

How has Kazakhstan's Strategic Optionality Changed from 1995 to 2025?

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Introduction

Following the collapse of the Soviet Union, Kazakhstan emerged into the post-Cold War environment as a new but equally subordinate state, sharply limited in its capacity for independent strategic decision-making. Almost overnight, the ninth largest country on the planet became a sovereign state, without a history of independent governance, functioning national institutions, no indigenous military command structure and an economy thoroughly integrated into the Soviet system, which had just ceased to exist. Recognizing the vulnerabilities facing the new state in a volatile neighborhood, then-President Nursultan Nazarbayev initiated a strategic opening in the mid-1990s anchored by a “multivector” foreign policy. Nazarbayev, himself a former Soviet bureaucrat, found himself in 1991 tasked with leading a country whose productive capacity was essentially meaningless without the supply chains, markets and infrastructure that Moscow had controlled. His defining contribution to Kazakhstan’s early independence may have been the calculation that Kazakhstan’s geographic exposure and material weakness would not survive by aligning exclusively with any single external power. From the earliest days of independence, he responded by building the multivector foreign policy framework that would govern Kazakh statecraft for the next three decades.

Of the five Central Asian republics that emerged from Soviet dissolution, Kazakhstan was the only one to avoid significant internal conflict, regime collapse or sustained economic dysfunction in the critical decade after independence. Tajikistan fell into a protracted civil war, Turkmenistan’s regime turned inward and closed off, Kyrgyzstan, without a strong hydrocarbon economy, faced subsequent political revolutions and Uzbekistan implemented reforms but only began opening its safeguarded economy in the late 2010s. By contrast, Kazakhstan began building new institutions and relationships abroad immediately, largely saving it from the dysfunction that afflicted its peers. Russia similarly

during the 1990s experienced economic and domestic crises, from coups to hyperinflation and insurgencies in the Caucasus. The Kazakh SSR had functioned as a resource-extraction territory, producing oil, gas, coal, uranium and agricultural commodities for the broader Soviet economy. The infrastructure of the arrangement ran in every direction through Moscow, which independence certainly did not change. China, at this moment, was a peripheral presence in Kazakhstan’s strategic environment rather than the central one it would later become. They shared a 1,700-kilometer border and established relations in 1992, but the relationship was embryonic until infrastructure developments followed. The United States had at this point not displayed much interest in the region, but that rapidly changed as far as it concerned the world’s third-largest nuclear, biological and chemical arsenal, now housed on Kazakh soil.

The collapse of the Soviet Union created a set of newly independent states in Central Asia whose strategic futures were almost entirely undetermined from inception. Caught between a weakened but still formidable Russia, a rising China beginning to project economic and diplomatic influence westward and a Western order whose interest in the region would prove periodic and singularly motivated rather than sustained and institutionally grounded, these states faced the fundamental challenge of post-colonial state-building under conditions of extreme external pressure and internal fragility. Three decades later, the region looks materially different as pipelines run east as well as they do north, Chinese investment has intrinsically reshaped connectivity, NATO and post-9/11 partnerships have introduced Western military standards into formerly Soviet forces and the war in Ukraine has accelerated a realignment whose full implications are still unfolding. The current moment is arguably the most consequential for Central Asian strategic autonomy. China’s Belt and Road Initiative and European forums center Kazakhstan and its region at the crossroads of ambitious infrastruc-

ture projects, simultaneously reducing Russian transit dominance and creating new dependencies on Beijing's capital, technology and strategic priorities. Meanwhile, a distracted Russia finds itself challenged to maintain the informal rules of its near abroad as it once did and a distracted but still consequential United States seeks to build regional influence through investment frameworks, military partnerships and diplomatic engagement whose depth and durability remain uncertain.

The Belt and Road Initiative in Kazakhstan and China

In 2013, China launched the Belt and Road Initiative, as part of which Kazakhstan became a land bridge connecting China with Europe. A vital component of this land bridge is the Khorgos Dry Port, which transported 22.2 million tons of cargo in the first half of 2025.



The central question this project asks is whether these changes represent a genuine structural shift in the strategic autonomy available to these post-Soviet states, with the emphasis on Kazakhstan or if the appearance of diversification conceals a deeper continuity of dependency, where the dominant external power has switched faces while the underlying conditions of subordination have not. To answer that question requires a framework capable of measuring strategic optionality not as a binary condition but as a variable one, via the tracking of how much room for maneuver a state actually possesses at any given moment, what specific decisions expanded or contracted that space and what the binding constraints are that set the ceiling on following independent action. Kazakhstan is this project's case study not because it is typical of Central Asia, as indeed we find it is in many respects the exceptional case in the post-Soviet story, but because its combina-

tion of resource wealth, geographic scale, institutional ambition and calculative multivector strategy makes it the region's most complete test of whether genuine strategic autonomy is achievable for a landlocked post-Soviet state navigating great power competition while contending with geographic distance and without the material capacity to immediately purchase its way out of structural dependency.

The methodology we employ for this report is ultimately used to understand Kazakhstan's changing strategic optionality over the 30 years from the creation of the state through 2025. In assessing its optionality we take a close look at its internal and external choices. Central to this analysis will be understanding the core dependencies, constraints and vulnerabilities that defined the parameters of Kazakhstan's decision-making. These topics were a key component of Henry Farrell and Abraham L. Newman's piece *Weaponized Interdependence: How Global Economic Networks Shape State Consequences*. At first, Newman

and Farrell introduce dependence as a state's asymmetric reliance on specific physical or financial "hubs" for economic, military or political survival. An example of this dynamic would be Kazakhstan's physical and energy dependence on the trade routes through the Northern Corridor, particularly in the 1990s and early 2000s, over which Russia held a near-monopoly. Beneath dependence lie vulnerabilities, the specific points of failure arising from a dependency, whereas coercion measures the degree to which a controlling state can weaponize vulnerabilities to extract political concessions. These topics and themes will be central to our analysis of how Kazakhstan's optionality changed over time and the key dependencies and vulnerabilities it had to grapple with. We have broken down our analysis into five-year blocks to better understand how optionality has changed vis-a-vis internal and external constraints. Leveraging this roadmap, our analysis of Kazakhstan over the past

30 years indicates the nation's optionality has expanded as it tactically moved beyond its geographic tether to Moscow and into trade relations with China and diversified investments outside oil. Post-Cold War dynamics, ranging from partnering with the West during the war on terrorism to reacting and reorienting policies following major geopolitical shifts, have engendered greater choice and freedom of movement.

1995

In 1995, Kazakhstan was a nation struggling to emerge from the shadows of Soviet influence. As we analyze the optionality and dependency of Kazakhstan in these years, we first begin with the fall of the Soviet Union in 1991 and focus first on the nation's path forward through Nazarbayev's 1992 Strategy of the Formation and Development of Kazakhstan as a Sovereign State and followed by the 1995 Concept of Kazakhstan's Foreign Policy. The tenors of this policy focused on creating optionality for a state that had long depended on the Soviet apparatus. Over this period, Kazakhstan sought to develop its institutions by joining global economic organizations and creating a sovereign currency as part of initial steps to move beyond the Russian tether. In defense and the balance of great powers, this necessitated the overhaul of the Kazakh armed forces command structure into one unbound by Russian hierarchy, a denuclearization program to generate goodwill from the United States and joining institutions and multinational forums, ranging from U.N. membership to Russian-operated alliances.

Kazakhstan gained independence as a fragile state entirely tethered to Russia's economic and trade infrastructure. It lacked any sovereign economic institutions, limiting the nation's ability to become an actor in global trading markets and solicit the foreign direct investment

(FDI) necessary for a developing country. The Kazakh economy's reliance on Russia further constrained the options for developing its economy. First, the catastrophic cost of Kazakhstan's reliance on Moscow's economic reach materialized in 1992 and 1993 when Russia abruptly voided all pre-1993 Soviet rubles. The shock caused inflation to peak at over 2,900%, wiping out many Kazakhs' personal savings. The crisis prevented Kazakhstan from integrating with the global economy while it managed the domestic economic downturn. Beyond the financial tether, Kazakhstan also suffered from intense trade and transit monopolies at the hands of the Russians. In the mid-1990s nearly half of all Kazakh trade was directed toward Russia and former Soviet states, a dependency enforced by a rigid, northward-facing rail network and physical transit monopoly. Nearly all of Kazakhstan's primary resource, oil, had to flow through Russian territory, most notably via the Atyrau-Samara Pipeline operated by the Russian state-owned firm Transneft. Because of the dependency Kazakhstan had on this rail line, Moscow actively weaponized this logistical bottleneck to maintain indirect coercive power over the Kazakh economy. Most notably, since Russian firms controlled the physical flow of oil, they could effectively cap Kazakhstan's economic

Atyrau-Samara Pipeline and Future Transit Options

In the mid-1990s, the Atyrau-Samara pipeline was the primary transport option for Kazakhstan to ship oil to the open market. At the turn of the century, the CPC pipeline was developed to move Kazakh oil and gas through Russia to the Black Sea.



growth. The Russian firm Transneft restricted shipping volumes to just 30,000-70,000 barrels daily, despite production capabilities exceeding 100,000 barrels a day. Kazakhstan's pursuit of optionality was constrained by legacy ties to Soviet infrastructure and the absence of its own sovereign monetary system. To introduce optionality, Kazakhstan would need to diversify trading partners away from Russia and establish a domestic economy attractive for outside investment.

To disentangle itself from Moscow's orbit and mitigate structural vulnerabilities, Nazarbayev and his administration initiated a series of targeted reforms to attract FDI and introduce greater economic diversification and therefore greater optionality. Following the 1993 monetary crisis, recognizing the vulnerability of sharing its fiscal architecture with Russia, Kazakhstan introduced its own currency, the tenge. The currency allowed Kazakhstan to reclaim control over monetary policy and to a degree insulate the domestic market from outside economic downturns. Kazakhstan's creation of its own currency was due in large part to support from international institutions. Kazakhstan, in its initial step to introduce diversification away from Russian and former Soviet markets, joined the IMF and World Bank in 1992. As a consequence, Kazakhstan received close to \$290 million in Special Drawing Rights from the IMF to navigate an inevitably volatile currency release. This accession set Kazakhstan on the path away from Russia's economic tether and also gave it options to integrate with Western economic actors.

The institutional reforms that Kazakhstan implemented as a member of the World Bank and IMF included the removal of Soviet-era price controls and the implementation of an ambitious privatization program. These adjustments, highlighted by the transfer of many government-run companies into privately owned enterprises signalled to outside investors that Kazakhstan was emerging as a more viable and reliable economic partner. Many of these reforms paved the way for Western capital into Kazakhstan and ultimately the creation of the "Contract of the Century," the 1995 TengizChevroil (TCO) agreement. Granting Chevron exclusive rights to develop the Tengiz oil field, which accounts for approximately 30% of Kazakh

oil production. The TCO agreement marked the first large-scale investment on the part of Western actors into Kazakhstan and also provided a counterbalance against Russian influence on Kazakhstan's oil and gas trade. Ultimately, the significant strides toward institutional maturity and fiscal autonomy on the part of Kazakhstan laid the groundwork for Western integration. In turn, Kazakhstan was able to increase its optionality. However, the nation's ongoing reliance on Russian-controlled pipelines for its primary export demonstrated that early multivector policies could not easily overcome its geography.

Like other former Soviet republics, upon independence Kazakhstan inherited a military apparatus of tremendous nominal scale and near-zero operational independence. On paper, Nazarbayev established Kazakhstan's armed forces by decree in May 1992. However, Astana inherited a military ill-equipped to handle the threats that posed risks to the newborn state and its peers in Central Asia. Soviet-era Kazakhstan's force posture had been designed for large conventional land wars, specifically against China following the Sino-Soviet split. It was thus largely inapplicable and ill-prepared to the realities of asymmetric threats to the independent state, including porous border tensions and rising Islamic fundamentalism. In addition, the Soviet-era military command structure was characterized by ethnic and structural divides. Some 80% to 85% of high-ranking officers, pilots and commanders posted in Kazakhstan were of Slavic ethnicities, while conscripts from the Kazakh SSR and neighboring Central Asian republics made up the infantry, border-guard and construction corps. Upon independence, this left a defining divide and ethnic mismatch in experience for the newly founded armed forces commanded by Nazarbayev, as a wave of Slavic officer corps repatriation to Russia followed in the wake of the Kazakh government gradually nationalizing instructions, introducing Kazakh language requirements, quickly promoting domestic ethnicities to the officer corps and phasing in the official oath of allegiance to the new state.

Kazakhstan's military equipment at independence reflected the constrained nature of the relationship Astana maintained with Moscow. The new armed forces

inherited aged Soviet legacy systems in their arsenal, reliant on Russia for repair, reinforcement, supply chain maintenance and technical expertise. The International Institute for Strategic Studies Military Balance 1995-96 report assessed only approximately 1,200 of 3,500 armored vehicles as operationally serviceable, with the remainder in long-term storage, cannibalized for parts or deteriorating on vacant lots. Air Force units were staffed at 30-50% of establishment strength, pilots received insufficient or minimal flying hours and the average soldier's salary ran at 810 tenge (\$6) per month. The artillery fleet numbered in the thousands on paper but was found largely unusable in practice, with ammunition supply chains collapsed alongside the Soviet logistics network that had sustained them. The defense budget failed to reach 1% of GDP at any point in the 1990s, recording approximately \$297 million in 1995, a figure insufficient to maintain the inherited equipment or the ability to purchase updated models and diversify the force in any meaningful direction. The country has no independent logistics chain, no indigenous production and no meaningful capacity to resist external military pressure from any direction.

The most consequential decision taken by Nazarbayev during this period may have been the voluntary surrender of 1,400 nuclear warheads, the world's fourth-largest nuclear arsenal. Completed by April 1995 through the Lisbon Protocol, ratification with the Non-Proliferation Treaty and the secret Project Sapphire airlift of 600 kilograms of highly enriched, weapons-grade uranium to the United States, the prompt denuclearization effort by Nazarbayev secured international legitimacy and opened the Nunn-Lugar Cooperative Threat Reduction relationship with Washington. The program ultimately channeled approximately \$223 million in U.S. assistance to Kazakhstan between 1992 and 2001, funded the sealing of 181 nuclear test tunnels and 13 boreholes at the Semipalatinsk Testing Site, the conversion of the Stepnogorsk biological weapons plant to civilian use and dismantlement of other infrastructure that made denuclearization physically irreversible. With Kazakhstan's handover of its weapons of mass destruction arsenal and the destruction of testing infrastructure, Astana had in turn calculated a negotiated

handover of the material into an opportunity for a positive first breakthrough with the United States and the West. This voluntary compliance allowed Kazakhstan to signal that it was now a responsible and predictable international actor, earning the country immediate diplomatic recognition, establishing bilateral relations with the United States, which would compound in diplomatic and economic value across subsequent decades, security assurances in the Budapest Memorandum and a seat at major international fora. This task effectively institutionalized Kazakhstan's sovereignty at a time when its survival as a state was not guaranteed.

However, denuclearization did not secure binding security guarantees from an external power. The Budapest Memorandum, signed in December 1994 by the United States, United Kingdom and Russia in relation to Ukraine, delivered political assurances without legally binding treaty obligations or enforcement mechanisms. Kazakhstan's equivalent arrangements were comparably unenforceable in any scenario where a signatory chose not to honor them. The gap between the diplomatic value attached to the denuclearization effort and its strategic cost was therefore substantial and immediate: Kazakhstan had voluntarily placed itself in a position of maximum conventional vulnerability because of its long borders with Russia, China and other Central Asian states, with a largely nonfunctional and ill-equipped conventional military and lacking a binding commitment from another power to substitute for both those gaps. The 1992 Collective Security Pact included Kazakhstan as a founding member and later transitioned into the formal military alliance known as the Collective Security Treaty Organization (CSTO). These arrangements provided collective defense coverage, but under conditions of Russian structural dominance which constrained rather than enabled Kazakhstan's independent security choices. The Baikonur Cosmodrome lease, signed in March 1994 for an annual rent of \$115 million and running through 2050, embedded Russian military and space infrastructure on Kazakh territory while remaining under Russian operational control. Arms-transfer data confirms that approximately 99% of all major weapons deliveries in this period were of Russian origin. There was no indigenous defense production of

any significance, no alternative supplier relationship and no procurement budget remotely sufficient to change either condition within any realistic planning horizon for Kazakhstan.

Joining the North Atlantic Cooperation Council and NATO's Partnership for Peace program, in concurrence with CSTO founding membership, established from the earliest days of independence the institutional template of operating across competing great-power frameworks without being captured by any single one. Nazarbayev's articulation of the country's foreign policy was enshrined first in the 1992 Strategy of the Formation and Development of Kazakhstan as a Sovereign State, followed by the 1995 Concept of Kazakhstan's Foreign Policy, which chartered a multipronged strategy, particularly for Kazakhstan's security and economic growth. Completing denuclearization on negotiated rather than imposed terms, securing American diplomatic and financial partnerships and the Kazakhization of the officer corps, while institutionally costly in the short term due to the departure of technically qualified Slavic personnel, was a political necessity without which the armed forces could not have functioned. The 1995 Foreign Policy Concept's articulation of a multivector diplomacy and diversifying relations across Russia, China, the West and regional partners simultaneously planted the doctrinal seed of the strategic posture that would only become materially operational in the following decade, when oil revenues provided the fiscal foundation and nascent structural alternatives to long-maintained infrastructure dependencies.

At the end of 1995 Kazakhstan had taken substantial steps not just to create nascent economic institutions but also to strategically set itself up for options beyond its dependencies on Russia. The pivot toward a sovereign currency created opportunities for increased economic collaboration with the West, but as we will see, the geographic and trading dependency the nation held with Russia would be difficult to break. The successful removal of Kazakhstan's weapons of mass destruction and addressing of ethnic and structural divides in the command structure allowed the country to engage with the international community.

2000

At the end of the 1990s, Kazakhstan enjoyed a period of sustained economic growth as well as flourishing military and great power relations. However, new vulnerabilities emerged in relation to Russia and outside factors. So too, though, did Kazakhstan set a path toward strategically injecting optionality into its nation. In economics, for example, while the 1998 ruble crisis caught Kazakhstan on the back foot and highlighted dependence on Russia, so too did Kazakhstan take advantage of the opportunity to increase optionality through fiscal adjustments. With defense and great-power navigational capabilities, Kazakhstan too found itself branching out via peacekeeping campaigns, introducing Kazakh forces to Western standards, though still materially reliant on existing capabilities and resources.

Throughout the late 1990s, the Kazakh economy grew strongly. Bolstered by high oil prices and a near 42-fold increase in petroleum exports between 1995 and 2000, Kazakhstan jumped from -8% GDP growth to 10% growth year-over-year. However, this momentum masked a severe structural vulnerability: Kazakhstan's macroeconomic health remained anchored to Moscow. In spite of some of the reforms made in 1995, Russia was still Kazakhstan's largest trading partner at the turn of the century. This dependency on Russian markets left Kazakhstan deeply exposed during the 1997 Asian Financial Crisis and subsequent Russian ruble crisis, for which the subsequent devaluation of the ruble decimated Kazakhstan's economic makeup and export competitiveness. This shock left Kazakhstan with a \$100 million trade deficit with Russia in 1998, proving that despite five years of growth and early attempts at global integration, true economic optionality was impossible while the domestic market remained so heavily entwined with Russia.

In response to the ruble's collapse, Kazakhstan implemented decisive policy changes to alter these economic dependencies and entanglements. In early 1999, the government abandoned its currency peg and shifted to a free-floating exchange rate. This served as an immediate survival mechanism to stop the bleeding of foreign

reserves, as Kazakhstan had lost 11% of its foreign reserves the year before in a futile attempt to stabilize the economy. However, recognizing the long-term risk of “Dutch Disease,” where a free-floating currency deeply tied to the energy market could artificially inflate the domestic economy, Kazakh leaders quickly recalibrated to a managed float. While the free float was initially a defensive maneuver, the decision to switch to a managed float was a long-term strategic adjustment to introduce greater optionality into the economy. This policy pivot signaled greater fiscal prudence to outside investors as Kazakhstan would proactively manage a stable monetary and fiscal system.

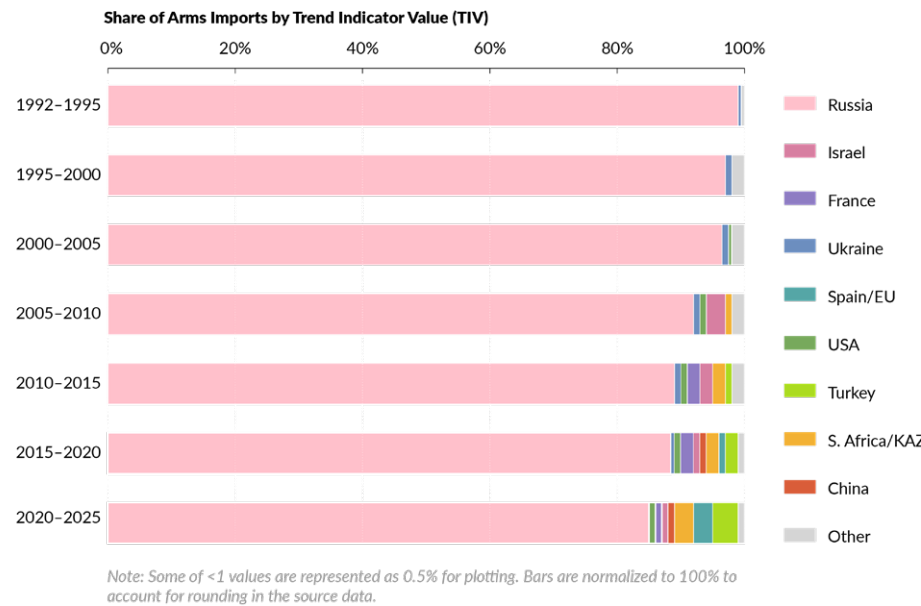
Soon enough, this stable, managed float environment successfully attracted the foreign direct investment necessary to launch two critical infrastructure projects at the turn of the Century: the Caspian Pipeline Consortium (CPC) and Kashagan oil field. The development of Kashagan, in particular, cemented Kazakhstan as a world leader in oil production, while the CPC dramatically expanded capacity. Early on, the CPC was able to ship 350,000 barrels a day to the open market, effectively doubling Kazakhstan’s export capacity. Moreover, recognizing the need for diversified partnerships in the Kashagan oil field, Kazakhstan established the Offshore Kazakhstan International Operation Company (OKIOC) with Italy, the United States, United Kingdom, Japan, France and the Netherlands. This multilateral consortium helped dilute Russia’s monopolistic control over Kazakh transit routes. The introduction of these new actors in the Kazakhstan oil and gas markets provided a counterweight to Moscow’s leverage over the market. Kazakhstan’s monetary policy reforms and solicitation of Western collaboration represented a massive structural shift away from its legacy tethers to Russia and toward true economic optionality. As Kazakhstan moved beyond being a mere satellite state of Russia in the 1990s,

new vulnerabilities emerged. However, the economic groundwork laid in the 1990s enabled Kazakhstan not only to respond decisively to these negative exposure points but also introduce greater optionality to its state as a whole.

By 2000, Kazakhstan had survived the most acute phase of post-Soviet institutional collapse and was beginning to translate its nascent diplomatic relationships into tangible military developments. However, the fundamental architecture of Russian military dominance over Kazakhstan that had characterized the previous years remained significantly unaltered. The constraints that had defined the post-independence environment for Kazakhstan remained ever-present, including near-total Russian sourcing for military hardware, a sub-1% GDP defense budget and a military posture and force which was incapable of performing operational requisites, leaving no meaningful fiscal basis for independent procurement decisions. Arms transfer data records approximately 97% of all major weapons deliveries in the 1997-2001 period as being of Russian origin. Where every operationally significant platform in the inventory, including MiG-29 fighters, Su-24

Kazakhstan Arms Imports by Supplier

Trend indicator value weights systems by estimated production cost and technological generation, meaning a single Su-30SM fighter outweighs hundreds of armored personnel carriers.



Source: The SIPRI Arms Transfers Database

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strike aircraft, Su-27 interceptors, T-72 and T-62 tanks, BMP-1 and BMP-2 infantry fighting vehicles and S-300 air defense systems, remained entirely dependent on importing spare parts, maintenance pipelines, weapons stocks and technical documentation from Moscow.

The most significant military development of this period was the creation of the Kazakhstan Peacekeeping Battalion (KAZBAT), by presidential decree in 2000. Trained under frameworks derived from Partnership for Peace alongside Western forces, KAZBAT was the first Kazakh military unit built to a non-Soviet operational standard and accumulating command experience outside Soviet institutional frameworks, representing dividends attributable to increased contact, command restructuring and evaluation standards, with a growing number of outside partners. Comprising approximately 500 personnel trained alongside American and British forces under PfP frameworks, KAZBAT was the first Kazakh military unit whose institutional reference point was not the Soviet Turkestan Military District.

Russia's transfer of arms under the Treaty on Conventional Armed Forces in Europe, which saw the newly independent successor states to the Soviet Union inherit heavy conventional armaments via reduction of liabilities and equipment caps, provided a second category of military development in this period for Kazakhstan, though it was one which deepened dependency as much as it added capability. The transfers, including 50 tanks, 200 armored personnel carriers, 100 artillery pieces, 15 aircraft, 20 helicopters and two S-300 air defense batteries, nominally strengthened and upgraded Kazakhstan's existing arsenal. However, the systems still required Russian technical personnel for operation and maintenance and their integration into the Kazakh air defense network remained dependent on Russian command-and-control architecture.

In addition, the multivector security architecture Kazakhstan had embarked on, cultivating functional relationships with Russia, China and West simultaneously, was being deliberately assembled across competing great power frameworks before being acted upon. Kazakhstan was concurrently preparing to join the Shanghai Cooperation Organization, formalized

in June 2001 but actively prepared through 2000, alongside finishing the feasibility architecture for the Kazakhstan-China oil pipeline, bypassing the traditional northern routes to Russia, maintaining Euro-Atlantic Partnership Council engagement and deepening Nunn-Lugar cooperation with the United States. Structural reforms outlined in the 2000 military doctrine resulted in the armed forces being reorganized into four adept and distinct military districts, with an emphasis placed on international terrorism, the proliferation of weapons of mass destruction to extremist groups and local regional conflicts as the new primary security concerns. However, defense spending had been a low priority in the 1990s, owing in large part to economic challenges and was only addressed in 2000 as a result of an improving economy.

Kazakhstan by the turn of the century had crossed the basic survival threshold of emerging from the Soviet Union, where institutions functioned at a basic level. While in economics and trade they were forced to take a backward pivot and reactionary posture toward the ruble crisis, they strategically parlayed this dependency on Russia into optionality through financial ties with other international actors and infrastructure. More to the point in the military, the KAZBAT had gone to demonstrate genuine non-Soviet military capability on a small scale, the PfP relationship producing institutional content rather than just diplomatic positioning and a multivector framework assembled across Russian, Chinese and Western vectors simultaneously. However, the material constraints derived from overwhelming Russian sourcing, a sub-1% GDP defense spending budget and transit and military dominance owing to other powers, represented a Kazakhstan whose boundaries of military and strategic optionality remained externally set.

2005

By 2005, many of the strategic investments Kazakhstan had made in the past were beginning to pay off. Economically speaking, Kazakhstan presented itself to the globe as an increasingly reliable financial partner capable of soliciting and absorbing high amounts of

FDI. Much of this success was due to the precedent Kazakhstan set through successfully developing the CPC pipeline and Kashagan oil fields and in turn led Kazakhstan to pursue a greater diversification of trading and financial partnerships. It is also important to note that the analysis of the 2005 benchmark incorporates multiple years at both ends of the yearly spectrum. The mid-2000s were defined globally by the war on terrorism, which for Kazakhstan produced the most favorable external environment in its post-independence trajectory. American strategic interest in Central Asia for overflight and basing rights gave Astana leverage and upgraded coordination with Washington to a higher level.

Leading up to 2005, Kazakhstan experienced robust economic expansion. Driven by a near 100% increase in oil prices, caused by the war in Iraq, Kazakhstan's GDP reached \$57 billion. As inflation finally moderated to 7% and the country maintained a positive trade balance, it began to invest in domestic infrastructure enhancements. Aided by its increasing economic ties to the West, Kazakhstan began to solicit massive amounts of Western capital to build its new capital city of Astana. While the investment flowed in, it was clear the Kazakh economy was becoming overleveraged. Kazakhstan quickly became a magnet for highly leveraged construction investments, with real estate investments nearly doubling between 2005 and 2007. While the country enjoyed the immediate fruits of this capital influx, it was creating a highly precarious economic imbalance. By 2007, gross external debt had skyrocketed to \$96 billion. In the short term, the Kazakh economy boomed. However, it was also clear that limits existed in Kazakhstan's optionality as they effectively manufactured a new dependency on Western capital markets ahead of the 2008 global recession.

Around 2005, Kazakhstan made a concerted effort to forge greater transit and trade ties with neighboring states. Most notably, the mid-2000s marked China's emergence as a major player in Kazakh trade relations. This was anchored by the construction of the Atasu-Alashankou Pipeline. Running from central Kazakhstan into China, the pipeline was capable of moving up to 20 million tons of oil per year upon completion in 2006.

Crucially, this was the first major oil transit route to bypass Russian territory, presenting greater physical optionality and a method by which Kazakhstan could balance its own interests against Russia's economic reach. Concurrently, China entered the Kazakh investment scene with the \$4 billion purchase of PetroKazakhstan in 2005. These developments signified that Kazakhstan was attempting to break the Russian monopoly over transport routes and secure independent pathways to global energy markets.

By 2005, Kazakhstan had crossed a key threshold: a defense budget capable of funding real procurement choices and an active doctrinal modernization program. High oil revenues enabled Nazarbayev's vision of a true multivectoral foreign policy to be put into effect, with a defense budget capable of funding real choices.

The most structurally significant military development of this period was the decision to dismantle the Soviet-era divisional architecture and rebuild the Ground Forces around a brigade model. With Nazarbayev's decree to reorganize the military command into four distinct regional commands reflecting this doctrinal shift, Kazakhstan moved away from the mass industrial warfare framework it had inherited and toward a more flexible, mobile defensive posture. The conceptual break concurrently directed the country toward one suited to rapid response, counterterrorism, border security and the kind of mobile defensive operations Kazakhstan's geography and threat environment demanded.

The post-9/11 security environment and ensuing war on terrorism simultaneously allowed Kazakhstan a strategic opening it moved quickly and deliberately to exploit. Like Kyrgyzstan, Tajikistan and Uzbekistan, Kazakhstan allowed overflight and landing rights for Coalition planes taking part in military operations in Afghanistan. Kazakhstan did not, however, allow permanent U.S. military bases or combat operations on its soil, reflecting Astana's continued and reliable balancing act between great powers. When Chinese officials in 2002 accused the United States of attempting to secure a defunct Soviet-era airbase in Kazakhstan, Astana denied the arrangement, demonstrating the multivector discipline of offering the U.S. operational cooperation without the

permanent basing that would have constituted a red line for both Moscow and Beijing.

Alongside the command restructuring, where an expansion of the armed force's operational footprint in the capital region and facilitating a shift toward combined-arms integration followed, KAZBRIG, the dedicated NATO-compatible peacekeeping brigade explicitly built and trained to Western interoperability standards and regularly exercising with PfP partners, came to life. The Individual Partnership Action Plan agreed with NATO in this period set out specific military reform benchmarks for the first time, giving the Western relationship content it had previously lacked. KAZBRIG's creation was the first time Kazakhstan had built rapid reaction forces around a Western rather than Soviet operational concept — though, critically, the brigade transition was executed entirely on aging Soviet hardware without a parallel recapitalization program.

The Steppe Eagle annual exercises began in 2003, reflecting the most operationally concrete expression of the Western military relationship in this period. The first trilateral exercises consisted of troops from Kazakhstan training with U.S. and U.K. forces in order to refine peacekeeping and peace support operations tasks, while improving interoperability between Kazakh forces and NATO. These exercises were a direct benefit of KAZBAT's creation and Kazakhstan's PfP membership from 1995, reflecting a relationship built and unit development converting into an annual bilateral exercise. Following the dispatchment of a small contingent of KAZBAT military engineers to Iraq in 2003 to assist in demining operations, the first deployment of Kazakh forces in support of a U.S.-led operation. Simultaneously, Kazakhstan was preparing its founding membership in the Shanghai Cooperation Organization, formalized in 2001, while maintaining alignment with CSTO obligations and deepening OSCE engagement. Despite Russian efforts to expand the CSTO's military activities in Kazakhstan and Eurasia more generally, Astana in keeping with its multivector foreign policy proceeded to diversify its list of strategic partners.

During this period, Kazakhstan for the first time post-independence had the necessary fiscal capacity to begin

making procurement choices rather than simply maintaining salaries and inherited equipment, observable in the defense budget more than doubling, from \$180 million in 2001 to over \$400 million by 2005. Kazakhstan now possessed the ability to begin making procurement choices, fund training at meaningful levels and initiate institutional partnerships that would produce the first non-Russian combat-relevant hardware in the following benchmark period.

Kazakhstan's trajectory along this period featured the internal stability necessary to begin making independent choices rather than solely maintaining the status quo or being pushed into a reactionary status. Notably, the mid-2000s marked China's entrance into Kazakhstan's economy. Additionally, the war on terrorism and subsequent multinational campaigns that followed allowed Kazakhstan to reap the benefits of the force overhauls of the previous decade and exploit the opportunities which arose in the new one, via the deployment of peacekeeping battalions entwined with Western forces, training programs with an assortment of partners and fiscal promotions to purchase additional optionality.

2010

By 2010 Kazakhstan faced the predicament of inflaming historic dependencies while simultaneously setting a path toward new openings and opportunities. The 2008 global recession highlighted the constraints that Kazakhstan had through an entirely oil-focused economy that lacked diversification. Simultaneously, Kazakhstan moved to foster closer ties with China, a nation that was eager to take up the mantle of Kazakhstan's main financial backer. With the completion of the Kazakhstan-China oil pipeline and the fiscal advance of the defense budget reaching new milestones, Kazakhstan's diversification of its economic partnerships and the beginning of joint procurement contacts saw openings in optionality even if still stifled by some of the deepest structural constraints on Astana's freedom of action remaining.

In 2010, Kazakhstan's severe dependencies on Western markets were laid bare. On the eve of the 2008 recession, massive domestic borrowing had pushed external bank lending to \$46 billion, leaving the country deeply exposed to Western capital markets. When the economic crisis hit in late 2007, Kazakhstan suffered a devastating blow, exacerbated by a 60-70% collapse in global hydrocarbon prices between mid-2008 and early 2009. Because hydrocarbons accounted for 38% of annual exports, national export revenues plummeted from \$59 billion in 2008 to \$39 billion in 2009. This crash exposed the dual danger of relying strictly on oil for economic solvency with a simultaneous reliance on European markets accessed primarily through Russian territory via the Caspian Pipeline Consortium (CPC). Europe in the late 2000s had been one of the largest importers of Kazakh hydrocarbons. Fearing continued financial instability, Kazakhstan sought a safe harbor by joining the 2010 Customs Union with Russia and Belarus. While this defensive pact offered tariff-free access to a massive regional market, with Russia already serving as Kazakhstan's largest individual import partner, it exacted a heavy institutional cost. By tying its tariff schedules directly to Russian industrial policy, Kazakhstan surrendered macroeconomic control and institutional autonomy back to Moscow. This decision was necessary both to enable continued access to a reliable market and because Russia still held tremendous leverage over Kazakhstan through import and trade volumes as well as a strong military presence on its northern border.

In the wake of the recession and to mitigate its dependencies on global markets and Russian trade networks, Kazakhstan continued the eastward pivot that had first materialized in the 2005 benchmark. China, for its part, was ready to exploit the Kazakh market. As Western funding evaporated, Beijing proved an expedient and willing economic partner. A focal point of this burgeoning relationship was the 2009 creation of the Central Asia Gas pipeline. Largely financed by the China National Petroleum Corporation, the pipeline extends from the borders of Kazakhstan and Turkmenistan to China's Xinjiang region. Internationally, the oil pipeline helped Kazakhstan achieve a geographic tether shift toward

China and made China the third-largest foreign investor in Kazakhstan in 2010. Additionally, the pipeline was a major coup for Kazakhstan domestically as it enabled oil to ship more effectively from western gas fields to the eastern population centers. These pivots made clear that in the absence of Western funding that was prevalent in the mid to late-2000s, China proved an expedient new economic partner as it was able to offer up money that others were unable to. Furthermore, Kazakhstan was operating as a proactive player to shape its environment and menu of choices in front of them. While they did foster greater ties with Russia in this time frame, so too did they foster a counterbalance with China, a method to keep options open in the future.

Between 2005 and 2010, Kazakhstan crossed a structural threshold separating the previous 15 years of dependency management from a qualitatively different strategic posture. The two developments that met to warrant this shift came via the defense budget crossing \$1 billion for the first time post-independence which allowed for sufficient fiscal capacity to translate political intent into procurement reality and the Kazakhstan-China oil pipeline finding completion in 2009, allowing Kazakhstan's hydrocarbon export infrastructure to find a non-Russian contact. Indeed, throughout the previous year benchmarks, Russia's implicit ability to threaten Kazakhstan's primary revenue source operated as perhaps the deepest structural constraint on Astana's freedom of action, reinforcing military dependency with economic coercion capability. Its removal did not eliminate Russian leverage, but it fundamentally changed the character of the bilateral relationship from one in which Kazakhstan could be strangled economically to one in which it sought to diversify its portfolio to avoid any single-sourced predatory leanings. Together these developments altered the material foundation of Kazakhstan's optionality in ways that budgets, doctrinal reforms and bilateral relationships had not previously achieved and allowed the country to make military procurement and strategic relationship decisions that Moscow was able to oppose but not necessarily veto.

Among the most visible expressions of this new capacity was the appearance of non-Russian combat-relevant

hardware acclimated into inventory for the first time. The diversification of suppliers for new arms outside the Russian warehouse began with procuring Israeli Nayza 300mm multiple rocket launchers, Semser 122mm and Aybat 120mm self-propelled artillery systems under licensed domestic production and South Korean naval craft. The Israeli artillery and U.S. HMMWVs were real capability additions, but did not touch the operationally critical categories of combat aviation, main battle tanks, long-range air defenses and ballistic missiles, which remained unequivocally Russian sourced. The Air Force still flew aging Soviet platforms, including the MiG-29, Su-24, Su-27, MiG-25 and MiG-31, as well as the T-72 and T-62 tank fleet, requiring Russian-origin maintenance and weapons. Though Russia remained the primary source for most military hardware imports, 92% of all major weapons deliveries remained Russian-origin through the 2007-2011 period, these outreaches represented a deliberate policy of introducing alternative supply chains into categories where the switching cost was manageable and the political sensitivity was tolerable. Domestic production took the form of Kazakhstan Paramount Engineering's Arlan production under South African license and Kazakhstan Aselsan Engineering's electronics manufacturing under Turkish license. These ventures established for Kazakhstan the option of establishing the institutional infrastructure of a defense industrial base, including trained workforces, supply chains and relationships with foreign design houses, not only to produce homegrown electronic manufacturing and armored vehicle production, but as tangible investments in domestic industrial production and diversification in procurement options unthinkable and unaffordable 15 years prior. These advents pointed toward a developed Kazakh foreign policy which had calculated it was now in a position to purchase optionality, while remaining cognizant of the red lines drawn by both Moscow and Astana's own acute sense of where it was capable of maneuvering.

The great power relationship developments of this period reveal something equally important about Kazakhstan's unfolding strategic evolution. Chairmanship of the Organization for Security and Co-operation in Europe (OSCE) reflected Kazakhstan's simultaneous credibility with NATO partners, post-So-

viet states and neutral countries, the compounding returns of 15 years of deliberate relationship cultivation. The Kazakhstan-China pipeline was completed despite Russian objections, showing the limits of Moscow's leverage, without collapsing the relationship or inviting direct hostilities of the kind that had afflicted Georgia in 2008 and the political turmoil over Ukraine's branching out to the European Union.

In analyzing this benchmark, it's notable that Kazakhstan's economics experienced a high degree of whiplash. Their overexposure to Western markets left the domestic economy reeling around the 2008 recession, but presented new opportunities for Kazakhstan. As Western nations and even Russia to a certain extent began to recover, Kazakhstan fostered closer relations with China. Similarly, on the defense end, adjustments pursued in its military sector collectively represented the first benchmark at which Kazakhstan's strategic choices were genuinely its own in at least some domains, while simultaneously acknowledging where the ceiling still sat, particularly as it concerned entirely Russian-sourced systems and security frameworks like the CSTO.

2015

2015 marked perhaps the most consequential and significant adjustments in Kazakhstan's growth as a nation both economically and militarily. Kazakhstan flexed a degree of autonomy in its pursuit of a multivector foreign policy through the accession to the World Trade Organization (WTO) and simultaneous trade agreements with Russia and China. This series of shifts exemplified a nation hedging its economic relationships to instill further optionality. This period would also see that Kazakhstan's most significant military advancements concurrently deepened its most critical dependencies on Russia, where additional hardware imports remained predominantly Russian-origin, even while building the coordinative platforms with other countries which would allow a burgeoning domestic industry to be seeded. A display of Kazakhstan maneuvering within the system with

greater sophistication than at any previous benchmark and yet remaining rather constrained to the system's track lines.

First, in this benchmark, Kazakhstan's economic trajectory was fundamentally altered through global trade relations particularly following Russia's turn toward regional aggression. First, in 2014, as Russian troops annexed the Crimean Peninsula, Kazakhstan watched with acute anxiety, conscious of its own 4,700-mile shared border and substantial ethnic-Russian population. While a physical incursion never materialized, the economic contagion from the Ukraine invasion was swift and severe. Western sanctions levied against Moscow caused the Russian ruble to lose 50% of its value in 2014, instantly decimating the competitiveness of Kazakh exports. Like prior global and regional economic crises of 1993, 1998 and 2008, Kazakhstan had left itself vulnerable to the economic downturns in other nations. And much like the 1998 crisis, Kazakhstan reacted defensively by devaluing the tenge by 19% in 2014 before ultimately surrendering to a completely free-floating currency in 2015, a move that triggered crushing domestic inflation. In analyzing these developments, the susceptibility of Kazakhstan's economic market to suffer negatively at the hands of Russia is again clear; a sign of the lasting points of vulnerabilities it had with regard to Moscow. More than that, it reiterated the lengths Kazakhstan would need to take to truly disentangle itself from the Russia market or at the very least find a counterbalance to Moscow's reach.

Before Kazakhstan could truly disentangle itself from the Russian state though, its geographic tether and economic vulnerability were further ingrained through the creation of the Eurasian Economic Union (EAEU). By entering this trilateral economic bloc with Russia and Belarus, Kazakhstan tied its economy directly to Moscow's tariff and industrial policies. At the first level, this accession further limited Kazakhstan's prospects of diversification as Moscow would gain influence over trade policy. More than that, the EAEU was also an agreement grounded in coercion. With nearly 80% of Kazakhstan's oil exports still reliant on Russian transit at this time and the precedent of Ukraine's invasion demonstrating Russia's willingness to punish

Western integration, joining the EAEU served as a calculated and defensive concession. Kazakhstan effectively agreed to economic subordination to appease a recently aggressive Russia on its northern border.

Despite defensive measures to appease Moscow, Kazakhstan again drove efforts to find counterbalances against Russia and maintain at least some optionality. Following the EAEU accession, Astana took advantage of changes in both its external and internal environment to dilute Russian hegemony. First, a critical counterbalance arrived in 2015 through Kazakhstan's accession to the WTO. At the first level this organization presented Kazakhstan with greater access to global markets. More than that, though, membership to the WTO presented Kazakhstan with the institutional mechanism to prevent total EAEU compliance. WTO rules stipulated Kazakhstan needed to maintain a tariff structure lower than the EAEU's common external tariff, therefore providing Kazakhstan a structural loophole to retain some economic independence. For instance, by 2020, this maneuver successfully kept Kazakhstan's average global tariff rate at 6.1%, compared to the EAEU baseline of 7.9%. In this rapidly evolving benchmark year, Kazakhstan was employing effective hedges against an increasingly coercive Russia state. Moreover, Kazakhstan was proactively preventing the development of new vulnerabilities to the Russian state and building a degree of autonomy into its country.

Concurrently with greater global market integration, in 2015 Kazakhstan became a member of China's Belt and Road Initiative (BRI), representing a historic step toward greater economic and trade ties with China and a new opportunity to move off the historical dependency on Russian transport networks. The initiative, which today has infused millions of dollars of investment into Kazakhstan, structures the nation as a land bridge to connect China to European markets. Anchored by megaprojects like the Khorgos Dry Port, BRI has enhanced Kazakhstan's role in global trade, highlighted by the fact that more than 85% of all overland cargo moving between China and Europe transits Kazakhstan. Moreover, Kazakhstan is the single largest recipient of Chinese investment through

BRI compared to any other Central Asian nation. 2015 truly set the stage for what would be a solidifying relationship between Kazakhstan and China and Astana's first real attempt at offsetting its economic and trade dependencies on Russia. More than that, 2015 marked a time when Kazakhstan was actively fostering economic counterbalances and a truly multivector economic foreign policy through accession to the WTO.

Following previous policy adjustments, between 2010 and 2015 Kazakhstan consolidated its restrained optionality without meaningfully expanding it. While the country's diplomatic posture expanded, its portfolio visibly broadened and its military became genuinely more capable, the structural paradox lies in that Kazakhstan's most significant military advancements deepened its most critical dependency in Russia.

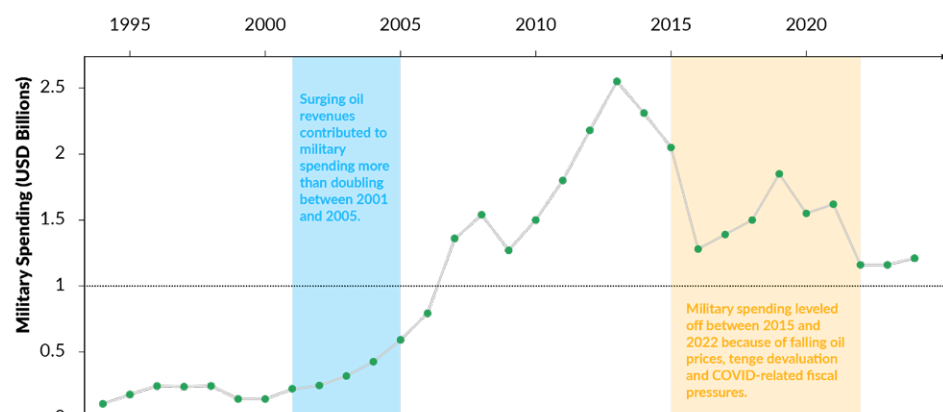
With the acquisition of 12 Su-30SM aircraft, the largest single weapons procurement in Kazakhstan's post-independence history, from Russia's Irkutsk Aviation Plant, the Kazakh Air Force was transformed from a collection of aging Soviet interceptors into a platform with genuine fourth-generation-plus multirole capability. Allowing for the ability for beyond-visual-range air-combat operations, precision ground strikes, maritime patrols and electronic warfare, transforming Kazakhstan into the dominant air power in Central Asia. However, the acquisition came at the expense of a repeatedly deepened long-term aviation commitment, becoming militarily stronger but at the cost of strategic constraints.

The seeds of a genuine multisupplier procurement portfolio planted in the previous years began to reap dividends in the subsequent years. The 40 Otokar Cobra light armored vehicles from Turkey were the first Turkish military hardware in the Kazakh inventory, though not transformative in capability terms, but

rather structurally notable as the opening of a supply chain relationship that would become Kazakhstan's most significant non-Russian military partnership post-2022. In addition, eight French Eurocopter EC725 Caracal helicopters demonstrated that procurement from NATO-member defense industries was politically and institutionally feasible within the constraints of CSTO membership and a unique feature Kazakhstan exploited as per its multivectoral arrangements. The Israeli Semser and Aybat systems continued in their licensed production, the Arlan fleet produced by Kazakhstan Paramount Engineering had grown and the T-62 retirement and BMP-1 phase-out rationalized the ground force to a smaller but more operationally credible inventory. The non-Russian share of arms imports reached approximately 9-12% for the period. Kazakhstan was diversifying where it could afford to, with deliberate relationship-openings in categories

Kazakhstan's Military Spending

For the first decade of independence, spending fluctuated between \$150 and \$300 million, never crossing 1% of GDP. The doubling of the budget between 2001 and 2005, driven by surging oil revenues, was the enabling condition for the first non-Russian procurement decisions that appeared in the inventory around 2010.



Source: Macrotrends

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where Russian political sensitivity was manageable and deepening dependency where switching costs were prohibitive and alternatives were not institutionally mature.

The diplomatic dimension of this period reached the high-water mark of the multivector model operating as Nazaybaev had designed it. Kazakhstan won a U.N. Security Council non-permanent seat, played host and

neutral mediator to the Astana Process for the Syrian civil war and chaired the Conference on Interaction and Confidence-Building Measures in Asia, representing the highest levels of multilateral diplomatic engagement in Kazakh history. However, the oil price collapse in 2015, the entangling of Kazakhstan's trade and regulatory process with Russia via the Eurasian Economic Union coming into force and tenge devaluation exposed the fiscal foundation that military modernization depended upon and resulting in a decline in defense spending, which peaked at \$2.55 billion in 2013 and 1.11% as a percentage of GDP in 2015. The net effect was that the economic vector moved backward in this period precisely as the military vector moved forward, with the EEU constraining trade autonomy, the oil collapse constraining procurement capacity and the tenge devaluation revealing that the fiscal foundation of Kazakhstan's growing strategic confidence was more fragile than growth in the preceding decade had indicated. While Kazakhstan was maneuvering within the system with greater sophistication than at any previous benchmark, it remained strictly constrained and adherent to the system's limitations and external boundaries.

Economically speaking, 2015 was witness to the truest form of Kazakhstan's multivector foreign policy articulated in the 1990s. While Kazakhstan was caught acting defensively to outside actors or even beholden to a certain extent to Russian trading infrastructure, it moved deliberately and strategically to offset those actions. This was made clear in the ties developed with China through the BRI and to global actors through the WTO, both crucial counterbalances to Russia's EAEU. Conversely, this period saw the defense budget compressed by the collapse in oil prices and currency devaluations targeting the fiscal foundations which had allowed for the growth in capability over the previous 12 years, compressing the defense budget precisely when the regional security environment was becoming most demanding.

2020

For Kazakhstan's economy, two major dependencies are clear across this 30-year window: an over-reliance on oil to drive economic growth and a legacy dependency on Russia for trade. Over the past several benchmarks, a notable feature is the emphasis that Kazakhstan placed on pursuing trade relations with outside actors to foster optionality away from Russia. However, these past benchmarks exemplified a continued reliance on the oil crutch for Kazakhstan's economy until a concerted shift around 2020 toward economic diversification. As it relates to Kazakhstan's military and strategic development, this period may be best characterized by stability at the limit of its optionality rather than movement going through it. The first leadership handover in 30 years had not brought on great diversion from the multivector framework, but indeed saw Astana coordinating and continuing to branch out amid regional eruptions and global complexities brought on by the COVID-19 pandemic.

Following the rapid spate of economic and trade agreements in the mid-2010s, Kazakhstan enjoyed sustained growth up through 2020. However, in 2020 the economy contracted for the first time since 1998 because of the collapse in oil prices. In response, the Kazakh state seized an opportunity to address one of its longest-standing vulnerabilities, an over-reliance on oil. Both Nazarbayev and later President Kassym-Jomart Tokayev sought to build out Kazakhstan's manufacturing base independent of oil and invest heavily in technology. In their policy platforms, they outlined a concerted effort to invest in value-chain economics and enhance the value of the raw goods they were already developing. This push was extremely clear in the Kazakh uranium market as well as in the push to solicit increased foreign direct investment.

Between 2018 and 2021, Kazakhstan moved beyond merely mining raw uranium to manufacturing finished nuclear fuel. Historically, uranium was a major component of Kazakhstan's global trade posture. While the commodity accounted for only 4% of Kazakhstan's trade exports, it represented nearly 40% of the global market. However, Kazakhstan usually sold uranium in its raw form to buyers like Russia and China, limiting Kazakhstan's revenue ceiling. This paradigm changed

with the establishment of the Ulba-FA manufacturing plant, a joint venture between Kazakhstan's state atomic company, Kazatomprom, and China's General Nuclear Power Corporation. The plant enabled Kazakhstan to move up the nuclear value chain and, according to the CEO of the state's sovereign wealth fund Samruk Kazyna, join "the limited circle of states that supply nuclear fuel". This upgrade was a direct response to prior failures, such as the 2008 financial crisis, when exporting raw resources left the nation vulnerable to global market fluctuations and low margins.

Prior to his resignation, Nazarbayev introduced the "100 Concrete Steps" in 2015 to modernize the state and diversify the economy. One specific component of the plan was to draw in global corporations to the manufacturing and processing sectors. A crucial byproduct was the 2018 establishment of the Astana International Financial Centre (AIFC). The AIFC was a tactical choice to create a legally sovereign, Western-facing sandbox environment that deliberately adopted English common law. This structure was designed to attract continued foreign investment without exposing outside actors to the traditional risks associated with often opaque post-Soviet jurisdictions. Like the Ulba-FA platform, the AIFC represented a deliberate attempt to expand and diversify the nation's trading and financial relationships by maturing its institutional offerings. In the first six years of AIFC, capital has flowed primarily toward non-oil growth areas like finance, infrastructure and technology. Overall, by ascending the nuclear value chain and establishing an independent, Western-facing financial sandbox in the AIFC, Kazakhstan evolved its multivector strategy toward a more diversified domestic economy that could be better insulated against future raw-commodity shocks.

Concurrently, Kazakhstan's armed forces became more capable in specific domains such as antiterrorism and peacekeeping deployments. Its diplomatic posture remained sophisticated across all vectors and the country's first leadership transition since independence in 2019 went to reshape some of the political architecture of strategic decision-making. However, none of these

developments fundamentally altered the structural geometry that had continued to constrain Kazakhstan's menu of options since 2010. This trend was not interrupted by Nazarbayev's decision to step down and transfer power to Tokayev.

On the military side, the Su-30SM fleet had grown to 23 operational aircraft across three completed contracts and cemented Kazakhstan's position as the dominant air power in Central Asia. Correspondingly, each additional Su-30SM delivery simultaneously advanced capability and deepened the Russian aviation dependency. Approximately 88% of all major weapons deliveries in the 2017-2021 period remained Russian-origin, essentially unchanged from the 2015 figure despite the diversification of suppliers. The acquisition of two Chinese Wing Loong MALE UAVs and two Spanish C-295 light transport aircraft represented continued relationship-building but hardly a meaningful deviation from continued Russian dominance of military procurement.

The 44-day war between Azerbaijan and Armenia over Nagorno-Karabakh in September-November 2020 demonstrated that Turkish Bayraktar TB2 drones and Israeli Harop loitering munitions could defeat Soviet-era tank and artillery concentrations at scale, with minimal manned aviation or ground force exposure. Kazakhstan's own force profile, which included those similar T-72 main battle tanks, BMP-2 infantry fighting vehicles, BM-21 and BM-27 multiple rocket launchers, had been demonstrably defeated while Astana watched on. This drone gap was immediately identified in Kazakh military planning circles as the most pressing capability shortfall in the force and discussions around Bayraktar TB2 procurement began within weeks of the Russian-brokered ceasefire.

The U.S.-Kazakhstan Enhanced Strategic Partnership, formalized in 2018, preceded by the Strategic Partnership Dialogue (SDP) and Strategic Energy Dialogue, elevated the bilateral relationship to its highest institutional level since independence, but never pretended to be a precursor to a major weapons transfer or security guarantee offer, a fundamental red line understood by Astana. Russia retained effective

leverage over Kazakhstan's core security decisions through the combination of CSTO obligations, hardware dependency and energy transit dominance.

Personnel numbers through this period also reflect the broader economic volatility that had characterized Kazakhstan's fiscal environment since the oil price collapse of 2014-2016. Active military personnel, including paramilitary through the late 2010s held at approximately 71,000, directly reflecting fiscal constraints. However, the dramatic drop in defense spending in this cycle by \$500 million did not necessarily reflect decreased capability, but rather a massive expansion in non-oil GDP and a deliberate transfer of expenditures into extra-budgetary security lines like the National Guard and Border Service. The correlation between commodity revenues, fiscal capacity and with military personnel is consistent and direct across every benchmark in that Kazakhstan's military size has always been a function of what its oil economy was capable of sustaining. COVID-19 contracted GDP by approximately 2.5% in 2020, the first contraction since 1998 and the oil price crash of April 2020 had stressed the fiscal position severely, further constraining the procurement capacity that the post-Karabakh strategic lesson was simultaneously demanding be expanded.

2020 marked a strategic pivot on the part of Kazakhstan to introduce economic diversification away from oil that would serve to disentangle the nation even further away from Russia. These transitions exemplified a strategic pivot and increased autonomy on the part of Kazakhstan to chart its own path forward, unimaginable even a few years prior. In addition, the conflict in Nagorno-Karabakh unintentionally seeded an overhaul in planning and procurement strategies away from the historical legacy programs of Russian origin and further towards domestic capabilities and joint production for asymmetrical weapons, as the Russian share of Kazakh weapons imports continued to diminish.

2025

In 2025, Kazakhstan further expanded its optionality, primarily because of Russia's 2022 invasion of Ukraine,

which emboldened the Kazakh state to introduce greater choice and decision-making that was entirely in its own self-interest, independent of outside influence. In addition, the dual shocks arising from the war in Ukraine and a CSTO intervention into Kazakhstan itself only spurred Kazakhstan's trajectory toward becoming a middle power that would never trigger Russian anxiety but was also able to absorb and reject overt political complications to Kazakh foreign policy.

In late February 2022, Russia's invasion of Ukraine catalyzed a structural realignment of Kazakhstan's trade and financial architecture. Prior to 2022, the vast majority of overland trade relied on the Northern Corridor across Russia. The outbreak of the war and subsequent Western sanctions exposed the severe supply chain vulnerabilities of these legacy routes. Recognizing the acute risk of secondary sanctions and logistical isolation, Kazakhstan executed a deliberate pivot to diversify its trading patterns by investing in the Middle Corridor and further solidifying closer ties to China.

First, in a bid to diversify away from Russian transit, Kazakhstan prioritized the enhancement of the Trans-Caspian International Transport Route (TITR), otherwise known as the Middle Corridor, running from China to Europe through Kazakhstan, the Caspian Sea, Azerbaijan and Georgia. The focus was primarily on expanding capacity. In 2022, the route experienced a near twofold increase in cargo volumes compared to 2021. Beyond diversification away from Russia, the Middle Corridor was a significantly more efficient route as it cut travel time to European markets by a full week compared to the Northern Corridor. While Kazakhstan drove optionality through investment in the Middle Corridor, the route is not an entirely viable replacement to trade through the Northern Corridor due to some severe logistical hurdles. The route is a complex multimodal system that requires goods to be transferred from rail to ferry and back to rail, creating multilayered bottlenecks. Furthermore, shipping through the Caspian Sea presents immense geopolitical and environmental challenges: The sea borders both Russia and Iran and since 2018, both nations have maintained a legal veto over infrastructure developments in the area. Low water levels in the Caspian also make the development

of undersea pipelines difficult. As water levels recede, pipelines become vulnerable to decay and from an engineering perspective, can become more costlier to lay in the first place as routes are prone to change in the future. Kazakhstan focused on developing the Middle Corridor as an alternative to the Northern Corridor, but the elongated timeline of development and logistical hurdles indicate that Kazakhstan will still remain reliant on trade routes traversing Russian territory. Aware of the Middle Corridor's limit, Kazakhstan strategically paired investments there with a revitalization of its internal manufacturing base.

Kazakhstan continued to try and overcome one of the largest dependencies in its economy: oil. This push to move beyond oil is particularly noticeable in Kazakhstan's intense effort to expand its value-chain economics. In 2025, Kazakhstan launched the Baiterek investment holding company to execute targeted movements into sectors like metallurgy, mechanical engineering, chemicals and pharmaceuticals. This strategic shift aimed to lessen dependency on energy markets and is reflected in FDI trends. By 2025, FDI had shifted heavily toward the manufacturing, agriculture and transportation sectors. The continuation of value-chain economics laid the groundwork for a future less dependent on extractive industries with a greater focus on moving up to more profitable enterprises. 2025 also demonstrated the staying power of China as a partner to Kazakhstan. Bilateral trade between the two nations hit \$40 billion and Chinese direct investment reached approximately \$11.4 billion. These metrics and this benchmark as a whole indicate a twofold geopolitical balance, the first toward increased relations with China and the second toward value-chain investing into non-extractive sectors. This strategy may in fact have set the stage for greater optionality as Kazakhstan moves away from the two dependencies that have plagued its economy the most.

The dual shocks in 2022, including the January domestic unrest which afflicted Kazakhstan, followed by Russia's full invasion of Ukraine in February, ultimately proved more consequential than denuclearization, the 2008 and 2014 oil price disruptions, and military reform. They simultaneously exposed the risks of structural depen-

dency on Moscow and demonstrated that Russia's capacity to enforce that dependency was materially weaker than at any of the previous benchmarks. The combination produced a strategic environment in which Kazakhstan could move quicker and further toward diversification than its previous 15 years of ceiling-constrained maneuvering had permitted and indeed provided tangible benefits for moving in that direction.

The January 2022 CSTO through one reading validated the persistence of Russian leverage over Kazakhstan, in its ability to sweep in within hours of request by Tokayev to contain a domestic security crisis it could not manage with its own upgraded and native forces after 30 years of reform. The unrest originated from fuel and commodity price spikes and widened into a revolt against the government and the financial enrichment of Nazarbayev's family. Another reading and one implicitly caught by Kazakh strategic thinkers, was that the deployment had demonstrated Kazakhstan's own internal security forces were incapable of containing a serious domestic counterinsurgency. Further, that a Russian military presence on Kazakh soil could be established rapidly and under circumstances that Moscow was in a position to define and that CSTO membership created a dependency relationship that operated in both directions. Watching Russian forces cross over the borders of Ukraine a month later drew dual conclusions about the risks of continued structural dependency on a power that had just demonstrated both its willingness to use military force across sovereign borders and its conventional military limitations.

An October military doctrine revision followed and was the formal institutional expression of this conclusion, making import dependency reduction a top priority, the employment of dedicated special operations forces to restructure internal territorial defense and the creation of specialized units designated to counter external cyber threats and digital disinformation campaigns, all mirroring the age of new asymmetrical threats. What followed in 2023 and 2024 was the most concentrated period of military procurement activity since independence, with a 36.8% increase in military procurement in 2024 versus 2023, representing the largest single-year surge Kazakhstan had

ever undertaken. The ANKA-S UAV assembly line was established under Turkish Aerospace Industries' license and was critically a technology transfer arrangement rather than a purchase, building indigenous production capacity. In addition, the ASPAN ammunition project, valued at approximately \$1 billion across four factories producing NATO-standard shells and mines. And the expansion of contracts with foreign investors into Kazakhstan's development of a defense industrial base, drawing investors from Turkey, the United Arab Emirates, China, Qatar and Singapore, with a top priority given to acquire and manufacture domestically crucial military hardware including artillery ammunition and weapons systems. Representative collectively of a shift in Kazakhstan's procurement logic, where the post-2022 program is doctrinally mandated, budgetarily resourced and explicitly oriented toward reducing structural dependency on Moscow, rather than merely adding capability.

Kazakhstan at this particular point had also reached the point of being able to absorb and reject political complications arising from its relationship with Russia. Tokayev's public rejection of the recognition of Donetsk and Luhansk as independent and then Russian-annexed territories at the St. Petersburg Economic Forum in June 2022, contradicting Putin on stage, would have been strategically inconceivable and materially unsupportable at any previous benchmark. Kazakhstan rejected the violation of another state's sovereignty, by refusing to recognize annexed territories, while also abstaining from U.N. condemnation and joining sanctions packages. Instrumentally, this combination of absorbing pressure from Moscow, on conquest annexations and Astana's procurement portfolio diversification, without folding, while also remaining conscientious of explicit red lines, reflects a state whose long-term strategic trajectory can no longer be reliably vetoed by Moscow.

For this benchmark, it is noteworthy that Kazakhstan for the first time had demonstrated the capacity to absorb significant external pressure without reversing its strategic trajectory. On economics, Kazakhstan charted a path independent of Russia while simultaneously enhancing its domestic economy. So too in an evolving strategic calculation and alterations to military doctrine

did Kazakhstan at this point reflect a state whose long-term strategic trajectory could no longer be reliably vetoed by Moscow in the domains where it had chosen to act. Further, one where it could fruitfully convert doctrinal intent into procurement reality at an industrial scale and the ability to project force independently without Russian logistical involvement, an enormous evolution, seeded by those early strategic ventures thirty years prior and now paying dividends, allowing Kazakhstan to occupy this space in the Russian periphery which many of its peer former republics either could not or had made political missteps and suffered enormous pushback from Moscow.

Conclusion

Kazakhstan has proactively attempted to reshape the dependencies to which it was beholden on independence by sharpening alliances with neighbors, strategic economic investments and diversified military operations. So too has it reacted tactically to introduce new options over the past 30 years. Looking ahead, Kazakhstan's economy sits on the precipice of true optionality as targeted investments into industries like pharmaceuticals may truly enable the country to move off its reliance on oil. While increased trade and economic relations with China have allowed the country to move further away from Russia, it should be cautioned to continue hedging the two powers off one another and refrain from trading a dependency on one superpower to another. As per Kazakhstan's continued military trajectory, it enters the next decade as a state that has demonstrably loosened many of the constraints stemming from its Soviet inheritance, without fully yet escaping them. While its procurement choices can be expected to continue growing and expanding as it grows a menu of options and contacts from which it can source hardware and asymmetrical tools, resolving its dependencies on combat aviation and heavy armor from Moscow almost exclusively remains a tall order. The political will to follow in this direction is more viable and evident than at any previous benchmark and Russia's diverted attention to the war in Ukraine remains a not-insignificant factor in this calculation. But whether Kazakhstan's procurement budget, geopolitical environment and defense industrial base will allow for the agency and pace of continued diversification to outrun the compounding costs of the remaining dependencies or whether the reality of being sandwiched between two major powers, Russia and China, will set the ceiling on Kazakh ambitions, will depend upon an expansion of its optionality via deliberate and incremental policy decisions set by Astana.

The analytical framework which we have employed and applied, by charting Kazakhstan's post-independence

trajectory and measuring the menu that made up its strategic optionality across benchmark years, through the assessment of military capability, economic performance, great power interactions and institutional development, was built for Kazakhstan's specific journey but is not limited to it. The benchmark methodology we used and the underlying logic of optionality expansion are transferable to any state navigating structural dependencies, whether to geography, resources or the powers that orbit around it.

In Central Asia, all of Kazakhstan's post-Soviet peers possess four immediate comparative cases that could be used to stress test and validate the assumptions of the framework. Uzbekistan's post-independence trajectory diverges sharply from Kazakhstan's in ways that produce a notably different optionality curve, seeing as Uzbekistan's isolationist foreign and economic policy throughout the 1990s and 2000s suppressed the chance of a multivector relationship cultivation, which had conversely driven Kazakhstan's optionality expansion. A lower level of subordination and constrained flexibility is illustrated in Tajikistan's heavy reliance on Russian troop basing to repel a fraught border security situation with Afghanistan and remittances to sustain an economy and Kyrgyzstan's use of both American and Russian military architecture but without the fiscal foundation to sustain multiple political crises. Turkmenistan's strategic insulation via radical isolation would require the framework be able to distinguish between optionality produced by the ability to produce purposeful choices among a range of options and the pseudo-independence of a system that rejects dependence by sealing itself off from the world.

Outside Central Asia, the framework we have employed here might be constructively used to navigate other states facing similar challenges arising from likewise great power dependency dynamics. This framework's

broader applicability ultimately rests upon finding that strategic optionality is the accumulated product of specific policy decisions made over time which may be summed up as “purchasing optionality,” seen across procurement choices, institutional investments, relationship management and economic diversification, which either expand or contract a state’s ability to maneuver and react to shifting environments. Kazakhstan’s 30-year trajectory demonstrates that dependency is not a fixed condition but rather a variable one. It may be reduced deliberately and incrementally by states willing to undertake policies and build institutional responses to quickly changing events, while still acknowledging their geographic realities, even when the structural constraints remain combative and severe.



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