



Kazakhstan- EU Weekly Briefing

Issue 14
February 16-22,
2026

Highlights

Middle Corridor

Kazakhstan successfully completed a pilot export of broken rice to the Port of Antwerp via the Trans-Caspian International Transport Route (Middle Corridor). This demonstrates the route's growing commercial viability. The shipment bypassed Russia and achieved lower transport costs than the traditional Northern Corridor while maintaining a transit time of around 30 days. At the same time, a first-ever side event at the Munich Security Conference 2026 formally integrated the Middle Corridor into the global strategic agenda. All this was supported by The World Bank's approval of an \$846 million IBRD guarantee to mobilize \$1.41 billion for the Middle Corridor.

Implications: The pilot confirms the Middle Corridor's increasing competitiveness for Kazakhstan's westbound exports and strengthens its strategic relevance for Europe looking trade. If scaled, the route could accelerate Kazakhstan's logistics diversification away from Russian transit, enhance resilience of Eurasian supply chains, and reinforce the country's role as a key node in the Trans-Caspian connectivity framework. Elevating the route at a major security forum in Munich, and \$846 million World Bank guarantee serves as the engine and a "proof" that the corridor will be developing, and it transforms Kazakhstan from just a transit territory into a logistics hub.

Critical Raw Materials

Kazakhstan is expanding its domestically produced rare metals portfolio to support economic diversification and high-tech industry development. New products such as technical selenium and high-purity manganese sulfate monohydrate have been added over the past two years, supplying global manufacturers in aviation, electronics, marine industries, and electric vehicles. Further capacity is planned in 2026, including a new gallium production line linked to an agreement between ERG and Mitsubishi Corporation, as well as refined antimony output of 2,400 tons annually.

Implications: This move strengthens Kazakhstan's positioning in strategic raw materials critical for clean energy and advanced manufacturing supply chains. By moving into higher-value processed materials rather than only raw extraction, Kazakhstan is improving its export profile and aligning with growing global demand for battery and semiconductor inputs.

Highlights

Trade

Kazakhstan is significantly expanding its oil refining, gas processing, and petrochemical capacity to strengthen energy self-sufficiency and boost value-added exports. The plans are to raise oil processing capacity from 18,4 million to 40 million tons per year through refinery upgrades and construction of a new 10 million ton refinery by 2033. Parallel investments include two gas processing plants at Kashagan and new petrochemical projects covering polyethylene, butadiene, and urea. Refining depth expected to reach Euro-5 standards.

Implications: The strategy shows Kazakhstan's shift from just simple raw hydrocarbon exports toward deeper domestic processing and higher-value petrochemical production. If implemented successfully, the expansion could eliminate fuel shortages and enhance export revenues. This strengthens Kazakhstan's role in regional energy and industrial supply chains, including for European markets.

Cooperation & Partnership

Kazakhstan advanced practical economic cooperation with European partners through new agritech and trade initiatives. During a working visit of the Vice Minister of Agriculture to Finland, the discussions of technology transfer, joint investments, and the potential localization of agricultural tractor production with Finnish stakeholders held place. This builds on the strategic partnership reaffirmed by Presidents Tokayev and Stubb in October 2025. In parallel, the Kazakh-Italian Trade House was officially launched in Almaty as a business platform to facilitate joint ventures, technology exchange, and non-resource export promotion between Kazakhstan and Italy, whose bilateral trade reached \$16,9 billion in 2025.

Implications: These developments signal Kazakhstan's continued pivot toward deeper industrial and trade integration with Europe, particularly in high-value manufacturing and agritech. Expanded partnerships with Finland and Italy can support technology inflows, export diversification, and the development of localized production capacity, strengthening Kazakhstan's position within emerging EU-linked supply chains.

EU-Centric Trends: Brussels' Point of View

Brussels signalled continued engagement with Central Asia across several institutional tracks. EU officials confirmed that the next EU-Central Asia Summit will take place in 2027, maintaining the two-year cycle following the Samarkand 2025 meeting. In parallel, the Council scheduled a decision on the "Europe and Central Asia (COEST)" file for COREPER II approval. At the regulatory level, the United Nations Economic Commission for Europe published a report warning that the EU's Carbon Border Adjustment Mechanism (CBAM) will increasingly affect Central Asian exporters once fully phased in from 2026.

Trend Analysis:

Together, these developments point to institutional consolidation rather than rapid policy expansion of the EU's approach to Central Asia. The confirmed 2027 summit underscores Brussels' preference for predictable diplomatic rhythm supported by annual ministerials and sectoral sub-committees. At the same time, the pending COEST decision at COREPER II level suggests member states are aligning around a policy position of strategic weight. The UNECE CBAM assessment adds a regulatory dimension, showing that market access to the EU will increasingly depend on carbon compliance. Notably, Uzbekistan's mention as a connectivity partner reflects the EU's widening regional lens alongside its established engagement with Kazakhstan.

Why it Matters:

Stable summit cycle provides a clear diplomatic calendar to synchronize deliverables on the critical raw materials, corridor, and regulatory alignment. A Council-level COEST decision could shape the next phase of EU-Central Asia cooperation and provide support for deeper engagement by the European Commission and EEAS. Meanwhile, CBAM represents a structural challenge for Kazakhstan's carbon-intensive exports, including steel, aluminium, fertilizers, and electricity. While this raises compliance costs, it creates space for deeper EU-Kazakhstan cooperation on decarbonisation and green energy.

What to Watch:

Close attention should be paid to the publication of the COEST conclusions following the 26 February COREPER II session. Specifically any language on connectivity financing, sanctions compliance, or CRM cooperation.

EU-Centric Trends: Brussels' Point of View

Monitor which sectoral EU-Central Asia sub-committees convene during 2026 and whether Kazakhstan advances specific agenda items. On the regulatory front, watch for Astana's policy response to CBAM exposure, including carbon pricing measures, industrial decarbonisation plans, and potential requests for EU support.

Kazakhstan-Centric Trends: Developments on the Ground

S&P Global Ratings has affirmed Kazakhstan's BBB- rating with a positive outlook, citing fiscal consolidation and robust buffers in the National Fund (\$63.9 bn) and gross reserves (\$65.4bn). However, the agency highlighted a persistent hydrocarbon dependence, which accounts for 20% of GDP and over 50% of exports. It also flagged the high concentration of oil flows through the CPC pipeline, noting that alternative routes currently lack the capacity to absorb significant volumes without major investment.

Implications: This affirmation provides a stability signal that lowers risk premia for EU investors, supporting the co-financing of infrastructure and trade projects. However, the heavy reliance on a single export route remains a material vulnerability for both Kazakhstan's fiscal health and EU energy security. To mitigate this, EU policy should prioritize financing for Middle Corridor capacity and deploy de-risking instruments to mobilize private capital for transit diversification and digitalization.



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News Sources

- 1) Kazakhstan, Finland in Talks on Tractor Production Localization, Agritech ([Astana Times](#))
- 2) EU announces timeline for next Central Asia Summit (Exclusive) ([Trend.az](#))
- 3) Provisional Agenda Permanent Representatives Committee (Part 2) ([Council of the European Union](#))
- 4) World Bank Support to Enhance Rail Connectivity and Logistics in Kazakhstan ([World Bank Group](#))
- 5) Middle Corridor Takes Center Stage at Munich Security Conference 2026 ([Astana Times](#))
- 6) Kazakh-Italian Trade House Opens in Almaty to Boost Economic Cooperation ([Astana Times](#))
- 7) Kazakh rice exports to Belgium via the Trans-Caucasian Transport Route (TCTR) proved cheaper than transit through Russia ([Kaztag.kz](#))
- 8) Kazakhstan Expands Oil Refining, Gas Processing and Petrochemical Capacity ([Astana Times](#))
- 9) Kazakhstan's Gas Production Hits Record While Domestic Supply Faces Growing Pressure ([Astana Times](#))
- 10) Kazakhstan Expands Range of Domestically Produced Rare Metals ([Astana Times](#))
- 11) UNECE report assesses implications of EU Carbon Border Adjustment Mechanism on Central Asia ([UNECE](#))
- 12) S&P Affirms Kazakhstan at BBB-, Flags Oil and Export Route Risks ([Astana Times](#))
- 13) Kazakhstan, Finland in Talks on Tractor Production Localization, Agritech ([Astana Times](#))



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EU Transparency Register No. 5985685100745-21h