

# Kazakhstan- EU Weekly Briefing

**Issue 19**

**March 23-29, 2026**

# Highlights

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## Middle Corridor

The stability of the Trans-Caspian International Transport Route (TITR) became the central focus of international diplomacy this week following a series of security escalations in the Caspian Sea region. On March 25, 2026, President Tokayev utilized a regional visit to Turkistan to issue a high-level call for de-escalation, explicitly positioning the Caspian as a neutral zone of economic interest that must remain insulated from broader regional conflicts. This diplomatic push coincided with a major operational announcement from Kazakhstan Temir Zholy (KTZ) on March 29, which confirmed a new strategic agreement to boost cargo transportation volumes. The agreement outlines plans to modernize infrastructure at nine key border crossings and expand capacity to handle the 10 million tons of annual cargo now seeking a path away from volatile maritime chokepoints.

**Implications:** This week has proven that the Middle Corridor's greatest vulnerability is no longer just physical infrastructure but regional security perception. By offering Kazakhstan as a platform for peace talks while simultaneously boosting rail capacity, Astana is signaling to the EU that it can act as both a logistical and a diplomatic anchor. For the EU, the implication is clear: the Global Gateway must now move beyond port upgrades and into the realm of security-backed logistics,



Credit: KTZ

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ensuring that the route is perceived as a 'safe harbor' for European capital and goods.

## Critical Raw Materials

On March 27, 2026, the EU-Kazakhstan partnership entered what officials are calling the 'Year of Credibility,' with a primary focus on executing the 2025–2026 CRM Roadmap. According to reports released in Brussels this week, the European Union is shifting its scrutiny from symbolic milestones to tangible joint projects. Kazakhstan, which already produces 21 of the 34 materials listed under the EU's Critical Raw Materials Act, is being pushed to finalize co-financing structures for at least one major pilot project by the end of this quarter. The EU's International Partnerships Commissioner has emphasized that 2026 is the year both sides will be judged on their ability to translate high-level roadmaps into operational mining and processing sites.

**Implications:** This shift marks the transition from 'signaling' to 'delivery.' For the EU, securing Kazakh lithium and tungsten is no longer just a strategic goal but a logistical necessity to meet its own 2030 green transition targets. The 'credibility test' implies that the EU may tie further Global Gateway infrastructure funding to Kazakhstan's ability to meet these raw material extraction and processing benchmarks. This creates a high-stakes environment where the transport corridor and the mining sector are now functionally interdependent.

## Trade and Reform

TDuring a high-level regional meeting in Shymkent on March 27, 2026, Kazakhstan utilized its chairmanship of regional trade blocs to push for a 'barrier-free' internal market that mirrors the principles of the European Single Market. Prime Minister Olzhas Bektenov emphasized that trade turnover between the EU and Kazakhstan, which now involves approximately €49.7 billion, requires a complete elimination of the 'digital and physical paper trail' to remain competitive. This move was supported by an analysis released on March 24 regarding Kazakhstan's constitutional momentum, which argues that the recent recalibration of the state has created the necessary legal 'momentum' to synchronize Kazakh trade laws with EU standards.

**Implications:** Kazakhstan is performing a 'regulatory dress rehearsal' for deeper economic integration with the West. By pushing for a barrier-free regional market, Astana is making it much easier for the 4,000 European companies currently in the

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country to scale their operations across the entire Central Asian region. The implication for the EU is that Kazakhstan is evolving into a regional 'rules-maker,' exporting EU-style transparency and efficiency to its neighbors.

## Digitalization

In alignment with the official designation of 2026 as the 'Year of Digitalization and AI,' the Kazakh government launched a new national strategy titled 'Innovation over Bureaucracy' on March 25, 2026. This week's milestones included the conclusion of the selection process for the AI-Sana initiative, which aims to train a workforce of 100,000 specialists. Additionally, the government confirmed that its partnership with satellite providers like Starlink and OneWeb has now successfully provided high-speed internet to 2,000 schools and hundreds of remote villages, creating the digital backbone necessary for the 'Smart Corridor' to function in isolated sections of the trade route.

**Implications:** Kazakhstan is attempting to 'code' its way out of logistical bottlenecks. By focusing on AI and satellite connectivity, the country is bypassing traditional bureaucratic hurdles that have historically slowed trade. For the EU, this results in the creation of a 'Smart Gateway' where every container is a trackable data point. This level of transparency is essential for verifying ESG standards, potentially making the Middle Corridor the world's first fully audited, AI-optimized trade route.

# EU-Centric Trends: Brussels' Point of View

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Between 17 and 27 March 2026, EU Special Representative for Sanctions David O'Sullivan visited Astana for the fifth time and publicly confirmed that Kazakhstan will not be affected by the EU's upcoming 20th package of Russia-related sanctions. Separately, President Tokayev signed the law ratifying a bilateral readmission and transit agreement with Austria, establishing a legal framework for migration management between the two countries.

## **Trend Analysis:**

Taken together, these developments reflect a deliberate EU strategy of reinforcing Kazakhstan's status as a trusted, rules-compatible partner across two distinct but complementary tracks. On sanctions compliance, O'Sullivan's fifth visit and his public exclusion of Kazakhstan from the 20th package signal that Brussels is actively managing the bilateral relationship as a strategic asset, distinguishing Astana from circumvention-linked networks. On mobility, the ratification of the Austria readmission agreement and the near-final visa facilitation talks indicate



Credit: Astana Times

# EU-Centric Trends: Brussels' Point of View

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that the legal and institutional architecture for expanded people-to-people ties is being built in parallel, moving from political commitments to operational frameworks.

## **Why it Matters:**

The sanctions clearance provides regulatory certainty for the nearly 45 billion euros in annual bilateral trade and protects Kazakhstan's positioning as a reliable energy and raw materials supplier. The advancing mobility framework, if concluded within 2026, would deliver a high-visibility result for both sides and reduce friction for business, investment, and academic travel ahead of the 2027 EU-Central Asia Summit. Together, they reinforce Kazakhstan's role as the EU's primary strategic partner in Central Asia at a moment when the region's geopolitical alignment remains actively contested.

## **What to Watch:**

The formal adoption of the 20th sanctions package and its final scope, as well as any subsequent O'Sullivan communications on Kazakhstan. On the mobility track, the formal signing of the visa facilitation agreement and whether it is accompanied by a readmission agreement at the EU level, rather than only bilaterally with individual member states, will determine the durability and breadth of the framework.

# Kazakhstan-Centric Trends: Developments on the Ground

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This week, **the Ministry of Water Resources and Irrigation advanced three small hydropower projects** to state expert review at Samarkand reservoir in Karaganda, Kargaly in Aktobe, and Karakol in Abay, and began designs for five additional sites with three intended for private finance; 29 locations have been identified and the September roadmap sets a 30 MW target from Kazvodkhoz hydraulic assets, supplementing existing units at Sergeyevsky, Intumak, and Dostyk on the Khorgos River. In parallel, the Eurasian Development Bank published a Central Asia power outlook advocating a balanced pathway that modernizes thermal generation while scaling renewables and flexibility, projecting a 40 percent rise in electricity demand by 2030 and 62.8 GW of new capacity by 2035, with this pathway estimated 30 to 45 percent less costly than a green only buildout while cutting the sector's carbon footprint fivefold versus a conservative case and reflecting 2024 global additions that were 92 percent renewable amid declining wind and solar costs.



Credit: Elements.Envato

# Kazakhstan-Centric Trends: Developments on the Ground

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## **Trend Analysis:**

Small hydropower on existing reservoirs adds dispatchable, grid friendly capacity that complements variable solar and wind, reduces local losses, and avoids long lead times for nuclear and large dams. The EDB framework supports a sequence that prioritizes flexibility resources, ancillary services, and staged grid reinforcement alongside diversified generation. Kazakhstan is consolidating a regional balancing role that sustains reliability and affordability while advancing decarbonization.

## **Why it Matters:**

For EU-Kazakhstan cooperation, these steps align with Global Gateway and Team Europe programs on water, energy, and climate, including technical assistance for small hydropower and prosumer frameworks. Enhanced flexibility and grid stability improve the bankability of renewable and storage projects for EU institutions and investors and support regional connectivity and hydropower corridors for cross border electricity trade.

## **What to Watch:**

State expert review outcomes for Samarkand, Kargaly, and Karakol; confirmation of private finance for three of the five follow on sites; issuance of storage tenders, ancillary service market rules, and grid rehabilitation schedules across Central Asia; and updated firm capacity additions required in Kazakhstan through 2030 to 2035.

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- 7) Kazakhstan, EU Near Final Stage of Visa Facilitation Talks ([Astana Times](#))
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