

## Kazakhstan: Current Overview

Kassym Zhomart-Tokayev has been the president of Kazakhstan since 2019, when the former foreign minister won an election as part of an orchestrated handoff of power following the resignation of the country's longtime leader, Nursultan Nazarbayev. Kazakhstan's reputation as the most politically and socially stable country in Central Asia was damaged in January 2022 when demonstrations against fuel price hikes morphed into widespread anti-government protests, but Tokayev responded by strictly clamping down on demonstrators, as well as sacking the government. Tokayev skillfully exploited the protests to consolidate his power, removing Nazarbayev from his role as lifetime chairman of Kazakhstan's Security Council and reducing the former president's influence over decision-making. Tokayev proceeded to renew his mandate in snap presidential elections in November 2022, strengthening his grip on power by dissolving parliament in 2023 and overseeing a "refresh" of the legislature, which is controlled by the pro-presidential Amanat party (formerly Nur Otan).

Kazakhstan's economic development progressed rapidly in the post-Soviet era, bolstered by strong oil production growth, which was facilitated by foreign investment inflows. However, the country's economy is heavily reliant on oil and other extractive commodities – the hydrocarbon sector alone is estimated to account for approximately 20% of the Kazakhstan's GDP – leaving it vulnerable to fluctuations in global markets. Indeed, sharp oil price declines in 2014-15 and again in 2020 exposed this weakness, sending Kazakhstan's economy into recession. Higher oil prices, together with modest increases in oil production and exports, have contributed to renewed economic growth since 2021. Real per capita GDP growth was estimated at 5.3% in 2025 and is forecast to slow to 3.4% in 2026.

The development of three giant fields – Tengiz, Karachaganak, and Kashagan – underpins Kazakhstan's upstream oil and gas sector. In turn, construction of pipelines to facilitate exports of oil and gas condensate from these "megaprojects" has enabled the continued expansion of production from these fields, which together account for more than 65% of the country's total production. Moreover, government-led investment in new trunklines and distribution infrastructure is helping the country to monetize its substantial natural gas reserves, providing supplies for the domestic market as well as for exports. Since the 2020 oil price crash, Kazakhstan has collaborated with the OPEC+ group of countries to support higher prices and market stability. Although Kazakhstan has nominally consented to production cuts as part of this collaboration, the country has consistently over-produced relative to its quota; this discrepancy became more pronounced in 2025 as new volumes from a major expansion project at the Tengiz field came onstream, boosting Kazakhstan's oil output to record highs.

## Kazakhstan: 5-Year Outlook

President Tokayev established himself as Kazakhstan's dominant political player following the January 2022 anti-government protests, sidelining Nazarbayev and his loyalists and ending the de-facto power-sharing arrangement with his predecessor that had existed until then. Tokayev is firmly in charge, but a constitutional amendment approved in 2022 – which Tokayev has said he will abide by – limits the president to one seven-year term, which ends in 2029. The question as to who will succeed Tokayev as president raises the prospect of political uncertainty in the medium term, but in the meantime, Tokayev is at liberty to pursue

his agenda, which includes reforming the tax code, encouraging foreign investment, improving healthcare in rural areas, and reducing the state’s role in the economy.

Kazakhstan has made minor progress in reducing its budgetary dependence on the hydrocarbon sector, but the economy remains closely tied to the health of the petroleum industry. Oil prices, in particular, likely will function as a key determinant of growth, with economic growth contingent to a large degree on the ability of major oil producers (including Kazakhstan) to balance the global market and support stable prices amid significant geopolitical challenges. President Tokayev’s “New Kazakhstan” program envisions economic liberalization via improved market competition, privatization, and public-sector reform, but to achieve these goals, the government must do more to diversify the economy and reduce reliance on extractive industries. Additional structural reforms, including banking sector restructuring, are also needed, but actual implementation is likely to be uneven.

State-run oil KazMunayGas is slowly improving both its operational skills and expertise, but – considering the huge costs and technical challenges of the country’s major oil and gas projects – Kazakhstan will remain dependent on foreign upstream investors to lead the country’s megaprojects. Further development of the Tengiz, Karachaganak, and Kashagan fields will generate additional oil production and exports in the medium term, while construction of the Saryarka pipeline, which was commissioned in late 2019 to support domestic gasification efforts, will support the continued expansion of Kazakhstan’s natural gas industry. Kazakhstan’s heavy reliance on pipelines that transit Russia is a vulnerability, as evidenced by multiple disruptions in recent years; the stable and steady flow of oil exports from Kazakhstan will remain at risk unless and until the country diversifies its export routes.

## Kazakhstan: Overall Rating

	Current	5 Year Outlook
	6.02 C	6.03 C
<b>Politics</b>	5.75 C	6.25 C
<b>Economics</b>	7.15 B	7.15 B
<b>Hydrocarbon Sector Entry</b>	5.85 C	5.85 C
<b>Hydrocarbon Sector Operations</b>	6.00 C	5.85 C
<b>Hydrocarbon Sector Shocks</b>	5.60 C	5.45 C

# Kazakhstan: Politics

	Current	5 Year Outlook
	5.75 C	6.25 C
<p><b>State Capacity</b></p> <p>Since taking office in 2019, President Tokayev has sought to ensure stability while presenting his own plans for national economic and social development, like earlier strategic blueprints for the country (such as the "Kazakhstan 2050" program) that Nazarbayev had championed. Under Tokayev's "New Kazakhstan" initiative, for example, the president laid out goals for digital transformation, institutional modernization, and legal, economic, and political reforms. Tokayev also has highlighted the need to diversify Kazakhstan's hydrocarbon-dependent economy and set in motion a major privatization program to reduce the state's role in the economy. However, implementation has been and will likely continue to be sporadic, given the protectionist interests within the bureaucracy. Tokayev's practice of conducting wholesale government reorganizations, alternating between consolidation and establishment of new ministries, follows a pattern established by his predecessor, intended to overcome administrative resistance, and push forward with the president's priorities.</p>	6.00 C	7.00 B
<p><b>Political Legitimacy</b></p> <p>Kazakhstan has never held a free and fair election according to international standards. Political competition is limited to the dominant ruling party and a handful of managed "opposition" parties. Still, former president Nazarbayev's stewardship of the country through the post-Soviet economic transition earned his presidency an element of legitimacy despite the lack of political pluralism. Nazarbayev's decision in March 2019 to step down as president ushered in a new era in Kazakhstan, with Tokayev taking the reins. Tokayev's victory in a heavily orchestrated snap election in June 2019 was marred by opposition demonstrators who argued that the outcome was predetermined. Following anti-government protests that erupted in January 2022, Tokayev moved to shore up his own legitimacy, removing Nazarbayev as chairman of the Security Council and curbing the former president's privileges. In a snap presidential election in November 2022, Tokayev easily won re-election with 81.3% of the vote. Nur Otan, the pro-presidential party that has long controlled parliament, was rebranded as Amanat in 2022, in part to distance it from Nazarbayev's legacy. Amanat handily secured a majority of seats in the legislature in elections held in March 2023.</p>	6.00 C	6.00 C
<p><b>Political Violence</b></p>		

Current 5 Year Outlook

In January 2022, Kazakhstan suffered the worst unrest since it became independent, as local demonstrations over fuel price hikes morphed into violent anti-government protests. In Almaty, the country's largest city, deadly clashes between demonstrators and police prompted President Tokayev to authorize the use of force to suppress the unrest. The president sacked the government to ease tension and placate protestors, but he also established a new rapid reaction military branch to mitigate the risk of social unrest. Kazakhstan has not experienced any comparable instances of violent demonstrations since then, and presidential and parliamentary elections conducted in November 2022 and March 2023, respectively, were conducted largely peacefully. Nevertheless, political violence remains a threat, particularly in the southern and oil-rich western regions, where self-radicalized individuals and extremist underground organizations pose risks as conservative forms of Islam become more widespread. Since an unprecedented terrorist attack in Aktobe in June 2016, the government has allocated funds to counter youth radicalization through targeted community outreach programs, including religious education. Ethnically motivated communal violence occurs infrequently and is typically short-lived and quickly contained.

5.00  
C

5.00  
C

**Geopolitical Risk**

Kazakhstan enjoys friendly relations with its neighboring states, cemented through bilateral agreements and membership in regional organizations such as the Shanghai Cooperation Organization. Kazakhstan has sought to balance the competition between Russia and China for economic and political influence in Central Asia by engaging both countries, commercially and politically. The treatment of the Uyghur population has been a source of diplomatic sensitivity between Kazakhstan and China, although the economic interdependence of the two countries has prevented this from becoming a bigger concern. Likewise, the presence of a considerable Russian ethnic minority in Kazakhstan's northern provinces bordering Russia represents a potential flashpoint, although bilateral relations have strengthened following Kazakhstan's invitation for troops from the Moscow-led Collective Security Treaty Organization to help quell anti-government protests in January 2022. Kazakhstan has also pursued better relations with Azerbaijan, China, Iran, Turkey, and Turkmenistan as part of its own foreign policy objectives, targeting access to export markets in Europe and Asia for the country's rising oil and gas production.

6.00  
C

7.00  
B

**Kazakhstan: Economics**

Current 5 Year Outlook

	Current	5 Year Outlook
	7.15 B	7.15 B
<p><b>Non-Payment Risk</b></p> <p>Nominally, Kazakhstan’s import coverage (calculated using foreign currency reserves, excluding gold) still stands at just over three months. However, Kazakhstan has a much more substantial financial cushion in the form of assets held by the National Fund, which is used to absorb excess oil revenues and functions as a stabilization mechanism for the state budget. In response to the 2014-15 oil price crash, the Kazakh government drew down assets from the National Fund to prop up budgetary spending. Policymakers once again were forced to draw from the National Fund following the eruption of the COVID-19 pandemic and the sharp decline in oil prices in 2020. As of end-January 2026, the National Fund's asset value stood at \$79 billion (equivalent to nearly three years of import cover), more than \$20 billion higher than the same time in 2025.</p>	8.00 B	8.00 B
<p><b>Primary Fiscal Balance</b></p> <p>Considering the country’s heavy reliance on hydrocarbon revenues, Kazakhstan's public finances typically correspond closely to oil price movements. In response to the sharp decline in oil prices in 2014-15, the government was forced to conduct a devaluation of the tenge, and public spending remained under pressure during the subsequent low oil price environment. The recovery in oil prices from mid-2016, together with the impact of a government-supported infrastructure investment program, helped to generate a modest fiscal surplus. However, the surplus quickly eroded with the onset of the COVID-19 pandemic in 2020, which triggered spending and sent Kazakhstan’s primary fiscal balance into deficit. Prudent measures to cut spending and more conservative oil price assumptions in the state budget helped to narrow the deficit in 2021 and improve public finances overall. After maintaining a roughly balanced account in 2022-23, Kazakhstan’s primary fiscal balance slipped back into negative territory in 2024 at 2.5 % of GDP before widening further in 2025, reaching 5.1% of GDP as spending outpaced revenues. The fiscal deficit is projected to remain relatively stable in 2026 before narrowing in the medium term.</p>	4.00 D	5.00 C
<p><b>Real Per Capita GDP Growth</b></p> <p>Government spending on pensions and public sector wages, as well as construction sector activity, has an important impact on economic growth, but these considerations are outweighed by the economy’s reliance on oil and gas revenues. Kazakhstan's heavy economic dependence on natural resources leaves the country vulnerable to fluctuations in commodity</p>		

	Current	5 Year Outlook
<p>prices; as such, Kazakhstan suffered economic contractions in 2015-16 amid the sharp drop in oil prices and weak demand for other commodities and again in 2020 due to the historic oil price collapse in the context of the COVID-19 pandemic. Kazakhstan’s collaboration with OPEC+ to manage oil production and support price stability helped facilitate an economic rebound in 2021, only for growth to stall in 2022 against the backdrop of Russia’s invasion of Ukraine. Kazakhstan’s economic growth has resumed since then, accelerating to 5.3% per capita in 2025 as the country’s oil production achieved a new record high. Growth is projected to moderate but remain in the 2.5-3% range in the medium term.</p>	9.00 A	8.00 B
<p><b>Level of Development</b> Kazakhstan ranked 60th out of 193 countries in the United Nations Development Program’s 2025 Human Development Index, placing it in the “very high” human development category. However, within the country, the degree of development varies dramatically, between the political and financial capitals (Astana and Almaty, respectively) on the one hand, and the large rural center of the country on the other. Socio-economic development in the western oil-producing regions lags Kazakhstan’s largest cities, but this gap is narrowing as the country’s oil production and export revenue yield additional economic benefits for the local regions.</p>	7.00 B	7.00 B

## Kazakhstan: Hydrocarbon Sector Entry

	Current	5 Year Outlook
	5.85 C	5.85 C
<p><b>International Openness</b> Kazakhstan opened its doors to foreign energy companies after independence in 1991, attracting billions of dollars in investment that powered new production growth; foreign companies still operate each of the country’s three largest producing fields. In 2002, the government created KazMunayGas, aiming to use the state-run firm to wield more control over the domestic hydrocarbon sector. Kazakhstan subsequently passed legislation permitting the state to exercise preemptive rights in all asset sales in the oil sector – even between private parties – as well as giving KazMunayGas preferential access to all offshore deposits on offer. KazMunayGas’ limited operational and technical expertise means that foreign investment and technology remain crucial to the country’s ability</p>	6.00 C	6.00 C

	Current	5 Year Outlook
<p>to develop its oil and gas resources. Nevertheless, foreign companies are effectively required to partner with KazMunayGas in all new projects; amendments to subsurface legislation passed in late 2023 codify that a national company must hold at least a 50% share in the development of all large oil and gas projects.</p>		
<p><b>Government Take</b> Government take for Kazakhstan is based on the royalty tax terms under the 2017 Subsoil Code and 2017 Tax Code. Oil-related taxes – from myriad taxes and fees, including mineral extraction tax, rent tax on exports, excess profits tax, corporate income tax, and signature and discovery bonuses – represent approximately 50% of the state budget revenues. However, in 2026 the government introduced a new Tax Code, aiming to increase the country’s tax intake with a view to reducing the budget deficit and the state’s reliance upon oil revenues.</p>	3.00 D	3.00 D
<b>Government Take: Oil</b>	3.00 D	3.00 D
<b>Government Take: Gas</b>	3.00 D	3.00 D
<p><b>Expeditiousness of Contract</b> Changes under the 2017 Subsoil Code accelerated and streamlined the process for awarding and finalizing contracts. Subsequently, in 2019 Italy’s Eni and KazMunayGas signed an E&amp;P contract for the Abay offshore block, while Russia’s Lukoil and KazMunayGas signed a contract for the rights to the offshore Zhenis block. In 2020, the Kazakh government took another step forward in expediting the issuance of license rights when it introduced an online auctioning system for E&amp;P blocks; Kazakhstan has held multiple online auctions for hydrocarbon blocks to issue E&amp;P rights to winning bidders.</p>	8.00 B	8.00 B
<p><b>State/NOC Role</b> Kazakhstan established KazMunayGas in 2002 to represent the state’s interests in the hydrocarbon sector. The NOC accounts for only around one-third of the country’s total oil and gas production, but the company plays a critical role representing the state’s interests as an equity shareholder in joint ventures and production-sharing agreements, including Kazakhstan’s largest producing projects. The government’s determination to build KazMunayGas into a true national champion has</p>	6.00 C	6.00 C

	Current	5 Year Outlook
given the company considerable influence in Kazakhstan's energy sector, despite the NOC's limited operational capacity and financial constraints. KazMunayGas has preferential rights to domestic E&P blocks on offer and also works in close coordination with the Ministry of Energy to advance government objectives.		
<b>State/NOC Role: Oil</b>	6.00 C	6.00 C
<b>State/NOC Role: Gas</b>	6.00 C	6.00 C

## Kazakhstan: Hydrocarbon Sector Operations

	Current	5 Year Outlook
	6.00 C	5.85 C
<p><b>Sanctity of Contract</b></p> <p>Legislation passed by the Kazakh parliament in 2005 enables the state to preempt the sale of stakes in hydrocarbon projects by private companies, thereby giving Kazakh authorities a legal pretext to secure KazMunayGas's participation in these projects. In the past, the government periodically threatened to revise contracts with international oil companies (IOCs), arguing that investment terms for contracts signed in the 1990s were disadvantageous for the state at the time. However, resistance from IOCs, as well as from Western governments, prompted the government to back down; similarly, despite initially threatening to subject IOC-led projects to oil export taxes when these were introduced, Kazakh authorities have respected the tax exemptions included in earlier production-sharing agreements and concessions. Under the 2017 Subsoil Code, the government also introduced more transparency in its contract enforcement procedures, standardizing the process for any proposed alteration of contract areas. Nevertheless, in 2023, Kazakhstan launched international arbitration proceedings against two of the foreign-led project consortia, claiming underpayments according to the cost recovery mechanism of their contracts; court cases are still pending.</p>	6.00 C	5.00 C
<b>Regulatory Burden</b>		

	Current	5 Year Outlook
<p>With multiple layers of bureaucracy and numerous restrictions and regulations, the state’s administrative framework itself is a major obstacle for investors to overcome in Kazakhstan. However, prior to stepping down from the presidency, Nazarbayev sought to streamline the state’s administrative structure via a modernization program: In the energy sector, introduction of the 2017 Subsoil Code simplified and accelerated the system for awarding licenses, as well as fast-tracking the process for signing contracts. Revisions to the tax code were introduced to incentivize investors to choose a simplified alternative tax regime in lieu of the complex system of petroleum taxes applicable under the existing fiscal structure. Further streamlining of regulations is needed to make the business climate more attractive and enable Kazakhstan to compete for upstream investment.</p>	7.00 B	7.00 B
<p><b>Civil Society Risk</b></p> <p>Civil society is underdeveloped in Kazakhstan, although there is growing societal awareness of the environmental impact of oil and gas development, and pollution is a cause for concern for residents living close to heavy industry and extraction sites. Non-governmental organizations and grassroots citizens' groups serve as industry watchdogs, monitoring the activities of upstream operators and pressuring state officials to protect the environment; hence, officials in western Kazakhstan have become more active in levying fines on oil companies for alleged violations of environmental regulations. Protests against oil and gas companies are typically localized and small in scale, and because of the importance of the hydrocarbon sector to Kazakhstan's economy, the state is unlikely to tolerate any civic protests that disrupt oil and gas activities. The scope and intensity of anti-government protests that erupted across the country in early 2022 in response to a sharp fuel price hike, together with the strict measures adopted by authorities to restore public order, reflect the inherent civil society risk in Kazakhstan.</p>	6.00 C	6.00 C
<p><b>Corruption</b></p> <p>Corruption remains a problem in Kazakhstan, despite efforts by the Anti-Corruption Agency (ACA), which is accountable to President Tokayev. In 2019, Tokayev empowered the ACA by making it into a standalone law enforcement body responsible for developing and implementing anti-corruption policy. Since then, modest progress has been achieved in curbing bribery among low- and mid-ranking officials at state institutions. In the energy sector, corruption usually takes the form of bribes to secure state tenders or extraction and exploration rights in hydrocarbon deposits (although the introduction of an online electronic auction system for issuing E&amp;P rights theoretically safeguards against corruption). Bribery at the highest level of the regulatory authority overseeing mining activities is</p>	5.00 C	5.00 C

	Current	5 Year Outlook
not uncommon; in March 2017, the chairman of the Committee on Geology and Subsoil Use (which issues licenses to mining companies for geological exploration) was arrested and charged with receiving kickbacks worth more than \$100,000. Kazakhstan ranked in the third quintile (96th out of 182 countries) in the 2025 Transparency International Corruption Perceptions Index.		
<p><b>Rule of Law</b></p> <p>Kazakhstan's legal system is the most developed in the Central Asian region. However, the judicial system – although nominally independent – is under the influence of the executive branch of government in practice. Together with the prevalence of corruption, the absence of an independent judiciary contributes to weak adherence to the rule of law in Kazakhstan. Laws and regulations are applied selectively, and courts tend to favor domestic companies over foreign ones in adjudicating commercial disputes, as well as government over private businesses. Reforms are in progress, however, and in 2018, Kazakhstan established an international arbitration center – staffed by foreign judges and based on English law – that is intended to increase the transparency and predictability of the judiciary.</p>	5.00 C	6.00 C

## Kazakhstan: Hydrocarbon Sector Shocks

	Current	5 Year Outlook
	5.60 C	5.45 C
<p><b>Market Access</b></p> <p>Kazakhstan's landlocked location makes it dependent on other countries to export its oil and gas production and monetize its natural resources. In the first decade following independence, the main risk to Kazakhstan's exports was a lack of infrastructure and insufficient transport capacity to support the country's rising hydrocarbon output. Since then, however, new oil pipelines have been built, enabling Kazakhstan to increase its overall export capacity and to reach new markets. Kazakhstan now has multiple options for exporting its oil (by pipeline to Russia and to China, as well as by rail overland, and by barge via the Caspian Sea). However, Kazakhstan remains heavily reliant on Russia as a transit state for more than two-thirds of its oil exports; this vulnerability – demonstrated by myriad disruptions and flow reductions to oil shipments via the Tengiz-</p>	6.00 C	6.00 C

	Current	5 Year Outlook
Novorossiisk pipeline since 2022 – has prompted a renewed focus in Kazakhstan to diversify its export outlets. Kazakhstan has small-scale options for exporting its natural gas, with cross-border connections to Russia and to China, but satisfying Kazakhstan’s domestic demand remains the primary driver for boosting indigenous gas production and investment in new infrastructure.		
<b>Market Access: Oil</b>	6.00 C	6.00 C
<b>Market Access: Gas</b>	6.00 C	6.00 C
<p><b>Facility and Personnel Violence</b></p> <p>Following months of industrial strife, riots by oil workers in the town of Zhanaozen in December 2011 left 14 people dead and resulted in damage to the administrative building of a KazMunayGas production subsidiary. The riots marked the first notable facility and personnel violence in Kazakhstan in the post-Soviet period, but the riots have had a lasting effect on government policy, with authorities now acting rapidly to stifle unrest and quell any potential violence in the oil sector. Still, there have been a handful of minor incidents in recent years, including a fight between Kazakh nationals and foreign contract workers at the Tengiz oilfield in June 2019 that caused a temporary shutdown of construction work. However, this was quickly resolved, with no disruption to E&amp;P operations or critical energy infrastructure. Similarly, the anti-government protests that erupted in Kazakhstan in January 2022 resulted in a number of fatalities and fire damage to government administrative buildings, but operations in the hydrocarbon sector were unaffected.</p>	5.00 C	6.00 C
<p><b>Ministerial/Policy Volatility</b></p> <p>The Kazakh government’s energy policy is stable, focused on increasing the country’s oil and gas production and maximizing revenue from the development of its natural resources. To that end, Kazakhstan has invested in pipeline infrastructure to expand export outlets for the country’s oil and gas, as well as deliver energy supplies to meet growing domestic demand. Policy stability is undermined by frequent churn in the decision-making structure. Former president Nazarbayev continually changed ministers and ministerial portfolios, sometimes having policymakers at energy-related ministries swap roles with senior officials at KazMunayGas. Moreover, several wholesale government reorganizations shifted energy policymaking authority between different ministries. Personnel reshuffling has continued under President Tokayev’s</p>	6.00 C	5.00 C

	Current	5 Year Outlook
administration as well, including multiple changes in the minister of energy; Yerlan Akkenzhenov was appointed to the position in March 2025, succeeding Almassadam Satkaliyev, who had been minister of energy since April 2023.		
<p><b>Labor Unrest</b></p> <p>Historically, high salaries in the oil sector and strong authoritarian rule kept labor activism in Kazakhstan at bay. However, in 2011, months of labor strife at a production subsidiary of KazMunayGas led to strike action and production shut-ins, culminating in the deadly riots at Zhanaozen in December 2011. Worker strikes over wages and labor conditions have become more frequent since then, although Kazakh authorities have sought to mitigate the risk of unrest by providing wage increases while restricting union activity. In 2014, Kazakhstan introduced a labor law that impedes the formation and operation of independent labor unions. The law harshly criminalizes any attempt to organize unauthorized or wildcat strikes; in 2017 authorities cracked down against the organizers of a hunger strike at an oil services company by arresting the two union leaders and imposing financial penalties on 28 workers. Nevertheless, labor unrest continues to be a recurring problem: Antipathy between Kazakh nationals and foreign contract workers over wage disparities and working conditions was a contributing factor to a brawl that erupted at the Tengiz oilfield in June 2019, and labor unions were likely emboldened by the grassroots, anti-government protests that erupted in January 2022.</p>	5.00 C	4.00 D

Analyst Contact Details: Andrew Neff