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Ескерту: бет нөмірлері жинақтың соңындағы «МАЗМҰНЫ» бөліміндегі жарияланған беттерге сәйкес берілді.

**«INTERNATIONAL ECONOMIC RELATIONS OF KAZAKHSTAN AND AZERBAIJAN  
IN THE CONTEXT OF GLOBALIZATION AND THE DIGITAL ECONOMY»**

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In the context of modern globalization, the interdependence of national economies is increasing, which necessitates the development of sustainable international economic relations. Regional partnerships based on geoeconomic proximity and shared strategic interests are gaining particular importance. In this regard, cooperation between Kazakhstan and Azerbaijan serves as an important factor in the development of the Eurasian space, especially in the context of economic digitalization and the formation of new transport and logistics chains.

Globalization implies the integration of markets for goods, capital, and labor, the strengthening of the role of international institutions, and the formation of global value chains. Kazakhstan and Azerbaijan are characterized by a model of regional economic integration based on transit potential, energy resources, and cultural and historical proximity. Both countries adhere to the principles of mutually beneficial cooperation, openness, and a multi-vector foreign economic policy.

Close relations between Kazakhstan and Azerbaijan began with the attainment of independence, when both countries recognized each other's sovereignty and established diplomatic relations.

In recent years, trade turnover between the two countries has increased, while the geography and capacity of joint transport and logistics projects have been expanding. In 2025, trade turnover between Astana and Baku amounted to approximately \$343 million, including:

- exports from Kazakhstan exceeding \$290 million;
- an increase in imports from Azerbaijan of more than 58%.

Transport activity has also intensified: in 2025, cargo transportation between Kazakhstan and Azerbaijan grew more than 5.5 times compared to the same period of the previous year.

Azerbaijan is a key political and economic partner for Kazakhstan in the Caucasus region. Since gaining independence, both countries have maintained strong friendly relations and, most importantly, have strengthened bilateral ties to the level of a strategic partnership. There is strong optimism regarding the continued progressive development of these relations. Today, thanks to the efforts of the President of the Republic of Kazakhstan, Kassym-Jomart Tokayev, and the President of the Republic of Azerbaijan, Ilham Aliyev, relations between the two states have deepened further, reaching the level of strategic cooperation, partnership, and fraternal friendship.

Within the framework of Azerbaijani-Kazakh business forums, a number of memoranda have been signed to enhance the dynamics of bilateral cooperation. These include:

- the Comprehensive Program for the Development of Cooperation between Azerbaijan and Kazakhstan for 2022–2026, which serves as a roadmap for bilateral interaction;

- the Declaration on Strengthening Strategic Relations and Deepening Allied Cooperation between the Republic of Azerbaijan and the Republic of Kazakhstan;
- as well as several other important agreements.

Numerous memoranda aimed at developing industry, digitalization, logistics, and trade have also been concluded. Of particular importance is the establishment of joint investment mechanisms and funds to finance collaborative projects.

Regarding bilateral trade and economic relations, the main areas of trade are as follows: Kazakhstan → Azerbaijan: grain, flour, petroleum products, and metals;

Azerbaijan → Kazakhstan: chemical products, food products, and petrochemicals.

It is important to note that in 2025 Kazakhstan became one of the key suppliers of wheat to the Azerbaijani market.

Table 1 – Comparative Analysis for 2024–2025

Indicator	2024	2025
Trade Turnover	~533–534 mln USD	~470,7 mln USD
Exports from Kazakhstan	~485 mln USD	~402 mln USD
Imports from Azerbaijan	~49 mln USD	~68 mln USD

The main trends observed are as follows:

- a decrease in overall trade turnover in 2025;
- a decline in Kazakhstan’s exports;
- an increase in imports from Azerbaijan (trade diversification);
- a gradual balancing of the trade balance.

In 2024–2025, trade and economic relations between Kazakhstan and Azerbaijan are characterized by the preservation of stable volumes of mutual trade, accompanied by some structural adjustments. Despite the decline in overall trade turnover in 2025, an important qualitative trend can be observed — the growth of imports from Azerbaijan and the gradual diversification of trade flows. This indicates a transition from a predominantly resource-based model toward a more balanced economic interaction.

Favorable cooperation is also developing in the transport sector, with one of the key areas being the expansion of transit routes, including:

- the Trans-Caspian International Transport Route (Middle Corridor);
- integration into the “New Silk Road” system.

Azerbaijan plays a key role as a transport and logistics hub in the region. This cooperation allows:

- firstly, the diversification of Kazakhstan’s export routes;
- secondly, a reduction in dependence on traditional transport directions;
- thirdly, an increase in the region’s transit potential.

The Kazakhstan–Azerbaijan Intergovernmental Commission on Trade and Economic Cooperation (IGC) also plays an important role in strengthening bilateral economic relations between the two countries. During the meetings of the Commission, which are held alternately in Astana and Baku, the parties discuss a wide range of issues, including trade and economic cooperation, the fuel and energy sector, transport, agriculture, space activities, and information and communication technologies, as well as many other areas.

An important aspect of bilateral cooperation is the joint operation and collaboration between the seaports of Kuryk and Alat.

Table 2 – Comparative Analysis for 2024–2025

Indicator	Kuryk (Kazakhstan)	Alat (Azerbaijan)
2024	~1.96 mln tons	~7.6 mln tons

2025	~2.45 mln tons (planned)	~8.2 mln tons
Dynamics	growth ~20–25%	growth ~8%
Specialization	ferries, rail, grain	transit, containers
Role	export and transit hub of Kazakhstan	international hub

The main conclusions that can be drawn are as follows:

1. Port synergy – the ports of Kuryk and Alat operate as a unified logistics system within the Trans-Caspian route.
2. Growth of the transit function – the main driver is China–Europe transportation bypassing traditional routes.
3. Digitalization and modernization – implementation of logistics platforms, increasing containerization, and automation of port operations.
4. Strategic significance: Kazakhstan → export and transit functions; Azerbaijan → distribution hub.

In 2024–2026, the ports of Kuryk and Alat demonstrate steady growth and are transforming into key elements of the Trans-Caspian International Transport Route. Their development reflects a transition from traditional transport infrastructure to an integrated digital logistics system that ensures the acceleration of trade flows between Asia and Europe.

In the context of globalization, geopolitical instability, and climate change, issues of food security are becoming strategically important. For Azerbaijan, which has limited agricultural resources in certain areas, food imports play a crucial role. In this regard, Kazakhstan acts as a key partner, ensuring stable supplies of grain and other agricultural products.

Kazakhstan, due to its favorable geographical location and well-developed transport infrastructure, serves as an important source of grain supplies to Azerbaijan, which depends on wheat imports and is actively pursuing diversification of its supply sources. A key role is played by the development of the Trans-Caspian route, including grain transportation across the Caspian Sea, the use of the ports of Kuryk and Alat, and reduced delivery times. This helps to minimize supply disruption risks, increase the reliability of food supply chains, and ensure logistical flexibility.

In recent years, Kazakhstan’s role in ensuring Azerbaijan’s food security has significantly strengthened. This is linked to the growth of grain production in Kazakhstan, the increase in exports, and the strengthening of logistical ties along the Trans-Caspian route.

Thus, 2025 became a turning point:

- grain exports from Kazakhstan to Azerbaijan increased by 86% (January–May);
- shipment volume amounted to approximately 450 thousand tons, worth about \$95 million;
- the share of Kazakh wheat in Azerbaijan’s imports reached approximately 88%.

This indicates that Kazakhstan is the main supplier of grain to Azerbaijan, and a critical dependence on Kazakh grain has effectively formed. Moreover, Kazakhstan’s total grain exports increased by 33% (up to 11 million tons), while a strong harvest ensured supply stability.

In 2026, this trend is expected to continue, supported by increased production, expanded export potential, and the development of transport and logistics infrastructure. Thus, cooperation is becoming strategic in nature, transforming from simple trade interaction into an element of regional food security.

In addition to this, Baku and Astana are also engaged in transit transportation projects via Azerbaijan, including Kazakh hydrocarbons. The key transit route is: Caspian Sea (Aktau port) → Azerbaijan (Sangachal terminal) → Baku–Tbilisi–Ceyhan pipeline → access to global markets (Turkey, Europe). This demonstrates:

- firstly, the diversification of Kazakhstan’s export routes;
- secondly, the reduction of dependence on Russian pipeline systems;
- thirdly, integration into the Middle Corridor.

2024 was characterized by the formation of a stable transit system, namely the intensification of Caspian shipments, the beginning of large-scale reorientation of export flows, and the

consolidation of cooperation between KazMunayGas and SOCAR, with oil transit volumes of approximately 1.4–1.5 million tons.

2025 represents a year of growth and institutionalization of the route, including the start of Kashagan field oil deliveries via BTC and the formalization of long-term agreements. This indicates the increasing importance of Azerbaijan as a transit hub, as well as a gradual increase in volumes. Transit through Azerbaijan (via Aktau) amounted to approximately 1.5–2 million tons.

The current year is characterized by increased Caspian shipments, expansion of routes (including toward Europe), and growing EU interest in Kazakh oil. As a result, transit is expected to increase to 5–7 million tons per year in the future. The total accumulated transit volume is approximately 4 million tons, including: Tengiz ~3.8 million tons and Kashagan ~0.2 million tons.

Table 3 – Comparative Dynamics for 2024–2026

Year	Transit Volume
2024	~1.4–1.5 million tons
2025	~1.5–2 million tons (contractual potential)
2026	~4 million tons (accumulated volume / growth)

As can be observed, there is a steady growth and acceleration of transit flows. The main factors contributing to transit growth include:

1. Geopolitical changes – reduction of dependence on Russian routes and reorientation toward alternative corridors;
2. Growth of production in Kazakhstan – expansion of the Tengiz oil field and an increase in total oil exports;
3. Infrastructure development – modernization of the Aktau and Baku ports and expansion of BTC pipeline capacity;
4. International demand – growing European interest in alternative suppliers.

For the Republic of Kazakhstan, this is reflected in the diversification of export routes, enhancement of energy security, and improved access to European markets. For Azerbaijan, it signifies strengthening its status as an energy hub, increasing transit revenues, and reinforcing its geoeconomic role.

Thus, Azerbaijan is becoming a key link in Kazakhstan’s oil export system, while the Caspian route and the BTC pipeline are turning into an essential component of energy security and Eurasian logistics.

Another significant area of cooperation between the two states is the growth of mutual investments and the expansion of the presence of Kazakh companies in Azerbaijan. In this regard, an important role is played by the reconstruction and economic integration of the liberated territories of Azerbaijan. Kazakh companies have already expressed interest and readiness to establish businesses in these areas, where a number of incentives for foreign capital are in place.

Approximately 250 companies with Kazakh capital currently operate in Azerbaijan. Given the favorable business environment created in the country, this number is expected to increase significantly in the near future. This is further supported by memoranda signed in 2022 during the Azerbaijani–Kazakh business forum, particularly in the areas of metal products, sunflower oil, salt, rice, and paint materials supplies. In addition, the growth of Kazakh-invested enterprises in Azerbaijan is facilitated by industrial parks and the Alat Free Economic Zone (FEZ).

Kazakhstan and Azerbaijan are among the countries with mutual investments totaling approximately \$3.2 billion in the Eurasian region (cumulative indicators). Investment cooperation is evolving into the level of strategic projects and interstate agreements, demonstrating: the strengthening of the role of state institutions, the development of investment platforms, and the growth of large-scale infrastructure projects.

The main areas of business cooperation include:

1. Energy, namely participation in oil and gas projects, hydrocarbon transit, and joint energy initiatives;
2. Transport and logistics – development of the Middle Corridor, investments in ports and infrastructure, and logistics companies;
3. Financial sector, including cooperation between banks, investment funds, and participation in international financial centers;
4. Agriculture and food industry (AIC) – grain exports, investments in processing, and food supply chains.

Despite the positive dynamics, there are a number of challenges and limitations, namely:

- relatively small volume of investments;
- high concentration in individual sectors;
- dependence on the raw-material-based economy;
- insufficient diversification of projects.

Overall, investment cooperation between Kazakhstan and Azerbaijan over the past 2–3 years has demonstrated steady but moderate growth, accompanied by qualitative changes:

- an increase in the number of companies (up to 250 with Kazakh participation);
- growth in mutual investments;
- a shift toward strategic and infrastructure-oriented projects.

Alongside the close political and economic dialogue between the two countries, cooperation in the cultural, humanitarian, scientific, and educational spheres is developing dynamically. Since the establishment of diplomatic relations, cultural ties have been steadily expanding. It is evident that cultural exchanges and interaction play a vital role in fostering mutual understanding between the two peoples. From a cultural perspective, this undoubtedly contributes to the comprehensive development of Kazakhstan–Azerbaijan relations.

Periodically, the Days of Culture of Azerbaijan in Kazakhstan and the Days of Culture of Kazakhstan in Azerbaijan are held, during which achievements in the field of culture are showcased. These events include art exhibitions, musical concerts, film screenings, round tables, international conferences, presentations, exhibitions, creative meetings, and other cultural activities. In order to strengthen cultural ties, the Society of Friendship “Azerbaijan–Kazakhstan” was established in Baku in 1993. Since then, the independent fraternal republics have reached a new level of bilateral cooperation.

In addition, cooperation is being revived and expanded in the fields of pop music, circus arts, theatre and fine arts, cinema, library and museum affairs, protection of historical and cultural heritage, amateur arts, traditional crafts, and other cultural domains.

At the same time, cooperation between leading universities of Kazakhstan and Azerbaijan is actively developing. Academic mobility of students and faculty members is regularly implemented for studies and scientific internships in educational institutions of both countries. Athletes and creative groups actively participate in various events organized in Kazakhstan and Azerbaijan.

Within the framework of the Permanent Council of Ministers of Culture of Turkic-speaking States, Kazakhstan and Azerbaijan maintain close cooperation in the field of culture and arts. They implement joint projects aimed at promoting and studying the cultural values of the member states of TURKSOY.

#### *The Role of Digitalization in the Development of Kazakhstan–Azerbaijan Relations*

In the 21st century, digitalization has become a key factor in the transformation of international economic relations. The development of digital technologies, e-commerce, platform-based solutions, and logistics systems is changing the forms and mechanisms of interaction between states. In this context, cooperation between Kazakhstan and Azerbaijan is acquiring a new quality, shifting from traditional trade toward a technologically integrated partnership.

Within international economic relations, digitalization serves as a new driver of cooperation, manifested through:

- digital transformation of trade;
- development of fintech and banking cooperation;

- implementation of artificial intelligence;
- digitalization of logistics.

As a result, a digital economy is emerging, where speed and transparency become key factors of competitiveness. Close links have been established between the financial institutions of the two countries, including cooperation between central banks and the Astana International Financial Centre (AIFC). A shift toward technological partnership is also observed, where digital solutions enhance economic integration.

Digitalization of trade and economic cooperation affects several areas, such as:

E-commerce – transition to online contracts, development of B2B platforms, and reduction of transaction costs.

Digital customs procedures – introduction of electronic declaration systems, automation of cargo control, and faster border clearance.

Trade transparency – real-time shipment tracking and reduction of corruption risks.

This is particularly important for Kazakhstan and Azerbaijan given the growth of mutual trade and transit flows.

A key direction of digitalization in transport and logistics systems is the development of the Trans-Caspian International Transport Route (Middle Corridor), where digital solutions include electronic transport documents (e-CMR), digital freight management platforms, automated port systems, and satellite monitoring. These tools aim to reduce delivery time, increase transit reliability, and integrate the transport systems of both countries. Thus, the ports of Kuryk and Alat are becoming part of a unified digital logistics ecosystem.

In the hydrocarbons sector, digitalization is manifested through systems for monitoring oil production and transportation, digital pipeline management platforms, and data-driven demand forecasting. This is particularly important for the transit of Kazakh oil via Azerbaijan, as it improves logistics efficiency, reduces operational risks, and enhances supply chain control.

Digitalization in the agro-industrial complex involves cooperation in digital crop yield monitoring, automation of grain supply logistics, and the use of AgTech solutions. All these factors contribute to strengthening Kazakhstan's role as a food supplier to Azerbaijan, thereby increasing supply predictability, reducing losses, and improving product quality.

Despite the progress achieved, there are still several challenges, namely: differences in the level of digital development; insufficient integration of digital platforms; cybersecurity risks; and the need for standard harmonization.

In the context of globalization and digitalization, the following development prospects can be identified:

1. Deepening economic integration – development of joint production facilities and creation of regional value chains;
2. Development of the digital economy – e-commerce, digital platforms, and smart logistics;
3. Expansion of transport corridors – strengthening the role of the Middle Corridor and increasing transit flows;
4. Energy cooperation – diversification of oil export routes and development of green energy.

In the context of digitalization, international economic relations between Kazakhstan and Azerbaijan are moving to a new level of development. Digital technologies are becoming a key factor in improving the efficiency of trade, investment, and logistics. In other words, cooperation is transforming from a traditional model into a digitally integrated one, where data, technology, and speed of interaction play a central role. As a result, a unified digital economic space in the Caspian region is being formed, which has the potential to become an important element of Eurasian integration.

In conclusion, it should be noted that Kazakhstan and Azerbaijan demonstrate a shared vision and similarity in positions. This applies to the most important global and regional issues. A wide range of bilateral matters is addressed through the functioning Intergovernmental Commission, regular inter-ministerial consultations, as well as the active work of the interparliamentary friendship group and various interagency commissions.

Today, global geopolitics is undergoing significant changes, and the world economy is once again facing a period of crisis. However, both states possess sufficient potential to overcome these challenges through joint efforts. The current task is to effectively utilize this potential, and regular exchange of experience between the two countries is both relevant and necessary.

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