



# Kazakhstan-EU Weekly Briefing

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# Highlights

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## Middle Corridor

**Transit Times Drop:** Operational data for January 2026 confirms that the average transit time for rail freight from Xi'an to Baku has stabilized at 16 days (down from 17 in December). The first block train of 2026 achieved a record transit of 11 days, attributed to digitized customs processing at the Altynkol border crossing.

**World Bank Financing:** A high-level World Bank delegation, led by Regional Director Charles Cormier, visited Baku this week to finalize funding parameters for the second phase of the Baku International Sea Trade Port expansion. Discussions focused on scaling capacity to handle the projected 500,000 TEU volume by 2030.

## Critical Raw Materials

**EU CRMA Second Call:** The European Commission closed the second call for "Strategic Projects" under the Critical Raw Materials Act (CRMA) on January 16, with data released this week. Of the 160+ applications received, 40 originated from third countries with strategic partnerships, a category that includes Kazakhstan.

## Digitalisation

**Coal-Powered Data Hub:** The government announced the creation of a "Data Centre Valley" in the Pavlodar region. Despite the digital focus, the project will be powered by the Ekibastuz coal basin to meet the high energy demands of AI computation, utilizing "clean coal" technologies to mitigate emissions.

## Trade

**Tengiz Force Majeure:** On January 21, Tengizchevroil (TCO) declared force majeure on crude oil exports via the Caspian Pipeline Consortium (CPC) following a fire at the GTES-4 power station. Approximately 700,000 metric tons of export cargoes scheduled for January and February have been cancelled.

**Sanctions Implementation:** As of January 25, 2026, the EU's 19th sanctions package fully prohibits EU entities from connecting to the Russian SPFS financial messaging system. VTB Bank (Kazakhstan) was explicitly designated, effectively cutting it off from any transaction workflows involving European businesses.

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# Kazakhstan-Centric Trends: Developments on the Ground

## The "National Kurultay" and the Culmination of Political Reform

At the 5th session of the National Kurultay on January 20, 2026, President Kassym-Jomart Tokayev proposed a significant reshaping of the state's political architecture. Key initiatives include the establishment of a constitutional Vice Presidency, the transition to a unicameral parliament (to be renamed the Quryltai), and the elevation of the "People's Council" to a body with legislative initiative. These proposals are framed as the "logical conclusion" of the reform agenda initiated in 2022.

**Trend Analysis:** These reforms represent a move toward the systematic institutionalization of the state structure. By introducing a Vice Presidency, the administration is creating a formal, constitutional mechanism for continuity, moving away from informal power balances. The transition to a unicameral parliament is presented as an efficiency measure designed to streamline the legislative process and accelerate the adoption of economic reforms. This suggests a shift toward a governance model that prioritizes institutional resilience and predictable procedures over the previous "super-presidential" vertical.



Credit: Politico

**Why It Matters:** For the EU, this signals Kazakhstan's intent to present itself as a predictable and legally stable partner. The formalization of state continuity mechanisms addresses a key concern for long-term foreign investors regarding political predictability. If implemented transparently, these changes could enhance the country's governance ratings, facilitating the large-scale institutional capital required for the Middle Corridor and Green Hydrogen projects.

**What to Watch:** The work of the newly formed Constitutional Commission in drafting the specific amendments. The critical detail will be the defined scope of the Vice President's executive authorities and the composition of the reformed Quryltai. The timeline for the national referendum to ratify these changes will also be a key indicator of the domestic political tempo.

# EU-Centric Trends: Brussels' Point of View

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## From "Listing Entities" to "Severing Infrastructure"

With the full entry into force of the SPFS (System for Transfer of Financial Messages) ban on January 25, 2026, the EU has shifted its sanctions enforcement strategy. Previously focused on listing specific individuals or companies, the 19th package targets the mechanism of financial communication itself. By banning connection to SPFS and associated systems like "Mir" and "SBP," the EU has effectively firewalled its financial system from any institution - including those in third countries like Kazakhstan - that relies on Russian financial plumbing.

**Trend Analysis:** Brussels is moving toward a "binary compliance" model. In the past, EU firms could trade with non-sanctioned Kazakh banks even if those banks had backend links to Russia. The new regulation removes this grey zone: a bank is either "clean" (disconnected from SPFS) or connected, and thus barred from EU transactions. This forces a hard decoupling of the Central Asian banking sector, accelerating the region's financial integration with SWIFT and Western correspondent banking networks.

**Why it Matters:** For EU businesses in Kazakhstan, this significantly lowers the counterparty risk of inadvertent sanctions violations, as the distinction between compliant and non-compliant banks is now technically defined. However, it raises operational risks for payments related to legitimate trade that previously flowed through mixed channels. It also places pressure on European banks to support Kazakhstan's financial sector with more correspondent accounts, filling the void left by the Russian systems.

**What to Watch:** Monitor the upcoming compliance reports from major Kazakh banks (Halyk, Kaspi, BCC) regarding their technical disconnection from SPFS. Watch for any EU enforcement actions against European subsidiaries in the region that fail to update their payment routing protocols by Q2 2026.

# News Sources

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- 1) China-Baku rail route records faster deliveries via Middle Corridor ([Trend.az](#))
- 2) ADY, World Bank discuss cooperation opportunities ([Report.az](#))
- 3) Strategic projects on critical raw materials gain momentum in second selection round for potential funding and faster permitting ([European Commission](#))
- 4) Kazakhstan to develop coal-powered "data centre valley" ([Intellinews](#))
- 5) Kazakhstan: Force Majeure at Tengiz Field Threatens Social Stability ([Worldview Stratfor](#))
- 6) Kazakhstan's main export pipeline returns to full capacity after mooring points repaired - CPC ([World Energy News](#))
- 7) Latest information on the 19th package of sanctions against Russia and its impact on the financial industry ([PWC](#))
- 8) COUNCIL DECISION (CFSP) 2025/2032 of 23 October 2025 ([Official Journal of European Union](#))
- 9) Institutional Transformation and Strategic Governance in Kazakhstan ([The Diplomatic Insight](#))
- 10) Kazakhstan to implement constitutional reforms ([Commonspace.eu](#))



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