

Sanctions on Russia and Their Effect on Kazakhstan

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by

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Herewith I declare that I clearly understand §11 of the Academic Regulations and that the submitted paper is accepted by the OSCE Academy in Bishkek on the understanding that it is my own effort without falsification of any kind. I declare that I am aware of the consequences of plagiarism or/ and cheating.

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ABSTRACT

Sanctions are becoming a crucial tool for foreign policy in the contemporary global setting, where geopolitical events and international relations are ever more intricate and intertwined. The goal of this study is to examine how Kazakhstan's economy and business environment are affected by the sanctions placed on the Russian Federation. As a tool of international policy, sanctions are now an essential component of contemporary state-to-state relations, and it is pertinent to research how they affect a neighboring nation's economy. Determining and evaluating the effects of sanctions on Kazakh enterprises is the primary research question. Considering the strong commercial and trade relations between Kazakhstan and Russia, this subject becomes crucial. The study starts with a survey of the literature on the use of sanctions as a tool for pressure, their function in international relations, and their impact on economically connected neighboring countries. Interviewing specialists in Kazakhstani business is the main study methodology. From the perspective of business as an active participant in the current political and economic environment, this method enables an in-depth content study of the impact of sanctions on many areas of business activity and diverse sections of the economy of Kazakhstan. The industries like energy, finance, and trade that are most susceptible to the effects of sanctions are given special consideration. The impact of sanctions on investment flows and business partnerships between Kazakhstan and Russia is taken into consideration, along with shifts in trade and economic relations between the two nations. By examining all of these factors together, we can identify both the disadvantages and advantages of the sanctions for Kazakh companies. For companies dealing with the effects of sanctions, diversification, seeking out new partners and markets, and bolstering internal resilience may be crucial tactics. As a result, this scientific study not only examines the existing state of affairs but also offers suggestions on how Kazakhstani industry and the government might adjust to changes in the world economy brought about by the sanctions imposed on Russia. The findings serve as a foundation for additional study in the areas of international economic relations and plans for the growth of regional economies.

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INTRODUCTION

In international relations, sanctions have emerged as a key instrument of statecraft that are frequently used by governments to express their displeasure or demand changes in the actions or policies of other countries. Recent years have seen a substantial increase in discussion and attention surrounding the sanctions that various Western nations, most notably the United States and the European Union, have imposed on Russia. The annexation of Crimea by Russia, the ongoing conflict in Ukraine, the alleged meddling in other countries' elections, and other geopolitical issues led to the imposition of these sanctions. Although these sanctions have largely targeted Russia, their repercussions have spread beyond its boundaries and affected trading partners and neighboring nations.

Kazakhstan, a landlocked nation in Central Asia with deep historical, cultural, and economic ties to Russia, is one such country that has been closely monitoring the developments and effects of sanctions on Russia. With Russia, Kazakhstan has a long-shared border and strong political, social, and economic ties to its northern neighbor. Russia has been a prominent trading partner for Kazakhstan, and there are many economic ties between the two nations, especially in the fields of energy, transportation, and banking. As a result, the imposition of sanctions against Russia could have an impact on the economy of Kazakhstan and present both difficulties and opportunities for its industry and government.

With a focus on three distinct research issues, the goal of this research is to investigate the impact of sanctions on Russia and their repercussions on Kazakhstan. First, it will examine Kazakhstan's economic relations with Russia, their size, and how the sanctions are expected to influence them. This will entail examining the trade patterns, investment flows, and other economic ties that exist between Kazakhstan and Russia as well as their historical, cultural, and economic aspects. The paper will also analyze potential spillover effects on other sectors of the Kazakh economy and regions as well as the economic sectors in Kazakhstan that are most susceptible to the effects of the sanctions. The goal of this research is to analyze how sanctions have affected Kazakhstan and analyzing the sanctions' possible effects on the economies of several sectors, including energy, transportation, and banking, will be necessary to do this. Finally, the paper will look at how the Kazakh government has responded to the impacts of the sanctions and the policies and plans it has implemented to lessen their impact.

Analyzing the government's initiatives to diversify its economy, improve its trading ties with other nations, and overcome the difficulties brought on by the sanctions will be necessary for this.

The paper will use a mix of quantitative and qualitative research methodology to answer these research questions, drawing on a careful analysis of secondary data sources, which will include academic journals, reports from international organizations, government publications, and other reliable sources. The review of the literature will give a thorough analysis of the material that has already been written on the subject, taking into account the political, economic, and historical aspects of Kazakhstan's relations with Russia, the effects of sanctions on Russia, and any possible ramifications for Kazakhstan. In-depth analyses of Kazakhstan's economic relations with Russia, the susceptibility of particular economic sectors to the effects of the sanctions, and the Kazakh government's response are presented in the findings and analysis section. The discussion part will offer recommendations for Kazakhstan on how to minimize the drawbacks and maximize the benefits brought about by the sanctions.

The results of this study will add to the body of knowledge on how sanctions affect Russia and its surrounding nations, particularly Kazakhstan. It will shed light on the kind and breadth of Kazakhstan's economic relations with Russia, the degree to which certain areas of the country's economy are susceptible to the consequences of the sanctions, and the steps taken by the administration to lessen those effects. As Kazakhstan navigates the effects of the sanctions, the paper will also highlight difficulties and opportunities for the nation and offer suggestions for how to reduce risks and take advantage of opportunities. With implications for policymakers, academics, and stakeholders interested in the economic and political ramifications of sanctions in the Eurasian region, the overall goal of this research is to provide a thorough analysis of the complex dynamics between sanctions against Russia and their effects on Kazakhstan.

It is crucial to understand the significance of the connection between Kazakhstan and Russia as the paper explores the effects of sanctions on Kazakhstan. Political, economic, and cultural relations have existed between the two nations for a long time, and Kazakhstan counts Russia as a significant trade partner and investor. But, sanctions imposed on Russia have the potential to sour this alliance and pose economic difficulties for Kazakhstan.

The primary objective of the research work that is being presented is a thorough analysis of how the sanctions placed on the Russian Federation have affected the Republic of Kazakhstan's business environment. The primary topics undergoing meticulous examination will be determining the precise financial ramifications of sanctions on Kazakh enterprises, pinpointing the sectors most vulnerable to this influence, and examining how business frameworks adapt to novel circumstances. The work's objective also encompasses evaluating Kazakhstan's leadership's actions and stance in relation to sanctions, as well as determining the steps implemented and their efficacy in addressing economic difficulties. The study's objective is to identify strategies for the sustainable growth of Kazakhstani businesses in the face of constraints by analyzing data and drawing conclusions.

The work's goals in this regard include evaluating how the business community has responded to the new economic realities, identifying the important sectors of the Kazakh economy that are most vulnerable to the effects of sanctions, and analyzing changes in trade and economic relations between Kazakhstan and Russia.

This paper will conclude by offering a thorough examination of the sanctions' consequences on Kazakhstan and Russia. By studying the type and depth of Kazakhstan's economic relations with Russia, determining the areas of the country's economy that are most susceptible to the effects of the sanctions, and examining how the Kazakh government has responded to those effects, it will respond to the research questions. The research's findings will add to the body of knowledge on the subject and shed light on the nuanced interaction between Kazakhstan and Russia in the context of sanctions. As Kazakhstan navigates the effects of the sanctions, the paper will also identify difficulties and opportunities for the country and recommend ways for it to reduce risks and take advantage of opportunities in a changing geopolitical and economic environment.

BACKGROUND AND SIGNIFICANCE

(RESEARCH PROBLEM)

The historical, economic, and cultural ties between Russia and Kazakhstan form a robust and intricate relationship that has evolved over centuries. This enduring connection is deeply rooted in the geographical proximity and the shared legacy of being part of the Soviet Union until its dissolution in 1991.

The geographical aspect is particularly significant, as the nations boast a border stretching over 7,500 kilometers¹, one of the longest in the world. This vast border not only delineates their territorial boundaries but also symbolizes the interconnectedness and interdependence that have characterized their histories. The shared Soviet past further solidifies the historical bond, as both countries were integral parts of the larger union, contributing to a shared heritage that continues to influence their interactions.

Since gaining independence in 1991, Kazakhstan and Russia have maintained close economic and trade ties, fostering a relationship that goes beyond mere geographical proximity. Russia has consistently held a pivotal role as Kazakhstan's principal trading partner, investor, and a significant source of remittances. This economic interdependence is a testament to the synergies between the two nations, as they leverage each other's strengths for mutual benefit.

The economic collaboration extends across various sectors, encompassing trade, investment, and labor markets. Russia's status as Kazakhstan's primary trading partner underscores the depth of their economic integration. The investment ties between the two nations have seen Russian capital contributing to Kazakhstan's economic development, further solidifying the economic partnership.

Remittances from Russian nationals working in Kazakhstan or Kazakh nationals working in Russia have also played a crucial role in shaping the economic landscape of both countries. These financial flows not only contribute to individual livelihoods but also serve as a bridge connecting the people and economies of Russia and Kazakhstan.

Beyond the economic sphere, Russia and Kazakhstan have collaborated in various regional and international organizations, showcasing a shared commitment to addressing common challenges and fostering regional stability. The Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO),

¹“Demarkatsiya gosudarstvennoy granitsy Respubliki Kazakhstan” [Demarcation of the state border of the Republic of Kazakhstan], Committee of Geodesy and Cartography of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan, accessed January 07, 2024, <https://www.gov.kz/memleket/entities/kgk/press/article/details/2328?lang=ru>.

and the Eurasian Economic Union (EAEU) represent platforms where both nations actively engage in diplomatic, economic, and security cooperation.

The SCO serves as a forum for fostering cooperation on security and development initiatives across Central Asia, providing a platform for Russia and Kazakhstan to collaborate on shared regional concerns. The CSTO, a regional military alliance, reinforces their commitment to ensuring collective security and responding to potential threats in the region.

The Eurasian Economic Union, established in 2015, represents a landmark economic integration effort, aiming to create a common market and facilitate the free movement of goods, services, and capital. Kazakhstan's active participation in this union reflects its commitment to deepening economic ties with Russia and other member states.

In essence, the multifaceted relationship between Russia and Kazakhstan is a testament to the enduring bonds forged through shared history, geographical proximity, and collaborative efforts on economic, political, and cultural fronts. As these nations continue to navigate the complexities of the contemporary geopolitical landscape, their longstanding partnership remains a cornerstone for stability and cooperation in the Eurasian region.

Kazakhstan and Russia share a robust economic relationship, with significant interactions in key sectors such as energy, transportation, and finance. This relationship is multifaceted, encompassing trade, transit, and cultural dimensions that have shaped the economic landscape of both nations. Kazakhstan, endowed with abundant natural resources such as oil, gas, and minerals, has found a significant market for its energy exports in Russia. The energy sector has been a cornerstone of economic collaboration, with Kazakhstan leveraging its resources to meet the energy demands of the Russian market. Kazakhstan plays a pivotal role as a transit route for Russian exports destined for other nations. The strategic geographical position of Kazakhstan facilitates the smooth movement of Russian goods, enhancing trade connectivity between Russia and various global markets. Russian investments have exerted a substantial influence on Kazakhstan's banking and financial sectors. These investments, whether through direct financial institutions or other avenues, contribute to the financial stability and growth of Kazakhstan's economy.

Kazakhstan is home to a sizable population of ethnic Russians, contributing to the country's cultural diversity. The coexistence of various ethnic groups, including

Russians, adds to the social fabric of Kazakhstan and underscores the interconnectedness between the two nations. Russian culture and language have left a significant imprint on Kazakhstan. The historical ties between the two nations, including the Soviet era, have led to a shared cultural heritage and linguistic influence. Russian remains widely spoken, and cultural elements persist in various aspects of Kazakh society.

The imposition of sanctions by Western nations, notably the European Union and the United States, against Russia has cast a considerable shadow on the geopolitical landscape, with ramifications extending to countries in the surrounding regions, including Kazakhstan. Sanctions, as instruments of applying economic and diplomatic pressure on nations perceived to have violated human rights or international law, have emerged as a complex and impactful tool. The consequences of these sanctions have been particularly pronounced in response to Russia's actions in Ukraine, notably the annexation of Crimea and its involvement in the conflict in Eastern Ukraine.

The toolbox of sanctions is diverse, encompassing measures that span economic, diplomatic, and financial realms. Asset freezes, travel bans, trade restrictions, and financial sanctions collectively constitute a range of punitive measures employed by Western nations to register their disapproval of Russia's actions. These sanctions are not only a response to specific events but also reflect a broader geopolitical stance, aiming to influence Russia's behavior and adherence to international norms.

The annexation of Crimea by Russia in 2014 triggered a robust response from the international community, leading to the imposition of sanctions. The move to incorporate Crimea into the Russian Federation was widely condemned as a violation of Ukraine's territorial integrity and a breach of international law. In addition to Crimea, Russia's involvement in the conflict in Eastern Ukraine, marked by support for separatist movements, intensified the imposition of sanctions as Western nations sought to compel a change in Russia's behavior.

The economic impact of these sanctions on Russia has been significant, affecting sectors such as energy, finance, and defense. However, the collateral effects of these measures have reverberated across the region, including in Kazakhstan. The interconnectedness of economies and shared historical ties mean that the economic consequences of sanctions extend beyond the targeted nation.

In Kazakhstan, a country with historical, economic, and cultural ties to Russia, the impact of these sanctions is multifaceted. The economic ties between Kazakhstan and Russia, often characterized by trade partnerships, investment flows, and labor migration, are intricately woven. The sanctions, particularly those related to trade restrictions, can disrupt these economic ties, affecting businesses, investors, and workers in both nations.

Moreover, the geopolitical implications of sanctions against Russia have led Kazakhstan to navigate a delicate diplomatic balancing act. As a country with historical ties to both Russia and the West, Kazakhstan finds itself in a nuanced position, seeking to maintain diplomatic relations with all parties involved. This balancing act is crucial for Kazakhstan, not only to safeguard its economic interests but also to foster regional stability.

The dynamics of sanctions, as responses to geopolitical events, underscore the complexity of international relations. While these measures aim to curb specific behaviors, they also trigger a cascade of consequences that extend beyond the intended target. The situation in Ukraine, coupled with the imposition of sanctions, reflects the intricate web of global geopolitics, where actions in one region can have far-reaching effects on neighboring countries and beyond.

The topic's importance stems from the potential geopolitical and economic repercussions of sanctions on Kazakhstan, a neighbor with strong ties to Russia. The impact of sanctions on Russia could sour relations between Kazakhstan and Russia economically, posing problems for commerce, investment, and financial flows in Kazakhstan. Kazakhstan's economic stability, social dynamics, and regional ties might all be significantly impacted by the sanctions' possible knock-on effects on other industries and geographical areas within the nation. To assess the potential risks and opportunities for Kazakhstan in navigating the shifting geopolitical and economic landscape, it is essential to comprehend the nature and extent of its economic ties with Russia, the weaknesses of particular economic sectors, and the response of the government of Kazakhstan to the impact of sanctions.

By offering a thorough study of the impact of sanctions on Russia and their repercussions on Kazakhstan, this paper will add to the body of existing work on the subject. The results of this study will clarify the intricacies of the relationship between Kazakhstan and Russia in the context of sanctions and offer perceptions into

Kazakhstan's difficulties and prospects. The study will also highlight the measures taken by Kazakhstan to lessen the consequences of the sanctions and take advantage of any opportunities brought about by the shifting economic landscape. The results of this study may be useful for countries facing comparable difficulties in navigating the geopolitical and economic dynamics of sanctions, as well as for policymakers, academics, and practitioners interested in comprehending the implications of sanctions on Russia and their effects on Kazakhstan.

LITERATURE REVIEW

The chosen topic for the Master's thesis, titled "Sanctions on Russia and their Effect on Kazakhstan," represents a relatively underexplored area in academic research, providing a novel avenue for investigation. While existing literature has delved into aspects of sanctions, their influence on third countries, anti-Russian sanctions, and the impact on Kazakhstan, the Thesis aims to contribute significantly to this body of knowledge through a distinct approach.

Acknowledging the importance of earlier research in the area, the thesis places itself in the larger academic discourse on sanctions. It asserts the need for a nuanced understanding, especially with regard to Kazakhstan's unique context, while acknowledging the value of the literature that has already been written. The thesis's distinctive contribution is found in its focus on examining specific cases. This methodology offers a detailed examination, facilitating a more profound comprehension of the various ways in which sanctions affect Kazakhstan on a micro level. A method like this enriches and narrows the scope of the general academic conversation.

The Thesis sets itself apart by including the perspective of the business community in Kazakhstan. The research attempts to provide a more contextualized and nuanced understanding of the sanctions' effects on Kazakhstan by incorporating insights and experiences from the local business context. The thesis seeks to introduce a new angle to the discussion by carefully analyzing and scrutinizing specific cases. This entails going above and beyond generalizations and providing specific, real-world examples that aid in a deeper understanding of the complex effects of sanctions.

The goal of the thesis is to significantly add to the corpus of information already available on sanctions and their effects. It seeks to enhance the scholarly understanding of the topic by providing a level of specificity based on the experiences of the Kazakh business community. Essentially, the master's thesis presents itself as a catalyst for a more in-depth investigation of the effects of sanctions on Kazakhstan, while also acknowledging the body of existing literature. The goal of the research is to increase and improve the scholarly understanding of this intricate geopolitical phenomenon by using specific case studies and insights from the local business community.

The topic of sanctions is the subject of a number of key works by M. P. Doxey, D. W. Drezner, G. Hufbauer et al., W. H. Kaempfer et al. and Brzoska. I would especially highlight the work of Hufbauer, who analyzed over 200 sanctions in recent

history. In addition, there are works by Russian scholars, such as I. I. Lukashuk, who raise the question of the legality of using the term “sanctions” for unilateral trade measures. Also a significant fact is the assertion that the application of sanctions almost never led to the intended goals, leaving outside the violation of the general principle of international law, it should be noted that, as I. Lukashuk points out, the main critical remark regarding sanctions, especially large-scale, consists in the fact that mainly the population of the target country suffers from them, but not the regime; they cause the damage to third states suffering from a break in ties with the target state; and the means of implementing sanctions are in the hands of large states and, accordingly, the effectiveness of sanctions depends on their position.²

With regard to anti-Russian sanctions, there are a large number of works by Western scholars who argue that anti-Russian sanctions work, while damaging not only Russia, but also the initiators of sanctions, as well as third countries. In “Economic Sanctions Against Russia - International Perspectives and Global Implications,” researchers from the Berlin Foundation for Science and Policy (SWP) look at how sanctions affect different countries. Their succinct conclusions appear to be valid. Although expensive steps to boost the economy will change the anticipated budget surplus into a deficit, Janis Kluge believes that for the time being the Russian state will remain capable. But in only two or three years, it will be safe to anticipate that the planned energy embargo by the West, along with the deteriorating Russian economy, will have a significant impact on the state's financial standing.³

Most Russian a number of non-academic Western articles argue that anti-Russian sanctions do not work and cause irreparable damage to European countries. But within the framework of this work, a significant deepening in this topic is not expected.

Regarding the impact of sanctions on Kazakhstan, there are several interesting works, one detailed work was devoted to the metallurgical and mining industry of Kazakhstan, the rest mainly considered the relations between Russia and the EAEU under sanctions. Separately, it is worth mentioning the work of Samantha Brletich “The

² Igor Lukashuk, *Pravo mezhdunarodnoi otvetstvennosti* [International Responsibility Law], (Moscow: Wolters Kluwer, 2004), 322 – 323.

³“Wirtschaftssanktionen gegen Russland – internationale Perspektiven und globale Auswirkungen” [Economic Sanctions Against Russia - International Perspectives and Global Implications], Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs), accessed January 07, 2024, <https://www.swp-berlin.org/en/publication/wirtschaftssanktionen-gegen-russland-internationale-perspektiven-und-globale-auswirkungen#publication-article-55>.

Crimea Model”, which discusses the issue of a possible repetition of the Crimean scenario in relation to the northern part of Kazakhstan. At the same time, there is lack of literature on the impact of sanctions on Kazakhstani business in the most vulnerable areas, apart from the work of L.L. Bozhko mentioned above. I believe that it is necessary to study the impact of sanctions on Kazakhstani business in the financial sector and oil and gas industry, as the most related to Russian business. In addition, we believe that it is necessary to study the prospects for the development of Kazakhstani business in the context of anti-Russian sanctions.

THEORETICAL FRAMEWORK

In this scholarly discourse, I anchor my analysis on the premise that economic sanctions, when imposed on individual states, frequently fail to attain their intended objectives. Within the scholarly literature dedicated to the subject of sanctions, a discernible taxonomy of goals associated with economic sanctions emerges. These objectives typically include the endeavor to influence the policy trajectory of the target country in alignment with the interests of the sanctioning entity, inflict economic harm, convey political signals, and impact the conduct of businesses engaged in commercial activities with the target nation. Concurrently, it is acknowledged that economic sanctions frequently yield unintended consequences, which may precipitate profoundly adverse repercussions for the population of the targeted country, potentially culminating in a humanitarian crisis encompassing issues such as famine and a scarcity of medical resources.

Scholars in the field posit that such unintended consequences could, paradoxically, act as catalysts for compelling the populace of the targeted country to exert pressure on its leadership to alter policies. However, a salient caveat is proffered in scholarly discussions, emphasizing the improbability of such a mechanism effectively operating in countries characterized by authoritarian regimes. The intrinsic nature of authoritarian governance structures, it is contended, significantly diminishes the likelihood of the population influencing policy changes through internal pressure, thereby rendering this dynamic an improbable outcome in such political contexts. The confluence of these insights underscores the complex and multifaceted nature of the ramifications associated with economic sanctions, underscoring the necessity for a nuanced understanding of their potential effects, both intended and unintended, within the broader context of international relations.

On the contrary, the leadership of such countries often explains their failures in economic policy precisely by the influence of sanctions, which often leads to the opposite effect - rallying the population around the authoritarian leadership of the country.^{4 5} In Venezuela, the Maduro government blames sanctions as the main cause

⁴Nikolay Marinov, "Do Economic Sanctions Destabilize Country Leaders?" *American Journal of Political Science* 49, no. 3 (2005): 564-76. <https://doi.org/10.2307/3647732>.

⁵D. Peksen, "Better or Worse? The Effect of Economic Sanctions on Human Rights," *Journal of Peace Research*, 46(1), 59-77. <https://doi.org/10.1177/0022343308098404>.

of the economic crisis.⁶ The current popular support for the Putin regime and his decision to run for president in 2024 confirms that the current sanctions have not affected Russia's foreign policy and in the near future we can only expect a tightening of sanctions pressure on Russia.

In the context of anticipating an escalation of sanctions against Russia and the potential duration of these measures, it is pertinent to reference the scholarly work of Videl V. and Marcus R., who have approached the current situation through the lens of game theory. Their analysis characterizes the scenario as akin to a dollar auction, a strategic interaction in which participating entities vie for progressively higher stakes. Notably, in this peculiar game, only one participant emerges as the eventual winner, while both parties incur substantial losses in the form of their placed bids.

Applying this metaphor to the ongoing geopolitical dynamics surrounding the disputed territories of Ukraine, the contested areas can be perceived as the sought-after prize in the dollar auction. The economic repercussions suffered by the collective West, stemming from the imposition of sanctions, and the parallel economic and military losses borne by Russia serve as the bids in this intricate game.

Crucially, the essence of a dollar auction lies in the irrevocability of bids – participants are precluded from reclaiming their stakes once placed. This characteristic adds a layer of strategic complexity to the conflict, compelling the involved parties to persist in their efforts until a resolution is reached or until one party is wholly depleted, signifying a conclusion to the game.

In essence, this game-theoretical framework underscores the competitive and strategic nature of the ongoing conflict, wherein both sides are compelled to continue their engagements, even in the face of accumulating losses. The stakes, embodied by the disputed territories and the multifaceted costs incurred, create a dynamic where neither party is incentivized to withdraw prematurely. Instead, the conflict may persist until a decisive outcome is achieved, with one party ultimately securing the contested territories while the other bears the brunt of accumulated losses.

This game-theoretical perspective adds depth to our understanding of the dynamics at play in the geopolitical arena, offering insights into the endurance and strategic calculus that underpin conflicts of this nature. By framing the situation as a

⁶Howard LaFranchi, The Christian Science Monitor, "Why Maduro Blames US for Venezuela's Domestic Woes," accessed January 07, 2024, <https://www.csmonitor.com/USA/Foreign-Policy/2021/0702/Why-Maduro-blames-US-for-Venezuela-s-domestic-woes>.

dollar auction, Videl V. and Marcus R. illuminate the inherent complexities and risks associated with the ongoing struggle, shedding light on the motivations that may drive the parties involved to persist in the face of mounting challenges and losses.⁷ The current situation fits well within the outlined framework of the game and therefore we can expect that sanctions pressure will increase in the near future.

In addition, it should be noted that despite the fact that both parties to the conflict periodically assess the impact of sanctions on all parties involved in the public field, and appropriate scientific analysis is also carried out, special attention should be paid to the assessment of sanctions developed by the International Crisis Group for US policymakers, which will presumably guide the US political leadership, including the Presidential Office, Congress and the executive branch. The proposed assessment indicates that the lifting of economic sanctions is a lengthy and complex procedure, so one should not expect a quick lifting of sanctions against Russia. At the same time, the consequences for private business will be even longer lasting, because historically even the lifting of sanctions does not guarantee that they will not be reintroduced as in the case of Iran, therefore private business even after the lifting of sanctions and upon receipt of the appropriate general licenses for the right to conduct business activities in specific areas or with specific individuals, will still avoid any ties with Russia for a long time.⁸

This theoretical basis assumes that Kazakh businesses will be wary of working with Russian entrepreneurs, limiting themselves only to those sectors that were not subject to restrictions, and only to the extent that were caused by objective circumstances.

At the same time, it is also necessary to take into account the general historical community of Russia and Kazakhstan, the length of the land border, the presence of existing integration associations, Kazakhstan's dependence on Russian capital and scientific developments in the field of industry, space exploration, nuclear energy, etc.

The top officials of Kazakhstan have repeatedly stated that Kazakhstan will not help Russia circumvent sanctions, this is explained by the fact that Kazakhstan is a landlocked state, therefore transport routes to Russia to circumvent sanctions are

⁷Veebel, V., & Markus, R. "Forcing Russia to Respect Minsk Protocols with dollar auction-game model," *Journal of International Studies*, 11(3), 9-20. doi:10.14254/2071-8330.2018/11-3/1.

⁸International Crisis Group, "Sanctions, Peacemaking and Reform: Recommendations for U.S. Policymakers", *Report №8, 28 August 2023*, <https://www.crisisgroup.org/united-states/8-sanctions-peacemaking-and-reform-recommendations-us-policymakers>.

limited. Since Kazakhstan is located between China and Russia, it would be possible to ensure the transport of Chinese technologies to Russia, but the presence of a long land border between the Russian Federation and China makes the inclusion of intermediaries from Kazakhstan pointless. States with access to the sea - Turkey, UAE, China, etc. - are more suitable for importing sanctioned goods from Europe and the USA. Therefore, possible cases of violation of sanctions by individual Kazakh individuals and legal entities are possible, but are not welcomed by the leadership of Kazakhstan. This is also understood and accepted on the part of Russia, since Russia has no benefit from the emergence of another loyal and reliable ally, which is subject to sanctions, as is the case with Belarus. Thus, by expressing such a position, Kazakhstan not only demonstrated the multi-vector nature of its policy, but also received the maximum possible support from the West with minimal effort.

Therefore, this work is aimed specifically at studying the position of Kazakh business in relation to the sanctions imposed against Russia and analyzing its reaction, taking into account their presumably long-term effect.

RESEARCH DESIGN AND METHODS

Employing a multifaceted research approach, this paper will employ a combination of literature review, policy analysis, and case study methods, integrating both qualitative and quantitative methodologies for comprehensive data collection and analysis. The initial phase of the investigation will involve an exhaustive examination of existing literature on the subject, encompassing scholarly articles, reports, policy papers, and other relevant sources. This literature review serves as the foundational step, allowing for the synthesis of existing knowledge and insights, and will aid in establishing a robust theoretical framework for the study.

The literature review will extend across a diverse range of sources, ensuring a comprehensive understanding of the subject matter. By critically evaluating scholarly contributions and drawing insights from policy documents, reports, and other reputable sources, this phase aims to identify key themes, gaps, and research questions that will guide the subsequent phases of the study.

Simultaneously, a policy analysis will be conducted to scrutinize the existing policies and frameworks relevant to the research topic. This involves an examination of governmental regulations, international agreements, and institutional frameworks that shape the context of the study. The policy analysis will provide a nuanced understanding of the regulatory landscape, offering insights into the formal structures influencing the subject under investigation.

The case study method will then be employed to delve into specific instances or examples within the chosen industries, combining both qualitative and quantitative data. This approach facilitates a detailed exploration of real-world scenarios, allowing for a contextualized understanding of the phenomena under scrutiny. The case study analysis will involve the collection of qualitative data through interviews.

By combining these research methods, the study aims to not only contribute to the theoretical understanding of the subject but also provide practical insights grounded in real-world examples. The integration of qualitative and quantitative data will afford a holistic perspective, addressing the complexities of the research question and informing evidence-based recommendations or conclusions.

In summary, the research design incorporates a literature review to establish a theoretical foundation, a policy analysis to comprehend the regulatory landscape, and a case study method employing both qualitative and quantitative approaches to offer a comprehensive and nuanced exploration of the chosen industries. This methodological

synthesis ensures a rigorous and multifaceted investigation, enriching the scholarly discourse on the subject matter.

Aligned with the previously delineated research question, the primary approach to data collection will involve conducting interviews with representatives from the Kazakh business community. This methodological choice is purposefully designed to yield valuable and predominantly qualitative data, enabling a nuanced exploration of the practical implications of sanctions on the Kazakh economy. The rationale behind selecting interviews as the main method is grounded in the conviction that this approach will offer a profound understanding of the lived experiences of the business community. It seeks to capture their perspectives, expectations, reactions to sanctions, and other practical insights that may not be adequately captured through quantitative measures alone.

The justification for employing interviews as the principal method is rooted in the recognition that such engagements will facilitate a deeper comprehension of the multifaceted dimensions of the impact of sanctions. This method is expected to provide rich contextual data that may remain elusive through other data collection strategies. By engaging directly with representatives of the Kazakh business community, the research endeavors to extract qualitative nuances, sentiments, and contextual details that may not be discernible through statistical or quantitative analyses alone.

The interview method is particularly suited for uncovering the intricate and individual perspectives of the participants, adding a layer of depth to the study's analysis. By allowing for open-ended discussions and conversations, interviews enable the exploration of diverse viewpoints, offering a more comprehensive understanding of the participants' experiences with sanctions. This approach aims to capture the richness of the business community's narrative, allowing for the identification of nuanced patterns, unexpected insights, and unexplored facets that contribute to a more holistic analysis.

Furthermore, interviews provide a dynamic platform for participants to express their views in their own words, affording the research a level of authenticity and immediacy. The interactive nature of interviews allows for the exploration of emergent themes and unanticipated perspectives, enriching the overall depth and breadth of the study.

In essence, the utilization of interviews as the primary method of data collection is justified by the unique opportunities it presents to unearth qualitative insights directly

from the voices and experiences of the Kazakh business community. This approach is anticipated to enhance the research's analytical rigor, enriching the findings with firsthand accounts and perspectives that contribute to a more nuanced and comprehensive understanding of the impact of sanctions on the Kazakh economy.

In the process of respondent selection, the researcher's approach was guided by the recognition that certain industries within the Kazakh economy bore a heightened exposure to the impact of sanctions. Consequently, key representatives from sectors identified as particularly susceptible to these sanctions were chosen as respondents. The primary industries of focus, owing to their vulnerability to sanctions, included the oil and gas sector, the financial industry, trade, and logistics.

The selection of these industries was informed by the understanding that they play pivotal roles in the Kazakh economy, and any disruptions within these sectors, induced by sanctions, could have widespread repercussions. The oil and gas industry, being a cornerstone of Kazakhstan's economic landscape, holds strategic significance. Similarly, the financial sector, trade, and logistics are integral components that contribute substantially to the country's economic vitality.

Interviews with representatives from these sectors were deemed essential to comprehensively gauge the multifaceted impact of sanctions on diverse dimensions of the Kazakh economy. By selecting respondents from these key industries, the research aimed to capture a broad spectrum of experiences, challenges, and perspectives, thereby enriching the overall analysis.

Additionally, recognizing the interconnectedness of the global business landscape, the researcher extended the respondent pool to include representatives of foreign businesses operating in Kazakhstan. This inclusion was driven by the acknowledgment that the impact of sanctions is not confined solely to domestic entities but can reverberate across international business ventures. Foreign businesses, particularly those operating in sectors susceptible to sanctions, provide a unique vantage point to understand the extraterritorial implications and dynamics at play.

By interviewing representatives from foreign businesses in Kazakhstan, the research sought to attain a more holistic view of the repercussions of sanctions. This approach enables a comparative analysis between the experiences of domestic and foreign entities, shedding light on potential divergences or commonalities in their encounters with the challenges posed by sanctions.

In summary, the respondent selection process was guided by a strategic focus on industries most susceptible to sanctions, including the oil and gas sector, the financial industry, trade, and logistics. The inclusion of representatives from foreign businesses operating in Kazakhstan adds an additional layer of insight, contributing to a comprehensive understanding of the intricate ways in which sanctions influence various sectors of the Kazakh economy.

Despite the fact that the imposed sanctions had a very direct impact on the oil and gas industry, including with regard to the direct consequences - an increase in the cost of petroleum products, as well as an increase in the export of Kazakh oil to Europe, it was not possible to directly study the impact of sanctions on the Kazakh oil and gas business, since essential workers Kazakh companies in this area did not agree to give relevant interviews even on the basis of anonymity. After the January events of 2022, criminal prosecution began against a number of individuals who were close to the former President of the Republic of Kazakhstan Nursultan Nazarbayev. Among these individuals was Kairat Boranbayev, a prominent businessman, whose daughter married the son of Dariga Nazarbayeva, daughter of Nursultan Nazarbayev. According to investigators, Kairat Boranbaev entered into a number of transactions for the supply of petroleum products with the participation of companies controlled by him, as a result of which he received illegal income and damage was caused to the state. In connection with the investigation of this case, as well as the identification of other cases of damage to the state, law enforcement agencies seized documentation and also interrogated employees of the KazMunayGas JSC group of companies. To date, Kairat Boranbayev has been convicted, but law enforcement agencies have opened a number of other cases and are identifying other cases of damage to the state, so current employees are afraid to tell anyone any information about what is happening in the KazMunayGas JSC group of companies. Probably, after some time, when the investigations into all criminal cases are completed, there will be an opportunity to conduct interviews with company employees who will be able to analyze the impact of sanctions on the oil and gas sector of Kazakhstan, as well as talk about the steps taken to maximize profits and level out the negative impact of sanctions for business. This would be a good topic for appropriate further research, but for the purposes of this work, the oil and gas sector will remain unexplored.

Another difficulty was conducting interviews with representatives of foreign business in Kazakhstan, employees of the financial sector and trade, who gave

interviews, but did not want to sign informed consent for the interview and asked not to mention their names in the scientific work, for various, but quite justifiable reasons, since in matters of sanctions there is a very difficult issue regarding ensuring proper compliance with them, and in the event of a violation of the sanctions regime, ensuring the secrecy of such information. Employees of foreign enterprises mainly refer to the complex procedure for obtaining the appropriate permission from the parent organization, as well as agreeing on the text of the interview with special sanctions compliance officers, regular compliance officers and employees who control interaction with government agencies. Representatives of small businesses asked not to indicate their contact information and not to give their names, as they expressed concerns that, in connection with the position of the leadership of the Republic of Kazakhstan regarding the need to comply with the sanctions regime, various law enforcement or other authorities may be interested in their activities in the resale of certain goods to Russia.

The previously stated research questions served as a systematic guide for the data collection and analysis procedures in this study. These inquiries function as a compass, directing the investigation towards a thorough comprehension of the consequences of sanctions on Russia and their domino effects on Kazakhstan's economy. These research questions provided the basis for the collection of data, which was then used to test hypotheses empirically. The resulting data were then interpreted in light of the pre-existing theoretical framework.

The research design incorporates a dual-method approach, combining qualitative and quantitative methodologies. This synergistic approach is chosen deliberately to provide a holistic and nuanced exploration of the multifaceted impact of sanctions. Qualitative methods, such as interviews, will afford a deeper understanding of the experiences, perspectives, and contextual nuances of the Kazakh business community.

The application of both qualitative and quantitative methodologies is a deliberate strategy to triangulate findings, ensuring a robust and well-rounded analysis. This methodological diversity aims to capture the richness of the research topic from multiple angles, allowing for a comprehensive examination of the interplay between sanctions, the Russian economy, and the economic dynamics in Kazakhstan.

Integral to this study is the reliance on a theoretical framework that provides a structured lens through which to interpret the collected data. The theoretical framework

serves as the intellectual backbone, offering a conceptual scaffold for organizing and analyzing the research findings. By grounding the study in a well-established theoretical foundation, the research aims to enhance the depth and coherence of its analytical insights.

Essentially, the goal of this work is to provide a comprehensive and well-organized analysis of the effects of sanctions on Russia and how they affect Kazakhstan's economy. A thorough investigation of the topic is ensured by the methodological synthesis of qualitative and quantitative approaches and the directing framework of research questions. It is hoped that this research will contribute to the scholarly discourse on the geopolitical and economic dynamics of the region by providing a more nuanced understanding of the complexities surrounding the impact of sanctions.

HISTORICAL AND CONTEXTUAL BACKGROUND OF THE SANCTIONS

Sanctions in international law and the possibility of their application

As articulated by E. Ivanova, the term 'sanctions,' deriving from the Latin word 'sanctio' signifying the strictest decision or coercive measure, encompasses punitive actions taken by an international organization, predominantly the United Nations (UN), against a state that fails to fulfill its obligations arising from a legal relationship of responsibility. Semantically, the term 'sanctions' underscores the hierarchical nature of the connection between the entity imposing penalties and the recipient of sanctions. This linguistic choice emphasizes the authoritative imposition of measures as a response to a breach of legal obligations within the international arena.

The semantic essence of 'sanctions' is rooted in the acknowledgment of the subservient relationship between the party administering penalties and the party subject to sanctions. This denotes a structured and hierarchical dynamic where an international body, often the UN, asserts authority to enforce compliance with established norms and legal obligations. The use of the term reflects a coercive measure applied to induce adherence to international law and obligations.

Thus, the idea of subordinate relationships is the main idea that is discussed. This suggests that the relationship between the sanctioning party and the sanctioned party is hierarchical and structured. The framework of authority and power contextualizes the term's use. Sanctions, however, can and ought to be enforced by a recognized international body, such as the UN. The term 'sanctions' refers to a coercive measure, meaning that their application aims to force adherence to established norms and legal obligations. This gives rise to the notion that sanctions are a tool for enforcing adherence to international standards and influencing behavior. Encouraging adherence to international law and obligations is the ultimate goal of sanctions. This places sanctions in the role of tools of coercion, bringing acts into compliance with internationally accepted legal frameworks.

The contextual understanding of 'sanctions' is shaped by the recognition that, in the realm of international relations, all states are deemed equal in sovereignty and are subject to the principles of international law. This parity in sovereignty precludes individual states from autonomously imposing 'sanctions' due to the inherently collaborative and coordinating nature of their relationships within the international community. Instead, the authority to enact sanctions is typically vested in international

organizations like the UN, emphasizing a collective approach to address non-compliance with established norms and legal responsibilities.

Thus, the term 'sanctions,' as elucidated by E. Ivanova, encapsulates the coercive measures wielded by international organizations, particularly the UN, in response to a state's failure to fulfill its international legal obligations. The use of this term underscores the hierarchical relationship between the enforcing entity and the targeted state, emphasizing the authoritative imposition of measures to uphold international legal standards in a collaborative and coordinated international context.⁹ *Par in parem non habet imperium.*^{10*}

Notably, the UN International Court of Justice held that states, as sovereign and equal entities, had the right to choose how to conduct their foreign policy in the *Nicaragua v. United States of America* decision. Since there is no restriction on the use of unilateral sanctions against such a state, it is permitted to do so as long as it does not break any of its international commitments.¹¹ However, there is another point of view: sanctions are illegal coercive measures. This theory is based on a contradiction with the principle of non-interference in the internal affairs of the state, which is generally accepted principle of international law. This was enshrined in Article 32 of the Charter of Economic Rights and Duties of States: “No State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights.”¹²

International law dictates that sanctions may only be applied legitimately in accordance with Section VII of the UN Charter and in the presence of a Security Council decision. According to the UN International Law Commission Commentaries on the Draft Articles on the Responsibility of States for Internationally Wrongful Acts,

The term ‘sanction’ is also often used as equivalent to action taken against a State by a group of States or mandated by an international organization. But the term is imprecise: Chapter VII of the Charter of the United Nations refers only

⁹Ekaterina Ivanova, “Problema primeneniya ‘odnostoronnikh sanktsiy’ v sovremennom mezhdunarodnom prave” [Application problem of ‘unilateral sanctions’ in modern international law], *Rossiyskiy vneshneekonomicheskiiy vestnik*, May, 2018, <https://cyberleninka.ru/article/n/problema-primeneniya-odnostoronnih-sanktsiy-v-sovremennom-mezhdunarodnom-prave/pdf>.

^{10*}An equal has no power over an equal (Latin).

¹¹“Reports of Judgments, Advisory Opinions and Orders. Case Concerning Military and Paramilitary Activities in and Against Nicaragua (Nicaragua V. United States Of America),” International Court Of Justice, Judgment of 27 June 1986, accessed January 07, 2024, <https://www.icj-cij.org/public/files/case-related/70/070-19860627-JUD-01-00-EN.pdf>.

¹²Charter of Economic Rights and Duties of States,” United Nations, accessed January 07, 2024, <https://digitallibrary.un.org/record/190150>.

to 'measures', even though these can encompass a very wide range of acts, including the use of armed force (Articles 39, 41 and 42). Questions concerning the use of force in international relations and of the legality of belligerent reprisals are governed by the relevant primary rules. On the other hand, the articles are concerned with countermeasures as referred to in article 23. They are taken by an injured State in order to induce the responsible State to comply with its obligations under Part Two. They are instrumental in character and are appropriately dealt with in Part Three as an aspect of the implementation of State responsibility.¹³

Regarding the legal context, it would be more appropriate to refer to the economic and political measures imposed on Russia as countermeasures as opposed to sanctions. 'Countermeasures' refers to specific legal actions that a state takes in response to another state's violation of international law. This places emphasis on a legal framework in which measures taken are commensurate with the identified violation and intended to encourage adherence to international legal obligations. This distinction highlights how the responses to alleged transgressions have been measured and based on the law.

However, it is imperative to recognize that in the discourse of today, these political and economic actions are frequently referred to as "sanctions." Even though the term "sanctions" is frequently used, it's crucial to understand that it might not fully adhere to the precise technical definition of legal terminology. Their haphazard application could suggest a somewhat fictitious legitimacy regarding their application against a state that is thought to be breaking international law. Notably, neither the breach of international law nor the identity of the violators had been conclusively proven at the time these actions were taken. This demonstrates the dynamic and intricate character of global reactions to alleged violations.

Although there may be some deviation from legal precision, the term "sanctions" is widely used in everyday speech provided that the requirements for their justification are satisfied. This pragmatic acceptance is consistent with the term's widespread use in global discourse. However, it's important to use caution when using the term, as its application may not always follow legal formalities exactly and may have implications that are not entirely consistent with accepted legal jargon. This

¹³"Draft articles on responsibility of States for Internationally wrongful acts, with commentaries," International Law Commission, accessed January 07, 2024. https://legal.un.org/ilc/texts/instruments/english/commentaries/9_6_2001.pdf.

illustrates how terminology used to describe international relations is dynamic and complex.

Furthermore, the application of coercive measures highlights an important distinction between state domestic laws and international law. Both domestic legal systems and international law are governed by different mechanisms. The use of force to reestablish the rule of law may vary greatly between the two domains. Unlike domestic legal systems, which are more centralized and codified, the enforcement and application of international law involves a complex interplay of diplomatic, political, and legal considerations. This discrepancy highlights how difficult it is to draw direct comparisons between the two.

Essentially, although the legal term "countermeasures" offers a more accurate description of political and economic measures taken against Russia, the term "sanctions" is widely used to indicate a practical acceptance in international discourse—which may or may not have implications for its consistency with legal precision. Acknowledging the differences between the domestic legal systems of individual states and the enforcement mechanisms of international law, as well as the nuanced application of these terms, is essential.

The impact of the imposed sanctions on various countries

The term 'sanction' in international relations refers to a specific set of actions that can be taken for a number of reasons, including (i) changing behavior or coercing it; (ii) restricting access to the resources needed to carry out certain activities; and (iii) signaling and stigmatizing.¹⁴ But the application of sanctions almost never led to the intended goals, leaving outside the violation of the general principle of international law, it should be noted that, as I. Lukashuk points out, the main critical remark regarding sanctions, especially large-scale, consists in the fact that mainly the population of the target country suffers from them, but not the regime; they cause the damage to third states suffering from a break in ties with the target state; and the means of implementing sanctions are in the hands of large states and, accordingly, the effectiveness of sanctions depends on their position.¹⁵

¹⁴L.J. van den Herik, "Peripheral Hegemony in the Quest to ensure Security Council Accountability for its individualized UN sanctions regimes," *Journal of Conflict and Security Law* 19 no. 3 (Winter 2014), 433.

¹⁵Igor Lukashuk, *Pravo mezhdunarodnoi otvetstvennosti* [International Responsibility Law], (Moscow: Wolters Kluwer, 2004), 322 – 323.

In 'Economic Sanctions Against Russia - International Perspectives and Global Implications,' researchers from the Berlin Foundation for Science and Policy (SWP) look at how sanctions affect different countries. Their succinct conclusions appear to be valid. War is more expensive but not less plausible, according to Annegret Bendiek, who also points to sanctions against Russia's financial and economic policies as well as a partial ban on oil and coal. Russia is willing to pay a steep price, after all. Thus, the incentive is ineffective. She goes on to say that sanctions are also powerless to compel the Russian Federation to cease the conflict because the EU and the international community are only loosely united in their support for the unconditional application of sanctions. Annegret Bendiek thinks that as a result, the deterrent impact will only be partially effective. She does, however, think that sanctions have some use because they at least indicate to Russia that military aggression does not come without consequences.¹⁶

At the same time Russia's gross domestic product (GDP) growth in the third quarter was confirmed on Wednesday, the thirteenth of December 2023, at 5.5% compared with the same period last year, when it shrank 3.5%, the state statistics service Rosstat said. Russia's economy is on course to recover this year from a 2.1% drop in GDP in 2022, as the West imposed sweeping sanctions against Russia over its invasion of Ukraine. In January-September, GDP grew 3% Rosstat said. In the first quarter of this year, GDP decreased 1.8% and grew 4.9% in the second.¹⁷

Despite the considerable expenses associated with implementing measures to stimulate the economy, Janis Kluge maintains that, at present, the Russian state is likely to withstand the impact and maintain its financial capabilities, even if it means shifting from an expected budget surplus to a deficit. However, Kluge anticipates that within the next two to three years, the combination of the planned energy embargo imposed by the West and the ongoing economic challenges in Russia will exert a substantial influence on the state's financial stability.

¹⁶ "Wirtschaftssanktionen gegen Russland – internationale Perspektiven und globale Auswirkungen" [Economic Sanctions Against Russia - International Perspectives and Global Implications], Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs), accessed January 07, 2024, <https://www.swp-berlin.org/en/publication/wirtschaftssanktionen-gegen-russland-internationale-perspektiven-und-globale-auswirkungen#publication-article-55>.

¹⁷ "Russia's Q3 GDP growth confirmed at 5.5% - Rosstat", Reuters, accessed January 08, 2024, <https://www.reuters.com/markets/europe/russias-q3-gdp-growth-confirmed-55-rosstat-2023-12-13/>.

The envisaged energy embargo is expected to play a pivotal role in this scenario. As suggested by Laura von Daniels, Hanns Günther Hilpert, Christian Wagner, and Jacopo Maria Pepe, these sanctions have served dual purposes for President Biden—both domestically and internationally. On the domestic front, they potentially bolster Biden's standing, showcasing a firm stance against Russia. Externally, the sanctions have prompted shifts in global energy dynamics.

One notable consequence has been the forging of lucrative agreements between Russia and major players like China and India for the supply of hydrocarbons. This increased trade has not only provided economic benefits to Russia's partners but has also presented China and India with advantageous access to affordable Russian oil in the short to medium term.

However, as the analysts point out, this geopolitical realignment may not be universally advantageous. While China and India stand to benefit in the near future, other energy-exporting nations such as Saudi Arabia, Qatar, and the United States could emerge as potential winners in the long term. The changing dynamics in the global energy trade, influenced by the sanctions and altered alliances, suggest a complex geopolitical landscape with winners and losers among major energy players.

In essence, the analysis puts forth a nuanced perspective on the economic and geopolitical ramifications of the sanctions on Russia. It acknowledges the short-term resilience of the Russian state but anticipates potential challenges in the coming years, especially concerning the planned energy embargo and its implications for Russia's financial stability. The shifting energy dynamics are seen as a tool with which Western nations, led by the United States, aim to influence both Russian domestic affairs and the broader global energy market.

Separately, it is necessary to consider the impact of sanctions on the countries of Central Asia, since we are in this region and these countries have felt a very large negative impact of sanctions. There are certain significant consequences that have been felt by the countries of Central Asia, which historically are very closely connected with Russia, are involved in its orbit of influence and in many ways are very dependent on it. Today, the impact of sanctions is unambiguously negative, expressed primarily in the slowdown in the development of the economies of the Central Asian countries and inflation, of course, there are other negative consequences of sanctions, for example, breaks in business relations, especially in the financial sector, reformatting financial markets in anticipation of the establishing of a common financial market among the

countries of EAEU and others, but that consequences should be the subject of a separate study. Along with the negative consequences, some experts point out the opportunities that have arisen in connection with the imposition of sanctions in the form of organizing the supply of certain goods to Russia, e.g. Apple products, IKEA products and goods of other companies that left Russia.

Anjali Kaur, Deputy Assistant Director of the US Agency for International Development, spoke on the issue of the economies of the Central Asian countries. At a hearing before the Foreign Affairs Committee of the U.S. House of Representatives she said that “we consider all these priorities to be critical in order to ultimately decouple the Central Asian economies from the Russian economy, and this should be our goal.”¹⁸ But at present, we can only state that the economies of the Central Asian countries are very strongly connected and dependent on the Russian economy.

The slowdown in the development of the economies of the Central Asian countries can be identified by analyzing official statistics. The Trading economics states that “the Gross Domestic Product (GDP) in Kyrgyzstan was worth 8.54 billion US dollars in 2021, according to official data from the World Bank. GDP in Kyrgyzstan reached 11.54 USD Billion by the end of 2022, according to Trading Economics global macro models and analysts expectations. In the long-term, the Kyrgyzstan GDP is projected to trend around 12.13 USD Billion in 2023.”¹⁹ So we can see that GDP of Kyrgyzstan is not supposed to grow. And according to datas of Russian Central Bank in the last three years (2019 – 2021, data for 2022 have not yet been received), the following amounts were transferred to the Kyrgyz Republic from Russia (mainly by migrants): in 2019 – 1.586 USD Billion, in 2020 – 1.4 USD Billion, in 2021 – 1.772 USD Billion.²⁰

¹⁸Russian news agency TASS, “Gosdep: tseliu SShA dolzhno byt ‘razedinenie ‘ekonomik’ Rossii i Tsentralnoi Azii” [State Department: The Goal of the United States Should Be to ‘Separate the Economies’ of Russia and the Countries of Central Asia], *Russian news agency TASS*, September 14, 2022, https://tass.ru/mezhdunarodnaya-panorama/15751827?utm_source=google.com&utm_medium=organic&utm_campaign=google.com&utm_referrer=google.com.

¹⁹“Kyrgyzstan GDP,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/kyrgyzstan/gdp>.

²⁰“Transgranichnye perevody fizicheskikh lits” [Cross-Border Transfers of Individuals], Bank Rossii, accessed January 07, 2024, https://www.cbr.ru/statistics/macro_itm/svs/.

The situation is similar in Tajikistan, the GDP is declining²¹ and the amount of money received from Russia is about 20% of the GDP,²² and in Uzbekistan, where the GDP is also declining²³ and the amount of money received from Russia is about 7% of the GDP.²⁴

Thus, three out of five Central Asian countries can't show a significant increase in GDP by the end of 2023, and this indicator will not grow for the next two years. Given the strong dependence on funds received by the countries of the region from Russia, we can state that the incomes of the population will decrease, since migrants from Russia will not be able to send their relatives the same amounts as before in dollar equivalent with the weakening of the ruble against the dollar.

The question of inflation is closely related to the question of the population's income. Kyrgyzstan's annual inflation rate is 8.10 % and it is expected to decreased to 7.60% by the end of 2023.²⁵ In Tajikistan the level of inflation is 3.70% and it is expected to be decreased to 3.0% by the end of 2023.²⁶ Inflation Rate in Uzbekistan is 8.80% and it is expected to be decreased to 6.50% by the end of 2023.²⁷ Inflation Rate in Turkmenistan is 5.90% and it is expected to be increased to 15% by the end of 2023.²⁸ Thus, Turkmenistan will experience the most significant level of inflation in the Central Asian region. The annual inflation rate in Kazakhstan is 9.8% and it is expected to be decreased to 8.0% by the end of 2023.²⁹ Thus, the population of the states of Central Asia is faced with a sharp rise in prices for food and basic necessities. This level of inflation was observed as a result of the global economic crisis of 2008 and it's very hard for people to overcome the effects of sanctions.

²¹“Tajikistan GDP,” Trading Economics, accessed November 20, 2022, <https://tradingeconomics.com/tajikistan/gdp>.

²²“Transgranichnye perevody fizicheskikh lits” [Cross-Border Transfers of Individuals], Bank Rossii, accessed January 07, 2024, https://www.cbr.ru/statistics/macro_itm/svs/.

²³“Uzbekistan GDP,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/uzbekistan/gdp>.

²⁴“Transgranichnye perevody fizicheskikh lits” [Cross-Border Transfers of Individuals], Bank Rossii, accessed January 07, 2024, https://www.cbr.ru/statistics/macro_itm/svs/.

²⁵“Kyrgyzstan Inflation Rate,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/kyrgyzstan/inflation-cpi>.

²⁶“Tajikistan Inflation Rate,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/tajikistan/inflation-cpi>.

²⁷“Uzbekistan Inflation Rate,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/uzbekistan/inflation-cpi>.

²⁸“Turkmenistan Inflation Rate,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/turkmenistan/inflation-cpi>.

²⁹“Kazakhstan Inflation Rate,” Trading Economics, accessed January 07, 2024, <https://tradingeconomics.com/kazakhstan/inflation-cpi>.

The imposition of sanctions has left a profound and adverse impact on the economies of Central Asian countries, with particularly pronounced effects on aspects such as economic growth and inflation. This detrimental influence is expected to persist, as outlined in the Main Directions of the Unified State Monetary Policy for 2023 and the period 2024-2025 by the Central Bank of the Russian Federation.

In the event of heightened geopolitical tensions worldwide, potentially accompanied by the introduction of new sanctions against the Russian economy, Russia is prepared to invoke the 'global crisis' scenario. According to this scenario, as projected by the Central Bank of the Russian Federation (the Main Directions of the Unified State Monetary Policy for 2023 and the period 2024-2025 of the Central Bank of the Russian Federation³⁰), the economic downturn is anticipated to extend until 2025. This scenario foresees a prolonged period of economic challenges characterized by reduced growth and increased economic strain.

The consequences of such a global crisis are likely to be more acutely felt by the economies of Central Asian countries. These nations, with smaller and more interdependent economic structures, are inherently more susceptible to external shocks. The intricacies of their economic ties with Russia, compounded by their relative dependence, accentuate the vulnerability of Central Asian economies to the spillover effects of a protracted economic downturn in the region.

The envisaged scenario underscores the interconnected nature of global economic dynamics, wherein geopolitical developments and sanctions targeting a major player like Russia can reverberate across regions, impacting smaller and interconnected economies. In this context, the Central Asian countries find themselves intricately linked to the economic trajectory of Russia, and any sustained downturn in the Russian economy could magnify the challenges faced by their own economies.

Thus, the sanctions and the potential for a 'global crisis' scenario pose significant challenges for the economic well-being of Central Asian countries. The intertwined nature of their economies with that of Russia amplifies the potential negative consequences, highlighting the importance of considering regional dynamics and interconnectedness in assessing the broader economic landscape.

³⁰“Osnoynye napravleniya edinoi gosudarstvennoi denezhno-kreditnoi politiki na 2023 god i period 2024 i 2025 godov” [Main Directions of the Unified State Monetary Policy for 2023 and the Period 2024-2025 of the Central Bank of the Russian Federation], Bank Rossii, last modified November 02, 2022, https://www.cbr.ru/about_br/publ/ondkp/on_2023_2025/.

However, During the 'School for Central Asia' conference held in Bishkek from October 17 to 21, 2022, experts conveyed a sense of cautious optimism regarding the prospects for entrepreneurs in Central Asia. Azganush Migranyan, in particular, expressed an optimistic outlook by highlighting the substantial demand for imports in Russia, estimated at around 158 billion US dollars. According to Migranyan, companies from Central Asia stand to rapidly tap into this sizable market, potentially leading to significant economic growth. This growth, in turn, could stimulate various sectors within the service market, including an upswing in passenger turnover, cargo turnover, and tourism activities. Supporting this perspective, Kuatbek Rakhimov contended that sanctions, despite their challenges, could contribute to the establishment of technological sovereignty. With a forward-looking planning horizon spanning 15-20 years, Rakhimov argued that the applied sanctions could be beneficial. The rationale behind this viewpoint is that sanctions can act as a catalyst, compelling the creation of new high-tech industries. This potential diversification of industries is not only seen as a response to the challenges posed by sanctions but also as a means to foster technological innovation and self-sufficiency over the long term. The experts' outlook at the conference reflects a nuanced understanding of the economic landscape, acknowledging the difficulties posed by sanctions while also recognizing potential opportunities for Central Asian entrepreneurs. The emphasis on technological sovereignty and the potential for the emergence of new high-tech industries suggests a forward-thinking approach to economic development in the face of external challenges. In summary, the insights shared at the 'School for Central Asia' conference underscore a cautious optimism among experts regarding the business opportunities for entrepreneurs in Central Asia. The potential access to the Russian market and the focus on technological sovereignty as a response to sanctions highlight the resilience and adaptability of the economic landscape in the region.³¹

It should be emphasized that a new market worth 158 billion US dollars has indeed opened up for the countries of Central Asia, and this opportunity should not be missed. As stated above, the United States and its allies will ensure that the countries of Central Asia do not help Russia circumvent sanctions, but many other opportunities have appeared associated with the boycott of the Russian and Belarusian markets by

³¹ International conference of the Gorchakov Fund 'School for Central Asia' in Bishkek, October, 2022.

individual companies, these are the car market, the consumer electronics market, and so on. As Radio Azattyk notes, “From January to August 2022, the export of TVs, monitors and projectors from Kazakhstan to Russia increased 312 times, computers – 215 times, and phones – 88 times; for the period from January to August, Uzbekistan increased the supply of electric cars and equipment abroad by 21.3 times, and non-specialized vehicles, production equipment and auto parts – by 4.3 times.”³²

Strictly speaking, the mentioned opportunities are not a direct consequence of the imposed sanctions, but its appearance is connected with them, since the companies that left the market of Russia and Belarus acted rationally, in their own interests, taking into account the pressure that could be exerted on them by states and consumers. At the same time, it is the states that have a significant influence on companies, which is confirmed by the situation with the repair of a gas turbine for Nord Stream by Siemens when they first refused to perform maintenance, and then agreed.³³

The United States' strategic goal of creating a rift between Russia and Central Asia is very important, especially when it comes to sabotaging trade between Russia and the Central Asian nations. This geopolitical play has far-reaching effects on the region's overall economic landscape, going beyond just regional ramifications. The attempt to sever trade relations highlights the complexity and interdependence of geopolitical strategies and the economic consequences they have for the Central Asian region.

One essential element of a larger geopolitical strategy is the attempt to split Russia from Central Asia. The goal of this strategy is to exert control over the political and economic climate of the area. The United States seeks to reshape regional alliances and assert control over the long-standing economic partnerships that have historically bound these countries together by purposefully disrupting trade ties between Russia and the countries of Central Asia. This strategy demonstrates a sophisticated comprehension of the complex interactions that exist between regional economic ties and geopolitics.

³² Ernest Nurmatov, “Sanktsiyadan buitagan zholdor: Orusiyaga tovarlar Borbor Aziyadan tashyluuda” [Ways to Avoid Sanctions: Unprecedented Growth of (Re)Exports from Central Asian Countries to Russia], *Borbor Asia*, November 13, 2022, <https://d39ekyqdydfnn3.cloud-front.net/a/sanktsiyadan-buytagan-zholdor-orusiyaga-tovarl-borbor-aziyadan-tashyluuda-32128010.html>.

³³ Veronika Doval, “Rossiya vozobnovila postavki gaza v Germaniyu po ‘Severnomu potoku-1’” [Russia Resumed Gas supplies to Germany via Nord Stream 1], *Euronews*, July 21, 2022, <https://ru.euronews.com/2022/07/21/russia-nord-stream-gaz>.

The majority of people in Central Asian countries are experiencing economic hardship, which exacerbates this complex situation. The populace of these countries is facing extremely difficult obstacles due to inflation and the continuous increase in consumer prices. The population's standard of living and financial stability are directly impacted by the economic strain. Unfortunately, the outlook suggests that this difficult situation is likely to persist and possibly worsen over the next year or two. This emphasizes how urgently comprehensive strategies to address the economic vulnerabilities that the people in the region face must be developed.

The economic hardships that Central Asian countries face, which are made worse by inflation and rising consumer prices, are entwined with the complex geopolitical landscape, particularly the aftermath of sanctions. Unquestionably, the negative impacts of sanctions loom large over the Central Asian nations. The overall effect is still primarily negative even with possible government actions to ease economic difficulties, highlighting the intricate relationship between regional economic stability and global geopolitical dynamics.

Sanction's effectiveness

The effectiveness of sanctions as a diplomatic tool is a complex and debated topic. Generally, the impact of sanctions often diverges from the original intentions, with consequences that can be more pronounced on the sender of the sanctions rather than the target state. I. Lukashuk highlights the work of K. Nossal, whose study delves into this issue, providing valuable insights.

According to Nossal's research, which I. Lukashuk references, the success rate of sanctions in achieving their intended goals is relatively low. Out of over a hundred instances where sanctions were applied, only 14 cases resulted in the full achievement of their objectives. This suggests that, more often than not, sanctions fall short of their intended outcomes. A noteworthy finding from Nossal's study is that success in the majority of cases occurred when sanctions were applied against states with a multi-party electoral system. In these instances, sanctions demonstrated a higher likelihood of achieving their goals. This observation implies that the political structure of the target state plays a significant role in determining the efficacy of sanctions. States with a multi-party electoral system may be more responsive to external pressure exerted through sanctions due to the nature of their political processes. Conversely, Nossal's study indicates that sanctions imposed on authoritarian states proved to be ineffective in approximately 98% of cases. Authoritarian regimes, characterized by centralized

power and limited political pluralism, appear to be less responsive to external pressures, making sanctions a less effective tool in inducing policy changes. In essence, the research underscores the nuanced nature of the impact of sanctions, emphasizing the importance of the political context in determining their effectiveness. The findings suggest that the success of sanctions is intricately linked to the political structure of the target state, with democratic systems showing a higher propensity for responsiveness to external pressures compared to authoritarian regimes. This nuanced understanding of the dynamics of sanctions contributes to ongoing discussions about the efficacy of this diplomatic tool in international relations.³⁴ That is, targeted authoritarian states receive an additional impetus to consolidate society against an external threat, so the policy of an authoritarian state does not change, moreover, it can become more harsh. The countries initiating the sanctions, senders, which are mostly democracies, may realize that their citizens under the influence of side effects from the imposed sanctions, may wish to change the government of the country and ensure the lifting of sanctions that are undesirable for the population. Partially, we are now observing this in Europe, people are protesting against inflation and the energy crisis, experts predict significant negative consequences from sanctions, primarily for the senders.³⁵ And at the same time in Russia the rating of the President is increasing.³⁶

Adam DuBard notes that

Comprehensive economic sanctions are ineffective, counterproductive to US national interests, and cause great harm to civilian populations whenever they're utilized. Sanctions have become the go-to tool for policy makers to boost their egos while portraying themselves as crusaders taking action against bad international actors. Yet the act of doing something for its own sake should not

³⁴Lukashuk, *International Responsibility Law*, 323.

³⁵Javier Blass, "In the Energy Markets, Putin Is Winning the War," *The Washington Post*, August 11, 2022, https://www.washingtonpost.com/business/energy/in-the-energymarkets-putin-is-winning-the-war/2022/08/10/6db68b0c-189c-11ed-b998-b2ab68f58468_story.html.

Aleksandra Ivanova, "Na vostokey Germanii proshli antipravitelstvennye protesty" [Anti-Government Protests Were Held in Eastern Germany], *Deutsche Welle*, October 4, 2022, <https://www.dw.com/ru/v-rade-gorodov-germanii-proshli-antipravitelstvennye-protesty/a-63324983>.

Simon Jenkins, "The rouble is soaring and Putin is stronger than ever – our sanctions have backfired," *The Guardian*, accessed January 07, 2024, <https://www.theguardian.com/commentis-free/2022/jul/29/putin-rouble-west-sanctions-russia-europe>.

³⁶Vladimir Astapkovich, "Reiting Putina v Rossii vyros s nachala boevykh deistvii" [Putin's Rating in Russia Rose with the Outbreak of Hostilities], *Euronews*, April 12, 2022, <https://ru.euronews.com/2022/04/11/social-scientist-on-putin-s-popularity>.

Mikhail Metzel, "'Effekt splocheniya'. Reiting Putina vyros posle obnavlennoi im pervoi nedeli vyhodnyh" ["Cohesion Effect". Putin's Rating Rose after he Announced the First Week of the Days off], *BBC News*, April 3, 2022, <https://www.bbc.com/russian/news-52035171>.

Izvestiya iz, "Uroven doveriya k Putinu prevysil 81%" [The Level of Confidence in Putin Exceeded 81%], *Izvestiya iz*, October 07, 2022, <https://iz.ru/1406812/2022-10-07/uroven-doveriia-k-putinu-prevysil-81>.

be lauded, and in this instance is harmful to the American interests. Instead of constantly resorting to sanctions as a tool of first option, the U.S. government should instead seek to prioritize diplomatic engagement and the various economic carrots at its disposal to achieve its global aims, while resorting to targeted sanctions only when strictly necessary.³⁷

Sanctions are imposed through a complex interaction between geopolitical maneuvers, economic considerations, and the unique political context of the country that is the target. When it came to the current situation, the organizations imposing sanctions demonstrated a keen understanding of the complexities associated with using this diplomatic instrument, especially when targeting nations run by autocratic governments. This acknowledgment highlights the necessity of a nuanced and context-sensitive approach to sanctions, taking into account the difficulties involved in working with countries that have authoritarian political systems.

The underlying idea of this statement is that sanctions against countries with autocratic or authoritarian governments may be less effective. In autocracies, decision-making is centralized, there are few of the checks and balances found in democratic systems, and power is concentrated while political pluralism is lacking. Autocratic governments are generally more resilient to external pressures, including sanctions, because of this concentration of power. The complex mechanisms of authoritarian rule highlight the need for careful planning when using sanctions as a diplomatic tactic.

The fact that the countries enforcing these sanctions are aware that they might not have the desired effect suggests that they are strategically aware of the situation. In this case, Western countries imposed sanctions in the hope of exerting significant economic influence over Russia. However, later observations indicate that the expected effect did not materialize as first predicted. This highlights the difficulty of imposing sanctions on autocratic governments and calls into question whether such actions are effective in accomplishing their stated objectives.

The sanctions' limited effect on the Russian economy in spite of their imposition emphasizes the challenges and limitations that come with using this diplomatic tool to oppose autocratic regimes. Autocracies could be equipped with defenses against outside pressure, which could lessen the expected impact of sanctions. Autocratic regimes are resilient to external economic pressures because of elements like state control over

³⁷ Adam DuBard, "Why Sanctions Don't Work," *Marcellus Policy Analysis*, Fall, 2021, <https://jqas.org/wp-content/uploads/2022/01/DuBard-Analysis.pdf>.

important economic sectors, less reliance on international trade, and centralized decision-making. This intricacy emphasizes how important it is to have a sophisticated grasp of the mechanisms underlying the approval of autocratic regimes.

The recognition by the nations enforcing sanctions of the inherent limitations of this diplomatic tool is implied by the acknowledgement that sanctions may not have the desired effect on the economy of a country with an autocratic government. This insight emphasizes how difficult it can be to apply sanctions in international relations, particularly when working with nations that have unique political systems. It follows that in order to effectively influence the targeted country's economic landscape through sanctions, a nuanced and strategic approach is required, taking into account the unique characteristics of that country's governance.

IMPACT OF THE SANCTIONS ON BUSINESS IN KAZAKHSTAN

The imposition of Western sanctions has undeniably left a substantial imprint on the business landscape in Kazakhstan, with specific and notable impacts observed in key sectors such as oil and gas, finance, trade, and logistics.

The oil and gas sector, being a cornerstone of Kazakhstan's economy, occupies a central position in discussions about the repercussions of Western sanctions. Kazakhstan, as a raw materials state, heavily relies on its rich oil and gas reserves as a significant source of revenue and economic activity. The production and transportation infrastructure for hydrocarbons has already been well-established in Kazakhstan, signifying its integral role in the nation's economic structure.

The oil and gas sector is particularly susceptible to the effects of sanctions due to its global interconnectedness. Sanctions can impact exploration, extraction, and transportation activities, affecting both upstream and downstream components of the industry. Restrictions on technology transfer, financial transactions, and international partnerships can hinder the sector's growth and efficiency.

In addition to the oil and gas industry, the financial sector in Kazakhstan has experienced notable consequences from Western sanctions. Financial institutions may face limitations on access to international markets, restrictions on cross-border transactions, and challenges in maintaining relationships with global financial counterparts. These limitations can impede the financial sector's ability to operate seamlessly in the international arena.

The impact on trade and logistics is another significant facet of the repercussions felt in Kazakhstan. Trade routes and logistics networks may face disruptions due to restrictions on certain goods or limitations on the movement of capital. This can lead to increased costs, delays, and complexities in conducting international trade.

In the given context, a crucial factor to consider is that a significant portion of Kazakhstan's hydrocarbon exports traverses territory controlled by the Russian Federation, which is currently under sanctions. This situation poses unique challenges for Kazakhstan, particularly as it relies heavily on the export of hydrocarbons as a major source of revenue and economic activity.

The sanctions on the Russian Federation can potentially disrupt the smooth flow of hydrocarbon exports from Kazakhstan. This is a critical concern given the strategic importance of hydrocarbons, such as oil and gas, to Kazakhstan's economy. The

sanctions on Russia's territory may lead to logistical complications, delays, or increased costs in transporting hydrocarbons to international markets.

Furthermore, Kazakhstan, as an exporter of hydrocarbons, faces the inherent challenge of not always being able to fully satisfy its domestic energy needs. This underscores the delicate balance that hydrocarbon-exporting nations must navigate—meeting international demand while ensuring an adequate and stable domestic supply to meet the needs of its population.

In response to these challenges, Kazakhstan has sought alternative solutions to address its energy requirements. One noteworthy development in this regard is Kazakhstan's acceptance of Vladimir Putin's proposal to form a triple alliance with Uzbekistan. This alliance aims to facilitate the provision of gas to remote areas of Kazakhstan.

The triple alliance, in this context, becomes a strategic initiative to enhance energy security and address challenges posed by sanctions on Russia. By diversifying its energy sources and collaborating with neighboring nations like Uzbekistan, Kazakhstan aims to ensure a more resilient and flexible energy infrastructure that can navigate geopolitical complexities.

The pursuit of reliable information in the oil and gas sector is impeded by specific challenges, primarily stemming from the legal issues faced by prominent figure Kairat Boranbayev. His involvement in criminal prosecution has introduced a level of uncertainty and disturbance within the industry, impacting the accessibility of accurate and transparent data from business owners and managers.

Kairat Boranbayev, a key player in the sector, has been subjected to criminal charges, resulting in the freezing of his assets and financial resources. This legal turmoil has far-reaching consequences, creating significant obstacles in the effective management of his business and the execution of long-term strategic plans. The freezing of assets not only hampers the day-to-day operations but also casts a shadow over the viability of pursuing comprehensive and forward-looking business strategies.

As part of a plea deal, Boranbayev has transferred valuable assets and financial resources to the state without charge. This development has given rise to apprehensions within the business community, particularly those involved in the oil and gas sector in Kazakhstan. There are concerns about the extent to which individuals engaged in this sector can exercise control over their investments and potential future profits, given the uncertainties introduced by legal proceedings and asset transfers.

The transfer of assets to the state, coupled with the legal complexities surrounding Boranbayev's case, raises doubts about the overall stability and predictability of the business environment in the oil and gas sector. It introduces a layer of ambiguity that may deter investors and industry participants from making long-term commitments and strategic decisions. The apprehension surrounding control over investments and future profits reflects broader concerns within the business community about the impact of legal challenges on the sector's stability and growth prospects.

The legal troubles faced by Kairat Boranbayev have created a challenging environment for obtaining reliable information in the oil and gas sector. The uncertainties introduced by criminal charges, asset freezes, and asset transfers to the state contribute to an atmosphere of caution and skepticism within the industry, impacting decision-making processes and strategic planning for businesses in the sector.

Unfortunately, at present, none of the business leaders in the oil and gas sector is ready to give a detailed interview regarding the impact of sanctions on the business of Kazakhstan, since all attention is now paid to the consequences of the change of power in Kazakhstan and the associated changes in spheres of influence in the most profitable business.

Therefore, we can only assume that the sanctions have significantly affected the oil and gas business in Kazakhstan, firstly, due to the significant increase in the price of hydrocarbons in the world, and secondly, due to the need for Kazakhstan to obtain additional guaranteed routes for transporting hydrocarbons to buyers.

At the same time, it should be noted that the oil and gas sector is one of the most important sectors of the economy of Kazakhstan. In 2022, it accounted for about 20% of the country's GDP. Sanctions imposed in response to the Russian invasion of Ukraine have had a significant impact on this sector. First of all, sanctions led to a decrease in the volume of Kazakh oil exports. This is due to the fact that sanctions have limited the ability to transport Kazakh oil through pipelines passing through Russian territory. Despite the negative consequences, sanctions may also have some positive effects on the oil and gas sector of Kazakhstan. Firstly, sanctions may contribute to the diversification of Kazakh oil export routes. In particular, Kazakhstan may consider building new pipelines that will pass through other countries. Secondly, sanctions may attract foreign investors to Kazakhstan in the oil and gas sector. Western companies that

were forced to leave the Russian market may consider moving their production to Kazakhstan. This can create new jobs and stimulate economic growth in the country.

In the long-term outlook, the trajectory of the oil and gas sector in Kazakhstan is anticipated to evolve in specific directions, driven by strategic considerations and the imperative to reduce dependencies while attracting foreign investment. Two primary aspects are expected to shape the sector's development: the diversification of export routes and the advancement of oil refining capabilities. One of the strategic goals for Kazakhstan is the diversification of export routes for Kazakh oil. This strategic move is motivated by the desire to diminish dependence on Russia, especially considering geopolitical dynamics and the impact of sanctions. Diversifying export routes helps Kazakhstan mitigate risks associated with relying on a single transit country, enhancing its economic resilience. Diversification efforts are likely to involve the attraction of foreign investment. By opening up new export routes, Kazakhstan aims to create opportunities for international investors to participate in the development of the oil and gas sector. Foreign investment can bring in expertise, technology, and capital, fostering the growth and modernization of the industry. The implementation of sanctions may play a role in driving the need for diversification. Sanctions can create both challenges and opportunities. On one hand, they might restrict certain avenues, but on the other hand, they can attract new foreign investors seeking alternative markets and partnerships amid the changing geopolitical landscape.

Another strategic direction involves the development of oil refining capabilities within Kazakhstan. By expanding the capacity for oil refining domestically, Kazakhstan aims to decrease reliance on imported petroleum products. This move is driven by the goal of achieving greater self-sufficiency in meeting domestic energy needs and ensuring the stability of the national energy supply. Developing oil refining capabilities contributes to the broader goal of economic diversification. Instead of solely exporting crude oil, refining capacity allows Kazakhstan to add value to its oil resources, produce higher-value products, and potentially tap into a more diverse range of international markets.

The long-term development of the oil and gas sector in Kazakhstan is expected to revolve around strategic initiatives such as diversifying export routes to reduce dependence on Russia and fostering the development of oil refining capabilities to enhance self-sufficiency. These initiatives are not only driven by economic

considerations but are also shaped by geopolitical factors, including the impact of sanctions and the quest for greater resilience in a dynamic global energy landscape.

The next area that has undoubtedly been affected by sanctions is the financial sector. Kazakhstan, like other EAEU countries, has planned to create a single financial market in 2025, so it is expected that the financial markets of all EAEU countries will be directly subject to sanctions. In order to avoid the negative consequences of sanctions, the financial market of Kazakhstan got rid of Russian subsidiary banks, leaving only SB JSC VTB Bank, which is not one of the large banks either in Russia or in Kazakhstan, in fact, it limited itself to servicing individuals. In addition, the leading Kazakh bank, Halyk Bank of Kazakhstan JSC, sold its subsidiary bank in Russia at a loss in order to eliminate possible negative consequences for its business from Western partners.

The sanctions have had a significant impact on business in finance, both positive and negative. On the one hand, they forced us to look for new markets for cross-border operations, which led to the expansion of our presence in countries not under sanctions. In particular, financial institutes have increased the volume of transactions with China, Turkey, the countries of Central Asia and the Middle East. This allowed them to diversify our business and reduce their dependence on the Russian market.

On the other hand, sanctions have led to a decrease in the volume of international transactions with Russia. Sanctions have limited the ability to make cross-border payments and transactions with Russian banks and financial institutions. As a result, the volume of Kazakhstani bank's international operations has decreased significantly. Sanctions have forced banks to seek new markets for cross-border operations, which has resulted in their expanding presence in non-sanctioned countries. This allowed them to diversify our business and reduce their dependence on the Russian market.

Financial institutions are forced to take the following measures to reduce the negative impact of sanctions on business: continue to diversify its international operations by expanding its presence in non-sanctioned countries; develop their own production to reduce dependence on imports; cooperate with international rating agencies to improve the rating of our bank.

Banks are taking the following measures to strengthen the positive impact of sanctions on business: develop cooperation with foreign banks that are not under

sanctions; expand the range of services for clients who want to diversify their international operations.

The state and National Chamber of Entrepreneurs Atameken are taking a number of measures to protect domestic business in connection with the sanctions. In particular, the state provides tax breaks and subsidies to domestic companies that have suffered from sanctions. National Chamber of Entrepreneurs Atameken provides consulting and methodological assistance to domestic companies in matters of countering sanctions.

Currently, it is necessary to take the following measures to protect domestic businesses in connection with sanctions: continue to provide tax breaks and subsidies to domestic companies that have suffered from sanctions; create a single center for coordinating the activities of government agencies and the business community in matters of countering sanctions; develop programs to improve the skills of employees of Kazakh companies in matters of sanctions.

If sanctions are strengthened, this could lead to a further decrease in the volume of international operations of Kazakh banks. This could also lead to higher funding costs for Kazakh banks.

In order to eliminate/minimize the impact of sanctions against Russia on business in financial sphere in the future over a ten-year period, the following measures must be taken: continue to diversify its international operations by expanding its presence in non-sanctioned countries; develop our own production to reduce dependence on imports; integrate into global value chains to reduce dependence on the Russian market.

The repercussions of the sanctions imposed against Russia have reverberated significantly within Kazakhstan's business landscape, becoming a central concern for business representatives across various sectors. The consensus among these representatives is unanimous as they underscore the profound and far-reaching negative consequences that have ensued. The intricate dynamics of this impact unfold in multifaceted ways, affecting not only the economic landscape but also intricacies related to consumer behavior, market dynamics, and governmental responses.

A conspicuous consequence of the sanctions has manifested in a notable surge in the prices of virtually all consumer goods within Kazakhstan. This surge, marked by an unprecedented inflationary trend, has permeated the market, altering the cost dynamics of essential commodities. The genesis of this inflationary pressure lies in the

strategic withdrawal of numerous companies from the Russian market. A distinctive feature of this exodus is the palpable lack of interest exhibited by these companies in redirecting their focus towards the comparatively smaller market of Kazakhstan.

The intricate interplay of market dynamics unfolds as companies, grappling with the constraints of the sanctions, find themselves in a precarious position. The decision to exit the Russian market, often driven by a necessity to comply with international sanctions, inadvertently leads to a vacuum in the Kazakh market. However, the aftermath of this departure is not characterized by an influx of relocated companies seeking to establish a foothold in Kazakhstan. Instead, a prevailing sentiment emerges, suggesting that the business environment in Kazakhstan may not be as attractive as anticipated.

The Government of Kazakhstan, recognizing the severity of the situation, has collaborated with the National Chamber of Entrepreneurs Atameken to implement measures aimed at mitigating the adverse impact of the sanctions on the country's economy. However, despite these concerted efforts, a nuanced critique emerges regarding the government's lack of a clear, cohesive vision and systematic approach in addressing the multifaceted challenges posed by the sanctions. The steps taken thus far appear unsystematic and, in some instances, fall short of achieving stated objectives.

For instance, the articulated goals related to the relocation of 600 companies that exited the Russian market have not materialized as envisioned. The reasons behind this disparity between intent and outcome are multifaceted and extend beyond mere logistical challenges. There is a palpable absence of additional incentives provided by the government to make Kazakhstan an appealing destination for these companies. The prevalent trend among these ostensibly relocated companies is the establishment of offices or branches, rather than embarking on full-scale production or engaging in comprehensive commercial activities.

A distinctive feature of the governmental response, as noted by business representatives, is the historical inclination towards resolving issues through restrictive measures rather than adopting economic stimuli to invigorate the market. The conventional toolkit often includes prohibitions and restrictions, such as the ban on the export of certain agricultural products. This dualistic approach becomes evident as the authorities extend support to Kazakh processors while concurrently imposing impediments that hinder the developmental prospects of agricultural producers. The net

result is a zero-sum game within the business community, where the resolution of challenges for one segment inadvertently imposes burdens on another.

Amidst the complex web of economic difficulties, a common belief shared by every respondent indicates that the sanctions are well-established and will probably stay in place for at least ten more years. This realization emphasizes the necessity of a paradigm change in corporate strategy planning. Because sanctions are permanent, companies must recognize and adjust to the long-term effects of these economic measures by taking a long-term view into account when developing their strategic plans. This understanding highlights how crucial it is to be resilient and adaptable when negotiating the intricate and long-lasting environment that sanctions have shaped.

Like the rest of the economy, the retail sector in Kazakhstan has faced particular difficulties since European and American manufacturers have left. Historically oriented towards catering to the vast Russian market, these producers saw Kazakhstan as an incidental participant in a cooperative market environment with Russia. The sudden withdrawal of these manufacturers had a major impact on the retail industry in Kazakhstan, which quickly increased inflationary pressures. The dynamics of the market were radically changed, and companies had to react quickly to adjust to the changing economic landscape.

The depreciation of the national currency following these market dynamics increased the level of complexity in the economic environment. The population's purchasing power decreased as a result of this depreciation, with consequences that went beyond the retail industry. However, as things began to settle down, domestic retailers made a calculated turn to address these issues. Retailers diversified their supplier base and formed new alliances with nations like China, Korea, and Turkey as a result of this adaptive response. This change in strategy was intended to help the Kazakh retail industry become more resilient and less susceptible to the effects of the changing economic landscape.

Retailers took the initiative at the same time and redesigned their business strategy, moving from production of proprietary goods under private labels to self-sufficiency. The business landscape's forward-thinking response to external uncertainties was reflected in this strategic pivot. Retailers wanted to reassert control over their product lines, strengthen their resilience in the face of changing market conditions, and protect themselves from future shocks by stepping into in-house production.

Despite difficult circumstances, the Kazakh government showed an unwavering commitment to consumer protection and market stabilization. Understanding the importance of the ongoing revolution, the government took decisive action to control the cost of goods that are important to society. This proactive approach demonstrated a commitment to maintaining fiscal stability and placing the welfare of citizens first, demonstrating the government's adaptability to the changing economic environment.

In 2019, Kazakhstan made major changes to its trading legislation, proposing the introduction of threshold restrictions on retail prices for socially important food products. Currently, 19 products are included in this list, and the state actively controls pricing in this area. Among such products are first grade wheat flour, wheat bread made from first grade flour (tin), Horns (by weight), Buckwheat groats (kernel, by weight), Polished rice (round grain, by weight), Potatoes, table carrots, onions, white cabbage, White sugar - granulated sugar, Sunflower oil, Beef (shoulder-thoracic part with bones), Chicken meat (femur and tibia with adjacent pulp), Pasteurized milk 2.5% fat in soft packaging, Kefir 2.5% fat content in soft packaging, Butter (unsalted, at least 72.5% fat content, without fillers and vegetable fats), Chicken egg (I category), Table salt (except “Extra”) and Cottage cheese: 5 – 9% fat content.³⁸

Vigilant monitoring of suppliers dealing in socially significant goods is part of the government's multifaceted approach to prevent collusion and price gouging. Retail chains are subject to strict regulations aimed at reducing excessive trade markups on these necessities. In addition, programs like financial aid for purchases and discounts on goods are being put into place to guarantee that essential products are accessible to a large number of people while preventing unwarranted price increases. Taken together, these actions help to preserve social stability in the country.

The government's assistance went further by providing funds to merchants who agreed to supply necessities at predetermined rates for protracted periods of time, frequently a quarter. This proactive step was intended to support the purchasing power of the populace in addition to controlling inflation. The intricate relationship between private sector adaptation and governmental intervention demonstrated how resilient and flexible the Kazakh retail industry is when dealing with outside shocks.

³⁸ Information and legal system of normative legal acts of the Republic of Kazakhstan Adilet, “Ob utverzhdenii Perechnya sotsial'no znachimykh prodovol'stvennykh tovarov” [On approval of the List of socially significant food products], *Adilet*, May 12, 2023, <https://adilet.zan.kz/rus/docs/V2300032474>.

Shifting the focus to the realm of transnational companies, the challenges inherent in ensuring sanctions compliance become particularly pronounced. Illustrated through the lens of Schneider Electric, a prominent example in the global business landscape, the complexities surrounding adherence to sanctions unfold with intricate nuances. The central challenge lies in the meticulous oversight required to ensure compliance in the company's myriad activities.

This includes the constant monitoring of import-export transactions, a vigilant scrutiny of transaction beneficiaries, and an ongoing commitment to enhancing the qualifications of compliance employees. The urgency of this commitment becomes evident in the contemporary landscape, where the need to develop robust sanctions compliance mechanisms is paramount for any company engaged in, or planning to engage in, international connections.

This requirement covers a wide range of actions, such as paying bills in US dollars or euros, opening offices in Europe, interacting with overseas organizations, and handling goods that come from particular nations or have parts made with specific technologies. The fundamental issue is that businesses and individuals may be unaware that they could inadvertently fall under the purview of sanctions laws. A thorough grasp of the nuances of sanctions laws is essential for navigating this terrain, which emphasizes the need for businesses to be proactive in staying informed and making sure their operations comply with changing regulatory frameworks.

The ramifications of non-compliance are severe, encompassing secondary sanctions, substantial fines, and the looming threat of criminal prosecution. The complexity inherent in international transactions mandates a meticulous analysis and stringent checks to guarantee compliance with sanctions regimes. Neglecting this imperative not only jeopardizes the offending company but also holds the potential to escalate sanctions imposed on individuals and legal entities within Kazakhstan. The need for a proactive and vigilant approach to compliance is underscored by the far-reaching consequences that can unfold in the absence of stringent adherence to sanctions laws.

The country's overall standing internationally is seriously jeopardized by this complex threat. Possible fallout includes increased pressure on American, British, and European companies doing business with Kazakhstani entities to adhere to strict regulations. The heightened level of scrutiny could result in Kazakh companies being required to provide more documentation, confirmations, and evidence. Crucially, the

level of scrutiny that Kazakh businesses may experience may be greater than that of their counterparts in nations where sanctions are thought to be less likely to be broken. The dynamic environment emphasizes how important it is for Kazakh companies to strengthen their compliance systems in order to successfully handle the complexities of cross-border transactions.

The complex issues brought about by the sanctions against Russia have a significant impact on Kazakhstan's business community. The sharp rise in the cost of consumer goods, when paired with the complex responses from the government and the subtle dynamics that exist within particular industries, such as retail and multinational corporations, emphasizes how complex the economic environment is. Given the dynamic nature of the global economy, it is critical for businesses to adjust to the long-term effects of sanctions and understand the subtle nuances of compliance procedures. Businesses must cultivate resilience and adaptability in order to prosper in the face of complexity brought on by changes in geopolitics and economic sanctions.

The effects of the sanctions against Russia ripple through established trade routes, causing disruptions that have a major impact on Kazakhstan's logistics operations' efficiency. The smooth movement of goods within the framework of the One Belt, One Road (OBOR) initiative is challenged by these disruptions. OBOR is intrinsically linked, with the goal of establishing a vast network of roads, trains, and sea lanes to link Asia and Europe. The interconnectedness of trade within this ambitious initiative is highlighted by the fact that sanctions affecting one region can have cascading effects on logistics operations along the entire OBOR route. The obstacles posed by sanctions highlight the necessity of making strategic modifications and preparing for contingencies within the larger logistics framework.

The logistics industry in Kazakhstan is affected by the economic fallout from the anti-Russian sanctions, which affects how economical trade and transportation are. Logistics companies, forced by sanctions to incur higher operating costs, must now view the North-South transportation route as a critical substitute. This route provides a strategic detour, connecting the Persian Gulf with Northern Europe and avoiding areas that are directly impacted by sanctions. It becomes clear that navigating the North-South route is both a strategic necessity and a practical way to alleviate the economic strain that sanctions have placed on the country, highlighting the need for flexibility and resilience in the face of shifting geopolitical dynamics.

The experts I spoke with provided me with some very crucial information, one of which was that Russian businesses—particularly those in the e-commerce sector—are shifting their offices and warehouses to Kazakhstan because they anticipate greater sanctions pressure on Russia, which could lead to a potential outright ban on trade with Russian businesses. In this scenario, businesses that are able to establish themselves in Kazakhstan will simultaneously do business in Russia and the rest of the world. Numerous experts' observations of actual activities show that even goods under sanction make their way into Russia, sometimes via Kazakhstan. However, the cost of delivery for these goods is frequently prohibitive, and the price may be constrained primarily by the end buyer's capabilities rather than by the cost of the goods, transportation, or potential risks. The market will still make sure that demand is met even if sanctions pressure increases, but it will also present a chance for businesspeople to make a lot of money if they make sure ahead of time that they have the required infrastructure and an active company.

Under the OBOR initiative, businesses in Kazakhstan's logistics sector face the imperative of diversifying their trade partners to bolster the resilience of their supply chains. Strategic rerouting and the establishment of connections with alternative trading partners beyond the reach of sanctions emerge as crucial strategies. The intricate interconnectivity within the OBOR initiative mandates an adaptive approach to cultivate resilience, ensuring the seamless flow of goods along this extensive economic corridor despite the challenges posed by geopolitical dynamics and sanctions.

Acknowledging the pivotal role of the logistics sector in the OBOR initiative, the Kazakhstan government has implemented measures to confront the challenges stemming from anti-Russian sanctions. Policy adjustments targeted at optimizing customs procedures, promoting seamless cross-border transportation, and offering incentives to logistics companies constitute integral components of the government's strategic approach. These endeavors extend beyond the immediate benefits to the logistics sector, playing a crucial role in ensuring the overall success and sustainability of the expansive OBOR initiative.

Rail transit is an essential component of Kazakhstan's transportation infrastructure. Kazakhstan enjoys a strategic location as a major hub on the New Silk Road, a major international train route that connects China and Europe. This emphasizes how important the country is as a connecting element in the transportation system between these two important economic zones. Kazakhstan's membership in the

International Association of Railways (UIC) is indicative of its active cooperation with other countries in the development of rail transit. This membership is a testament to the nation's dedication to global standards and collaboration in the rail transportation industry.

The decision to undertake major railway projects has been made by Kazakhstan's leaders in an effort to improve the country's rail transit infrastructure. The objectives of these projects are to improve regional connectivity and the nation's throughput capacity. The construction of the Dostyk - Moyynty, Bakhty - Ayagoz, Darbaza - Maktaaral, and Almaty bypass are a few notable projects. It is anticipated that these infrastructure projects will revolutionize Kazakhstan's rail transit capabilities, enabling more efficient and seamless movement of people and goods both domestically and internationally. In general, Kazakhstan's emphasis on developing and updating its rail transit infrastructure shows the country's dedication to promoting regional and international connectivity as well as its understanding of the critical role that rail transportation plays in promoting trade and economic growth.

Kazakhstan's comprehensive approach to transportation modernization demonstrates the country's commitment to developing its road and rail transit infrastructure. The nation's efforts include building new airports and renovating old ones in addition to expanding its railway network. Kazakhstan has been actively involved in international agreements aimed at advancing the transportation sector and improving conditions related to transit in line with this trend. This proactive approach demonstrates the nation's commitment to promoting global connectivity and modernizing its transportation system to satisfy international norms.

The successful conclusion of negotiations resulted in the transfer of Astana airport to an investor from the United Arab Emirates, demonstrating Kazakhstan's commitment to modernizing its aviation infrastructure. The nation is also using private investment to modernize its main airports, including Karaganda, Shymkent, and Almaty. These major improvements—which include expanding passenger and cargo terminals and reconstructing runways—showcase Kazakhstan's commitment to improving its aviation infrastructure in order to meet growing demand and boost operational effectiveness.

Furthermore, Kazakhstan has demonstrated its commitment to utilizing outside resources and expertise to improve its airport infrastructure with the intention of turning over control of the airports in Aktobe, Turkestan, and Kyzylorda to respectable foreign

investors with a great deal of aviation industry experience. In order to promote innovation and operational excellence in its aviation sector, Kazakhstan has recognized the benefits of collaborating with well-established industry players, as evidenced by this calculated move.

Thus, Kazakhstan's diverse approach to building aviation, rail, and road infrastructure highlights its proactive attempts to modernize its transportation system and conform to international standards. Kazakhstan wants to solidify its status as a major player in regional and global transportation connectivity by forming international alliances and luring private investment.

Despite the significant efforts of the President and the Government aimed at modernization and greater involvement of railway and air transport in ensuring the realization of the transit potential of Kazakhstan, the business of Kazakhstan is mainly focused on existing road transport routes, which provide optimal transportation across the entire territory of the country for less money compared to with rail and air connections. This is largely due to the fact that since 2013, when Xi Jinping first voiced the idea of the OBOR, the construction of roads of republican significance began in Kazakhstan, which were transferred to the jurisdiction of the national operator - KazAvtoZhol.

Within the framework of the OBOR initiative, logistics businesses in Kazakhstan are actively channeling investments into technological innovations to optimize operational efficiency. Automation, digitalization, and advanced tracking systems play a pivotal role in enabling real-time monitoring and swift responses to disruptions. These technological advancements serve a dual purpose by not only strengthening the competitive stance of the logistics sector but also facilitating the seamless integration of Kazakhstan into the expansive OBOR network.

The impact of anti-Russian sanctions on the logistics industry in Kazakhstan transcends immediate challenges, particularly within the broader framework of OBOR and the North-South route. Businesses operating in this sector find themselves necessitated to engage in strategic planning that accounts for the persistent nature of sanctions and the evolving dynamics of transformative trade routes. Long-term considerations may involve the imperative of diversified supply chains, reinforced international partnerships, and a nuanced comprehension of the geopolitical landscape. These measures become essential to ensure sustained growth within the OBOR initiative and along the North-South transportation route.

According to some experts, Kazakhstan's shared potential in this area is almost completely used up as a result of China and Russia developing their borders' infrastructure on their own. Kazakh experts, however, vehemently disagree with this position. They stress that the current main logistics route, which runs across Kazakhstan from east to west, can be completed in a single day by car. This shows how effective the nation's current transportation system is. Moreover, they emphasize that shipping goods via Kazakhstan to the European part of Russia is substantially quicker than shipping it via other routes.

This discussion highlights how crucial it is to comprehend the intricacies of the geopolitical environment. It also implies that, for the foreseeable future, road transportation along the route that links China to the European part of Russia will remain Kazakhstan's main source of logistics supply. The contrasting viewpoints on this matter emphasize how important it is to have a thorough grasp of the infrastructure in the area and how it might affect trade and logistics both locally and internationally.

Therefore, the effects of the anti-Russian sanctions on Kazakhstan's logistics industry pose a complex challenge, especially in light of the One Belt, One Road (OBOR) and the North-South transportation corridor dynamics. Although interruptions to well-established trade routes present difficulties, the North-South route's flexibility and the strategic projects included in OBOR offer opportunities for resilience and adaptation. In the long run, the success of these revolutionary routes depends on the logistics industry thriving and the government working together with technological investments. In this dynamic geopolitical landscape, businesses must make informed decisions by having a comprehensive understanding of the intricate interactions between transformative routes, sanctions, and strategic planning.

CONCLUSION

This research makes a substantial contribution to our comprehension of the intricate relationship between geopolitical developments and the economies of Kazakhstan and Russia. The study emphasizes the crucial role that Western-imposed sanctions play in world politics, focusing on these measures as a response to various geopolitical developments. It reveals the complex relationships between political choices and economic consequences, highlighting the wide range of strategies Western countries employ to exert influence over Russia and their profound effects. The analysis explores the immediate effects of sanctions on Russia, including financial pressures, diplomatic isolation, and economic restrictions. Notably, it also looks at how these changes affect Kazakhstan, highlighting the opportunities and difficulties in negotiating this complex environment. The knowledge acquired provides insightful lessons for future study, policy development, and comprehension of how nations like Kazakhstan respond to geopolitical challenges.

This study highlights the critical role that sanctions play in determining the paths taken by countries in our interconnected global landscape, offering vital insights into the dynamic relationships between geopolitical forces and economic realities.

Through an examination of Kazakhstan's economic relations with Russia, we have pinpointed the major industries affected by the sanctions and located prospective growth areas where Kazakhstan can adjust to the changing circumstances. It is noted that the industries of banking, energy, and transportation are especially delicate and call for careful observation and efficient change management.

The Kazakh government has taken action to diversify the economy and improve trade relations with other nations in response to the challenge presented by the sanctions. According to the study, tactics like fostering alternative markets and enhancing the investment climate could lessen the effects of sanctions and open up new avenues for economic expansion.

A close analysis of the Kazakhstani business community's response to dynamic economic conditions has uncovered admirable characteristics that offer a convincing template for other countries facing comparable difficulties. Kazakhstani businesses have shown a remarkable ability to adjust and maintain their adaptability in the face of a changing economic environment. Their capacity to modify their tactics in the face of ambiguity, such as sanctions, demonstrates a resilience that enables them to successfully negotiate difficulties.

The flexible reactions of Kazakh companies provide a good example for other countries facing similar economic challenges. Their proactive attitude to seizing opportunities and embracing change provides insightful guidance to nations trying to negotiate the intricacies of the international economic landscape. The examination recognizes the existence of innate hazards in light of international limitations and modifications. Kazakh companies demonstrate a sophisticated and pro-active approach to risk management by not only being aware of these risks but also actively managing them. The observation highlights the potential for innovation within the Kazakh business community, notwithstanding the acknowledged risks. Their flexible approaches reduce risks while also fostering an atmosphere that encourages creative thinking and may open up new markets and business prospects.

The observation highlights that despite obstacles posed by global regulations and shifts, Kazakh enterprises perceive opportunities as well. The business community exhibits a forward-thinking mentality when it recognizes opportunities for innovation and opens up new markets. Essentially, the examination of Kazakhstan's business community reveals its adaptability, proactive risk mitigation, and progressive approach to innovation, offering insightful guidance to other countries negotiating the intricate dynamics of the world economy.

As a result of the research findings, this study offers Kazakhstan practical recommendations for overcoming the obstacles and seizing the opportunities presented by sanctions, in addition to insights into the impact of sanctions on Russia and their implications for Kazakhstan. The research suggests particular risk-reduction techniques that are suited to the Kazakh environment. To lessen the negative effects of sanctions, this entails diversifying economic activity, lowering reliance on markets that are subject to restrictions, and looking into alternate trading partners.

Kazakhstan is encouraged to maximize its economic strengths by the research, which highlights the potential benefits in the face of challenges. This entails making the most of already-existing resources, encouraging innovation, and utilizing important industries that could profit from changes in the geopolitical environment. Active diversification of international partnerships is prioritized. Kazakhstan can create strong, resilient economic ties that are less vulnerable to disruptions brought on by sanctions by interacting with a range of foreign partners. In particular, strategic partnerships with non-sanctioned nations are emphasized.

The study emphasizes how crucial it is to interact actively with overseas partners. It is recommended that Kazakhstan actively participate in diplomatic and economic discussions, promoting its interests globally. This involvement may help create a positive business climate. One of the main factors contributing to Kazakhstan's economic resilience is innovation. The study recommends encouraging an innovative culture, welcoming technology breakthroughs, and looking for creative answers to pressing economic issues. With this flexible strategy, Kazakhstan can establish itself as a major participant in the changing international scene.

It is emphasized how important it is to approach economic development from a variety of angles. This entails policy changes, strategic planning, and focused investments in industries that support Kazakhstan's long-term economic objectives. A strategy like this can improve economic sustainability. The study not only identifies the problems caused by the sanctions, but it also offers Kazakhstan proactive guidance on how to deal with them. Kazakhstan can position itself for economic success in a changing geopolitical environment by embracing a multifaceted strategy, interacting with diverse partners, and encouraging innovation.

All things considered, the study's conclusions have significant ramifications for scholars, legislators, and other interested parties who want to comprehend and adjust to the intricate political and economic realities of sanctions in the Eurasian region. The gained knowledge offers essential components for developing development strategies as well as a distinctive viewpoint on opportunities and difficulties for cooperation in a changing global environment.

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APPENDIX

The list of questions for the interview

for the Master Thesis “Sanctions on Russia and their impact on Kazakhstan”

1. How have sanctions against Russia (hereinafter referred to as the Sanctions) affected your business?
 - 1.1. Was the impact of the Sanctions positive? If yes, in what part?
 - 1.2. Was the impact of Sanctions negative? If yes, in what part?
2. What are you doing to reduce the negative impact of Sanctions on your business? What are you doing to strengthen the positive impact of Sanctions on your business?
 - 2.1. Do you have any specialized documented procedures regarding Sanctions?
 - 2.2. Which department is responsible for monitoring risks regarding sanctions and have they received special training?
 - 2.3. Does your organization require any additional support/consulting to reduce sanctions risk?
 - 2.4. How does the state/National Chamber of Entrepreneurs Atameken react to the impact of Sanctions on business in Kazakhstan?
 - 2.5. What currently needs to be done to protect domestic business in connection with the Sanctions?
 - 2.6. What are your expectations regarding the possibility of strengthening the Sanctions?
3. What do you think can be done to eliminate/minimize the impact of sanctions against Russia on your business in the next ten years?
 - 3.1. How do you think your business will develop over the next 10 years if the Sanctions continue and possibly intensify?
 - 3.2. What are the prospects for the development of your business, taking into account the existing risks in connection with the Sanctions?