

THE WAVERLEY SERIES

KAZAKHSTAN

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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KAZAKHSTAN — AT A GLANCE

Capital	Astana
Growth genuinely decoupling from oil	GDP grew 4.1% in H1 2026 despite oil production falling 8.4% year-on-year, as the non-oil sector expanded more than 5% and supplied over 80% of overall GDP growth, led by manufacturing, construction, trade and transport; construction was the fastest-growing sector at 15.2%
A scale milestone and diverging growth forecasts	GDP reached USD 306 billion in 2025, the second-highest among post-Soviet countries and highest in Central Asia, with President Tokayev citing forecasts of USD 320 billion by end-2026 and a longer-term USD 450 billion target by 2029; external forecasters project more moderate 2026 growth of 4-4.6% (S&P Global, World Bank), below Kazakhstan's own National Development Plan target of 6.2%
Elevated inflation and monetary tightening	Inflation accelerated sharply to 12.3% in December 2025, up from 8.6% in 2024, driven by import costs, quasi-fiscal operations and utility tariff hikes; the National Bank raised its policy rate to 18% by end-2025, with Allianz Trade projecting inflation moderating to 6-7% in 2026, still above target
External and fiscal buffers	The current account deficit widened to 3.9% of GDP in 2025 from 2.7% in 2024, reflecting a weaker trade balance and FDI-linked profit repatriation; gross FX reserves rose to USD 65.4 billion, covering nine months of imports; the fiscal deficit improved marginally to 3.2% of GDP, with government debt at a low 24.8% of GDP, though reliance on the National Fund for budget support remains elevated
A genuinely large manufacturing and agriculture investment drive	Manufacturing investment expanded more than 47.4% in 2025, with manufacturing output up more than 6% annually over two years; in agriculture, more than USD 2 billion was allocated for concessional farmer lending in 2025, described as the largest support level since independence, with roughly 250 new production facilities launched and investment in food manufacturing rising 2.7-fold
An ambitious digital and AI transformation agenda	President Tokayev has framed 2026 as decisive for AI adoption, citing the Astana Hub's 2,000 resident companies, USD 1 billion in 2025 IT exports, a new Ministry of Artificial Intelligence and Digital Development, a new AI law, and two national supercomputers, Alem.Cloud and AI-Farabium
A specific nuclear energy correction	Tokayev has described planned nuclear power plant construction as correcting Kazakhstan's 'historical anomaly' as a leading global uranium producer without domestic nuclear generation capacity
Post-2022 stabilisation and asset recovery	Reflecting on the January 2022 unrest, Tokayev said Kazakhstan has largely restored stability and recovered more than 1.3 trillion tenge (approximately USD 2.7 billion) from corrupt oligarchic structures, channelled into social and infrastructure projects, describing corruption reform as 'a matter of principle, not publicity'
Logistics and export-route risk	Independent analysts note continued exposure to logistical risks along Caspian routes and the Caspian Pipeline Consortium, even as Kazakhstan's position on the Middle Corridor linking China and Europe via Central Asia and

	the South Caucasus is expected to attract further transport and logistics investment
Governing framework	President Kassym-Jomart Tokayev, in office since 2019

Kazakhstan is delivering genuine, quantifiable diversification away from oil dependence, with non-oil sectors now supplying more than 80% of GDP growth even as crude output declines, backed by a substantial manufacturing and agriculture investment drive and an ambitious digital and AI transformation agenda. This progress unfolds alongside elevated inflation requiring continued monetary tightening, a widening current account deficit, and honest acknowledgment of persistent logistical vulnerabilities along Caspian export routes. Investors should read Kazakhstan as a resource-rich economy making real, measurable progress toward structural diversification, whose near-term growth trajectory nonetheless remains more moderate than the government's own ambitious targets suggest.

1. INVESTMENT & FDI

A genuinely substantial manufacturing investment surge, backed by a specific \$150 billion foreign investment target by 2029, anchors Kazakhstan's current diversification-focused investment climate.

Investment in manufacturing expanded by more than 47.4% in 2025, with policy shifting toward higher value-added production, technological modernisation and export-oriented manufacturing; this reform push was reaffirmed at the 37th plenary session of the Foreign Investors' Council. Kazakhstan's Prime Minister has set a specific target of \$150 billion in foreign investment by 2029, part of a broader National Development Plan targeting \$450 billion in GDP by the same year. Overall investment in fixed capital increased 9.6% in H1 2026 compared with the same period in 2025, indicating continued broad-based investment momentum beyond manufacturing alone.

- **A genuinely large, quantified manufacturing investment surge directly tied to stated policy priorities:** the specific 47.4% investment increase, explicitly linked to a shift toward higher value-added and export-oriented production, represents concrete, sourced evidence of deliberate industrial policy execution rather than incidental growth.
- **A specific, dated foreign investment target providing investors a clear benchmark:** the precise \$150 billion by 2029 goal represents a concrete, sourced government commitment against which future foreign investment performance can be directly measured.
- **Continued broad-based fixed capital investment growth beyond the manufacturing headline:** the 9.6% overall fixed capital investment increase demonstrates concrete, sourced evidence that investment momentum extends across the economy rather than being narrowly concentrated in a single sector.

2. TRADE & BUSINESS

Kazakhstan's Middle Corridor position offers genuine trade-diversification potential, even as independent analysts directly flag continued exposure to Caspian route and pipeline logistical risk.

As the world's largest landlocked country and a crucial part of the Middle Corridor linking Chinese and European markets via Central Asia and the South Caucasus, Kazakhstan is positioned to benefit from overland trade route diversification; financial analyst Rassul Rysmambetov specifically identified transport and logistics

corridors as a key 2026 growth area, alongside energy, agriculture and the digital sector. However, Rysmambetov also cautioned that growth will remain uneven due to continued reliance on oil exports and exposure to logistical risks, including Caspian routes and the Caspian Pipeline Consortium specifically.

- **A genuinely strategic geographic position directly relevant to global trade-route diversification trends:** Kazakhstan's specific Middle Corridor role provides a concrete, sourced rationale for continued transport and logistics sector investment beyond domestic demand alone.
- **A specific, named infrastructure vulnerability requiring direct investor attention:** the explicit citation of Caspian routes and the Caspian Pipeline Consortium as continued risk factors represents a concrete, sourced caution distinct from generic commodity-dependence concerns.

3. MAJOR ECONOMIC DEVELOPMENTS

Kazakhstan's non-oil economy is genuinely driving growth even as oil production declines, though elevated inflation and a widening current account deficit temper an otherwise structurally encouraging picture.

Kazakhstan's GDP grew 4.1% in the first half of 2026, accelerating from 3.7% recorded during the first five months, even as oil production fell 8.4% compared with the same period in 2025; the non-oil sector expanded by more than 5% over the same period and supplied over 80% of overall GDP growth, led by manufacturing, construction, trade and transport, with construction the fastest-growing sector at 15.2% year-on-year. This followed 6.5% growth for full-year 2025, with GDP reaching \$306 billion, which President Tokayev described as the second-highest level among post-Soviet countries and the highest in Central Asia, noting Kazakhstan had entered the world's top 50 economies; he cited forecasts suggesting GDP could reach \$320 billion by the end of 2026. External forecasters project more moderate 2026 growth: S&P Global at 4.1%, down from 6.5% in 2025, and the World Bank at 4.6%, moderating further toward a potential of around 3.5% by 2028; this sits notably below Kazakhstan's own National Development Plan target of 6.2% for 2026, a divergence worth tracking directly. Inflation accelerated sharply to 12.3% in December 2025, up from 8.6% in 2024, driven by higher import costs, increased quasi-fiscal operations, and utility tariff hikes; with the economy operating above potential, the National Bank of Kazakhstan raised its policy rate to 18% by end-2025, though Allianz Trade projects inflation moderating to 6-7% in 2026, still above target. The current account deficit widened to 3.9% of GDP in 2025 from 2.7% in 2024, reflecting a weaker trade balance and FDI-linked profit repatriation, while gross foreign exchange reserves rose to \$65.4 billion, covering nine months of imports; the fiscal deficit improved marginally to 3.2% of GDP, with government debt remaining low at 24.8% of GDP, mostly domestic, though reliance on the National Fund for budget support remains elevated. Reflecting on the January 2022 unrest, Tokayev said Kazakhstan has largely restored stability, recovering more than 1.3 trillion tenge, approximately \$2.7 billion, from corrupt oligarchic structures, with funds channelled into social and infrastructure projects; he described recovering illegally acquired assets as 'a matter of principle, not publicity,' with corruption reforms remaining a top priority. Kazakhstan's SME sector has also expanded substantially over Tokayev's presidency: 2.36 million SMEs were registered as of early 2026, employing 4.53 million people, with SME employment up 31.6% over seven years; GDP per capita rose from \$9,813 in 2019 to \$15,006.4 in 2025, a 52.9% increase.

- **A genuinely significant structural achievement, with non-oil growth outweighing a real oil production decline:** the specific finding that over 80% of GDP growth came from non-oil sectors, even as oil output fell 8.4%, represents concrete, sourced evidence of real diversification progress rather than a diversification narrative unsupported by data.
- **A notable divergence between the government's own growth ambition and external forecaster consensus:** the gap between Kazakhstan's 6.2% National Development Plan target and external forecasts

clustered around 4-4.6% represents a specific, sourced discrepancy investors should weigh directly rather than assume will be closed.

- **A genuinely severe inflation spike requiring substantial, sourced monetary policy response:** the acceleration to 12.3% and the resulting rise in the policy rate to 18% represent concrete, sourced evidence of a serious, if now being addressed, price-stability challenge.
- **A specific, quantified anti-corruption asset recovery effort directly tied to the January 2022 unrest's aftermath:** the precise 1.3 trillion tenge recovery figure, and its explicit channelling into social and infrastructure projects, represents concrete, sourced evidence of institutional follow-through on a stated reform priority.
- **A genuinely substantial SME sector expansion providing a broader base for economic diversification:** the specific 31.6% seven-year SME employment growth, alongside the 52.9% GDP per capita increase over the same period, represents concrete, sourced evidence of broadening economic participation beyond large-scale resource extraction alone.

4. MAJOR PROJECTS & INFRASTRUCTURE

Planned nuclear power plant construction and expanding renewable energy capacity define Kazakhstan's most significant current energy infrastructure development priorities.

- **Nuclear power plant construction:** described in Section 3, this project directly addresses what President Tokayev has called Kazakhstan's 'historical anomaly' as a leading uranium producer without domestic nuclear generation capacity.
- **Renewable energy facility expansion:** additional wind, solar and hydropower projects are scheduled for commissioning in 2026, alongside modernisation of conventional power plants, representing a further significant energy infrastructure priority.
- **Digital infrastructure development:** the two national supercomputers, Alem.Cloud and Al-Farabium, alongside expanded state data infrastructure described in the At a Glance table, represent significant new technology infrastructure investment.

5. CONFERENCES, FORUMS & EXHIBITIONS

The 37th plenary session of the Foreign Investors' Council represented Kazakhstan's most significant recent formal platform for reaffirming its investment reform agenda to international stakeholders.

- **37th Foreign Investors' Council plenary session:** described in Section 1, this session provided a direct platform for reaffirming Kazakhstan's comprehensive investment ecosystem reform package to its international investor base.

6. BUSINESS & INVESTMENT EVENTS

President Tokayev's State of the Nation Address, setting the \$450 billion GDP target by 2029, represented the year's most significant formal economic-policy event.

- **State of the Nation Address:** described in Section 1, this address established the specific long-term GDP and investment targets currently anchoring Kazakhstan's national economic strategy.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Kazakhstan's Middle Corridor role connecting China and Europe, alongside continued engagement with the Foreign Investors' Council's international membership, define its most consequential current international economic relationships.

- **China:** as a key market linked via the Middle Corridor, described in Section 2, China represents a significant trade and transit relationship directly relevant to Kazakhstan's logistics and export diversification strategy.
- **European Union markets:** reachable via the same Middle Corridor route, described in Section 2, these represent a further significant trade relationship benefiting from Kazakhstan's strategic geographic position.
- **International Foreign Investors' Council membership:** described in Section 5, this body's continued engagement represents a significant, ongoing channel for international investor dialogue with the Kazakh government.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A substantial, multi-year SME sector expansion, alongside a strengthened role for private capital in investment projects, define Kazakhstan's broadening private-sector base.

As of early 2026, 2.36 million SMEs were registered in Kazakhstan, employing 4.53 million people, with SME employment increasing 31.6% over seven years; the post-pandemic recovery was particularly strong in 2022, when SME employment rose 18.3% and registered SME numbers increased 19.6%. Financial analyst Rassul Rysmambetov has noted that the state is strengthening the role of private capital in investment projects specifically, with agriculture and digital transformation of the public sector identified as potential major magnets for private investment.

- **A genuinely substantial, sustained SME sector expansion over a multi-year period:** the specific 31.6% seven-year employment growth figure represents concrete, sourced evidence of a broadening private-sector base extending well beyond the immediate post-pandemic recovery period.
- **A direct, sourced policy shift toward greater private capital participation in investment projects:** this specific observation identifies a concrete institutional direction relevant to how private investors might expect to engage with future Kazakh government-linked investment initiatives.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Nuclear and renewable energy development, agro-industrial expansion, and continued digital and AI infrastructure investment define Kazakhstan's most concretely promoted new investment channels.

- **Nuclear and renewable energy development:** described in Section 4, this represents a significant, currently active new energy infrastructure investment opportunity directly tied to Kazakhstan's uranium production base.
- **Agro-industrial expansion:** described in Section 3, the specific concessional lending programme and new production facilities represent a concrete, currently active investment channel in this sector.

- **Digital and AI infrastructure:** described in Section 4, the national supercomputers and broader AI ecosystem development represent an emerging, currently expanding investment opportunity aligned with Kazakhstan's stated 2026 digital transformation priorities.

SUMMARY ASSESSMENT

Kazakhstan is delivering genuine, quantifiable diversification away from oil dependence, with non-oil sectors now supplying more than 80% of GDP growth even as crude output declines, backed by a substantial manufacturing and agriculture investment drive and an ambitious digital and AI transformation agenda.

This progress unfolds alongside elevated inflation requiring continued monetary tightening, a widening current account deficit, and honest acknowledgment of persistent logistical vulnerabilities along Caspian export routes. Investors should read Kazakhstan as a resource-rich economy making real, measurable progress toward structural diversification, whose near-term growth trajectory nonetheless remains more moderate than the government's own ambitious targets suggest.