,050.53	1	1,246.88	0.9	1,688.14	1.2
Tajikistan	791.43	0.9	1,163.78	1.1	1,384.86	1	1,129.97	0.8
Turkmenistan	127.98	0.1	254.21	0.2	438.69	0.3	562.95	0.4
Uzbekistan	2,930.69	3.4	3,833.91	3.8	4,921.94	3.6	4,417.92	3.2
Azerbaijan	109.16	0.1	332.24	0.3	463.39	0.3	556.70	0.4
Armenia	14.24	0	20.82	0	43.08	0	103.67	0.1
Georgia	121.25	0.1	88.02	0.1	600.76	0.4	293.53	0.2

Table 2. Trade turnover of the Republic of Kazakhstan with countries from the period of January to July in 2023 and 2024⁴⁶

Trade turnover	2023 (Jan-Jul)		2024 (Jan-Jul)	
	Total, USD, mln	Country's share in total trade turnover, %	Total, USD, mln	Country's share in total trade turnover, %
EU countries	24,204.31	30.1	27,926.55	35.4
Russia	15,773.92	19.6	14,397.92	18.2
China	16,374.69	20.4	16,832.77	21.3
Kyrgyzstan	919.13	1.1	893.89	1.1
Tajikistan	634.10	0.8	675.54	0.9
Turkmenistan	313.61	0.4	276.36	0.3
Uzbekistan	2,542.25	3.2	2,164.28	2.7

⁴⁵ Bureau of National Statistics. "Economics: Statistics of foreign, mutual trade and commodity markets." *Agency for Strategic Planning and Reforms of the Republic of Kazakhstan*. Published in 2024. <https://stat.gov.kz/en/industries/economy/foreign-market/>

⁴⁶ Bureau of National Statistics. "Economics: Statistics of foreign, mutual trade and commodity markets." *Agency for Strategic Planning and Reforms of the Republic of Kazakhstan*. Published in 2024. <https://stat.gov.kz/en/industries/economy/foreign-market/>

Azerbaijan	345.73	0.4	316.54	0.4
Armenia	51.61	0.1	17.87	0
Georgia	199.09	0.2	86.36	0.1

Foreign Policy

Kazakhstan’s “multi-vector” foreign policy is focused on maintaining balance. The country is a member of numerous international organizations that allow it to cooperate with great economic powers in Eurasia. Through its foreign policy, Kazakhstan endeavours to remain neutral and maintain a balance in the triangulation of Chinese, Russian, and Western interests. It is also important to note that the cooperation of Kazakhstan with Russia and China is mostly related to geographical prerequisites, “...but the extent of this cooperation remains a strategic choice.”⁴⁷

After the Russian invasion of Ukraine in 2022, the President of Kazakhstan, Kassym-Jomart Tokayev, during the 25th St. Petersburg International Economic Forum (SPIEF) in June 2022 expressed that Kazakhstan “[...] has no intentions to recognize the independence of the so-called Donetsk and Lugansk People’s Republics.”⁴⁸ This statement is one of the first examples of Kazakhstan’s expression of its position after the start of the war in Ukraine. Dr. Zhanibek Arynov stated that the country’s multi-vector foreign policy “in certain aspects was just uni-vectoral which was tied to Russia.”⁴⁹ Moreover, he added that now the multi-vectoral foreign policy of the country is more visible, we could see several decisions from Kazakhstan’s government to strengthen its neutrality in the international arena. The October 2024 announcement by the spokesperson for Kazakhstan’s President, Berik Uali, about the country’s decision to refrain from joining BRICS serves as an example.⁵⁰ According to Dr. Arynov, this decision by Kazakhstan demonstrates the country’s commitment to balancing its cooperation with Western countries. Just a year earlier, in August 2023, Kassym-Jomart Tokayev had shared that Kazakhstan was interested in joining BRICS as a member state, and called on other BRICS countries to contribute to the implementation of economic projects in trade, transportation, and investment, mentioning the Trans-Caspian International Transport Route (TITR).⁵¹ However, despite these public statements by the President of Kazakhstan claiming the country’s neutrality in the global arena, Kazakhstan continues to closely align with Russia economically. Just looking at trade we can see that “2022 and 2023 have been record years for Russia-Kazakhstan economic cooperation, with trade at \$26 and \$27 billion respectively.”⁵² On 27 November

⁴⁷ Zhiyenbayev, Miras, “Kazakhstan in the Middle: Resilience in the Face of Great Power Rivalry,” *Royal United Services Institute*, published on 31 October 2024, accessed on 31 October 2024, <https://rusi.org/explore-our-research/publications/rusi-newsbrief/kazakhstan-middle-resilience-face-great-power-rivalry>

⁴⁸ Abbasova, Vusala, “President Tokayev Says Kazakhstan Will Not Recognize Donetsk, Lugansk as Independent States,” *Caspian News*, published on 20 June 2022, accessed on 1 November 2024, <https://caspiannews.com/news-detail/president-tokayev-says-kazakhstan-will-not-recognize-donetsk-lugansk-as-independent-states-2022-6-20-0/>

⁴⁹ Interview with Dr. Zhanibek Arynov, Assistant professor, Graduate School of Public Policy, Nazarbayev University, 6 October 2024.

⁵⁰ Rossi, Michael, “Why Kazakhstan is Refraining from Joining BRICS,” *Geopolitical Monitor*, published on October 18, 2024, accessed in October 2024, <https://www.geopoliticalmonitor.com/why-kazakhstan-is-refraining-from-joining-brics/>

⁵¹ Tass, “Токаев: Казахстан хотел бы внести вклад в развитие БРИКС в качестве государства-участника [Tokayev: Kazakhstan would like to contribute to the development of BRICS as a member state],” published on August 2023, accessed on October 28, 2024, <https://tass.ru/mezhdunarodnaya-panorama/18578423>

⁵² Mallinson, Kate, “Russia’s influence in Kazakhstan is increasing despite the war in Ukraine,” *Chatham House*, published on 29 February 2024, accessed on 27 December 2024, <https://www.chathamhouse.org/2024/02/russias-influence-kazakhstan-increasing-despite-war-ukraine>

2024, President Putin paid a visit to Kazakhstan and “discussed cooperation prospects in the trade and economic, transport and logistics, fuel and energy, scientific and technical, cultural and humanitarian areas.”⁵³ Figure 3, based on the data from the Bureau of National Statistics, also demonstrates the increase in the trade turnover between Kazakhstan and Russia in the years 2020 to 2023.

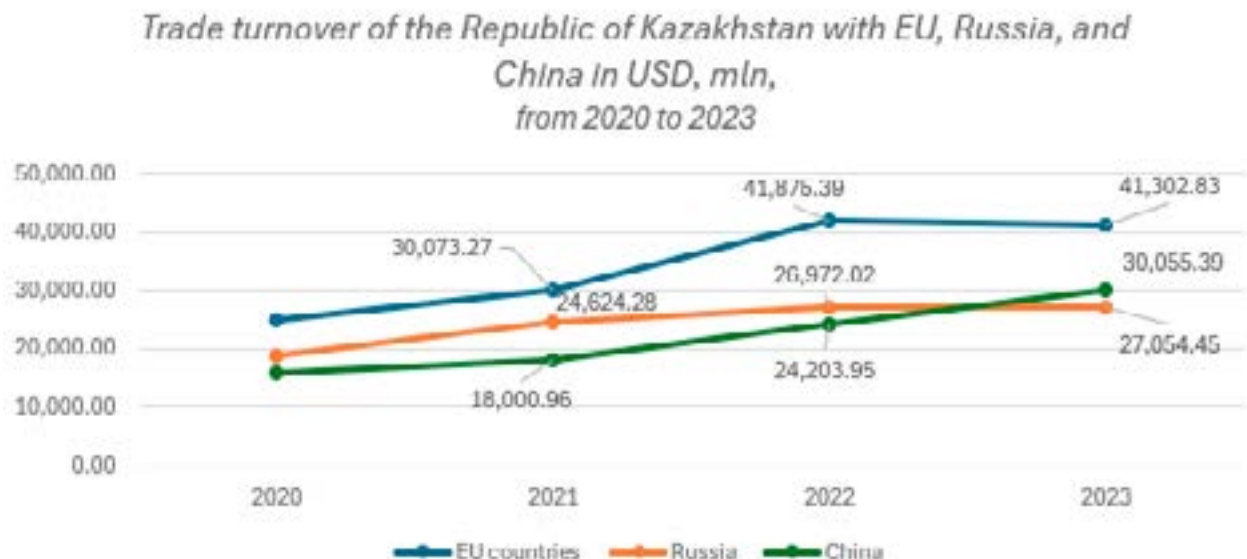


Figure 3. Trade turnover of the Republic of Kazakhstan with the European Union, Russia, and China from 2020 to 2023, USD, mln⁵⁴

The intention of Kazakhstan to cooperate closer with countries that support the role of the United Nations is one of the dots connecting the country’s position with the European Union. On 14 October 2024, Kazakhstan marked its 21st Cooperation Council meeting with the EU, where “[...] both parties confirmed their commitment to deepening and widening their cooperation and to exploring the full potential of the Enhanced Partnership and Cooperation Agreement (EPCA).”⁵⁵ The further enhancement of the partnership also implied in the work on developing “[...] the Trans-Caspian Transport Corridor under the EU’s Global Gateway strategy.”⁵⁶ Additionally, the visits of Josep Borrell to Kazakhstan in the last two years indicate a stronger partnership between Kazakhstan and the EU. The European Union’s then High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, Josep Borrell’s first visit to Kazakhstan took place in November 2022. Its aim was related to bolstering the cooperation between Kazakhstan and the EU in terms of “trade, digital, energy, and

⁵³ Omirgazy, Dana, “Kazakh & Russian Presidents Discuss Cooperation Prospects, Sign Joint Statement,” *The Astana Times*, published on 28 November 2024, accessed on 28 November 2024, <https://astanatimes.com/2024/11/kazakh-russian-presidents-discuss-cooperation-prospects-sign-joint-statement/>

⁵⁴ Bureau of National Statistics, “Economics: Statistics of foreign, mutual trade and commodity markets,” Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, published in 2024, <https://stat.gov.kz/en/industries/economy/foreign-market/>

⁵⁵ European Council, “Kazakhstan: 21st Cooperation Council with the European Union,” *Council of the EU*, published on October 15, 2024, accessed on October 24, 2024, <https://www.consilium.europa.eu/en/press/press-releases/2024/10/16/kazakhstan-21st-cooperation-council-with-the-european-union/>

⁵⁶ European Council, “Kazakhstan: 21st Cooperation Council with the European Union”

transport.”⁵⁷ His second visit was held in August 2024, where Borrell shared that “upcoming investments will enhance land connectivity by supporting the Trans-Caspian Transport Corridor.”⁵⁸ The main incentive of the EU in contributing to enhancing the capacity of the Middle Corridor is not only linked to Kazakhstan or the Central Asian region. As discussed by an interviewed OECD analyst, the EU’s Global Gateway aims to “link Central Asia to the EU within less than 15 days of transit. But what tends to be overlooked is that while trade between Central Asia and Europe is important, much of this trade actually originates from China and transits through Central Asia on its way to Europe.”⁵⁹ That is why it is important to consider the Global Gateway and One Belt, One Road (BRI) as complementary projects that contribute to the development of the Middle Corridor. According to Hüseyin Özhan, Kazakhstan needs to focus on having alternative routes for the connectivity between East and West.⁶⁰

We also discuss the economic dimension as a pressure factor on foreign policy. That is why it is significant to discuss the interdependence between Kazakhstan’s economic course and foreign policy. As a major exporter of strategic commodities, energy, and natural resources, Kazakhstan is likely to develop its trade partnerships irrespective of its political alignment. Furthermore, the economic interest coming with cooperation in the Middle Corridor can push the country to reconsider its politics based on the motivation of gaining more economic independence in terms of its vectoral foreign policy. Apart from the aspect of Kazakhstan distancing itself from Russia, Dr. Arynov also referred to the article written by President Kassym-Jomart Tokayev on “Renaissance of Central Asia: Towards Sustainable Development and Prosperity,” which was published on 8 August 2024. In this article, President Tokayev lists the objectives that the region needs to achieve, and as a first point refers to the necessity that Central Asia build “cooperation in the field of defence policy and security.”⁶¹ Dr. Arynov noted that this is “something that we have never heard previously about Central Asian cooperation.”⁶² Moreover, the following two objectives further highlight the significance of economic cooperation in Central Asia and the potential of the region to become a key hub for transport corridors.⁶³ Thus, we can see how interlinked these aspects are in the perspective of Kazakhstan’s President. In addition to this, Dr. Arynov points out the development of cooperation between Central Asian countries and the Organization of Turkic States. In November 2023, Astana hosted the summit of the Organization of Turkic States (OTS), where states adopted a document that “call[s] for closer cooperation in the field of defence industry and military collaboration.”⁶⁴ This also indicates Kazakhstan’s interest in cooperation with Azerbaijan and Türkiye within OTS in the areas of security. However, in terms of economic value for Kazakhstan, three major partners in trade, Russia, China, and the EU, remain decisive. Thus, it is important to discuss Kazakhstan’s cooperation with these states over the last several years in the context of economic trade and political relations.

⁵⁷ Akhmetkali, Aibarshyn, “Kazakhstan and EU Agree to Strengthen Cooperation in Trade, Energy, Digital, and Logistics During EU Top Official Josep Borrell’s Visit,” *The Astana Times*, published on 17 November 2022, accessed on 26 December 2024, <https://astanatimes.com/2022/11/kazakhstan-and-eu-agree-to-strengthen-cooperation-in-trade-energy-digital-and-logistics-during-eu-top-official-josep-borrells-visit/>

⁵⁸ Satubaldina, Assel, “We Want to Maintain Positive Momentum in Partnership, Says Top EU Diplomat in Kazakhstan,” *The Astana Times*, published on 1 August 2024, accessed on 26 December 2024, <https://astanatimes.com/2024/08/we-want-to-maintain-positive-momentum-in-partnership-says-top-eu-diplomat-in-kazakhstan/>

⁵⁹ Interview with OECD Analyst, 26 November 2024.

⁶⁰ Interview with Mr. Hüseyin Özhan, Acting Managing Director of the EBRD Central Asia and Mongolia, 6 November 2024.

⁶¹ Tokayev, Kassym-Jomart, “Renaissance of Central Asia: Towards Sustainable Development and Prosperity,” *QazAlem*, published on 8 August 2024, accessed on 3 January 2025, <https://qazalem.kz/en/news/586>

⁶² Interview with Dr. Zhanibek Arynov.

⁶³ Tokayev, Kassym-Jomart, “Renaissance of Central Asia: Towards Sustainable Development and Prosperity”

⁶⁴ Organization of Turkic States, “Astana Declaration of the 10th Summit of the Organization of Turkic States,” published on 3 November 2023, accessed on 3 January 2025, <https://www.turkicstates.org/en/news/astana-declaration-of-the-10th-summit-of-the-organization-of-turkic-states>

Russia

Firstly, let's discuss the trade turnover of the Republic of Kazakhstan with Russia from 2020 to 2023. As we can see from Figure 3 and 4, in 2020, the trade turnover of Kazakhstan with Russia was 18.775 billion USD with a 21.7% share in the total. In 2021, Russia's share jumped from 21.7% to 24.2% and became 24.624 billion USD. By 2022, when Russia invaded Ukraine, the consistency changed. If we look at the total trade turnover, we see no unexpected change, as Russia's trade with Kazakhstan continued to increase from 24.624 billion USD in 2021 to 26.972 billion USD in 2022 and to 27,054 million USD in 2023. However, if we look at the share in trade turnover of other countries with Kazakhstan, we will see a different picture. Russia's share dropped from 24.2% in 2021 to 19.9% in 2022, which continued to fall in 2023 to 19.4%. This demonstrates the decrease in the value of Russia in Kazakhstan's global trade turnover, despite the increase in the amount of total trade turnover between the two countries. As Dr. Arynov mentioned, "Kazakhstan has diversified significantly its foreign policy over the last two-three years, away from Russia, despite all the economic indicators probably showing that Kazakhstan has been increasing its trade relations with Russia."⁶⁵ In this case, we can see that, despite the growing numbers in total trade turnover of Kazakhstan with Russia, the share of Russia in the total trade with Kazakhstan was decreasing. This demonstrates the shift in the value of Russia as a trade partner for Kazakhstan in comparison with China and the European Union. China's share in 2023 even reached 21.5% surpassing Russia's share in the same year.

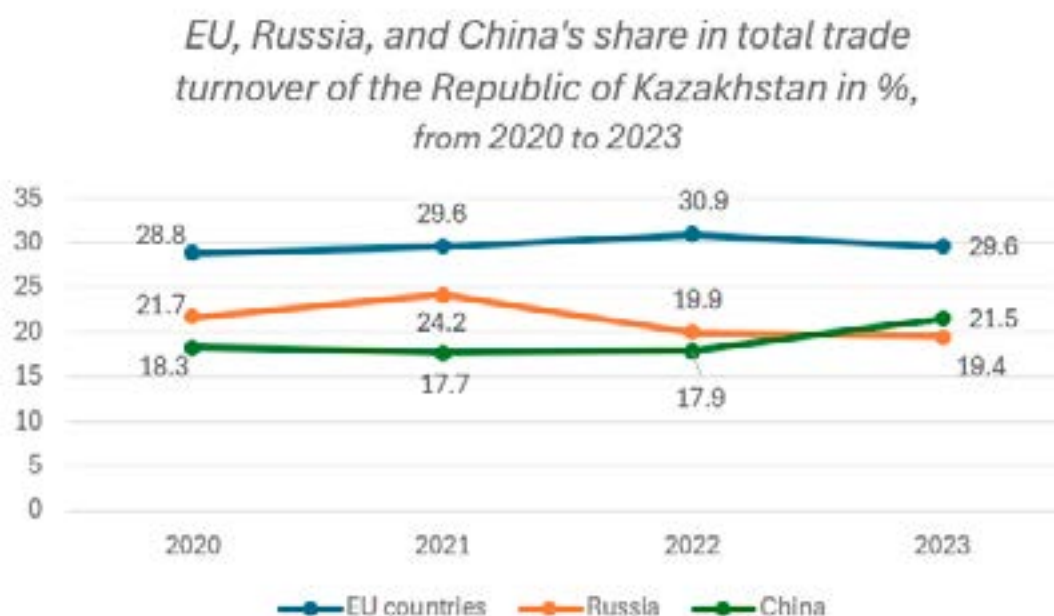


Figure 4. The share of European Union countries, Russia, and China in total trade turnover of the Republic of Kazakhstan from 2020 to 2023, %⁶⁶

The sanctions from the West faced by Russia also had an impact on Central Asian states including Kazakhstan, which in this case seems to follow a pragmatic approach. The Deputy Prime Minister of

⁶⁵ Interview with Dr. Zhanibek Arynov.

⁶⁶ Bureau of National Statistics, "Economics: Statistics of foreign, mutual trade and commodity markets"

Kazakhstan, Serik Zhumangarin commented on the approach of the country by saying “we do not support this unilateral sanctions policy, but we will comply with it because it is economically beneficial.”⁶⁷ First of all, it can be beneficial in a way that Kazakhstan can trade more commodities with the West instead of Russia. However, most importantly, otherwise, Kazakhstan risks ending up facing secondary sanctions. The Deputy Prime Minister also pointed out that Kazakhstan “cannot withstand the pressure of sanctions. Thus, the country is constantly in a dialogue with the US and the European Union.”⁶⁸

As one of the examples of Kazakhstan’s movement towards diversification of its foreign policy from Russia, the country is considering whether to refrain from joining BRICS. This could also potentially contribute to the deterioration of the trade relationship between Kazakhstan and Russia, as shortly after the statement of the spokesperson from Kazakhstan about the country’s position, Russia “...temporarily banned imports of tomatoes, peppers, fresh melons, wheat, flax seeds and lentils from Kazakhstan.”⁶⁹ On the other side, Dr. Arynov states that the decision of Russia to ban certain imports from Kazakhstan is not necessarily a political move. He comments that such cases, related to phytosanitary issues in the import of goods from Kazakhstan to Russia happened in “[...] previous years as well. Kazakhstan also does it for Kyrgyzstan from time to time. Sometimes there are real issues with phytosanitary standards, both in Kazakhstan and Kyrgyzstan.”⁷⁰ However, even though this temporary ban on vegetables and fruits from Kazakhstan to Russia may not have had a significant economic consequence, it can still be seen as a demonstration by Russia of its presence in and impact on Kazakhstan’s economy, which can also affect the political relations of the two countries.

As mentioned by Samuel Vesterbye in discussing the impact of the Middle Corridor on Kazakhstan’s relations with Russia, it is important to note that “Russia has been primarily the main net benefactor of land transit trade between the EU and China for a long period of time.”⁷¹ Mr. Vesterbye underscores the fact that the enhancement of Kazakhstan’s transit trade within TITR is Russia’s loss from the Northern Corridor. On the other side, several experts pointed out during interviews the obvious advantage of the Russian Northern Corridor in terms of capacity, predictability, and time. Analysts from the OECD also mentioned that private sector representatives who participated in their survey expressed their hope of resuming trade through the Northern Corridor when possible due to its convenience and higher predictability. However, experts also noted that sanctions have been there for longer than expected and will likely remain for a further time. This allows Kazakhstan to use the Northern Corridor’s inaccessibility to its economic benefit. Despite the net zero-sum calculation of Kazakhstan’s benefit from Russia’s loss through the enhancement of the Middle Corridor as mentioned by experts, Kazakhstan does not seem to view it in this way. When monitoring the actions of Kazakhstan, we see a measured multi-vector foreign policy that closely considers the status of Russia in the world. For instance, surprisingly, during the Eurasian Economic Forum held in Russia in May 2023, President Tokayev spoke about the significance of synergy of the TITR with the North-South Transport Corridor.⁷² It is interesting to note that other members of the Eurasian Economic Union are not part of the TITR. By mentioning the significance

⁶⁷ Yazykova, Tamila, “Жумангарин о санкциях против России: Не поддерживаем, но будем соблюдать [Zhumangarin on sanctions against Russia: We do not support, but we will comply],” *Zakon.kz*, published on 5 June 2024, accessed on 27 December 2024, <https://www.zakon.kz/obshchestvo/6437032-zhumangarin-o-sanktsiyakh-protiv-rossii-ne-podderzhivaem-no-budem-soblyudat.html>

⁶⁸ Ibid.

⁶⁹ Johecova, Ketrin, “Russia bans fruit and veg from Kazakhstan after country refuses to join BRICS,” *Politico*, published on October 18, 2024, accessed on October 20, 2024, <https://www.politico.eu/article/russia-bans-vegetables-from-kazakhstan-after-country-refuses-to-join-brics/>

⁷⁰ Interview with Dr. Zhanibek Arynov.

⁷¹ Interview with Mr. Samuel Doveri Vesterbye, Managing Director, ENC. 12 November 2024.

⁷² Sakenova, Saniya, “EAEU’s Infrastructure Connectivity Remains Core Priority, Says President Tokayev,” *The Astana Times*, published on 25 May 2023, accessed on 27 December 2024, <https://astanatimes.com/2023/05/caeus-infrastructure-connectivity-remains-core-priority-says-president-tokayev/>

of the synergy between the Middle and the North-South corridors, Tokayev notes that they “can also fundamentally change the level of interaction and cooperation within Eurasia.”⁷³ The pragmatic approach of Kazakhstan here creates room for a country to be flexible about its level of distancing from Russia. This way of positioning the TITR, as complementary for all major partners, including Russia, provides space for Kazakhstan to realign its foreign policy when it is necessary, making it less predictable. Despite this, the analysis primarily shows a distancing of Kazakhstan from Russia along with the increasing presence of major economic allies such as China in the country, and the appearance of new economic routes and opportunities bypassing Russian influence.

China

According to the comment of Dr. Arynov, China is the “number one country to counterbalance Russia’s influence in Kazakhstan. One example would be when there were rumours that Rosatom would build the first Nuclear Power Plant (NPP) of the country, the Chinese company was very quick to say that they could build it faster and cheaper.”⁷⁴ In December 2024, Kazakhstan’s minister of energy travelled to China to discuss “cooperation in the fields of nuclear energy, oil and gas, electricity generation, and renewable energy with potential suppliers of equipment for Kazakhstan’s first nuclear plant.”⁷⁵ The potential agreement between Kazakhstan and China on supplying equipment within the NPP project would strengthen the connectivity between the two countries further. In July 2024, Xi Jinping gave a speech “Staying True to Our Shared Commitment and Opening a New Chapter in China-Kazakhstan Relations,” in which he marked the significant period 11 years ago when President Xi visited Kazakhstan with the first proposition of the Silk Road Economic Belt initiative.⁷⁶ Currently, the Belt and Road project plays a vital role in the economic cooperation between Kazakhstan and China, and the political relations between countries are becoming stronger. Before the recent comment of the spokesperson for Kazakhstan, in July 2024 Chinese President Xi expressed that “China supports Kazakhstan’s bid to join the BRICS cooperation mechanism.”⁷⁷ However, most importantly, at the same summit Xi stated that “[n]o matter how the international situation changes, China will remain steadfast in its commitment to the China-Kazakhstan friendship.”⁷⁸ The development of trade between these countries confirms that. Figure 3 demonstrates that the trade turnover of the Republic of Kazakhstan with China was 15.798 billion USD in 2020 with an 18.3% share of the total. In 2021, there was a slight decrease of 0.6%, and the total trade became larger by 2.202 billion USD, reaching 18.000 billion USD. In 2022, the share of China expanded back to 17.9%, with 24.204 billion USD trade turnover. By the end of the following year, in 2023, the share of China in trade with Kazakhstan significantly jumped to 21.5%, with a turnover of 30.055 billion USD. It is also important to note that, in the same year, in 2023, Kazakhstan gained a visa-free regime with China.⁷⁹

⁷³ Ibid.

⁷⁴ Interview with Dr. Zhanibek Arynov.

⁷⁵ Sarymbetova, Aygerim, “Tokayev Pushes for Faster Construction of Kazakhstan’s First Nuclear Power Plant,” *Caspian News*, published on 24 December 2024, accessed on 27 December 2024, <https://caspiannews.com/news-detail/tokayev-pushes-for-faster-construction-of-kazakhstans-first-nuclear-power-plant-2024-12-24-0/>

⁷⁶ Jinping, Xi, “Staying True to Our Shared Commitment and Opening a New Chapter in China-Kazakhstan Relations,” *Ministry of Foreign Affairs of the People’s Republic of China*, published on 2 July 2024, accessed on 13 November 2024, https://www.mfa.gov.cn/mfa_eng/xw/zyjh/202407/t20240702_11445774.html

⁷⁷ Khali, Riyaz and Teslova, Elena, “China backs Kazakhstan’s bid to join BRICS: Xi tells Tokayev,” *Anadolu Ajansı*, published on July 3, 2024, accessed on October 24, 2024, <https://www.aa.com.tr/en/asia-pacific/china-backs-kazakhstan-s-bid-to-join-brics-xi-tells-tokayev/3264843>

⁷⁸ Ibid.

⁷⁹ Xinhua, “First batch of visa-free passengers from Kazakhstan enter China,” *Asia & Pacific*, published in November 2023, accessed in October 24, 2024, <https://english.news.cn/asiapacific/20231110/4129cc2979914f158f2a99af13f1ec15/c.html>

As can be viewed in Table 1, the trade turnover between Kazakhstan and China in a period of one year from 2021 to 2022 jumped from 18.001 to 24.204 billion USD. In 2023, it increased by 5.851 billion USD and became 30.055 billion USD. The trade of Kazakhstan with China is developing with new agreements. One of the significant aspects of Kazakhstan's cooperation with China is currently being discussed around uranium. During the meeting of Kazatomprom shareholders conducted on 15 November 2024, the company approved a major transaction of uranium with a Chinese company and "...the long-term agreement for the sale and purchase of natural uranium concentrates between Kazatomprom and China National Uranium Corporation Limited."⁸⁰

The resources and trade activity between Kazakhstan and China has positively affected the further cooperation of the countries on enhancing the capacity of the Trans-Caspian International Trade Route (TITR). One of the significant recent activities between Kazakhstan, China, and Azerbaijan is the signing of "[...] an agreement to establish an intermodal cargo terminal in the Port of Alat in Baku, the Azerbaijani capital."⁸¹ The project contributes to the goal of increasing the volume of transportation through the TITR, enhancing the potential of this trade route between China and Europe that goes through Kazakhstan to bypass Russia.

It is important to remember that, besides the many projects along the way, the Middle Corridor is a route connecting China and Europe. This connectivity between China and the European Union is one of the main incentives that supports the initiatives along the Middle Corridor and strengthens the economic cooperation of major economic powers. Several experts have pointed out that Kazakhstan places a lot of emphasis on facilitating the transit of Chinese exports to the West, which may move at the expense of its domestic exports. As noted by the OECD analyst interviewed, China's cooperation with Central Asia in terms of connectivity accelerated during the launch of the BRI. Even before the appearance of BRI, China had discussed the mobilization of Central Asia via the "Iron Silk Road," a "connection through which goods could move swiftly from China to Europe."⁸² Thus, there is a question about the extent of economic benefits of the cooperation between Central Asian states and China that goes beyond the transit of goods. First of all, it is vital to mention that, even though the broader aim of China is about Eurasian transport connectivity, the "internal Central Asian interconnectivity is also strengthened [...]"⁸³ However, it is important to note the approach of China to cooperation with each Central Asian state occurs separately. In the context of the Middle Corridor and the BRI, China is closely cooperating with Kazakhstan through the TITR, and with Kyrgyzstan and Uzbekistan through the CKU railway projects, which are currently on different levels of development. By July 2024, Kazakhstan and China had agreed to "implement 45 investment projects worth \$14.5 billion in the areas of industry, energy, transport and transit, green economy, and agriculture, and strengthen cultural and humanitarian contacts."⁸⁴ Throughout the years of economic cooperation, China has become a close ally of Kazakhstan. Moreover, these relations are becoming multifaceted, as seen during the meeting of Presidents, where both sides

⁸⁰ Kazatomprom, "Voting Results of the Extraordinary General Meeting of Shareholders," *Kazatomprom*, published on 15 November 2024, accessed on 15 November 2024, https://www.kazatomprom.kz/en/media/view/voting_results_of_the_extraordinary_general_meeting_of_shareholders

⁸¹ Kwan, Sergey, "Kazakhstan, Azerbaijan and China Establish Joint Cargo Terminal in Baku," *The Times of Central Asia*, published on 12 November 2024, accessed on 15 November 2024, <https://timesca.com/kazakhstan-azerbaijan-and-china-establish-joint-cargo-terminal-in-baku/>

⁸² Högselius, Per, "The hidden integration of Central Asia: the making of a region through technical infrastructures," *Central Asian Survey*, 41(2), 223-243, published on 12 August 2021, accessed on 27 December 2024, <https://doi.org/10.1080/02634937.2021.1953963>

⁸³ Ibid.

⁸⁴ Omirgazy, Dana, "Xi Jinping: China Will Always Be Reliable Support for Kazakhstan," *The Astana Times*, published on 3 July 2024, accessed on 3 January 2025, <https://astanatimes.com/2024/07/xi-jinping-china-will-always-be-reliable-support-for-kazakhstan/>

“agreed to jointly implement the Global Development Initiative, the Global Security Initiative and the Global Civilization Initiative.”⁸⁵ During the same period, President Xi stated that China “will support Kazakhstan in upholding its independence, sovereignty and territorial integrity.”⁸⁶ This also shows that the development of Kazakhstan-China relations goes beyond economic cooperation.

The European Union

Being the first country in Central Asia to sign an Enhanced Partnership and Cooperation Agreement with the EU, Kazakhstan is actively developing its cooperation with the European Union. We can find the trade turnover of Kazakhstan with the EU in Figure 3, and the EU’s share in Figure 4. If we look at the trade turnover in 2020, the EU countries’ share of trade in Kazakhstan was at 28.8% with 24.863 billion USD total trade, and in 2021 the numbers increased to 29.6% and the total trade increased by an additional 5.209 billion USD. The share of EU trade with Kazakhstan in 2022 increased up to 30.9% and the total trade turnover rocketed to 41.875 billion USD. A slight decrease followed in 2023 in both. The share dropped to 29.6% and total trade was reduced by 572 million USD to become 41.302 billion USD. However, if we observe and compare the data from January to July 2024 with the same period in the previous year, we will see a promising increase in both the country’s share in EU trade and the total trade turnover. If in 2023, for the period from January to July, the total trade was 24.204 billion USD, for the same timeline in 2024 trade came to 27.926 billion USD. The European Union’s share in total trade with Kazakhstan in January-July 2024 expanded to 35.4%, which is 5.3% more in comparison with the number for the same time the previous year. In the interviews, each expert mentioned the positively developing ties of Kazakhstan with the EU. The OECD analysts mentioned that “[...] the EU very much sees Kazakhstan as a reliable supplier of critical minerals.”⁸⁷ Moreover, they emphasized, “that it’s in Kazakhstan’s interest to pursue this balanced foreign policy with partners such as the EU.”⁸⁸ The Director of the ENC mentioned that, for instance, France with 56 nuclear reactors is also keen on cooperation with uranium-rich Kazakhstan. Additionally, the strategic partnership agreement between Kazakhstan and the European Union was endorsed in November 2022 and covered “[...] green hydrogen and critical raw materials, and in March 2023, Germany opened a ‘Hydrogen Diplomacy Office’ in Astana.”⁸⁹ This was also mentioned by Dr. Arynov as one of the indicators of the increasing attention of the EU to the region. The developing relations in the energy sector between EU countries and natural resources-rich Kazakhstan is one of the significant driving factors for the further development of the Middle Corridor that can connect Kazakhstan to Europe with a route bypassing Russia. As mentioned by several experts, the benefit coming from the enhancement of the Middle Corridor should not be limited to transit trade for Kazakhstan. It is vital to focus on the development of the domestic industries through investments around the Middle Corridor. In his interview, Hüseyin Özhan stated that the appearance of more sustainable transport would also make Kazakh goods more competitive, and “increase the export potential, especially in those areas where Kazakhstan has a competitive advantage.”⁹⁰ For instance, besides the energy sector,

⁸⁵ Xinhua, “Xi says China, Kazakhstan pledge to jointly implement 3 key China-proposed initiatives,” *Xinhuanet*, published on 3 July 2024, accessed on 3 January 2025, <https://english.news.cn/20240703/41f0eab20b1e451094a6c1fbaf6458fd/c.html>

⁸⁶ Jinping, Xi, “Staying True to Our Shared Commitment and Opening a New Chapter in China-Kazakhstan Relations”

⁸⁷ Interview with OECD Analyst.

⁸⁸ Interview with OECD Analyst.

⁸⁹ Zabanova, Yana, “Kazakhstan’s Hydrogen Ambitions Should Extend Beyond Exports,” *Carnegie Politika*, published on 13 September 2024, accessed on 11 November 2024, <https://carnegieendowment.org/russia-urasia/politika/2024/09/kazakhstan-eu-hydrogen-technology?lang=en>

⁹⁰ Interview with Mr. Hüseyin Özhan.

we can consider the jump in agricultural exports from Kazakhstan to the European Union. According to a report, in comparison with the previous year, Kazakhstan's machinery sales increased by 52%, the export of grain by 48%, and the export of rice by 47%.⁹¹ The enhancement of the capacity of the Middle Corridor would positively impact or further boost of the export of Kazakhstan's domestic produce.

Recently, the Ambassador of Kazakhstan to Belgium, Margulan Baimukhan, made a statement at a conference covering the topic of greater connectivity and "emphasized the importance of establishing sustainable and efficient transport corridors in light of global challenges and disruptions in supply chains."⁹² As a result of Western sanctions against Russia, Kazakhstan stepped up as a potential supplier of natural resources to European countries. However, as mentioned previously, Kazakhstan's current route to Europe is heavily dependent on Russian territory. Thus, the statement of Ambassador Baimukhan, who highlighted the significance of addressing the disruption in supply chains poses a significant question for Kazakhstan on the diversification of its trade routes. In light of that, "the Ambassador also discussed the launch of a Coordination Platform earlier this year, aimed at advancing the Trans-Caspian International Transport Route (TITR) into a modern, multimodal corridor that ensures the shortest delivery times."⁹³ It is also important to note that the Ambassador shared the position of Kazakhstan to not only play the role of a transit country, but to also act as an "[...] active participant in global efforts to enhance the resilience and connectivity of international markets."⁹⁴ Describing the potential advantage of Kazakhstan's closer cooperation with the EU, Mr. Vesterbye comments that the One Belt, One Road "[...] gives connectivity, but it does not make a country like Kazakhstan, Uzbekistan, and the other Central Asian states move from middle-income countries to high-income countries."⁹⁵ Other experts claim that these projects are complementary and Kazakhstan's participation in both can be advantageous for the state. Dr Vakulchuk, during his interview, pointed out that "it is important to establish a coordination platform that would regularly maintain the mapping of key development priorities and ensure a high degree of complementarity of the initiatives."⁹⁶ Such a platform was launched in June 2024, "designed to facilitate projects along TITR and connect all stakeholders in a broader effort to turn the corridor into a sustainable, competitive, and efficient route."⁹⁷ This approach to coordination of the engagement of Kazakhstan's major partners in the development of the TITR would support the objective of the country to balance its neutrality and its openness to cooperation with countries along the corridor irrespective of their political position.

⁹¹ Zajmi, Xhoi, "Kazakhstan boosts agricultural exports, enhancing trade with EU," *Euractiv's Advocacy Lab*, published on 12 November 2024, accessed on 27 December 2024, <https://www.euractiv.com/section/global-europe/news/kazakhstan-boosts-agricultural-exports-enhancing-trade-with-eu/>

⁹² Nurmaganbetova, Zhanna, "Kazakhstan reaffirms its role as EU's strategic partner in advancing regional and global connectivity," *Kazinform*, published on 27 November 2024, accessed on 1 December 2024, <https://en.inform.kz/news/kazakhstan-reaffirms-its-role-as-eus-strategic-partner-in-advancing-regional-and-global-connectivity-f6fa2a/>

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ Interview with Mr. Samuel Dover Vesterbye.

⁹⁶ Interview with Dr. Roman Vakulchuk, Senior Research Fellow, Norwegian Institute of International Affairs (NUPI), 22 November 2024.

⁹⁷ Satubaldina, Assel, "Coordination Platform for Trans-Caspian Transport Corridor Launched in Astana," *The Astana Times*, published on 12 June 2024, accessed on 27 December 2024, <https://astanatimes.com/2024/06/coordination-platform-for-trans-caspian-transport-corridor-launched-in-astana/>

Economic Development

Investments

Kazakhstan's foreign direct investment (FDI) inflow from European Union countries, China, and Russia indicates how its economic development is linked with major partners. Moreover, Kazakhstan appears as a desirable destination for investments, which is supported by the fact that, for the last three decades 70% of the FDI inflow coming to the Central Asian region was directed to Kazakhstan.⁹⁸ However, it is necessary to look closer at the dynamics of FDI inflow in Kazakhstan to track the interest of its major partners in the last few years. Figure 5 shows the FDI inflow in Kazakhstan from the EU, China, and Russia, respectively, from 2014 to 2023. We see that the FDI inflow from the EU was especially high in 2016 when it reached 5.236 billion euros. However, during the following year it started to decrease significantly until it reached a negative value of -880 million in 2019, demonstrating the withdrawal or selling of investments. Right away, in the next year, 2020, the EU's FDI inflow to Kazakhstan rocketed to 1.558 billion euros. In the last few years, we have seen a large number of investments from the EU to Kazakhstan. There is no pattern of growth or decline, but rather we see the periodical enlargement of FDI. However, it is important to note that, in 2022, the FDI inflow from the EU reached 2.226 billion euros, which is the largest amount since 2016.

In the case of China, we notice the negative value of the FDI inflow to Kazakhstan between 2015 and 2020. This shows that in five consecutive years since 2015, China took out more of its money from Kazakhstan by selling or withdrawing its investments rather than making new ones. However, in 2021 the FDI inflow from China gained a positive value again, reaching 417 million euros and only increasing further to 703 million euros in 2022 and to 883 million in 2023.

From Russia to Kazakhstan, we see constant investment inflow. According to Figure 5, since 2014, Kazakhstan constantly has received foreign direct investments from Russia, with the value of money withdrawn from Kazakhstan never more than the value of new investment each year. If we review recent years, in 2021, Russia's FDI inflow value reached 724 million euros. In 2022, when Russia invaded Ukraine, the FDI inflow to Kazakhstan from Russia dropped by 584 million euros compared to 2021, but did not go to a negative value, staying at 140 million. In the following year, in 2023, Kazakhstan received from Russia the largest FDI inflow in the last ten years, which is 1.105 billion euros, while China's and the EU countries' investments were 882.7 million and 1.540 billion euros, respectively. The increasing value of FDI inflow from all three, the EU, China, and Russia adds to the multi-vector approach of the country and perfectly demonstrates Kazakhstan's approach of openness to cooperation with all the three main actors. If we look at previous years of all available data in Figure 5, we do not see such high values of FDI inflow from all three in the same year. Thus, the amount of FDI inflow to Kazakhstan in 2023 signals the increasing interest of great economic powers in investing in Kazakhstan.

⁹⁸ Rafiq, Muhammad, "Recent Developments in Kazakhstan's Investment Landscape," *The Astana Times*, published on 28 March 2024, accessed on 2 January 2025, <https://astanatimes.com/2024/03/recent-developments-in-kazakhstans-investment-landscape/#:~:text=The%20major%20investors%20include%20the,the%20United%20Kingdom%2C%20and%20Japan.>

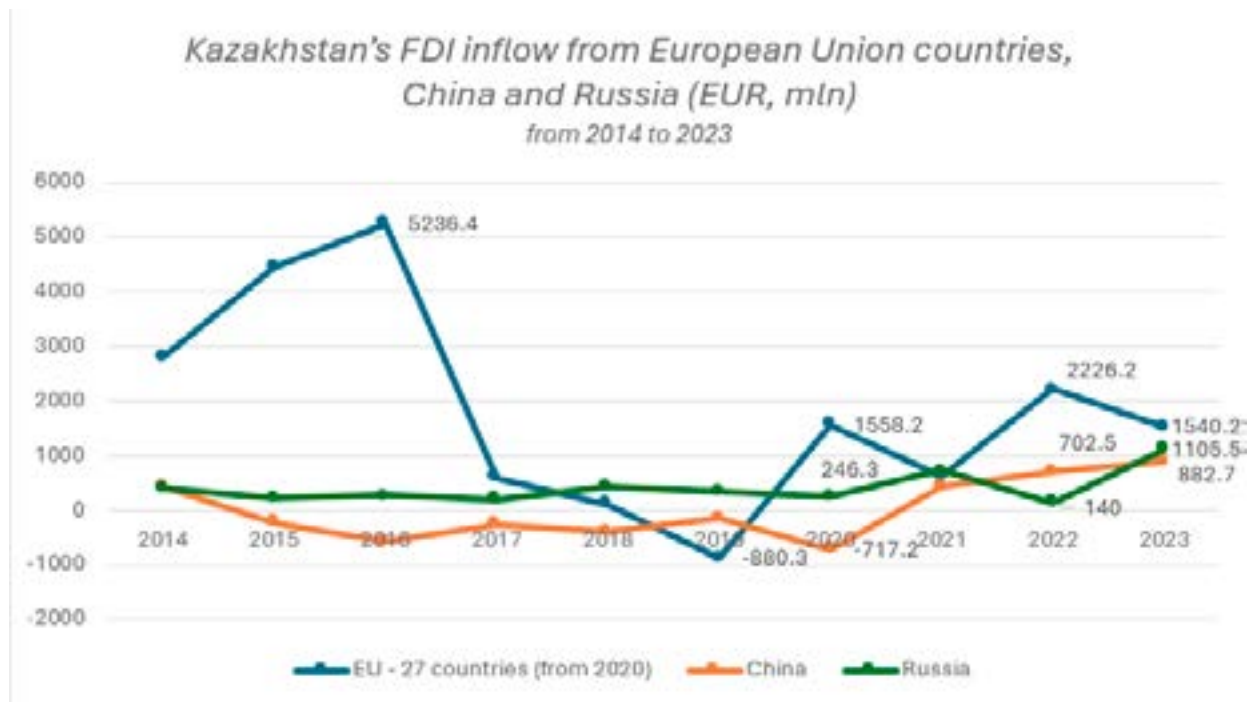


Figure 5. Kazakhstan's FDI inflow from European Union countries, China, and Russia in EUR, mln, from 2014 to 2023⁹⁹

We can also establish a link between the countries' increasing investments and the role of the Middle Corridor by looking at FDI inflow in the "transportation and storage" sector in Kazakhstan. According to Figure 6, from 2015 to 2022, the FDI inflow in "transportation and storage" was at a negative value. Only in 2023, for the first time in eight years, did the value of FDI inflow gain a positive value of 151.9 million euros, showcasing increasing investments in the sector.

⁹⁹ The Vienna Institute for International Economic Studies, "FDI Database," wiiw Databases on Central, East and Southeast Europe, published in 2024, accessed on 16 September 2024, <https://data.wiwi.ac.at/foreign-direct-investment.html>

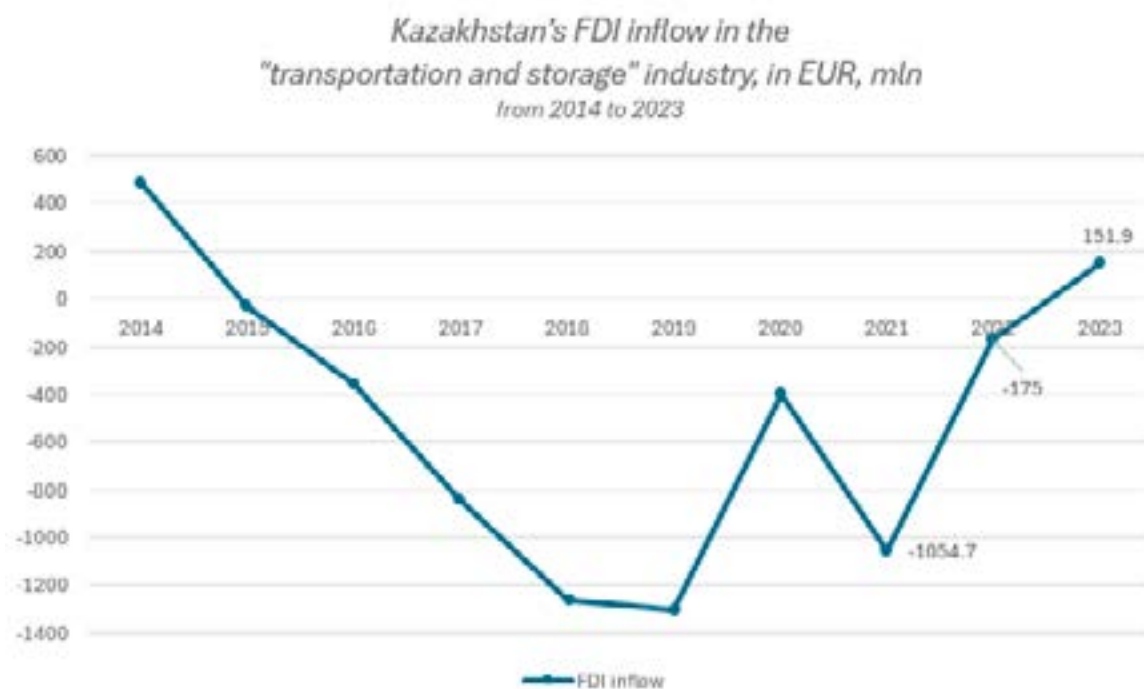


Figure 6. Kazakhstan's FDI inflow in the transportation and storage sector in EUR, mln, from 2014 to 2023¹⁰⁰

Moreover, if we look at Kazakhstan's own investments in fixed assets in the "transport and storage" sector, demonstrated in Figure 7, we see a significant jump in investment in 2023, up 148.8% from 2022. We can see in the figure that, between 2020 and 2022, investments began increasing slowly, but in 2023, from 1,725,317 million tenge, they jumped to 2,675,960 million, which is also the highest increase from the available data since 2013. The OECD analyst, during the interview, shared that "private sector stakeholders report a rapid development of warehouses, especially in the Almaty region."¹⁰¹ He shared that the "capacity is increasing rapidly, which is good news because the utilisation rate of warehouses in the region has been very high, resulting in little storage space being available and high storage costs."¹⁰² As it is concluded, the "new storage capacity should push down storage and overall transit costs and support increasing trade volumes."¹⁰³

¹⁰⁰ The Vienna Institute for International Economic Studies, "FDI Database"

¹⁰¹ Interview with OECD Analyst.

¹⁰² Interview with OECD Analyst.

¹⁰³ Interview with OECD Analyst.

*Kazakhstan's investments in fixed assets by the
“transport and storage” area from 2013 to 2023,
tenge, mln*

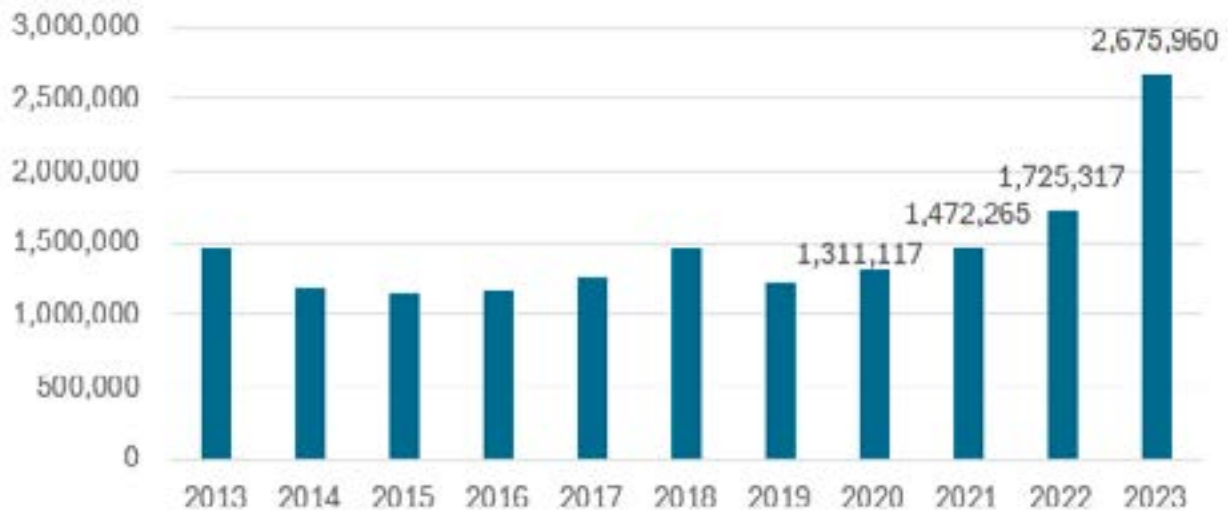


Figure 7. Kazakhstan's investments in fixed assets in the “transport and storage” sector in tenge, mln, from 2013 to 2023¹⁰⁴

Dr. Vakulchuk also expects a further increase in FDI to Kazakhstan by 2030. However, he notes that “for this to happen the country needs to improve the investment climate further in order to be seen as the most attractive destination for FDI among other TITR states.”¹⁰⁵ It is essential to discuss the infrastructure development in light of attracting new FDI as more infrastructure-related FDI can lay the groundwork for strengthening TITR ties between Kazakhstan and other states.

One of the significant aspects of infrastructure for Kazakhstan is its ports, Aktau and Kuryk, which play a crucial role in connectivity across the Caspian Sea. In May 2024, Kazakhstan launched its “comprehensive plan for the development of maritime infrastructure for 2024-2028.”¹⁰⁶ The focus of Kazakhstan on enhancing its infrastructure along the Middle Corridor involves several actors. Investment comes from all three major partners, the European Union, China, and Russia. For instance, the container hub that was planned to be built in Aktau is funded by “the Chinese Lianyungang Port Group. The total investment will amount to approximately 3.7 billion US dollars.”¹⁰⁷ In January 2024, government representatives of Kazakhstan “offered its Caspian Sea ports of Aktau and Kuryk, as well as 22 airports to European investors for management, with the aim of building a strong transit hub between Asia and

¹⁰⁴ Bureau of National Statistics, “Industry statistics: Investments statistics,” Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, published in 2024, <https://stat.gov.kz/en/industries/business-statistics/stat-invest/>

¹⁰⁵ Interview with Dr. Roman Vakulchuk.

¹⁰⁶ Azertag, “Kazakhstan approves maritime infrastructure development plan,” *The Azerbaijan State News Agency*, published on 23 May 2024, accessed on 27 December 2024, https://azertag.az/en/xeber/kazakhstan_approves_maritime_infrastructure_development_plan-3018438

¹⁰⁷ Atlas Logistics Network, “Kazakhstan greenlights infrastructure upgrades with Middle Corridor logistics cluster in mind,” *Atlas*, accessed on 27 December 2024, <https://atlas-network.com/kazakhstan-greenlights-infrastructure-upgrades-with-middle-corridor-logistics-cluster-in-mind/>

Europe.”¹⁰⁸ The World Bank is also engaged in the development of certain sections of the corridor, which can be seen from the 650 million USD investment approved on 15 November 2024 for the “Transport Resilience and Connectivity Enhancement Project (TRACE) in Kazakhstan, specifically targeting the Jezkazgan-Karagandy section of the Trans-Caspian International Transport Route.”¹⁰⁹ The engagement of several actors in investments in the Middle Corridor also complements the multi-vector foreign policy of Kazakhstan and contributes to strengthening economic cooperation with countries along the route.

Infrastructure development

In terms of infrastructure development, we once again can see Kazakhstan’s active engagement with all three actors: the EU, China, and Russia. The development of infrastructure is focused on the enhancement of the capacity of the Middle Corridor and investing in transportation through the TITR. For instance, at the beginning of November 2024, “French transportation giant Alstom [has] signed a contract to deliver 117 new electric freight locomotives to Kazakhstan, marking a significant upgrade for the country’s rail network.”¹¹⁰ Currently, Kazakhstan’s rail is dominated by train models from the 1980s, and the supply of French locomotives that can gather up to nine thousand tons, “[...] offer[s] lower maintenance costs, high reliability, and greater energy efficiency, which is expected to help reduce operational costs over time.”¹¹¹ In addition to that, Alstom is investing 50 million euros in building maintenance centres, creating more than 450 workplaces.¹¹² In broader investment initiatives, we also see the engagement of the EBRD. On 4 November 2024, the EBRD shared “[...] plans to invest 1.25 billion euros (\$1.36 billion) in two Kazakh projects to boost the capacity of a China-Europe cargo transport route bypassing Russia.”¹¹³ Mr. Hüseyin Özhan also noted that the investments into the TITR project will positively impact the diversification of Kazakhstan’s economy.

Kazakhstan’s cooperation with China is also significantly impacting the infrastructure for the development of the Middle Corridor. One of the examples can be seen in the 21st Kazakh-Chinese Coordinating Committee on 16 October 2024 held in Astana. The co-chair, Deputy Foreign Minister of Kazakhstan, Alibek Kuantyrov, noted that within the cooperation between Kazakhstan and China “...100 joint investment projects are currently in progress, including 45 key projects valued at over \$14.5 billion.”¹¹⁴ In addition to that, in 2023, Kazakhstan and China shared their plan to build a third rail route, Ayagoz-Tacheng, that would enhance the capacity from 28 million tons to 50 million.¹¹⁵

¹⁰⁸ Gotev, Georgi, “Kazakhstan offers port, airport management to EU investors,” *Euractiv*, published on 29 January, 2024, accessed on 27 December 2024, <https://www.euractiv.com/section/central-asia/news/kazakhstan-offers-port-airport-management-to-eu-investors/>

¹⁰⁹ World Bank, “World Bank Approves New Project to Enhance Middle Corridor Development and Transport Connectivity in Kazakhstan,” *World Bank Group*, published on 15 November 2024, accessed on 27 December 2024, <https://www.worldbank.org/en/news/press-release/2024/11/15/transport-resilience-and-connectivity-enhancement-project-in-kazakhstan>

¹¹⁰ Abbasova, Vusala, “Alstom to Supply 117 Electric Freight Locomotives to Kazakhstan,” *Caspian News*, published on 5 November 2024, accessed on 8 November 2024, <https://caspiannews.com/news-detail/alstom-to-supply-117-electric-freight-locomotives-to-kazakhstan-2024-11-5-0/>

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Vaal, Tamara, “EBRD plans to invest \$1.36bln in Kazakhstan for China-Europe cargo route,” *Zawya, Reuters News*, published on 4 November 2024, accessed on 2 December 2024, <https://www.zawya.com/en/business/transport-and-logistics/ebd-plans-to-invest-136bln-in-kazakhstan-for-china-europe-cargo-route-yvjn55ew>

¹¹⁴ Sakenova, Saniya, “Kazakhstan, China Strengthen Cooperation in Investments,” *The Astana Times*, published on October 18, 2024, accessed on October 22, 2024, <https://astanatimes.com/2024/10/kazakhstan-china-strengthen-cooperation-in-investments/>

¹¹⁵ Jones, Catrin, “Kazakhstan and China to construct a third cross-border railway,” *Construction Briefing*, published on 23 October 2023, accessed on 2 December 2024, <https://www.constructionbriefing.com/news/kazakhstan-and-china-to-construct-a-third-cross-border-railway/8032427.article>

Despite concentrating on the development of the TITR, Kazakhstan's cooperation on connectivity with Russia is also present, and seems to be developing. As mentioned before, on 27 November 2024, the President of Kazakhstan, Kassym-Jomart Tokayev met with Vladimir Putin and discussed cooperation with Russia in terms of transport and trade. During the meeting, Tokayev stated that, between Kazakhstan and Russia "[s]o far, 93 projects have been collaboratively developed with a total investment of \$18.3 billion, creating over 22,000 new employment opportunities in Kazakhstan. It is planned to implement another 49 projects totalling \$29.5 billion, with the potential to create more than 20,000 jobs."¹¹⁶ As we can also see from Figure 5, the FDI inflow from Russia in 2023 was quite high, at 1.105 billion euros. However, one of the most significant issues for Kazakhstan in terms of economic development is the diversification of its transport infrastructure from Russia in terms of oil exports, which significantly shapes the relations between countries. "In 2022, Kazakhstan produced 84.2 million tons of oil and exported 64.3 million tons. Of this export volume, 52 million tons were transported through the Caspian Pipeline Consortium (CPC), and 8.4 million tons went through the Atyrau-Samara pipeline."¹¹⁷ Considering that Russian companies own the largest shares of the PCP of 36.5%,¹¹⁸ Russia plays a vital role in the export of Kazakh oil, and this is being used by Russia as economic leverage. In July 2022, the President of Kazakhstan "[...] assured EU Council President Charles Michel of his country's support in helping the 27-nation bloc overcome its current energy crisis."¹¹⁹ However, on just the day after, the port in Novorossiysk was closed to Kazakh oil exports for a month.¹²⁰ This indicates the dependence of Kazakhstan's oil economy on Russia, and serves as one of the major factors that pushes Kazakhstan to diversify its routes. As mentioned by Mr. Vesterbye, "Russia has been primarily the main net benefactor of land transit trade between the EU and China for a long period of time. And, so, you can assume that Russia would not be very interested in seeing the development of Kazakhstan because it is a net zero-sum calculation. The more Kazakhstan increases in transit trade, the less Russia gets because of the closing of the Northern Corridor."¹²¹ For instance, in late 2024, Russia announced an increase in rail cargo transit prices of nearly 14%, apparently in order to compensate for the drop in the transit volume.¹²² This increase in rail freight tariffs on Russian routes can increase the attractiveness of its alternatives, particularly of the Middle Corridor, which can use this opportunity to enhance its traffic further. Since Russia has faced sanctions, the capacity of the TITR has continued to grow. In his interview, the director of the European Neighbourhood Council pointed out the increase in the capacity of the corridor from below 30,000 TEU (Twenty-foot Equivalent Units) before the Russian war in Ukraine to around 78,000 TEU. If we look at the recent data, we see that, in actuality, the "[...] capacity is now six million tons annually, including 100,000 TEUs of container shipments."¹²³ The potential that the Middle Corridor

¹¹⁶ Omirgazy, Dana, "Kazakh & Russian Presidents Discuss Cooperation Prospects, Sign Joint Statement," *The Astana Times*, published on 28 November 2024, accessed on 28 November 2024, <https://astanatimes.com/2024/11/kazakh-russian-presidents-discuss-cooperation-prospects-sign-joint-statement/>

¹¹⁷ Sleta, Natalia, "Kazakhstan's Oil Supply Reshaping: Is There a Viable Alternative to the CPC Pipeline?" *S&P Global*, published on 9 October 2023, accessed on 11 November 2024, <https://www.spglobal.com/commodityinsights/en/ci/research-analysis/kazakhstans-oil-supply-reshaping-is-there-a-viable-alternative.html#:~:text=In%202022%2C%20Kazakhstan%20produced%2084.2,through%20the%20Atyrau%2DSamara%20pipeline>

¹¹⁸ Dunn, Jeffrey, "The Caspian Pipeline Consortium: Russian and Western Accountability in the Oil and Gas Sector During Wartime," *Crude Accountability*, accessed on 11 November 2024, <https://crudeaccountability.org/the-caspian-pipeline-consortium-russian-and-western-accountability-in-the-oil-and-gas-sector-during-wartime/#:~:text=Russian%20companies%20own%2036.5%25%20of,by%20Kazakhstani%20or%20other%20ventures>

¹¹⁹ Bushuev, Mikhail, and Gurkov, Andrey, "Russia targets EU, cutting off Kazakhstan's oil exports," *Deutsche Welle*, published on 7 August 2022, accessed on 11 November 2024, <https://www.dw.com/en/russia-targets-eu-cutting-off-kazakhstans-oil-exports/a-62408644>

¹²⁰ Ibid.

¹²¹ Interview with Mr. Samuel Doveri Vesterbye.

¹²² Van der Laan, Dennis, "Russia gets higher rail freight tariffs," *Rail Freight*, published on 11 November 2024, accessed on 26 December 2024, <https://www.railfreight.com/beltandroad/2024/11/11/russia-gets-higher-rail-freight-tariffs/>

¹²³ Sakenova, Saniya, "Cargo Transport via Middle Corridor Surges to 4.1 Million Tons in 11 Months," *The Astana Times*, published on 18 December 2024, accessed on 20 December 2024, <https://astanatimes.com/2024/12/cargo-transport-via-middle-corridor-surges-to-4-1-million-tons-in-11-months/#:~:text=The%20Middle%20Corridor%20continues%20to,route%2C%20was%20launched%20in%202024.>

provides for Kazakhstan highlights the importance of the diversification of its economy from Russia. With the proper development of the infrastructure of the TITR, Kazakhstan can decrease its vulnerability and dependence on Russian routes. In the long term, this can strengthen Kazakhstan's economic position.

Regional Cooperation

South Caucasus states

The Russian war in Ukraine has led to questions regarding the level of security of oil exports from Kazakhstan to European countries through Russian routes. In addition, the above-mentioned risks of exporting oil through the Caspian Pipeline Consortium (CPC) are pushing Kazakhstan to seek alternatives. The closer cooperation of Kazakhstan with Azerbaijan within the Middle Corridor creates a possible option for a route bypassing Russia. In 2023, the country started to use the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, transporting 1.4 million tons, and is planning to increase the volume further to 2.2 million tons in 2025.¹²⁴ In addition to that, there is a discussion of also using the Baku-Supsa pipeline, which can allow the transfer of five million tons of oil per year.¹²⁵ Kazakhstan has expressed its willingness to provide three million tons to the pipeline annually.¹²⁶ Although these numbers are far from being close to the export volumes that the CPC offers, it is still a significant step for Kazakhstan in cooperation with South Caucasus states within the Middle Corridor. Even if the volumes of Kazakh oil transportation through Azerbaijan are small, the pace of development is increasing rapidly, as “[t]ransit through this pipeline has increased 18 times from 19,200 tons in the first fiscal quarter of 2023 to 347,100 tons in the second quarter.”¹²⁷ Kazakhstan's relations with the South Caucasus states are developing on various levels. Another significant recent step in Kazakhstan-Azerbaijan relations was the signing of a “joint venture agreement to build a new intermodal cargo terminal in the port of Baku.”¹²⁸ The agreement to build this terminal was made between Kazakhstan, Azerbaijan, and China, and if realized, can contribute to boosting the capacity of the TITR and decreasing transportation times.¹²⁹

Dr. Arynov also mentioned that “[t]he President of Azerbaijan has become quite a frequent guest in Central Asia. So, if you look at the numbers over the past two years, there have been something about more than 15 mutual visits at the highest level. And President Ilham Aliyev participated in the last two consultative meetings of heads of state of Central Asia.”¹³⁰ The expert notes that the dynamic of strengthening relations between regions is there. Mr. Özhan also highlights that the simple connection of the ports of Aktau or Kuryk with the port in Baku automatically increases the relations between Kazakhstan and the South Caucasus. However, it is important to note that Armenia is not part of the

¹²⁴ Koshmaganbetov, Serikbol, “Средний коридор: безопасная транспортировка казахстанской нефти на новые рынки [Middle Corridor: Safe transportation of Kazakh oil to new markets],” *Kazinform*, published on 28 May 2024, accessed on 11 November 2024, <https://www.inform.kz/ru/sredniy-koridor-bezopasnaya-transportirovka-kazahstanskoy-nefti-na-novie-rinki-8d2cca>

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ Assenova, Margarita, “Kazakhstan Seeks New Energy Export Routes,” *The Jamestown Foundation*, Eurasia Daily Monitor, vol. 20, issue 134, published on 18 August 2023, accessed on 11 November 2024, <https://jamestown.org/program/kazakhstan-seeks-new-energy-export-routes/#:~:text=In%202022%20alone%2C%20Russia%20stopped.kursiv>.

¹²⁸ Agenzia Nova, “Central Asia: Azerbaijan, Kazakhstan and China sign agreement to build intermodal port,” *Nova News*, published on 12 November 2024, accessed on 1 December 2024, <https://www.agenzianova.com/en/news/central-asia-azerbaijan-kazakhstan-and-china-sign-agreement-to-build-intermodal-port/>

¹²⁹ Koshmaganbetov, Serikbol, “Казахстан, Азербайджан и Китай построят интермодальный грузовой терминал в Бакинском порту [Kazakhstan, Azerbaijan and China are building an intermodal cargo terminal in the Baku port],” *Kazinform*, published on 12 November 2024, accessed on 2 December 2024, <https://www.inform.kz/ru/kazakhstan-azerbaydzhan-i-kitay-postroyat-intermodalniy-gruzovoy-terminal-v-bakinskom-portu-4cf5ad>

¹³⁰ Interview with Dr. Zharibek Arynov.

TITR. An OECD expert mentioned that the inclusion of Armenia on the corridor is also on the agenda. However, Samuel Vesterbye highlighted that, if there is no peace between Azerbaijan and Armenia, “then there is no credible funding for the Middle Corridor in the future.”¹³¹ Indeed, the inclusion of Armenia in the Middle Corridor and the potential transportation route through the Zangezur Corridor can immensely enhance connectivity. We can see that the promotion of peace between Azerbaijan and Armenia is on the agenda for Kazakhstan as “[...] Kassym-Jomart Tokayev has reiterated the country’s readiness to continue providing a platform in Almaty for negotiations.”¹³² Along with that, the Presidents of Armenia and Kazakhstan also discussed cooperation in terms of trade and transportation,¹³³ which demonstrates the interest of Kazakhstan in building economic connectivity with all South Caucasus states, implying Armenia being included. Despite Armenia not being part of the TITR, we still see that Kazakhstan’s trade turnover with all South Caucasus states is increasing.

If we look at Figure 8, we can see the detailed trade turnover of Kazakhstan with Azerbaijan, Armenia, and Georgia, as well as with other Central Asian countries. In the cases of Azerbaijan and Armenia, we see a gradual positive trend. In the case of Azerbaijan, the total trade of 109 million USD in 2020 reached 557 million in 2023, while the trade with Armenia jumped from 14 million USD in 2020 to 104 million in 2023. In the case of Georgia, we see fluctuations as trade decreased from 121 million USD in 2020 to 88 million in 2021, then sharply increased to 601 million USD in 2022 and fell back to 294 million in 2023. If we look at overall values, we see a positive trend of increased trade between Kazakhstan and all the three South Caucasus states.

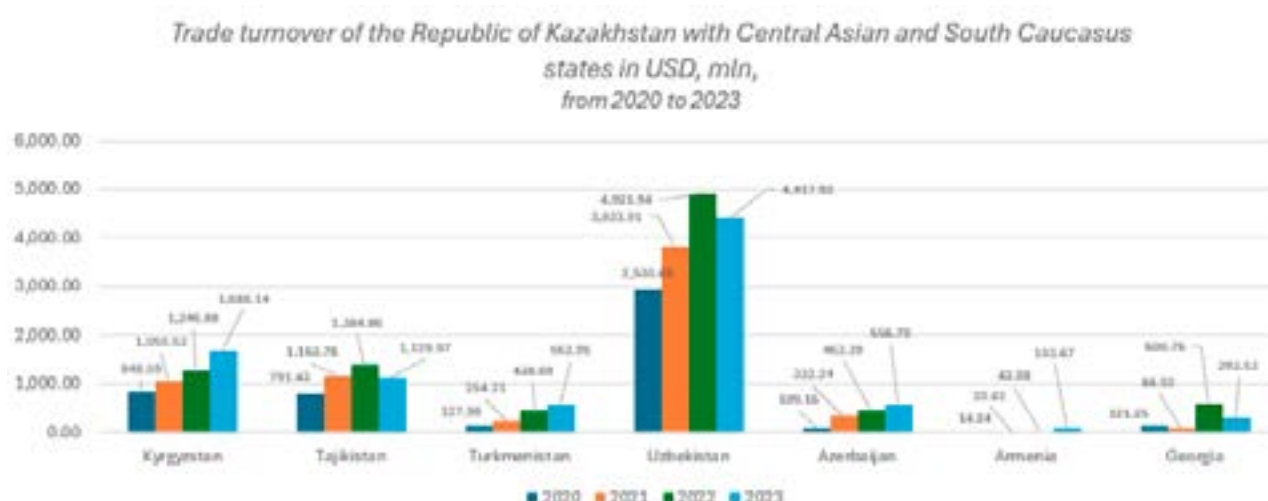


Figure 8. Trade turnover of the Republic of Kazakhstan with Central Asian and South Caucasus states from 2020 to 2023, USD, mln¹³⁴

¹³¹ Interview with Mr. Samuel Doveri Vesterbye.

¹³² Guliyev, Aghakazim, “Kazakhstan reaffirms role as mediator in Armenia-Azerbaijan peace negotiations,” *Caliber.Az*, published on 15 October 2024, accessed on 16 December 2024, <https://caliber.az/en/post/kazakhstan-reaffirms-role-as-mediator-in-armenia-azerbaijan-peace-negotiations>

¹³³ Guliyev, Aghakazim, “Kazakhstan reaffirms role as mediator in Armenia-Azerbaijan peace negotiations”.

¹³⁴ Bureau of National Statistics, “Economics: Statistics of foreign, mutual trade and commodity markets”.

However, if we compare the period from January to July of 2023 and 2024, we will see a decline in trade with Azerbaijan from 346 million USD to 317 million, with Armenia from 52 million USD to 18 million, and with Georgia from 199 million USD to 86 million. In a wide picture, the trade between Kazakhstan and Azerbaijan and Armenia shows a positive development. It is more difficult to draw the same conclusion with Georgia, as we see fluctuations of trade that decreased from 2020 to 2021, but rocketed from 2021 to 2022 and then dropped again by 2023.

From the amount of the trade turnover, it is clear that three major partners, the EU, Russia, and China are decisive for Kazakhstan in terms of trade. However, these numbers still indicate the political will of Kazakhstan to enhance its further cooperation with the South Caucasus. Thus, the cooperation along the Middle Corridor between Kazakhstan and the South Caucasus states is moving forward. On 19 September 2024, the Prime Minister of Kazakhstan and the First Deputy Prime Minister of Georgia, along with the Minister of Economy and Sustainable Development, met to discuss possible ways of development for the TITR, where the Kazakh Prime Minister also raised the requirement of digitalization that would enhance the appeal of the route.¹³⁵ This cooperation is supported by the increasing significance of the Middle Corridor which requires the close collaboration of states.

Central Asia

The interviewed experts mainly point out that the development of the Middle Corridor can be viewed as an opportunity to enhance regional trade and develop cooperation in the Central Asian region. If we look at Figure 8, we will see a gradual and consistent increase in the trade of Kazakhstan with all Central Asian countries from 2020 to 2022. However, from 2022 to 2023, the trade turnover of Kazakhstan increased only with Kyrgyzstan and Turkmenistan and declined with Tajikistan and Uzbekistan.

From interviews with experts, we can note two significant issues regarding cooperation in Central Asia in the context of the Middle Corridor. First of all, Zhanibek Arynov mentions that the potential China-Kyrgyzstan-Uzbekistan railway project that can go further to Turkmenistan can be perceived as a competitor to Kazakhstan as an alternative to connecting China to the Caspian Sea. On the other side, the OECD analyst claimed that the potential of the China-Kyrgyzstan-Uzbekistan railway “[...] will help push down transport costs as there will be more transport routes available.”¹³⁶ The OECD analyst also regrets the existence of the logic of competition and zero-sum game in the region and the relevance of the question of “Who will get more transit? Which port? Is it Turkmenbashi? Is it Aktau and Kuryk?”¹³⁷ This expert shares the need to realign the logics of competition with logics of cooperation so that the Middle Corridor can be perceived as an opportunity to enhance regional trade. They shared the “hope to reach that effect when there is a synergy between the countries and when they start to be more interdependent rather than dependent on their neighbours.”¹³⁸ This is also one of the issues raised by Mr. Vesterbye. He claimed that the relationship between the Central Asian republics is not important if the Middle Corridor is perceived through the concept of China and the Belt and Road Initiative, as

¹³⁵ Akhmetkali, Aibarshyn, “Kazakhstan and Georgia to Boost Cooperation Along Middle Corridor,” *The Astana Times*, published on 20 September 2024, accessed on 2 December 2024, <https://astanatimes.com/2024/09/kazakhstan-and-georgia-to-boost-cooperation-along-middle-corridor/>

¹³⁶ Interview with OECD Analyst.

¹³⁷ Interview with OECD Analyst.

¹³⁸ Interview with OECD Analyst.

with this approach it turns into transit trade. According to him, it is more important to build regional integration as is offered by the Global Gateway. In the interview with an officer of the EU Delegation to Kazakhstan, the officer shared that “one of the important objectives of our economic policy in Central Asia is also to increase the regional interconnectivity and the regional trade within Central Asia.”¹³⁹ As an example, one interview partner brought up the “Ready4Trade” project. The project was implemented in trade development in Central Asia between 2020 and 2023 with a budget of 16 million euros.¹⁴⁰ This kind of project demonstrates the EU’s approach in its cooperation with Central Asia. As mentioned by Mr. Vesterbye, the initiatives around the Global Gateway would view the Central Asian region together and promote internal regional trade along with the region’s cooperation with the European Union. The projects similar to “Ready4Trade” fully showcase this perspective. Other examples of similar projects that target all five countries of Central Asia would be the EU-funded Regional Transport Programme with a budget of 1.5 billion euros, and the Regional Prosperity-focused Programme “geared towards the practical operationalisation and usage of the trans-Caspian transport networks.”¹⁴¹ The perspective of China on cooperation along the Middle Corridor is focused more on bilateral relations with different states in Central Asia. There are many connectivity projects between China and Kazakhstan. For instance, in July 2024, President Xi visited Astana and met with President Tokayev on “the opening ceremonies of one transportation project.”¹⁴² On the other hand, China has also developed separate projects with other Central Asian states, such as the China-Kyrgyzstan-Uzbekistan railway, which occur without the direct involvement of Kazakhstan. Thus, as can be seen in Figure 9, in the Central Asian region we can see two alternative railway links that would connect China to the Caspian Sea. One is the TITR, which goes through Kazakhstan reaching to the ports of Aktau and Kuryk. The other relies on the above-mentioned CKU railway, which aims to go through the Uzbekistan-Turkmenistan route and reach the Turkmenbashi seaport. On 27 December 2024, China, Uzbekistan, and Kyrgyzstan “marked the ceremonial start of construction;”¹⁴³ however, construction on the section of railroad in Kyrgyzstan is planned to start only by July 2025 and is estimated to continue for six years.¹⁴⁴ Considering that the TITR route through Kazakhstan is already functional and has been increasing its capacity for several years, these six years can increase the economic temptation for Kazakhstan to monopolize the benefits of the Middle Corridor and the interests of the EU and China in investing in the country. Other Central Asian states, however, are also endeavouring to engage with and attract investments from both the EU and China. For instance, in September 2024, during the “Germany-Central Asia” summit, the President of Kyrgyzstan called for German investments in the CKU project.¹⁴⁵ Considering the interest of the EU and China in the Middle Corridor, all Central Asian countries that are involved can expect an inflow of investments. However,

¹³⁹ Interview with an officer of the EU Delegation to Kazakhstan.

¹⁴⁰ European Union, “Ready4Trade in Central Asia,” *The Diplomatic Service of the European Union*, published on 9 November 2020, accessed on 27 December 2024, https://www.eeas.europa.eu/eeas/ready4trade-central-asia_en

¹⁴¹ Directorate-General for International Partnerships, “Global Gateway: EU and Central Asian countries agree on building blocks to develop the Trans-Caspian Transport Corridor,” *European Union*, published on 30 January 2024, accessed on 27 December 2024, https://international-partnerships.ec.europa.eu/news-and-events/news/global-gateway-eu-and-central-asian-countries-agree-building-blocks-develop-trans-caspian-transport-2024-01-30_en

¹⁴² Xinhua, “China, Kazakhstan launch new connectivity projects to boost bilateral, regional cooperation,” *The State Council*, published on 4 July 2024, accessed on 27 December 2024, https://english.www.gov.cn/news/202407/04/content_WS6685ee5dc6d0868f4e8e8d79.html

¹⁴³ Putz, Catherine, “A Ceremonial Start to Construction of the China-Kyrgyzstan-Uzbekistan Railway,” *The Diplomat*, published on 31 December 2024, accessed 2 January 2025, <https://thediplomat.com/2024/12/a-ceremonial-start-to-construction-of-the-china-kyrgyzstan-uzbekistan-railway/>

¹⁴⁴ Ibid.

¹⁴⁵ Kapar kyzy, Aziza, “Кыргызстан предложил Германии построить логистические центры вдоль железной дороги КНР – КР – РУз [Kyrgyzstan has proposed Germany to build logistics centers along the China-Kyrgyzstan-Uzbekistan railways],” *Economist KG*, published on 17 September 2024, accessed on 2 January 2025, <https://economist.kg/transport/2024/09/17/kyrgyzstan-priedlozhit-giermanii-postroit-loghistichekie-tsientry-vdol-zhielieznoi-doroghi-knr-kr-ruz/>

this will not necessarily lead to the enhancement of cooperation between Central Asian states considering that geographically, Kazakhstan can ensure the connectivity of China to the Caspian Sea alone.



Figure 9. The Middle Corridor project map (Source: Hinrich foundation¹⁴⁶)

Even though these two routes in the Central Asian section of the Middle Corridor can be connected as demonstrated in Figure 9 it does not guarantee synergy in trade among Central Asian countries. There is a risk of increasing economic competition for traffic and the creation of a zero-sum situation between Kazakhstan and the other Central Asian states. The President of Kazakhstan gave an interview on 3 January 2025 where he emphasized that the country's primary goal was "to strengthen the economic potential, sovereignty, and international standing of our state."¹⁴⁷ These aspects also hint at the aim of the country to focus on its own course, which assigns secondary importance to the question of Central Asian integration. The economic interest in the TITR for Kazakhstan overshadows the goal of enhancing regional cooperation with the other Central Asian states as they could potentially appear as competitors, putting instead in priority cooperation with the South Caucasus partner states that complement Kazakhstan's view of the Middle Corridor.

¹⁴⁶ Paterson, Stewart, "The Middle Corridor: Competing for influence in Central Asia," Hinrich foundation, published in October 2024, accessed on 23 June 2025, <https://www.hinrichfoundation.com/research/wp/trade-and-geopolitics/competing-for-influence-in-central-asia/>

¹⁴⁷ The Astana Times, "Kassym-Jomart Tokayev: "Goal is to Strengthen Economy and Sovereignty," published on 3 January 2025, accessed on 3 January 2025, <https://astanatimes.com/2025/01/kassym-jomart-tokayev-goal-is-to-strengthen-economy-and-sovereignty/>

CONCLUSIONS

The significance of the Middle Corridor in Eurasia continues to increase. This is notably impacting Kazakhstan's foreign policy, economic development, and role in regional cooperation with the rest of Central Asia and the South Caucasus. The Middle Corridor has the potential to become a critical juncture in the connectivity of China and Europe in offering a route which bypasses Russia. The Middle Corridor is inferior to the Northern Corridor in terms of time, capacity, and predictability. However, the imposed sanctions against Russia give momentum for Kazakhstan and other states along the TITR to develop the route and create an alternative. The Middle Corridor has developed significantly and at a rapid pace in terms of capacity and infrastructure since 2022. Even though economically it is far from matching the Northern Corridor, based on the comments from the experts interviewed, the Middle Corridor has great political significance. Its development creates space for Kazakhstan to diversify its economic routes from Russia when necessary. The Middle Corridor, in comparison with the Northern Corridor has no vital advantages; thus, if and when sanctions are removed, according to experts, the private sector would prefer to go back to using the Northern Corridor. However, we could still see the rapid increase in the transportation volume in the Middle Corridor in comparison with previous years, which also positively affects the economic development of involved countries. For Kazakhstan, the route is also an alternative way of transporting oil and other commodities while avoiding Russian territory. Thus, the significance of the Middle Corridor for Kazakhstan is not only economic but also political.

This research paper hypothesized that Kazakhstan's economic and political distancing from Russia was one of the impacts of the Middle Corridor. However, during the research, it became clear that it is important to differentiate Kazakhstan's foreign policy towards Russia from the two countries' economic cooperation. Even if we see increasing trade turnover between countries, reaching record amounts, we also observe the movement of Kazakhstan towards diversification and political distancing from Russia. In this, we can see the decreasing share of Russia in total trade with Kazakhstan and Kazakhstan's active engagement with the South Caucasus states, particularly in terms of trade and oil export routes bypassing Russia. Here, it is also important to note the existence of the pressure of the economic course of Kazakhstan on its foreign policy decisions. In addition to the country's distancing from Russia, we can also mention President Tokayev's reference to the need for Central Asian states to cooperate in terms of security and defence. Moreover, along with Kazakhstan's developing economic cooperation with Azerbaijan, the countries are getting closer within the Organization of Turkic States, which also raises the questions of security. Furthermore, one of the main economic partners of Kazakhstan, China, is also taking its cooperation with Kazakhstan beyond the economic. Through the prism of complex interdependence, we can see how low politics impacts Kazakhstan's agenda in high political areas which are closer to the question of the sovereignty of the state.

It is also crucial to note the pragmatic and measured approach of Kazakhstan to its foreign policy. Although different sources and experts elaborate that Kazakhstan does take steps in support of Russia, China, and the West, the country seems to follow its own priorities and make decisions that would simply benefit Kazakhstan's economy. Moreover, in the context of the Middle Corridor, the multi-vector policy of Kazakhstan is not only focussed on staying neutral on the international scene but also on being open to economic benefits coming from cooperation with all three major partners, Russia, the West, and China. The value of FDI to Kazakhstan from all three major partners has been high for a long period,

indicating the country's openness to cooperating with different states irrespective of their political stance. In terms of economic development, we can see that, with the increasing value of the Middle Corridor, Kazakhstan's ties with economic great powers such as the EU, Russia, and China are becoming even stronger. Kazakhstan has several connectivity projects with China, as well as with the EU, that focus on the development of trade in the region. As mentioned by several experts, the Middle Corridor also provides Kazakhstan with an opportunity to diversify its economy. The interviews also differentiated the approach of China's BRI and the EU's Global Gateway in the region. According to experts, the alignment of Kazakhstan with projects within the Global Gateway would enhance the industrialization and its closer cooperation with other Central Asian states. The approach of the European Union contributes to the development of regional trade, while the BRI is more focused on bilateral relations.

There is also a logic of competition in the Central Asian region in the context of the benefits of the Middle Corridor. Among the Central Asian countries, the TITR includes only Kazakhstan and focuses more on the development of Kazakhstan's cooperation with partners along its path such as China, the South Caucasus states, and the EU. The China-Kyrgyzstan-Uzbekistan railway project, that can be connected to Turkmenistan and further to the Caspian Sea, gives us a different perspective on an alternative route for the Middle Corridor that would also connect China and Europe. This division, alongside the different levels of development of the projects, can increase the competition between Central Asian states, turning it into a zero-sum game. On the other hand, according to the experts, with the right approach, there is also the potential to enhance internal trade in the region. However, it is also important to note that Kazakhstan geographically can alone ensure the connectivity of China to the Caspian Sea, while other Central Asian states can do so only by developing regional connectivity links.

As we also discussed, at the beginning of 2025, President Tokayev emphasized in an interview his priority for the economic growth of the country along with its sovereignty and position in the international arena. These aspects are interconnected and underline the developing role of Kazakhstan as a middle power. Within the initiatives along the Middle Corridor, Kazakhstan could contribute to the sustainability of international connectivity in the region. The Middle Corridor is thus viewed as an alternative route for ensuring the connectivity between China and the EU, but most importantly for Kazakhstan, it has a vital impact on the development of the country's position in Eurasia. The political value and economic potential of the Middle Corridor can impact and shape the multi-vector foreign policy of the country, as well as provide the impulse for deeper cooperation between Kazakhstan and the South Caucasus states to ensure the country's links to Türkiye and Europe further down the line. The country's increasing significance in the region is also indicated by the rapidly growing investments from its major economic partners. We can also see the interdependence between the economic strategy of the state and its foreign policy. The country's focus is on becoming more than a transit state, and this plays an active role in the changing dynamics in Eurasia. As mentioned by the experts interviewed, in order to experience the long-term benefits from the TITR, the government of Kazakhstan needs to develop an inviting business and investment climate, and ensure positive impacts of the initiatives along the Middle Corridor for the domestic industries in the country.

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