



Where vested interests lie

An analysis of Kazakhstan's coal, oil and gas industries



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Summary

This study examines the practical steps Kazakhstan is taking to reduce the production of fossil fuels – specifically oil, gas and coal – in light of its commitment to achieving carbon neutrality by 2060. It analyses which countries have direct or indirect interests in the continued production of fossil fuels, and identifies the regions of Kazakhstan likely to experience social impacts resulting from the phase-out of production. The analysis covers 69 subsoil user companies, including 15 coal-mining companies and 54 oil and gas companies, representing a total of 104 mining projects.

Kazakhstan has one of the world's largest coal reserves, estimated at 170.2 billion tonnes, which, at current mining capacity, could last for 300 years. The coal industry is one of the most vital resource industries in Kazakhstan, providing approximately 70 per cent of electricity generation, fully utilising coke production, meeting municipal and residential needs, and supporting numerous single-industry towns.

While the coal sector shows relatively stable production, ranging between 110 and 115 million tonnes per year, there have been changes in export destinations in recent years because of the war in Ukraine and the EU's Carbon Border Adjustment Mechanism, which will enter into force in 2026. This means Kazakhstan will be forced to diversify products and export destinations.

Kazakhstan currently has at least 10 long-term coal extraction contracts and 3 licenses, valid until the 2040s and 2050s – only a decade before the country's 2060 carbon neutrality target. Kazakhstan and Russia are the primary participants. A reduction in domestic consumption and altered export patterns had been anticipated given the country's decarbonisation commitments. However, in the short-term, given the recently announced construction of three coal-fired thermal power plants,¹ domestic consumption and production are expected to continue until at least 2045.

To remain competitive, Kazakhstan has set its sights on the development of the coal chemistry subsector and the production of value-added goods, exemplified by projects such as Qarmet's coal tar-processing investment and potential joint initiatives with China Energy.² This shift could establish China as a third main player in Kazakhstan's coal industry, alongside Russia and Kazakhstan itself.

The presence of huge coal reserves and the dependence of the country's energy sector on coal are unlikely to contribute to a rapid phase-out. Kazakhstan is considering the possibility of introducing purification technologies, but this may lead to an increase in the cost of raw materials, creating social tension. Therefore, it is likely that the process of reducing the use of coal will be slow.

The global energy transformation driven by decarbonisation policies is also having a profound impact on the oil and gas sector. Kazakhstan has significant hydrocarbon resources, making the country one of the largest oil producers in the world. As of 1 January 2023, the state balance sheet

¹ Ministry of Energy of the Republic of Kazakhstan, [Казахстан и Россия подписали межправительственное соглашение о строительстве угольных ТЭЦ](#), Ministry of Energy of the Republic of Kazakhstan, 17 April 2024.

² Official Information Source of the Prime minister of the Republic of Kazakhstan, [Prime Minister reports to President on key projects in promising sectors of economy](#), Official Information Source of the Prime minister of the Republic of Kazakhstan, 28 January 2025.

lists 307 oil fields with recoverable reserves of 4.4 billion tonnes, ranking the country twelfth globally in terms of oil reserves. The lion's share of the country's export revenue comes from oil exports. Oil companies are traditionally among the top 10 largest taxpayers in Kazakhstan and contribute significantly to the social infrastructure of their production regions.

Currently, 54 subsoil users are implementing 88 contracts beyond 2030, of which at least 36 contracts last for a period of 25 years or more (to 2050 and after). Two major contracts – for the Kalamkas-Sea, Khazar, and Auezov fields and the Karaton Podsolevoy subsoil site – were signed in 2023 and extend until 2066 and 2068, respectively, exceeding the 2060 decarbonisation target set in Kazakhstan's carbon neutrality strategy. Notably, a number of major contracts were signed back in the 1990s for the development of oil and gas fields in Tengiz, Kashagan and Karachaganak. These long-term agreements involve the participation of companies from the United States, Russia, Italy, the UK, France, China, and Japan.

While these megaprojects are set to be completed in the 2030s, the possibility of extensions is already under discussion. Additionally, the contracts, signed as production-sharing agreements, have not been publicly disclosed, despite consistent calls from civil society organisations, parliamentarians and activists for greater transparency. However, if these contracts are extended, their complete terms should be disclosed including for assessment of their approaches to decarbonisation perspectives.

Despite global decarbonisation efforts, Kazakhstan is projected to remain a major player in the oil and gas market over the next decade, with domestic oil production expected to increase to between 95 and 100 million tonnes by 2030 and refinery to expand. However, if the country is to honour its decarbonisation commitments, it will have to explore new markets and develop more environmentally friendly production and refining technologies.

The coal and oil and gas industries must overcome a number of challenges impeding their transition to green energy. These include logistical issues, geopolitical challenges and the ongoing price volatility in the global market. Current state documents (strategy of carbon neutrality, concept of green economy transition and etc. described below) detailing the pathway to achieving carbon neutrality are overly general and lack specific and clear goals and indicators, including for extractive industries.

Therefore, from a practical perspective, it remains unclear how the active exploration of deposits and the signing of new contracts align with the country's decarbonisation ambitions. To remedy this situation, Kazakhstan should develop sectoral decarbonisation strategies that address related processes, such as the just transition and regional territorial development programmes.

On 29 November 2024, the Kazakh government approved an action plan for implementing the country's transition to a green economy covering the period from 2024 to 2030.³ The plan envisages

³ Government of the Republic of Kazakhstan, [Об утверждении Плана мероприятий по реализации Концепции по переходу Республики Казахстан к "зеленой экономике" на 2024 – 2030 годы и признании утратившими силу некоторых решений правительства Республики Казахстан](#), *Legal Information System of Regulatory Legal Acts of the Republic of Kazakhstan*, 29 November 2024.

that by 2030 the share of renewable and alternative energy sources for electricity generation will triple, reaching 15 per cent, while electricity generation from coal combustion thanks to mandatory incorporation of technologies like carbon capture and storage - CCS) will be phased out entirely.

However, the measures and indicators outlined in the plan lack sufficient detail, containing vague references to the decommissioning of coal-fired power and heat facilities over 30 years old, gradually replacing them with renewable energy sources or fossil gas, and an eventual phase-out of direct coal use in the residential sector. And while the government reaffirms its commitment to decarbonisation and a low-carbon transition, there is a noticeable absence of specific sectoral programmes and clear interlinked indicators, at least in the public domain.

Ensuring the transparency of Kazakhstan's decarbonisation process, including the development of strategies, plans and contracts related to oil, gas and coal, is crucial. To this end, official sources of information should be regularly updated to promote transparency and accountability, both at the state level and among companies pursuing fossil-fuel development. This approach will enable a more accurate assessment of how the country is progressing on its path towards carbon neutrality.

Research objectives and methodology

This study examines the extent to which Kazakhstan is taking practical steps to reduce the production of fossil fuels (oil, gas, and coal) in line with the country's decarbonisation commitments. Additionally, it identifies nations with either direct or indirect interests in the continued production of fossil fuels, as well as the regions likely to experience social impacts from the cessation of production.

The study methodology consists of the following four steps:

1. Fossil-fuel companies involved in the extraction of oil, fossil gas and coal were identified based on an official list of subsoil users published by the Ministry of Industry and Construction in the framework of EITI reporting.
2. A materiality threshold, set at a minimum of KZT 100 million for coal mining companies and KZT 1 billion for oil and fossil gas companies, was applied to determine significant operational capacity. Established in 2016 by the National stakeholder council responsible for implementing the Extractive Industries Transparency Initiative (EITI) in Kazakhstan, this threshold is used for all EITI reporting, with significant payments typically indicating active production.
3. Upstream projects were then filtered based on contract duration, with only those lasting beyond 2030 included in the analysis.
4. Finally, to account for projects likely to become profitable in the future, long-term contracts concluded within the preceding three years were also included, even in cases where payments had yet to meet the materiality threshold.

Applying the above criteria, 69 subsoil user companies were selected, comprising 15 coal mining companies and 54 oil and gas companies, representing 104 mining projects altogether. The [following graph](#) compiles data on Kazakhstan's fossil fuel companies and projects, including their financial transactions. The main official data sources for this analysis included:

- contract and license registers from the Ministry of Energy and Ministry of Industry and Construction website;⁴
- audited financial statements of extractive companies from the Ministry of Finance's depository of financial statements;⁵

⁴ Ministry of Industry and Construction of the Republic of Kazakhstan, [Недропользование](#), *Ministry of Industry and Construction of the Republic of Kazakhstan*, accessed 3 March 2025.

⁵ Financial Statement Depository of the Ministry of Finance, [О депозитарии](#), *Web-portal of Financial Statement Depository of the Ministry of Finance*, accessed 3 March 2025.

- company information from the Kazakhstan Stock Exchange website;⁶ and
- EITI reports available on the Unified State Subsoil Use Management System (EGSU).⁷

The study focuses on the key indicators characterizing Kazakhstan's coal and oil and gas markets: reserves, production volumes, and export destinations. It also identifies the beneficiary countries involved in these extractive projects, with a particular focus on Kazakhstani, European, Russian and Chinese companies; as well as the regional distribution of these projects in order to assess their potential social impacts on production regions. Lastly, a preliminary conclusion is drawn based on the extent to which decarbonisation principles are reflected in, or incorporated into, these developments.

⁶ Kazakhstan Stock Exchange, [Kazakhstan Stock Exchange \(KASE\)](#), *Kase.kz*, accessed 3 March 2025.

⁷ Unified State Subsoil Use Management System, [Unified State Subsoil Use Management System \(EGSU\)](#), *Egsu.energo.gov.kz*, accessed 3 March 2025.

Kazakhstan's coal industry

A. Introduction

The global energy industry is undergoing a significant transformation driven by decarbonisation efforts. The International Energy Agency projects that the share of coal within the global energy mix will decline from 26 per cent in 2022 to 18 per cent by 2040. The world's leading economies, including the EU and Japan, are currently implementing measures to reduce their carbon footprints, including closing coal-fired power plants and increasing investments in renewable energy sources.

Despite these positive developments, Asia remains the largest consumer of coal, with China and India accounting for over 65 per cent of global demand.⁸ These trends have a direct impact on Kazakhstan's coal industry revenue, a portion of which depends on coal exports. The country now faces the challenge of adapting to these changing conditions, which requires investment in coal chemistry and carbon-capture technologies.

Kazakhstan's decarbonisation commitments

By signing the Paris Agreement, Kazakhstan formally committed to reducing its carbon footprint with the goal of achieving carbon neutrality by 2060. In 2023, Kazakhstan released an updated nationally determined contribution (NDC), pledging to an unconditional goal of reducing greenhouse gas emissions by 15 per cent by 2030 compared to 1990 levels.

In 2021, the Kazakh government announced the development of the Doctrine of Achieving Carbon Neutrality by 2060. Aiming to reduce the share of coal in the energy sector from 60 per cent to less than 40 per cent by 2030, and to 10 per cent by 2060, the framework outlined the closure of outdated coal-fired power plants and their replacement with alternative energy sources, including fossil gas and renewables.

Another key document is the Strategy for Achieving Carbon Neutrality (adopted in 2023), which outlines sectoral approaches to energy, industry, agriculture, forestry and waste management, as well as cross-cutting approaches (e.g., just transition, green finance, research and development, public awareness, international cooperation, climate change adaptation, and carbon regulation). The strategy also highlights international best practices for developing climate strategies at both city and corporate levels.

President Tokayev, by his decree of June 10, 2024, introduced a number of changes to the **Concept of Transition to a Green Economy** (2013). These changes include a reduction in the energy intensity of the nation's gross domestic product, a decrease in air pollution, and the development of the electricity sector. To implement this vision, an action plan for the 2024-2030 period was approved on 29 November 2024. This plan sets forth concrete targets, notably a threefold increase in renewable and alternative energy sources to 15 per cent of electricity generation by 2030. It also

⁸ International Energy Agency (IEA), [Global coal consumption 2000-2026](#), *Energy Agency*, last updated 20 January 2025.

aims to eliminate electricity generation from coal combustion or mandatory carbon capture and storage.

By 2029, a plan for decommissioning coal-fired power and heat facilities exceeding 30 years of service is to be developed. The energy mix is to evolve, with gas-fired facilities reaching a 30 per cent share. To achieve this, the plan outlines the gradual replacement of ageing coal facilities with renewable energy sources or fossil gas, contingent on availability and cost. Conversion of existing coal-fired combined heat and power plants to fossil gas, particularly in major cities such as Almaty, Astana, and Karaganda, and the construction of new gas-fired plants by 2030 are also prioritised. Finally, the plan envisions a phased elimination of direct coal use in the residential sector, transitioning to renewable energy, district heating, and gasification.

With these actions, the government would appear to have reaffirmed its commitment to decarbonisation and the transition to a low-carbon economy. Kazakh legislation, which includes support for the use of renewable energy sources, stimulates the transition to cleaner energy sources. However, coal remains a critical resource for domestic energy consumption, covering more than 60 per cent of electricity generation. This creates a delicate balance between meeting international obligations and the reality of energy dependence.

B. Overview of Kazakhstan's coal market: reserves, production, exports, key players

Reserves

Kazakhstan has one of the largest coal reserves in the world, estimated to sustain current mining capacity for the next 300 years. With over 300 known deposits of fossil coal deposits, the country's geological reserves total 170.2 billion tonnes. The state balance sheet accounts for reserves at 49 deposits, amounting to approximately 33.6 billion tonnes.⁹ The main coal grades include steam coal, used in power generation, and coking coal, used in metallurgy.

"The coal industry is one of Kazakhstan's most important resource sectors, providing about 70 per cent of electricity generation, full utilisation of coke production, as well as meeting the needs of the municipal sector and the population of the country. The industry employs about 32,000 people, and it plays a key role in the country's economy"- Vice-Minister of Industry O. Saparbekov.¹⁰

Consistent with 2023 data, in 7 out of 17 regions in Kazakhstan, the level of gasification is extremely low from zero in the North Kazakhstan and Pavlodar regions to 3.1 per cent in the East Kazakhstan region. These areas are located in the north, central and north-eastern regions of the country, and are characterised by severe cold temperatures that last up to five to six months a year. These regions are currently critically dependent on the availability of coal as a source of thermal energy.

⁹ Ministry of Industry and Construction of the Republic of Kazakhstan, [Комитет промышленности провел заслушивание об итогах работы угледобывающих предприятий за 2023 год и планах развития на 2024 год](#), Ministry of Industry and Construction of the Republic of Kazakhstan, 21 February 2024.

¹⁰ O. Saparbekov, Vice- minister of Industry and Construction of the Republic of Kazakhstan, [АММ 2024: Угольная промышленность Казахстана и цифровизация горных работ](#), Ministry of Industry and Construction of the Republic of Kazakhstan, 7 June 2024.

Compounding matters, the industry faces a number of challenges related to the green energy transition, including logistical issues, geopolitical pressures, and ongoing price volatility in the global market.

Production dynamics and exports

Coal production has remained relatively stable in the last 5 years. In 2022, 113.9 million tonnes of coal were mined, 1.9 percent more than in 2021.¹¹ In 2023, 112.7 million tonnes were produced, 1.2 million tonnes less compared to the previous year.¹² The main production regions include the Karaganda and Pavlodar basins, accounting for up to 96 per cent of total production.

Table 1. Annual coal production and exports (2018–2022)

Year	Production (million tonnes)	Exports (million tonnes)
2018	111.0	31.5
2019	109.2	30.8
2020	107.1	27.9
2021	111.8	28.8
2022	113.9	32.5

Export destinations

Kazakhstan exports coal to the Commonwealth of Independent States, Europe and Asia. Traditionally, deliveries have prioritised thermal power plants in Russia’s western and central regions, the eastern regions of Ukraine, the industrial centres of eastern Europe, Kazakhstan’s nearest neighbours Uzbekistan and Kyrgyzstan, as well as the western provinces of China. These export destinations and the patterns underlying them are driven by geographical proximity, long-term contracts, and economic interconnectedness, with established transport corridors making these markets the most attractive.

However, tightening environmental standards, such as the EU’s carbon tax, are creating additional barriers for exports to Europe. Kazakhstan competes with the largest coal exporters – Australia and

¹¹ Ministry of Industry and Construction of the Republic of Kazakhstan, [Сколько угля добыли в Казахстане в 2022 году](#), *Forbes Kazakhstan*, 24 January 2023.

¹² Bureau of National Statistics, [Комитет промышленности провел заслушивание об итогах работы угледобывающих предприятий за 2023 год и планах развития на 2024 год](#), *Ministry of Industry and Construction of the Republic of Kazakhstan*, 21 February 2024.

Indonesia – which makes the Commonwealth and eastern Europe more effective in terms of sales. At the same time, foreign policy instability and energy security policy mean that many countries importing coal from Kazakhstan are trying to diversify coal sources, reducing dependence on other suppliers. These factors have a direct bearing on Kazakhstan’s coal export destinations.

According to Kazakhstan’s Bureau of National Statistics, exports totalled 29.2 million tonnes of coal in 2021. The main destinations were Russia (19 million tonnes), Switzerland (4.8 million tonnes) and Belarus (1.9 million tonnes). In 2022, the volume of exports amounted to 32.5 million tonnes, which is 3.7 million tonnes more than in 2021. Coal exports to Ukraine ceased in 2023, despite Ukraine being a major market in 2022, with sales of USD 24.5 million. Of the 112.7 million tonnes of coal mined in Kazakhstan at the end of 2023, 31.9 million tonnes were exported. The remaining coal was allocated for domestic use: 65.9 million tonnes for electricity generation, 9 million tonnes for housing and utilities, and 5.9 million tonnes for industrial enterprises.

According to the Ministry of Finance, the structure of coal supplies for the first eight months of 2024 has undergone significant changes compared to the same period last year. Shipments to Italy increased the most: 317 times, reaching 109,900 tonnes of coal for a total of USD 20.4 million.¹³ In addition, India, Morocco, Israel, Belgium and the Netherlands were among the leading countries experiencing growth in fuel imports from Kazakhstan. Conversely, Turkey, Latvia, and Uzbekistan began purchasing less coal from Kazakhstan.¹⁴ The Minister of Energy of the Republic of Kyrgyzstan T. Ibrayev, in turn, announced that the country plans to completely abandon Kazakh coal by 2027. Supplies this year have already decreased from between 550,000 and 600,000 tonnes to 180,000 tonnes.¹⁵

In line with decarbonisation strategies, there was an expectation that Kazakhstan would decrease its share of domestic consumption due to the transition to alternative energy sources. However, on 17 April 2024, the Kazakhstan and Russian energy ministries signed an agreement to cooperate on the construction of thermal power plants in the cities of Kokshetau, Semey and Ust-Kamenogorsk, managed by Russian energy holding Inter RAO Export and its Kazakh counterpart Samruk-Energy. Earlier reports as indicated¹⁶ projected 25 million tonne increase in domestic fuel consumption by 2035 due to the commissioning of new thermal power plants and advancements in coal chemistry.

Primary producers

Three-quarters of national production is concentrated in four enterprises: Bogatyr Komir LLP, Eurasian Energy Corporation JSC, Shubarkol Komir JSC and Qarmet JSC (formerly ArcelorMittal Temirtau JSC).

¹³ State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, [Италия увеличила импорт угля из Казахстана в сотни раз](#), *Kursiv media*, 30 September 2024.

¹⁴ Ibid.

¹⁵ 24.KG, [Кыргызстан снизил объем импортируемого угля из Казахстана](#), *24.KG*, 1 October 2024.

¹⁶ Zhanbolat Mamyshev, [Рост спроса на уголь в Казахстане прогнозируется в ближайшие годы](#), *Kursiv media*, 17 June 2024.

- **Bogatyr Komir** is a joint venture of Samruk-Energy and the Russian aluminium giant RUSAL. One of the largest producers of thermal coal in the country, Bogatyr Komir accounts for about 40 per cent of coal production. Operates in Pavlodar oblast.
- **Eurasian Resources Group (ERG)**, 40 per cent of which is owned by the Kazakh government, is a mining and raw materials supplier that produces about a quarter of all coal in Kazakhstan through two subsidiaries:
 - **Shubarkol Komir** is a coal producer operating two coal mines in central Kazakhstan – Tsentralny and Zapadny – using open-pit mining methods. In 2022, the company produced 12.54 million tonnes of coke. In October 2023, the company launched a new special coke-processing plant, which has an annual capacity of 400,000 tonnes. Operates in Karagandy oblast.
 - **Eurasian Energy Corporation (EEC)** is one of the largest suppliers of electricity and coal in Kazakhstan. Established in 1996, EEC unites two structural divisions: the Vostochny coal mine – an open-pit coal mining enterprise – and the Aksu power plant. Operates in Pavlodar oblast.
- **Qarmet** is a steel producer and one of the largest private companies in Kazakhstan. The Qarmet coal division specialises in the extraction of stratified minerals using underground mining methods. Its coal portfolio comprises eight mines as well as the Vostochnaya CEP mining and processing plant. In the first nine months of 2024, the company produced 4.7 million tonnes of coal. Operates in Karagandy oblast.

Prospects for Kazakhstan’s coal market

Domestic coal production is expected to remain stable, remaining between 110 and 115 million tonnes per year. In the long term (2030–2040), the coal industry will need to diversify by advancing coal chemistry and producing higher value-added goods to stay competitive.

Coal chemistry development

Currently, only 3% of Kazakhstan's coal is processed into high-value products, indicating a need for substantial growth in this sector.¹⁷

In June 2024, Astana hosted the fifth edition of the Coal Industry Forum,¹⁸ featuring an international conference on coal chemistry development, with a focus on coal-processing technologies, solid-fuel utilisation, and recent global developments in the coal chemical industry.

The government stressed its commitment to maintaining coal production levels and expanding exports, highlighting coal chemistry as a ‘promising’ sector, supported by recent visits by Kazakh coal companies to China aimed at promoting the potential of high-value coal-based products.

¹⁷ Kazakh Invest, [Coal chemistry](#), *Kazakh Invest*, accessed 22 March 2025.

¹⁸ Association of Mining and Metallurgical Enterprises (AMME), [Углехимия как новая точка роста экономики](#), *AMME*, 10 June 2024.

Initiatives are underway to attract Chinese capital and technology to advance coal chemistry development in the country.

Kazakhstan's coal chemical industry is estimated at USD 25 billion. Coal in Kazakhstan is primarily used for electricity and heat generation, with minimal processing. Coal gasification – the process of converting coal into methanol and ammonia, which can then be used to produce carbon-based chemical products – is considered the most promising avenue for development. These products are deemed 'crucial' for fertilisers, pharmaceuticals, and diverse chemical industries.

Despite prevailing global trends that increasingly question the long-term viability of coal, Kazakhstan appears determined to pursue new coal-processing methods and bolster its substantial reserves with the aim of producing high-value products and accessing new markets. It is claimed that coal processing could yield over 400 different products, with purported values 20 to 25 times higher than raw coal. Models from the United States, China, and South Africa are cited as examples of successful coal chemistry sectors. It is also argued that deep coal processing could create jobs, boost tax revenues, and drive growth in petrochemical, metallurgical, construction, and regional economies.

Ongoing coal chemistry projects in Kazakhstan

- **Bogatyr Komir** has been collaborating with Chinese coal chemical companies since 2023. They are currently analysing samples of Bogatyr's coal to assess its suitability for coal chemistry applications.
- **Shubarkol Komir** is implementing deep coal processing and import substitution programmes, including the production of special coke, activated carbon, and humic fertilisers, complex processing of coal tar, production of technical carbon and dimethyl ether, extraction of rare earth metals from coal by-products like ash and weathered coal, and the utilisation of coke oven gas.¹⁹
- The Kazakh government claims its focus on coal chemistry offers a strategic opportunity to transform the coal industry, enhance economic resilience, and access global value chains. However, the sustainable development of the industry hinges on the development of carbon capture and storage technologies and improvements in the energy efficiency of coal mining. In addition, Coal chemistry projects require significant upfront investment with long payback periods, which can take 6 years, and it may deter some investors²⁰.

¹⁹ Rysty Alibekov, [Углекислотная химия как новая точка роста экономики](#), *Republican Association of Mining and Metallurgical Enterprises*, 10 June 2024.

²⁰ Aiman Nakispekova, [Kazakhstan Seeks to Unlock Economic Potential of Vast Coal Reserves](#), *The Astana Times*, 20 February 2025.

C. Distribution of coal contracts and international interest in Kazakhstan's coal market

The Ministry of Industry and Construction previously published a list of existing subsoil use contracts for solid mineral extraction. However, this list offers limited transparency, notably lacking information on beneficial ownership and, based on the latest update in August 2024, contract durations are also excluded. Subsoil use rights are also granted through licenses, but the most recent license list, published in June 2023, omits key details on mineral types.

This study identifies 15 coal production contracts valid until 2030 or beyond. The most recent of these contracts was signed in 2017. An examination of the Ministry of Industry license register, using indirect indicators such as the presence of the term 'coal' in company names, revealed four licenses issued between 2020 and 2021. These licenses have durations of 15, 20, and 25 years, suggesting production will continue until approximately 2035 to 2045.

Furthermore, a review of contract texts published by the Ministry of Industry and Construction indicates that a number of contracts were extended in 2021: one with EEC until 2042, and two with Shubarkol Komir, one until 2044 and another, originally extended in 2008, until 2050.

In summary, two contracts are valid until 2050, and eight contracts along with three licenses are valid until the 2040–2049 period.

International interest in Kazakhstan's coal market

To identify interest, complementary to the structure of exports, we analysed who owns the companies that have contracts for coal mining. There are problems with the transparency of beneficial ownership information, especially in coal mining companies. As mentioned above, the Ministry of Industry and Construction had a practice of disclosing beneficiaries in the register of licenses, but such information is no longer disclosed in the list of contracts since 2023.

The audit reports of many subsoil users disclose information about the direct owner of the company, which may be the parent company, and often do not disclose the ultimate beneficiary, especially if the parent company is registered offshore.

Kazakh government

The Kazakh government is present in at least three coal mining projects through three companies: the Eurasian Energy Corporation (EEC), Shubarkol Komir – both subsidiaries of ERG, in which the State Property Committee of the Ministry of Finance of Kazakhstan owns 40 per cent, and Bogatyr Komir with a 50 per cent government's stake through the Samruk-Kazyna NWF.

Contracts with Shubarkol Komir and Bogatyr Komir are concluded until 2044 and 2047, respectively. Another contract with Shubarkol Komir will last until 2050. The contract with the EEC was supposed to end in 2024, but in 2021 was extended until 2044. The government has interest in almost all of the longest contracts.

Kazakh private companies

In eight of the 16 analysed projects lasting longer than 2030, the companies are owned by private Kazakhstani individuals, including the longest contract with Qarmet. But In 2024, Qarmet signed a number of agreements with Chinese companies on joint projects for the development of production related to Qarmet's activities, in particular a project to modernize coke oven production and develop coal chemistry for USD 649 million, therefore, indirectly, **China** is also an interested country.

Four companies that have received coal mining licenses are also owned by Kazakh citizens.

Russia

Russia has a joint stake with the Kazakh government in Bogatyr Komir , operator of the Bogatyr mine, and full control of Angrenso Energo, which mines coal at a deposit site in Ekibastuz. Angrenso is currently experiencing losses due to market disruptions caused by sanctions, with its Russian owner now planning to divest the asset.²¹

D. Social and ecological impacts

Kazakhstan has 20 single-industry towns, home to 1.4 million people. These local economies are dominated by 23 key enterprises involved in oil and gas, coal, and iron ore production. While statistics indicate an increase in small and medium-sized enterprises in these towns, their growth remains heavily reliant on the financial activity of the major companies. Some of these towns are also burdened with underdeveloped transport infrastructure, hindering connections to other regions of Kazakhstan. In 2023, 7 out of 15 coal companies in Kazakhstan made contributions to the social and infrastructural development of their respective regions, with payments totaling USD 1.3 million.

Abay, Shakhtinsk, Ekibastuz, and Aksu are among the cities dependent on the coal industry. Qarmet is the primary employer in Abay and Shakhtinsk, while Bogatyr Komir and EEC are the key enterprises in Ekibastuz, with EEC operating in Aksu.

- **Qarmet:** No officially confirmed data available for social and infrastructural development financing over the past three years.
- **EEC:** Approximately USD 300 000 spent in 2023 on social and infrastructural development in the Pavlodar region.
- **Bogatyr Komir:** Approximately USD 400 000 paid in 2023 for development in the Pavlodar region, including heating season preparation assistance.
- **Shubarkol-Coal:** Approximately USD 550 000 paid in 2023 for development in the Karaganda region.

²¹ Bekbosyn Toktar, "["Газпром энергохолдинг" хочет продать угольную компанию в Казахстане](#)", *Forbes Kazakhstan*, 12 December 2024.

Notably, the majority of the above payments are directed to regional budgets without specific designations, meaning the funds do not consistently contribute to infrastructure development in the mining settlements themselves. For instance, half of EEC's payments are allocated to charitable assistance, including coal provision to low-income residents, gifts to orphans, and improvements to educational facilities in Aksu. Additionally, coal-mining areas remain heavily reliant on coal for electricity and heat supply, given the extremely low rate of gasification in these regions.

Bogatyr Komir: Kazakhstan's coal giant

Bogatyr Komir is one of the world's largest open-pit coal mining enterprises, with balanced reserves of 2.62 billion tonnes. The company's production capacity is 42 million tonnes of coal per year. Currently, the company accounts for 70 per cent of all coal mined in the Ekibastuz coal basin (Pavlodar region) and 40 per cent of Kazakhstan's total coal production.²²

In 2002, the company signed a contract with the Ministry of Energy and Mineral Resources for the development of the Ekibastuz coal deposit within the Bogatyr and Severny coal mines for a period of 45 years. The company holds a permanent license for mining operations and employs a workforce of 6,500 people. It supplies coal to approximately 14 combined heat power plants, providing heat and electricity to residents of Almaty, Astana, and regions across northern, central, and parts of eastern Kazakhstan.

In 2018, the company developed an Integrated Management System Policy,²³ which includes commitments to ensure environmental safety, control targets aimed at reducing environmental impact, implement energy-saving measures, improve technological processes, and introduce innovative energy-saving technologies and equipment. The company implements environmental protection measures directly related to the coal mining production process and partially to coal transportation. The actual costs of environmental protection measures for 2023 amounted to USD 42.25 million, compared to a planned USD 20.22 million.

Unfortunately, none of the company's publicly available documents reference obligations related to the energy transition. In fact, the company has stated its intention to increase production. With a production capacity of approximately 42 million tonnes of coal per year, actual production currently ranges between 43.5 and 44.5 million tonnes per year.

The negative environmental impact of mining is significant, and the company's environmental protection measures do not fully compensate for this impact. Underground mining negatively affects underground waters and releases methane emissions, which have a higher global warming potential than carbon dioxide. However, the primary environmental damage is caused not only by

²² Bogatyr Komir, [О компании](#), *Website of the Bogatyr Komir*, accessed 25 February 2025.

²³ Bogatyr Komir, [Политика интегрированной системы менеджмента ТОО "Богатырь Комир"](#), *Website of the Bogatyr Komir*, 22 November 2022.

production but also by the company's main product, coal, which is burned at numerous thermal power plants in Kazakhstan and abroad.

Sponsorship and charitable assistance disbursed by Bogatyr Komir in 2022 amounted to KZT 243 391 thousand tenge, allocated as follows:²⁴ regional development contributions (131 344 thousand tenge); charitable assistance to religious institutions (8 055 thousand tenge), non-profit organisations (81 602 thousand tenge) and citizens (13 494 thousand tenge); vouchers for economically disadvantaged children and orphans (8 896 thousand tenge).

E. Findings

Kazakhstan has one of the world's largest coal reserves, estimated at 170.2 billion tonnes, which, at current mining capacity, could last for 300 years. The coal industry is one of the most vital resource industries in Kazakhstan, providing approximately 70 per cent of electricity generation, fully utilising coke production, meeting municipal and residential needs, and supporting numerous single-industry towns.

The industry faces a number of challenges related to the transition to green energy, including logistical constraints, geopolitical pressures, and global market price volatility. Despite these, production has remained relatively stable, ranging between 110 and 115 million tons annually. However, there are shifts in export destinations and intentions for product diversification, with a focus on coal chemistry and value-added goods to maintain competitiveness.

Currently, Kazakhstan has at least 10 long-term contracts and 3 licenses for coal production extending to the 2040–2050 period, a decade before the nation's declared 2060 carbon neutrality target. The primary participants in these contracts are Kazakhstan and Russia. Contrary to expectations of decreased domestic consumption and altered export structures due to decarbonisation commitments, mid-term projections, including the construction of three coal-fired thermal power plants, indicate an increase in domestic consumption and continued production until at least 2045.

Kazakhstan's substantial coal reserves along with the energy sector's reliance on coal indicate a slow transition away from this fossil fuel. While the country is exploring purification technologies, implementing them would likely increase raw material costs and potentially lead to social tension, a situation that the government would likely try to mitigate.

²⁴ Bogatyr Komir, [Социальный отчет ТОО «Богатырь Комир» 2022](#), *Website of the Bogatyr Komir*, 20 June 2023.

Kazakhstan's oil and gas industry

A. Introduction

The global energy transformation, driven by decarbonisation policies, is having a profound impact on the oil and gas sector. The International Energy Agency reports a significant increase in renewable energy investment since 2019, casting doubt on the supposed sustained demand for hydrocarbons.²⁵

Kazakhstan's oil and gas industry continues to play a key role in the country's economy, providing a significant share of gross domestic product and serving as the main source of export revenues. However, global trends are impacting Kazakhstan and other countries that remain heavily reliant on hydrocarbon exports.

Global trends in the oil and gas market

Reduced demand for hydrocarbons: Many countries are striving for carbon neutrality, leading to a reduction in oil and gas consumption. For example, China plans to peak oil consumption by 2030, after which it is expected to decline until 2045.²⁶

Development of renewable energy sources: At the end of 2023, global renewable power capacity amounted to 3,870 gigawatts.²⁷

Introduction of carbon taxes and trading systems: A number of countries are implementing mechanisms aimed at reducing greenhouse gas emissions, which may affect the demand for hydrocarbons.

Kazakhstan's decarbonisation commitments

Kazakhstan has become actively involved in international efforts to combat climate change, signing a number of key documents. Notably, its national strategy for achieving carbon neutrality by 2060 envisages reducing dependence on hydrocarbons, developing clean technologies, and lowering emissions. The strategy anticipates a further decrease in the oil and gas industry's emissions, currently at 2.7 per cent of the country's total, through minimizing methane leaks, adopting energy-efficient technologies, and refining production processes.

The successful rollout of the national decarbonisation policy will depend on effective expansion of the nation's gas resource base. However, Kazakhstan remains dependent on oil and gas revenues, and the need for oil and gas will remain significant in the coming decades despite decarbonisation efforts.

²⁵ International Energy Agency, [Overview and key findings – World Energy Investment 2024](#), International Energy Agency, accessed 22 March 2025

²⁶ CNPC research, [China oil demand seen peaking by 2030 -CNPC research](#), Reuters, 7 December 2023.

²⁷ International Renewable Energy Agency, [Renewable capacity highlights 2024](#), International Renewable Energy Agency, 27 March 2024.

B. Overview of Kazakhstan's oil and gas market: reserves, production, exports and key players

Reserves

Kazakhstan has significant hydrocarbon reserves, making it one of the largest oil producers in the world. As of 1 January 2023, the state balance sheet lists 307 oil fields with recoverable reserves of 4.4 billion tonnes, ranking the country twelfth worldwide in oil reserves.²⁸

The largest fields — Tengiz, Karachaganak, and Kashagan — remain the main sources of production, collectively accounting for over 60 per cent of the total hydrocarbon production.

Tengiz, one of the world's largest and deepest oil fields, holds proven oil reserves exceeding 3.1 billion tonnes (25 billion barrels). It contributes roughly one-third of Kazakhstan's total oil production. In 2023, the field yielded 21.4 million tonnes of crude oil. The Future Growth Project, scheduled for completion in 2024-2025, is expected to increase the field's total production capacity by 12 million tonnes per year.²⁹

The Karachaganak field is among the world's largest gas condensate fields, with estimated total reserves surpassing 2.4 billion barrels of condensate and 16 trillion cubic feet of gas. In 2023, hydrocarbon production at Karachaganak reached 142.7 million barrels of oil equivalent. Concurrently, gas reinjected to maintain reservoir pressure totalled 12.6 billion cubic metres, representing approximately 56.5 per cent of the total gas produced.

The extensive Kashagan field, a major discovery in recent decades, holds recoverable oil reserves estimated to range between 9 and 13 billion barrels (1 to 2 billion tonnes). Production operations encompass both offshore and onshore facilities. Commercial oil production commenced at the offshore field in 2016. In 2023, Kashagan yielded 18.8 million tonnes of oil and 11.9 billion cubic metres of gas, with 5.8 billion cubic metres of gas reinjected into the reservoir.

Production

Oil production over the past five years has demonstrated stability and modest growth. In 2023, Kazakhstan produced approximately 89.9 million tonnes of oil and gas condensate, a 4.5 per cent increase compared to 2022. The Ministry of Energy forecasts production of about 87.8 million tonnes of oil by the end of 2024.³⁰

On 26 January 2025, Kazakhstan achieved a record average daily oil production of 278,400 tonnes, a 10.5 per cent increase from the same date in 2024. The country produced 87.56 million tonnes of oil in 2024 and plans to elevate oil and gas condensate production to 96.2 million tonnes in 2025.³¹ Kazakhstan has repeatedly exceeded its quota assigned by the Organisation of the Petroleum Exporting Countries Plus

²⁸ Farhat Abytov, '[Kazakhstan's Oil and Gas Industry: Prospects, Trends, Look into Future](#)', *The Astana Times*, 10 October 2023.

²⁹ Nurtay Nudiyev, '[Tengizchevroil Achieves First Oil Production at Tengiz Future Growth Project](#)', Website of Tengizchevroil, 24 January 2025.

³⁰ Ministry of Energy of the Republic of Kazakhstan, '[Прогноз добычи нефти в Казахстане по итогам 2024г пересмотрен](#)', Ministry of Energy of the Republic of Kazakhstan, 17 December 2024.

³¹ Kursiv, '[Казахстан поставил исторический рекорд по добыче нефти](#)', *Kursiv media*, 27 January 2025.

(OPEC+), and has deferred the deadline for compensating for oil overproduction until the end of June 2026.³²

Export structure

In terms of overall exports, Kazakhstan's main partners are Italy (24 per cent), China (17.9 per cent), Russia (11 per cent), the Netherlands (6.6 per cent), France (4.7 per cent) and Turkey (4.1 per cent).³³

Kazakhstan continues to be an important exporter of oil and gas condensate and, in recent years, has been actively diversifying its supply destinations. In 2024, the total volume of oil and gas condensate exports from Kazakhstan amounted to 71 million tonnes, valued at USD 42.8 billion.

Oil exports are distributed among several key regions and countries, with European countries the main buyers. In 2024, oil and gas condensate exports to European countries amounted to 68.5 per cent of the total volume of exported oil.

Due to the impacts of sanctions against Russia, export destinations continue to evolve. Italy, the Netherlands, Greece, Germany and the United States have increased exports of Kazakhstan oil by more than 20 per cent compared to 2023, while Asian countries, namely China, Singapore and South Korea, have significantly reduced oil export volumes. Oil transit to Europe from Kazakhstan passes through the territory of Russia, and the transit of Russian oil to China passes through the territory of Kazakhstan.

Table 2. Data on Kazakhstan's oil export destinations (2023–2024).³⁴

Exporting country	2024 (million tonnes)	Change since 2023 (%)	Share of total oil exported by Kazakhstan in 2024 (%)
Italy	30.7	+27.1	43
Netherlands	7.6	+28.2	11
France	5.2	+20.6	7
Romania	4.5	-4.4	6
Greece	4.4	+22.5	6
China	2.9	-46	4
Spain	2.1	-9.3	3
Switzerland	1.9	+0.03	3
Turkey	1.9	-41	3

³² Kursiv, [Минэнерго пообещало выполнять обязательства перед ОПЕК, несмотря на рост добычи нефти](#), *Kursiv media*, 4 February 2025.

³³ Bureau of National Statistics of the Republic of Kazakhstan, Foreign Trade Turnover of the Republic of Kazakhstan, *Bureau of National Statistics of the Republic of Kazakhstan*, December 2024.

³⁴ LS, [Черное золото: в какие страны утекает нефть из Казахстана](#), *LS media*, 3 March 2025.

United States	1.7	+30	2
South Korea	1.7	-69	2
Singapore	1.6	-52	2
Germany	1.5	+120	2

Impacts of the war in Ukraine and sanctions against Russia on Kazakhstan's oil and gas exports

Since the beginning of the war in Ukraine and the imposition of international sanctions on Russia, Kazakhstan's oil and gas sector now faces a dual challenge. According to the Ministry of Energy, 93 per cent of Kazakhstan's total oil exports transited through Russia in 2023, and restricted access to Russia's transport infrastructure has necessitated the search for alternative routes.

1. **Redistribution of transit routes:** Kazakhstan now needs to develop alternative oil export routes to minimise dependence on Russian pipelines. Currently, around 96% of Kazakhstan's oil exports still transit through Russia, primarily via the Caspian Pipeline Consortium (CPC). To this end, Kazakhstan is seeking to strengthen oil supplies through China and through the Caspian Sea and Azerbaijan (for example, Baku- Tbilisi-Ceyhan (TBC) pipeline). While alternative routes have been explored, the resulting cost increase has not translated into significant progress, with only a maximum of 1 per cent of the total transit volume being diverted.³⁵
2. **New opportunities to expand exports to other countries:** As Russian oil faces market restrictions, Kazakhstan has been able to increase its supplies to India as well as several European countries. But these alternative transit routes present several challenges.
3. **Reduced exports through Russian ports:** The sanctions have diminished Russia's capacity to transit oil through the Black and Baltic Seas, impacting the supply of Kazakh oil via Russian ports. This has compelled Kazakhstan to increase its utilisation of alternative export routes, including transport through Caspian Sea ports and pipeline systems leading to Europe via Turkey.¹ Consequently, transportation costs and overall logistics expenses have risen.

Key players in Kazakhstan's oil and gas industry

- **JSC "KazMunayGas (KMG)** is Kazakhstan's state-owned oil and gas company. Specialising in the exploration, production, processing and transportation of hydrocarbons, it is the most influential enterprise in Kazakhstan's oil and gas sector. In 2023, KMG produced 23.5 million tonnes of oil, representing 26 per cent of the country's total oil production.
- **Tengizchevroil LLP (Tengiz)** is a joint venture currently engaged in developing the Tengiz field, in which Chevron (50 per cent), ExxonMobil (25 per cent), KazMunayGas (20 per cent) and LUKOIL (5 per cent) participate. Tengizchevroil ranks first in terms of taxes and payments paid to the Kazakh government.

³⁵ Kapital.kz, [По каким маршрутам качали казахстанскую нефть в 2024 году](#), Kapital.kz, 3 January 2025.

- **North Caspian Operating Company N.V. (Kashagan)** is the operator of the Kashagan project, one of the largest oil fields in the world. The consortium includes Eni (16.81 per cent), Shell (16.81 per cent), ExxonMobil (16.81 per cent), TotalEnergies (16.81 per cent), CNPC (8.4 per cent), KazMunayGas (8.4 per cent) and Inpex (8.4 per cent).
- **Karachaganak Petroleum Operating B.V. (Karachaganak)** is the operator of the Karachaganak gas condensate field. The consortium includes Shell (29.25 per cent), Eni (29.25 per cent), Chevron (18 per cent), LUKOIL (13.5 per cent) and KazMunayGas (10 per cent).

These companies, each with different ownership structures, form the backbone of the country's oil and gas industry. The agreements for the Tengiz, Karachaganak and Kashagan projects, concluded back in the 1990s, remain completely confidential. Despite repeated appeals from civil society activists and parliamentarians demanding the disclosure of these contracts, the government has made no public attempt to start negotiations with subsoil users regarding their release.

Prospects for Kazakhstan's oil and gas market

Despite global decarbonisation efforts, Kazakhstan is projected to remain a major player in the oil and gas market over the next decade. Domestic oil production is expected to increase to between 95 and 100 million tonnes by 2030, aligning with the expected increase in demand from Asia and other developing regions.

However, Kazakhstan faces a number of challenges in fulfilling its decarbonisation obligations. Countries such as those within the EU will continue to reduce their demand for hydrocarbons, compelling Kazakhstan to seek new markets and develop more environmentally friendly production and processing technologies. The adoption of carbon capture and storage technologies, along with a transition to renewable energy sources, will be essential if the country is to meet international climate commitments.

C. Distribution of oil and gas contracts and international interest in Kazakhstan's oil and gas market

According to the Ministry of Energy, at the end of 2024, there were 315 valid hydrocarbon contracts, comprising 122 production contracts, 173 exploration and production contracts, 11 exploration contracts, and a number of production-sharing agreements.³⁶

Of these, 212 contracts are model contracts with standardized terms. While the Ministry published a list of model contracts in April 2023, a comprehensive list of all contracts has yet to be publicly disclosed.

According to the Ministry's contract list, the government has entered into 136 hydrocarbon production contracts since 2021, distributed as follows:

- **2021:** 36 contracts, including 3 extending into the 2040s and 1 until 2055.
- **2022:** 38 contracts, with 7 lasting 23 to 25 years, approximately until 2045.

³⁶ Official Information Source of the Prime minister of the Republic of Kazakhstan, [Итоги года: Ключевые достижения и перспективы развития энергетического сектора Казахстана](#), Official Information Source of the Prime minister of the Republic of Kazakhstan, 19 December 2024.

- **2023:** 51 contracts, including 20 for 25 years, and 2 for 43 and 44 years, concluding in 2066 and 2068, respectively.
- **First three months of 2024:** 11 contracts, including 3 for 25 years (until 2049).

Altogether, 54 subsoil users are involved in 88 contracts lasting beyond 2030, including at least 36 agreements signed since 2021 that extend beyond 2040.

International interests in Kazakhstan's oil and gas market

To determine international interests, this report, informed by export data, investigates the ownership of companies holding oil and gas production contracts. However, transparency regarding beneficial ownership remains problematic.

Audit reports from numerous subsoil users typically reveal only the direct owner, often a parent company, and fail to disclose the ultimate beneficiary, particularly when the parent company is registered offshore. While the Ministry of Energy's list of model contracts provides some information, it too omits details of the ultimate beneficiaries.

Kazakh government

KazMunayGas (KMG) is the primary oil and gas producer in the country. Predominantly state-owned, 97 per cent of its shares are owned by the government, distributed as follows: 67.42 per cent through the Samruk-Kazyna Sovereign Wealth Fund, 20 per cent through the Ministry of Finance, and 9.58 per cent through the National Bank of Kazakhstan. The remaining 3 per cent of shares are owned by individual shareholders.

As of 31 December 2023, KMG held stakes in 61 operating companies, encompassing companies engaged in mineral exploration and transportation. It also has assets in 15 major mining companies, including the Tengiz, Karachaganak and Kashagan megaprojects.

The Kazakh government maintains involvement in at least 40 of the 88 analysed oil and gas production projects scheduled to continue beyond 2030. Notably, contracts for the Kalamkas-Sea, Khazar, and Auezov fields and the Karaton Podsolevoy subsoil site, concluded in 2023, extend until 2066 and 2068, respectively, exceeding the 2060 target year outlined in the national carbon neutrality strategy. As these projects are in their early stages, significant budget payments are not yet evident.

Kazakh oil producer Mangistaumunaigas also warrants attention, given the Kazakh government's shareholding through KazMunayGas and the involvement of Chinese companies. While all contracts for this subsoil user are set to expire by 2028, and its deposits are reported to be nearing depletion, it became one of Kazakhstan's three largest taxpayers in 2023, indicating the potential for contract extensions.

Kazakh private companies

Private companies, the ultimate beneficiaries of which are Kazakhstanis, are actively involved in 29 projects across the country. Of these, 11 are slated for completion by 2040, while the remaining 18 are projected to finish by 2050. Furthermore, 2023 saw the signing of 29 new exploration contracts with Kazakh-citizen-

owned firms. Significantly, 27 of these exploration contracts have initial terms concluding by 2030, with the potential for extension contingent upon the discovery of viable reserves.

Russia

Russia holds strategic stakes in five key upstream projects in Kazakhstan. Notably, it possesses 5 per cent and 13.5 per cent shares in the Tengiz and Karachaganak projects, respectively, which are major contributors to the national tax revenue. While these projects are currently slated to conclude in 2033 and 2037, extensions are anticipated. Furthermore, Russia owns approximately 40 per cent of the Caspian Pipeline Consortium (CPC), a critical artery for Kazakhstan's oil exports. In 2022, 82.1 per cent of Kazakhstan's total oil exports transited through the CPC, culminating at the Novorossiysk marine terminal.

Additionally, Russian companies hold 50 per cent stakes in the Kalamkas-Sea, Khazar, and Auezov fields (2022–2068) and the Karaton Podsolevoy subsoil site (2022–2066), representing the longest-term contracts. These agreements were established via direct government-to-KazMunayGas deals, with subsequent 50 per cent shares in the newly formed operating companies sold to Russian entities.

China

China's asset portfolio in Kazakhstan shares similarities with that of private Kazakh companies, encompassing stakes in 28 projects scheduled to conclude before 2050, with 16 of those ending prior to 2040. Notably, China holds an 8.33 per cent stake in the Kashagan megaproject, one of the world's largest offshore oil fields.

However, obtaining comprehensive information on Chinese companies operating in Kazakhstan is challenging. Some, such as Kazgermunai and KMK-Munai, do not consistently submit reports to Kazakhstan's depository for financial statements. Furthermore, even when reports are available, they may lack crucial details regarding contractual agreements, as seen with Mangistaumunaigas.

United States

The United States maintains a presence in all three major Kazakh oil projects—Tengiz, Karachaganak, and Kashagan—through Chevron and Exxon. Chevron holds a 50 per cent stake, and Exxon holds a 25 per cent stake, in the Tengizchevroil joint venture, which operates the Tengiz field, Kazakhstan's largest and most significant oil resource. Tengizchevroil is the country's leading taxpayer.

Chevron also possesses an 18 per cent interest in the Karachaganak Petroleum Operating consortium, responsible for the Karachaganak gas field, Kazakhstan's second-largest taxpayer. ExxonMobil has a 16.81 per cent stake in the Kashagan project, which ranked fifth among mining companies in tax contributions to the government in 2023. Contracts for all three projects are set to expire in the 2030s.

The continued presence of the United States will depend on various factors, including global oil prices, the resolution of the Russia–Ukraine conflict – given that raw materials from these fields transit through Russia – and the perceived stability and predictability of the Kazakh government.

EU Member States and the UK

Major oil companies incorporated in the EU and the UK hold stakes in the Karachaganak and Kashagan production projects. These companies include British Shell (29.25 per cent and 16.81 per cent, respectively), Italian Eni (29.25 per cent and 16.81 per cent, respectively), and French TotalEnergies (16.81 per cent in Kashagan).

The Kashagan contracts extend until 2033, and the Karachaganak contracts until 2037, with a high likelihood of extensions. In addition to these projects, Eni also holds a 50 per cent stake in Isatai Operating Company (the other half held by KazMunayGas), which is developing the Abay field under a contract valid until 2050.

D. Social and ecological impacts

Oil and gas fields in Kazakhstan are primarily located in the western regions: Atyrau, Mangystau, West Kazakhstan, Aktobe, and Kyzylorda. Of these, the Mangystau and Atyrau regions are significant contributors to the national budget. However, these regions also exhibit a high Gini coefficient – a measure of income inequality within a population – and elevated poverty levels, ranking second among all Kazakhstani regions. This disparity arises from the high demand for employment in the oil sector, which exceeds the available positions for both local and migrant workers.

Additionally, labour disputes and strikes are frequent occurrences. In 2010, the city of Zhanaozen in the Mangystau region saw violent clashes between striking oil workers and the police during Kazakhstan's Independence Day celebrations. The city also witnessed mass protests against rising gas prices beginning in late 2021, which escalated into the nationwide 'Kantar' protests in January 2022.

Given the heavy reliance of these regional economies on extractive industries, a production decline without adequate adaptation strategies could lead to a severe social crisis. The government has repeatedly acknowledged the depletion of existing fields while simultaneously pledging to accelerate the exploration of new reserves.

Extractive companies are subject to frequent scrutiny for pollution, evidenced by state-imposed fines. In January 2023, the Ministry of Ecology reported a fine of KZT 7.2 billion levied against Karabatan Utility Solutions, a partner of North Caspian Operating Company. Tengizchevroil, operating the country's largest field, was fined KZT 2.8 billion, and Karachaganak Petroleum Operating was fined KZT 50 million for exceeding permitted pollutant emissions and discharges.

In April, North Caspian paid approximately USD 27.7 million in fines for gas flaring and the discharge of untreated water into the Caspian Sea. Additionally, the Kazakh authorities fined North Caspian, the operator of Kashagan, USD 4.4 billion for improper sulphur storage.³⁷

³⁷ Analytical Internet magazine Vlast, [Давление Казахстана на нефтяные компании вряд ли заставит их уйти](#), *Vlast.kz*, 19 December 2024.

Most of Kazakhstan's oil fields are located near or on the Caspian Sea shelf, negatively impacting the marine ecosystem. Experts warn that the Kazakh section of the sea is the shallowest, making it particularly vulnerable to the effects of pollution and shallowing.³⁸

While the contributions of extractive companies to the social and infrastructural development of production regions are acknowledged, reporting practices vary. Of the 54 oil and gas companies analysed, only 25 disclosed payments for regional social and infrastructural development in 2023. These payments, encompassing both budgetary contributions and in-kind support, totalled USD 55.1 million. Notably, Karachaganak Petroleum Operating executed infrastructure projects valued at approximately USD 43 million. Tengizchevroil reported allocating USD 25 million to a voluntary regional infrastructure development programme. These projects included the construction and renovation of schools, hospitals, stadiums, roads, and other social facilities.

However, North Caspian Operating Company and Mangistaumunaigas, two of the country's largest taxpayers, do not report to the EITI, thereby compromising transparency and accountability regarding their contributions to regional socio-economic development.

Oil and gas companies exert a substantial influence on extraction regions, where local economies are heavily dependent on extractive industries. A production decline, without adequate adaptation measures, could trigger a severe social crisis. However, the lack of developed transportation, water, and energy infrastructure impedes the development of alternative income-generating industries.

The government has repeatedly cited the depletion of existing fields while simultaneously assuring that new explorations will be actively pursued. This ambiguity regarding future extraction levels creates challenges for regional development planning and the implementation of necessary adaptation measures.

E. Findings

Kazakhstan possesses substantial hydrocarbon reserves, making it a major global oil producer. Oil exports constitute a significant portion of its total exports, and oil and gas companies are consistently among the country's top 10 taxpayers, contributing substantially to regional social development.

Oil production has remained stable with modest growth over the past five years, averaging approximately 85 million tonnes annually. Kazakhstan has the capacity to increase production, albeit partially constrained by OPEC+ quotas.

The global energy transition, driven by decarbonisation policies and geopolitical shifts, is undoubtedly impacting the oil and gas sector. However, Kazakhstan continues to actively enter into oil and gas contracts, including long-term agreements, and seeks to attract investment in exploration.

Currently, 54 subsoil users are implementing 88 contracts extending beyond 2030, with at least 36 of these contracts valid beyond 2040. Notably, two major contracts – Kalamkas-Sea, Khazar, and Auezov fields and the Karaton Podsolevoy subsoil site – were signed in 2023, extending until 2066 and 2068, respectively,

³⁸ Sanat Urnaliev, [Экологи знают, как спасти Каспийское море. О чём идёт речь?](#), *InformBuro*, 7 February 2025.

exceeding the 2060 target year for carbon neutrality. The primary stakeholders in these projects include the United States, Italy, France, the UK, and Kazakhstan, with Russia increasing its involvement.

Issues surrounding contract transparency are significant. The two most recent long-term oil exploration and production contracts were concluded through direct negotiations with state-owned KazMunayGas, eliminating competition and potentially resulting in less favourable terms for the country. Following the contract award, KMG partnered with Russian companies, but the terms of this partnership, including the distribution of obligations, remain undisclosed.

Crucial Kazakh contracts, namely for Tengiz, Karachaganak and Kashagan, remain subject to strict confidentiality clauses. Despite repeated requests from civil society and parliamentarians, the government has declined to disclose these contracts or initiate discussions on their release. A number of companies from the United States, Russia, Italy, the UK, France, China, and Japan are actively involved in these projects. With all major projects expiring in the 2030s, and discussions regarding extensions underway, there are future opportunities to renegotiate confidentiality provisions and introduce terms more beneficial to Kazakhstan.

Conclusions

Global decarbonisation trends and geopolitical shifts mean Kazakhstan's coal, oil and gas industries must adapt to these new realities. This includes reducing reliance on fossil fuels, developing alternative energy sources, enhancing energy efficiency, and identifying new markets. A holistic approach is essential for Kazakhstan to effectively address these challenges and capitalise on emerging opportunities.

Documents pertaining to carbon neutrality are broadly framed and lack specific, measurable goals and indicators. As a result, it remains unclear how active deposit exploration and the conclusion of new contracts align with decarbonisation objectives.

Therefore, Kazakhstan should develop sector-specific decarbonisation strategies, which must also consider related processes such as workforce retraining and shifts in internal migration patterns. Existing regional development programmes, as part of the national planning system, do not adequately address the energy transition, and climate change adaptation plans are absent. This overall picture suggests a lack of a clear, actionable vision for the energy transition among the Kazakh authorities.

Recommendations

Recommendations for the Kazakh government

- Increase public trust and transparency in the transition to a low-carbon economy and Kazakhstan's extractive sector by initiating open dialogue with extractive companies, civil society, and affected communities, ensuring a just energy transition.
- Disclose all current and future contracts for coal, oil and gas.
- Commission and publish independent expert analysis and financial modelling to determine a fair energy transition.
- Increase public access to data and information about the extractive sector and energy transition in both Kazakh and Russian languages.
- Publish online the names, organisational positions, and email addresses of responsible government officials, in order to promptly address public inquiries and communications regarding the extractive sector and energy transition.
- Ensure open and accountable studies and discussions regarding the social, environmental, and human rights impacts of hydrocarbon and coal development or closure, and establish and enforce mechanisms for adequate compensation.
- Work with all industry sectors and society to diversify away from fossil fuels and transition towards a low-carbon economy.

Recommendations for international governments and state-owned companies

- Adhere to all relevant laws and regulations, and uphold best practices and high standards of transparency, accountability and human rights protection when implementing projects in Kazakhstan.

Recommendations for Kazakh civil society

- Campaign for full disclosure, public discussions and a review of current and future fossil-fuel contracts, as well as energy transition policies and plans.
- Develop guidance and advocate for a participatory regulatory framework to prevent corruption and mismanagement of the energy transition.
- Actively use data from the EITI, mandatory company transparency reports, and other sources to promote public dialogue on the management of Kazakhstan's extractive industries and resulting public receipts.
- Research and report on the chain of state participation in the country's extractive sector and energy transition.

Recommendations for international financial institutions, multilateral development banks and institutional donors

- Engage in policy dialogue with the Kazakh government to defend the rights of civil society and individual activists, speak out about the country's extractive sector and other issues of legitimate public debate, and increase support that enables the government to improve and enhance the extractive industry and energy transition governance.
- Seek out and fund more civil society transparency, participation and accountability initiatives directed at securing more accountable, equitable and sustainable outcomes in producer countries and subnational localities from the extraction of non-renewable natural resources.
- Increase capacity-building support for civil society organisations campaigning on extractive sector and energy transition issues.
- Accelerate the redirection of international funding away from fossil fuels to the low-carbon energy transition and economic diversification.
- Minimise the risks for communities in transition by offering targeted solutions at the municipal level.