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Structural Changes in Russia–Kazakhstan Economic Cooperation: Evidence from Trade and Business Entities

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Abstract
Economic cooperation between Russia and Kazakhstan has been undergoing significant changes in recent years under the influence of external economic constraints and the transformation of regional economic ties. The aim of this article is to assess how Russia–Kazakhstan economic cooperation has evolved under sanctions by examining changes in bilateral trade, organizational embeddedness, and relative structural position between 2018 and 2025. The analysis uses Kazakhstan as a focused empirical setting and traces developments from 2018 to 2025, with the earlier years serving as a pre-shock benchmark. The results indicate that bilateral trade rose sharply after 2022, then remained elevated without further expansion. The results showed that a structural asymmetry of trade flows was revealed: Kazakhstan's exports to Russia decreased from 9.55–9.56 billion US dollars in 2024 to 8.14 billion US dollars in 2025, while imports from Russia increased from 18.24 billion US dollars to 19.26 billion US dollars. Russian-linked firms also retained the largest foreign business presence in Kazakhstan. At the same time, the growing weight of China altered Russia's relative standing rather than removing its importance. The study shows that cooperation under sanctions is better understood as differentiated restructuring than as simple expansion and contraction. Thus, the economic cooperation between Russia and Kazakhstan does not show signs of either steady expansion or consistent reduction, but is developing in the form of structural adjustment at a high level of interaction.

KEYWORDS
Economy, Economic Cooperation, Economic Sanction, Bilateral Trade, Foreign Trade, Trading Structure, International Business

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1 | INTRODUCTION

Since 2022, economic relations between Russia and its neighboring partners have received growing attention in studies examining the implications of economic sanctions (Morgan et al., 2023). Existing scholarship has largely converged on two competing positions. One holds that financial restrictions, export controls, and threats of secondary sanctions progressively raise transaction costs, thereby weakening trade, investment, and organizational ties between the sanctioned state and its partners (Hufbauer et al., 2007). The other contends that, where geographic proximity, institutional interfaces, and logistics corridors remain intact, ally networks may serve as critical conduits through which sanctioned states reorganize supply chains, relocate corporate entities, and sustain external connectivity (Drezner, 2003; Early, 2015).

Kazakhstan offers a critical case for adjudicating between these positions. The country maintains deep and long-standing economic ties with Russia while simultaneously being embedded in Chinese, European Union, and broader global markets (Myrzakhmetova et al., 2019; Hudson, 2022). This structural position means that Russia–Kazakhstan cooperation could either intensify under sanctions pressure or contract under rising compliance constraints (Libman & Obydenkova, 2022; Arapova, 2023). Empirical evidence from the early post-conflict period documents a measurable expansion in bilateral trade and investment linkages, which challenges the linear expectation that sanctions necessarily compress cooperation among allied states. Expansion during the initial shock period, however, does not constitute a medium-term trend. As of 2025, the more pressing analytical question is not whether Russia–Kazakhstan cooperation persists, but why it remains at elevated levels, why further expansion has not continued, and whether Russia's structural position within Kazakhstan's economy has undergone reconfiguration. The aim of this article is to assess how Russia–Kazakhstan economic cooperation has evolved under sanctions by examining changes in bilateral trade, organizational embeddedness, and relative structural position between 2018 and 2025.

Against this backdrop, this article advances one central research question and three interrelated sub-questions. The central question asks: under conditions of sustained sanctions, what dynamics characterize Russia–Kazakhstan economic cooperation between 2022 and 2025, and do existing binary expectations of compression versus expansion adequately account for these dynamics? Three subquestions follow in sequence. The first concerns trade flows: how have the overall scale and directional composition of bilateral cooperation, disaggregated by export and import flows, evolved over this period? The second concerns organizational stocks: as trade flows adjusted, did institutional presence manifest as exit or as sedimentation? The third concerns structural position: in the face of rising Chinese market share and tightening compliance pressure, has Russia's relative standing within Kazakhstan's external economic structure shifted, and if so, in what form?

This article makes three contributions. First, the observation window extends through the full year 2025 and into early 2026, which guards against treating short-

run shock dynamics as proxies for medium-term trends. Second, bilateral trade volume is not treated as the sole object of analysis; trade directionality, firm-level embeddedness, and relative structural position are examined concurrently, which improves the capacity to identify how the bilateral relationship is being reorganized rather than merely whether it persists. Third, this article argues that Russia–Kazakhstan economic cooperation after 2022 is more accurately characterized as structural rebalancing at an elevated baseline rather than as either continued intensification or progressive contraction.

2 | LITERATURE REVIEW

A central tradition in sanctions theory emphasizes the compressive effects of economic coercion. The foundational literature argues that when a sanctioning coalition is sufficiently broad and consistently enforced, sanctions raise the policy costs of the target state by restricting access to trade, finance, and technology (Hufbauer et al., 2007). More recent reviews similarly find that comprehensive and coordinated sanctions reshape the target's external transaction networks through multiple simultaneous channels (Morgan et al., 2023). From this perspective, Kazakhstan's economic ties with Russia should contract continuously as external constraints intensify.

A second tradition is skeptical of this linear expectation. Pape (1997) observed that the coercive effectiveness of sanctions is routinely overstated, with alternative markets, third-party channels, and political tolerance eroding their policy impact. Drezner (2003) further argued that the outcomes of economic coercion depend on anticipated conflict, political relationships, and third-party choices rather than on the magnitude of economic harm alone. Early (2015) demonstrated from a sanctions-busting perspective that non-participating third states can substantially undermine sanctions through trade, financial, and material support, and subsequent work identified the expansion of informal economic channels as a key mechanism (Early & Peksen, 2019). On this reading, Kazakhstan would not distance itself from Russia under sanctions pressure but might capture new intermediary rents.

By 2025, neither expectation fits the available evidence. Kazakh official data point to a configuration in which bilateral ties remain at elevated levels, expansion has ceased, and the shock-phase growth trajectory has not continued. The relevant question is therefore not whether sanctions are effective but through what mechanisms they alter the form, function, and boundaries of allied economic linkages.

A second line of debate centers on regional institutions. Research supporting a buffering function argues that regional integration arrangements reduce transaction friction, stabilize internal logistics, and preserve payment and regulatory interfaces during external shocks. Scholars have found that the Eurasian Economic Union's institutional framework helps sustain goods flows and regional supply chains among member states (Pomerlyan & Belitski, 2024) and that the Union functions less as a strictly standardized common market than as a pragmatic

coordination mechanism during external crises (Braun et al., 2024). Historical, linguistic, and institutional linkages also provide a durable foundation for Kazakhstan to maintain cooperative ties with Russia (Hudson, 2022).

Critical scholarship argues the opposite. Studies following the 2014 sanctions document significant economic interdependence among Russia, Belarus, and Kazakhstan, implying that sanctions shocks spill over through trade, investment, and remittance channels (Makhmutova, 2019). Related work points out that the Union can function simultaneously as a transit and substitution corridor while exposing new fault lines as member states face differentiated compliance pressures (Libman & Obydenkova, 2022). On this view, cooperation under intensified sanctions should reflect institutional fragility rather than buffering.

The difficulty in accounting for conditions after 2025 stems from treating institutional effects as a single entity. Institutions have neither failed entirely nor succeeded entirely but have diverged across functional dimensions: the Eurasian Economic Union has continued to stabilize goods trade through tariff and customs rules while proving unable to prevent structural contraction at the level of payment clearing and compliance coordination. Explaining this requires disaggregating regional institutions into distinct functional layers and examining each separately.

A third line of debate derives from the trade deflection literature. Classical work establishes that restrictive trade policies cause affected exports to deflect toward third markets (Bown & Crowley, 2007). Research on Iran found that export sanctions induce measurable export deflection toward non-participating countries (Haidar, 2017). Gravity model studies further show that economic actors engage in inventory adjustment and channel repositioning before policy measures formally take effect (Afesorgbor, 2019). Work on the 2014 Russia sanctions documents how sanctions and countersanctions significantly altered export directions and transaction risk (Crozet & Hinz, 2020). A contrasting body of literature emphasizes that deflection is not boundless: the trade effects of sanctions vary substantially across sectors, targets, and time periods, and short-run redirection during the shock phase cannot be extrapolated as the stable outcome of a rebalancing phase (Felbermayr et al., 2020; Morgan et al., 2023). Spillover effects on transition economies are similarly inconsistent across third-party states, with trade and investment sometimes moving in opposite directions (Sedrakyan, 2022).

This literature has focused predominantly on flow-level dynamics and devoted less attention to organizational sedimentation and functional reallocation. For Russia–Kazakhstan relations, the critical phenomenon observable by 2025 is precisely that expansion in trade flows has ceased while import supply structures, corporate entities, and institutional interfaces have not contracted in parallel. Explaining this configuration requires extending the unit of analysis from trade flows to three jointly operating levels: import supply, organizational sedimentation, and institutional interfaces.

The three lines of debate share an underlying premise: that sanctions operate on allied ties in a uniform direction across all dimensions, leaving contraction versus expansion as the only question. This article argues instead that sanctions

simultaneously release two categories of forces operating in opposite directions, with their relative intensity varying systematically across economic levels. Sustaining forces derive from the structural inertia of existing networks, including border supply chains, regional institutional interfaces, and long-standing organizational relationships. Constraining forces derive from sanctions enforcement pressure, including compliance scrutiny, entity designation management, payment friction, and third-party transit oversight. These two sets of forces operate concurrently rather than sequentially.

The contribution lies in specifying that sustaining forces are stronger at the level of organizational stocks than at the level of trade flows, while constraining forces exhibit the reverse pattern. Legal registration and long-standing contractual arrangements carry high exit costs and adjust slowly, whereas compliance thresholds for individual transactions are lower and marginal adjustment is more flexible. If compression logic holds, all levels should contract in the same direction. If adaptive expansion logic holds, all levels should expand in the same direction. If the framework advanced here holds, the same relationship at the same point in time should simultaneously display flow-level plateauing, stock-level continuity, and positional reordering.

3 | METHODOLOGY

This article employs a single-case longitudinal design, combining descriptive statistics with cross-period comparative analysis to systematically trace the evolution of Russia–Kazakhstan bilateral economic cooperation under the conditions of the Russia–Ukraine conflict and comprehensive sanctions. The selection of Kazakhstan as the case rests on three methodological considerations. First, Kazakhstan shares one of the longest land borders in the world with Russia and is a member of the Eurasian Economic Union, a combination of geographic and institutional conditions not replicated in other allied-state cases. Second, Kazakhstan maintains high-intensity economic ties with China while pursuing a balancing posture between cooperation with Russia and compliance with Western expectations, making it a well-situated vantage point for observing how nodes in allied networks actively adapt under sanctions pressure (Hudson, 2022). Third, the Bureau of National Statistics of Kazakhstan publishes complete annual trade bulletins and partner-share data, providing two mutually independent official data sources that support the estimation approach used in this article and satisfy the minimum conditions for robustness verification.

This article does not adopt econometric identification or index construction, for three reasons. First, publicly available high-frequency Russia–Kazakhstan data remain incomplete with respect to services trade, cross-border payment costs, firm-level exports, and bilateral quarterly investment flows disaggregated by partner. Second, the external shocks following 2022 are highly heterogeneous, with policy shifts, price movements, and wartime developments intertwined in ways that make strong identification designs difficult to satisfy. Third, the primary objective of this article is to characterize a new empirical configuration and delimit its explanatory

boundaries, rather than to estimate the precise magnitude of a single causal effect.

Figure 1 summarizes the research design by linking the research questions, the analytical framework, the level-specific empirical effects, and the core interpretation of high-level rebalancing.

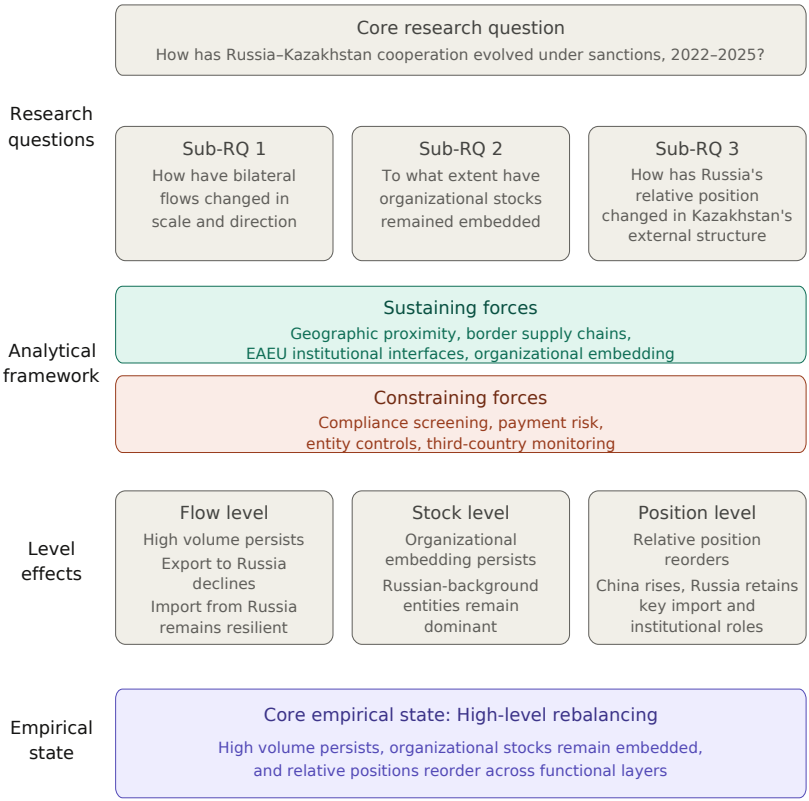


Figure 1. Research framework

Three key concepts require explicit definition. "Elevated rebalancing" refers to an intermediate state in which the scale of bilateral ties and the organizational presence of both parties remain substantial, while marginal expansion has ceased, export and import directions have diverged, and partner rankings and functional positions have shifted. "Organizational embeddedness" refers to institutional presence established through legal registration, joint-venture arrangements, and ongoing operations, as distinct from discrete short-term transactions (Granovetter, 1985). "Relative structural position" refers to a partner's composite standing within the host country's external economic architecture, encompassing share, rank, and functional non-substitutability simultaneously.

Two boundaries on scope apply. First, the investment component does not bear the primary identificatory burden of this article, as the publicly available bilateral flow data are less consistent than the trade and enterprise data. Second, this article examines Kazakhstan's external economic function as a node in an allied network, not the microeconomic performance of individual firms. Accordingly, the findings are more appropriate for explaining relational reorganization under sanctions than for drawing direct inferences about the profitability of specific enterprises.

This article draws on three categories of source material. The first consists of annual foreign trade bulletins published by the Bureau of National Statistics of Kazakhstan covering the period from 2018 to 2025. These sources provide data on total trade turnover, aggregate exports and imports, intra-Eurasian Economic Union (EAEU) trade volumes, Russia's share in Kazakhstan's trade within the Union, and the shares of major trading partners in Kazakhstan's exports and imports. The second category consists of enterprise entity census data published by the Bureau of National Statistics of Kazakhstan as of January 1, 2026, used to identify the registration and operational status of Russia-affiliated entities and Russia–Kazakhstan joint ventures operating in Kazakhstan (Bureau of National Statistics, 2026). The third category includes direct investment position data published by the National Bank of Kazakhstan as of October 1, 2025, which are used as supplementary evidence of capital linkages (National Bank, 2026).

As shown in Table 1, this article treats 2022 as the reference year for post-sanctions adjustment, designates 2018–2021 as the pre-2022 period and 2022–2025 as the post-2022 adjustment period, and constructs continuous annual inputs for the dual-path estimation accordingly.

Table 1. Dual-path estimates of Russia–Kazakhstan trade for 2018–2025

Period	Year	Path A Estimate, USD bn	Path B Estimate, USD bn	Absolute Gap, USD bn
Pre-war period	2018	18.48	18.51	0.03
Pre-war period	2019	19.99	19.99	< 0.01
Pre-war period	2020	18.77	18.77	< 0.01
Pre-war period	2021	24.60	24.62	0.02
Post-war adjustment period	2022	26.76	26.98	0.22
Post-war adjustment period	2023	25.96	26.00	0.04
High-level rebalancing period	2024	27.78	27.80	0.02
High-level rebalancing period	2025	27.40	27.37	0.03

* Path A is based on Kazakhstan's exports, imports, and Russia's trade shares; Path B is based on Kazakhstan's EAEU trade turnover and Russia's share within it. Values reported as < 0.01 indicate non-zero differences below reporting precision.

Note: compiled by the authors.

To reduce dependence on a single measurement route, the study estimates the scale of bilateral Russia–Kazakhstan merchandise trade through two independent paths, both based entirely on official Kazakh statistics. The first is a global-share path, which estimates bilateral trade using Kazakhstan's total merchandise exports and imports together with Russia's official shares among Kazakhstan's export destinations and import sources, as shown in Equation (1):

$$T_t^A = X_t \times s_{R,t}^X + M_t \times s_{R,t}^M \tag{1}$$

where:

T_t^A – the estimated value of bilateral Russia–Kazakhstan merchandise trade in year t;
X_t – the total value of Kazakhstan's exports in that year;
M_t – represents the total value of Kazakhstan's imports in that year;
$s_{R,t}^X$ – Russia's share of Kazakhstan's export destinations;
$s_{R,t}^M$ – Russia's share of Kazakhstan's import sources.

This path essentially estimates "Kazakhstan's exports to Russia" and "Kazakhstan's imports from Russia" separately and then sums them up.

The second path is an alliance-structure path, which estimates bilateral trade using Kazakhstan's total trade turnover with member states of the Eurasian Economic Union (EAEU) together with Russia's official share within that trade, as shown in Equation (2):

$$T_t^B = EAEU_t \times s_{R,t}^{EAEU} \tag{2}$$

where:

T_t^B – the estimated bilateral trade volume between Russia and Kazakhstan in year t;
$EAEU_t$ – Kazakhstan's total trade turnover with EAEU member states;
$s_{R,t}^{EAEU}$ – Russia's share in the Union's trade.

This path uses the trade structure within the Union to cross-validate the estimates obtained from Path A. Table 2 presents the dual-path estimates across the full observation period alongside robustness notes for each year.

The largest absolute gap appears in 2022 (0.22 billion USD), likely to reflect higher partner-share volatility during the adjustment period rather than a systematic estimation bias. For the remaining years, the absolute gap does not exceed 0.04 billion USD. The consistency between the two paths supports the reliability of this article's characterization of bilateral trade dynamics.

4 | RESULTS

According to data published by Kazakhstan's Bureau of National Statistics, total foreign trade followed an overall upward trajectory between 2018 and 2025, increasing from approximately 93.5 billion USD to approximately 143.9 billion USD, with a decline in 2020 due to the pandemic. Trade with EAEU member states rose

as well, from approximately 19.3 billion USD in 2018 to approximately 30.9 billion USD in 2025, indicating that the regional trade framework remained functional throughout the period (Bureau of National Statistics, 2026).

Table 2. Robustness check of Russia–Kazakhstan trade estimates for 2018–2025

Period	Year	Path A, USD bn	Path B, USD bn	Gap, USD bn	Robustness Note
Pre-2022 period	2018	18.48	18.51	0.03	The two paths converge closely, indicating a stable baseline.
Pre-2022 period	2019	19.99	19.99	< 0.01	The negligible gap suggests a highly consistent estimate.
Pre-2022 period	2020	18.77	18.77	< 0.01	The pandemic-related contraction is captured consistently by both paths.
Pre-2022 period	2021	24.60	24.62	0.02	Trade recovery is reflected similarly across both estimation paths.
Shock-reorgan. period	2022	26.76	26.98	0.22	The largest gap in the series likely reflects higher partner-share volatility during the adjustment year.
Shock-reorgan. period	2023	25.96	26.00	0.04	Bilateral trade remains elevated, while the gap returns to a low level.
High-level rebal. period	2024	27.78	27.80	0.02	The two paths remain highly consistent and support the interpretation of stable high-level trade.
High-level rebal. period	2025	27.40	27.37	0.03	The small gap supports the interpretation of high-level plateauing rather than continued expansion.

* Path A uses Kazakhstan's exports, imports, and Russia's trade shares; Path B uses EAEU trade turnover and Russia's share within it. Values < 0.01 indicate non-zero differences below reporting precision. January 2026 is excluded due to data incomparability.

Note: compiled by the authors.

The drivers of growth differed across periods. The dynamics observed between 2018 and 2021 largely reflected post-pandemic recovery, whereas the period after 2022 was shaped by the restructuring of external economic relations under sanctions conditions. Between 2022 and 2023, intra-EAEU trade rose steeply from approximately 27.2 billion USD to approximately 30.6 billion USD. Russia's share in Kazakhstan's intra-EAEU trade, while still dominant, experienced minor reductions in certain years, suggesting that although Russia remains Kazakhstan's primary partner within the Union, the trade concentration is evolving.

At the regional level, Kazakhstan's trade with Eurasian Economic Union member states remained high over the most recent two years. According to the Bureau of National Statistics, Kazakhstan's total EAEU trade turnover reached approximately 30.4 billion USD in 2024 and increased modestly to approximately 30.9 billion USD in 2025. Of these totals, trade with Russia accounted for the predominant share (Table 3).

An important asymmetry emerges beneath the aggregate trade figures. Russia's share contracted on both sides between 2024 and 2025, but the decline on the

export side (from 11.7% to 10.3%) was steeper than on the import side (from 30.5% to 29.7%). This pattern suggests that Kazakhstan's export diversification away from Russia is proceeding faster than import substitution.

Combined with Kazakhstan's aggregate export decline of 3.2 percent and import growth of 7.4 percent, this asymmetry points to directional divergence at the bilateral level. Kazakhstan's export composition is shifting away from Russia more rapidly, while its reliance on Russian imports remains structurally sticky.

On an annual basis, Russia–Kazakhstan bilateral goods trade after 2022 remained broadly within the range of approximately 26.0–27.8 billion USD. The estimate for 2024 is approximately 27.8 billion USD, and for 2025, approximately 27.4 billion USD. The two estimation pathways yield closely aligned figures across all years, confirming that this article's characterization of bilateral trade dynamics does not depend on a single measurement approach and is robust to alternative estimation methods. Disaggregating by direction, Kazakhstan's exports to Russia declined from approximately 9.55–9.56 billion USD in 2024 to approximately 8.14 billion USD in 2025, while imports from Russia rose from approximately 18.24 billion USD to approximately 19.26 billion USD over the same interval. This indicates that while overall bilateral trade remained elevated, its internal composition shifted: the export side contracted, while the import side remained resilient. Russia–Kazakhstan goods trade after 2025 is therefore more accurately characterized as structural rebalancing at an elevated baseline than as continued expansion.

Table 3. Kazakhstan's external trade and Russia-related indicators for 2024–2025

Indicator	2024	2025	Change
Kazakhstan's total merchandise trade, USD bn	141.406	143.888	+1.3%
Kazakhstan's exports, USD bn	81.618	79.041	–3.2%
Kazakhstan's imports, USD bn	59.787	64.847	+7.4%
Kazakhstan's trade turnover with the EAEU, USD bn	30.448	30.893	+1.5%
Russia's share among Kazakhstan's export destinations	11.7%	10.3%	–1.4 p.p.
Russia's share among Kazakhstan's import sources	30.5%	29.7%	–0.8 p.p.

Note: compiled by the authors based on Bureau of National Statistics (2026).

The reordering of partner shares displays two distinct patterns rather than a single trend. Russia's export-side share contracted markedly faster than its import-side share, while China gained on both sides but with a notably steeper rise in import-source share than in export-destination share (Table 4).

Table 4. Russia and China shares in Kazakhstan's trade, 2024–2025

Partner	2024 Export share	2025 Export share	2024 Import share	2025 Import share
Russia	11.7%	10.3%	30.5%	29.7%
China	18.3%	19.2%	25.3%	29.2%

Note: compiled by the authors based on Bureau of National Statistics (2026).

Russia's relative position changed unevenly across trade dimensions. Russia's share among Kazakhstan's export destinations declined from 11.7% in 2024 to 10.3% in 2025, while its share among import sources decreased more moderately from 30.5% to 29.7%. At the same time, China strengthened its position in Kazakhstan's trade structure, with its export share increasing from 18.3% to 19.2% and its import share rising from 25.3% to 29.2%, indicating a gradual reordering of external trade relations. The organizational footprint presents a different pattern from trade flows. Russian-affiliated entities substantially outnumber those from other major source countries, while the operational-to-registered ratio of approximately three-quarters suggests that this presence reflects sustained economic activity rather than residual legal registration (Table 5).

Table 5. Business entities in Kazakhstan by major source country, as of January 1, 2026

Country	Foreign-Funded Entities Registered	Foreign-Funded Entities Operating	Joint Ventures Registered	Joint Ventures Operating
Russia	22,821	17,348	4,798	3,719
Uzbekistan	8,209	6,528	631	465
China	8,081	6,356	1,171	940
Turkey	5,051	3,272	736	473
Kyrgyzstan	2,849	2,017	382	282

*Business-entity statistics reflect organizational presence and do not directly measure industrial upgrading.

Note: compiled by the authors based on Bureau of National Statistics (2026).

Chinese-affiliated entities accounted for 8,081 registered and 6,356 operating firms, while Uzbek-affiliated entities accounted for 8,209 registered and 6,528 operating firms. These differences across source countries suggest that Russia maintains a particularly strong organizational presence within Kazakhstan's enterprise structure. Previous research indicates that the institutionalization of the EAEU contributed to bilateral foreign direct investment and capital integration prior to the sanctions period (Kemme et al., 2021). Building on this structural foundation, available investment data, although less directly comparable than trade statistics, suggest that capital linkages between Russia and Kazakhstan remain substantial.

Investment data are less directly comparable than trade and business-entity statistics. Nevertheless, direct investment position data published by the National

Bank of Kazakhstan as of October 1, 2025, suggest that Russia continues to represent an important source of capital linkages for Kazakhstan (National Bank, 2026). Because publicly available summaries do not provide a fully consistent bilateral investment flow series, investment is not used here as the principal basis for identifying the direction of change but rather as supplementary evidence. At minimum, the available investment data do not support the conclusion that bilateral capital ties have been severed.

5 | DISCUSSION

The results indicate that Russia–Kazakhstan relations have not evolved along a single path of "continuous expansion" or "rapid contraction" but have instead entered a state of high-level rebalancing. If one were to strictly adhere to the logic of sanctions-induced contraction, Russia–Kazakhstan trade and business activity should have declined in tandem as sanctions intensified. Contractionist explanations in sanctions research typically support this expectation (Hufbauer et al., 2007; Morgan et al., 2023). However, the findings of this paper show that Russia's share of Kazakhstan's import sources remained at nearly 30 percent between 2024 and early 2026, whilst the number of Russian-affiliated business entities continued to hold a significant advantage. This indicates that existing ties have not contracted linearly. Conversely, if one were to strictly adhere to the logic of adaptive restructuring, circumvention dividends and alternative channels should continue to drive the expansion of bilateral ties (Early, 2015). However, the estimates in this paper indicate that by 2025, bilateral goods trade between Russia and Kazakhstan had shifted from expansion during the shock period to a plateau at a high level, with Kazakhstan's exports to Russia showing a marked decline. This implies that the assessment of continued strengthening, formed based on observations during the early stages of the shock, needs to be revised over a longer time horizon.

A more accurate explanation is that sanctions have simultaneously unleashed two opposing forces. The first is a stabilising force, stemming primarily from geographical proximity, cross-border supply chains, institutional interfaces within the EAEU, and existing organisational networks; these factors reduce the likelihood of a sudden rupture in relations (Hudson, 2022; Pomerlyan & Belitski, 2024). The second category comprises restraining forces stemming primarily from compliance audits, corporate entity lists, payment risks, and third-party transshipment regulations. These factors have compressed new arbitrage opportunities and raised the marginal cost of continued expansion (Felbermayr et al., 2020; Morgan et al., 2023). Between 2022 and 2023, sustaining forces temporarily dominated, resulting in an anomalous expansion of bilateral relations. From 2025 onwards, constraining forces rose significantly; whilst bilateral trade remained at a high level, it no longer increased at the same rate as during the shock period. The so-called "rebalancing at a high level" is essentially the result of the coexistence of these two types of forces: existing ties, institutional channels and organisational embeddedness prevent the relationship from being severed, whilst compliance pressures and intensified competition significantly weaken its expansionary momentum.

The findings of this paper indicate that, after 2025, the key mechanism sustaining Russian–Kazakh ties is no longer the shock-driven amplification on the export side but rather three mechanisms with greater stickiness. First, the stickiness of import supply chains. Although Russia's share of Kazakhstan's import sources has declined marginally, it remained at a high level of around 30 percent in 2024 and 2025. Second, institutional interface stickiness. Russia–Kazakhstan relations are embedded within the common trading system of the EAEU; internal Union statistics show that Russia's share of Kazakhstan's trade with the EAEU remains very high. Third, organisational embedding stickiness. The number of Russian-affiliated enterprises operating in Kazakhstan is significantly higher than in other countries, indicating that many links have evolved into legal entities with long-term operations rather than one-off trade transactions (Bureau of National Statistics, 2026). Furthermore, this embeddedness is reinforced by underlying structural complementarities within their national innovation systems, which create operational and technological interdependencies that are difficult to untangle in the short term (Yakovenko et al., 2026).

Based on the aforementioned mechanisms, this paper adopts "functional stratification" as a key concept for understanding Russia–Kazakhstan relations. This refers to the fact that different partners fulfill distinct functions within Kazakhstan's external economic structure. Russia is more focused on import supply, the Union interface, and organizational networks. China is more concentrated on export absorption, equipment supply, and a larger share of foreign trade. Functional stratification implies that changes in the partnership should not be judged solely on the basis of total figures but should be assessed separately across functional dimensions.

The results indicate that Russia's relative position within Kazakhstan's external economic structure has not disappeared, but has indeed shifted. In this paper, relative position is understood as a partner's overall standing in terms of ranking, market share and functional importance. In terms of total trade volume and import sources, Russia remains significant. However, in terms of export destinations, Russia's relative position is declining when compared with China. In other words, the shift in Russia's position does not represent an absolute loss of standing, but rather a transition from "dual expansion in both volume and direction" to "maintaining critical importance in certain dimensions whilst facing competitive pressure in others."

This shift offers two insights for existing theory. First, research on sanctions should not interpret the relationship between the target country and its allies as simply contracting or expanding continuously, but should allow for the existence of an intermediate state characterised by a realignment of relative positions (Morgan et al., 2023; Sedrakyan, 2022). Second, regional institutions do not exert a uniform influence on all economic functions. Institutions may simultaneously sustain import supply and organisational embeddedness, yet they may not necessarily continue to support exceptional expansion on the export side (Libman & Obydenkova, 2022).

Naturally, this paper does not claim that all changes are caused solely by sanctions. Global commodity prices, the expansion of domestic demand in Kazakhstan, and the restructuring of global shipping and land-based logistics may all influence total import and export volumes and partner shares. Precisely for this reason, this paper refrains from elevating descriptive comparisons to strict causal identification, instead limiting its conclusions to empirical explanations supported by continuous official statistics.

From a measurement perspective, this paper mitigates the risk that bilateral total volumes rely on a single summary metric through dual-path estimation and bases its core arguments on total volumes, market shares, and the number of enterprises directly published by the National Statistics Bureau. Even without relying on a single point estimate of the bilateral total, the paper's five conclusions—namely, that "the scale remains large, exports have declined, imports remain high, enterprise integration persists, and relative positioning is adjusting"—remain valid (Bureau of National Statistics, 2026).

From a research perspective, future studies on sanctions can be advanced in at least three areas. First, by shifting the temporal focus forward to identify the rebalancing phase, rather than concentrating solely on the shock period. Second, by integrating flow and stock dimensions to examine not only trade but also business entities and institutional arrangements. Third, introducing the agency of small states into research on alliance networks to analyze how middle powers proactively set the boundaries of cooperation between the pursuit of benefits and compliance constraints (Early, 2015; Libman & Obydenkova, 2022; Ibrayeva et al., 2023).

6 | CONCLUSION

This paper provides a systematic analysis of the evolution of economic cooperation between Russia and Kazakhstan against the backdrop of sanctions. The findings suggest that economic relations between the two countries since 2022 cannot be simply characterised as either continuous expansion or continuous contraction, but rather exhibit a more complex process of structural rebalancing. This process reflects the adaptability of alliance networks and regional institutional interfaces in the face of sanctions shocks, while also revealing how compliance pressures, shifts in the competitive landscape, and functional restructuring have reshaped bilateral relations. External sanctions have not disrupted economic cooperation between Russia and Kazakhstan, but its operational logic, supporting mechanisms, and structural positioning have undergone significant changes.

The main findings can be summarised as follows. First, Russia–Kazakhstan economic cooperation remains at a relatively high level in absolute terms, but the expansion phase has ended. Both the global-path estimates based on total export and import shares and the EAEU-path estimates based on the intra-EAEU trade structure indicate that bilateral goods trade remained at a high level after 2025 but no longer expanded at the rate seen during the shock period. Second, the direction of bilateral economic ties has diverged significantly: Kazakhstan's exports to Russia have declined while imports from Russia have remained resilient,

indicating that the dominant forces underpinning the relationship have shifted from export-driven expansion to more persistent import supply and institutional interfaces. Third, bilateral ties have evolved from short-term trade flows into institutionalized organizational embedding. Although Kazakhstan's exports to Russia declined markedly in 2025, Russian-affiliated enterprises in Kazakhstan numbered 22,821 registered and 17,348 in operation, ranking first among all foreign sources. The coexistence of cooling trade flows and consolidation at the organisational level indicates that cooperation has evolved from ad hoc trade opportunities into a structural network underpinned by legal entities and sustainable operations. Fourth, Russia's importance within Kazakhstan's economic structure remains, but its relative position has shifted. The continued rise in China's share, particularly its convergence with, and eventual overtaking of, Russia as both an export destination and an import source, signals that Russia's role is transitioning from comprehensive dominance to a functional niche. Fifth, the key impact of sanctions lies not in whether existing ties are severed, but in how they alter the functional boundaries, distribution patterns, and adjustment pathways of those ties.

The theoretical significance of this paper lies in advancing the analytical framework for research on sanctions and allied cooperation. Existing studies typically debate between "sanctions lead to contraction" and "sanctions induce adaptive expansion," yet neither explanation accounts for the "high-level but no longer expanding" state observed after 2025. This paper demonstrates that allied cooperation under sanctions does not necessarily evolve in a single direction but towards a state of jointly constituted structural rebalancing. Future research should not rely solely on changes in total trade volume to judge an alliance relationship, but should simultaneously examine functional levels, organisational forms, and structural positioning.

The practical significance is reflected at three levels. For policymakers, middle powers are not passive recipients in sanctions games between major powers but continuously adjust the boundaries of their cooperation between profit-seeking, risk management, and compliance constraints. For businesses and market participants, the prospects for Russia–Kazakhstan cooperation should be assessed by the stability of import supply chains, the sustained expansion of corporate networks, and the effectiveness of institutional interfaces, rather than by aggregate trade volume alone. For researchers, sanctions research needs to shift from the impact phase to the rebalancing phase, identifying the phased differences in sanctions spillovers across the temporal dimension.

This paper has several limitations. It employs a single-case longitudinal descriptive design, which supports pattern identification but not strict causal inference. Investment data are less comparable than trade and enterprise statistics and are treated only as supplementary evidence. The analysis focuses on Kazakhstan as a node in an alliance network rather than firm-level performance heterogeneity. Future research could extend the observation period to test whether high-level rebalancing consolidates into a new stable structure, integrate sectoral and product-level data to identify heterogeneous adjustments across commodities,

and conduct cross-national comparisons with other middle-income economies affected by sanctions spillovers.

The core conclusion of this paper is not whether Russia–Kazakhstan relations have strengthened or weakened, but that the nature of their dynamics has changed. Sanctions have not severed existing ties, but they have constrained further expansion and driven the bilateral relationship from a phase of expansion during the shock period towards a phase of restructuring during the rebalancing period. What truly warrants attention in the future is no longer merely whether bilateral cooperation will continue, but the functional form in which it will persist and the boundaries within which it will be reorganised.

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