TTM
Central Asia

Target Trajectory Monitor

June 2026

EVIDENCE. CONTEXT. TRAJECTORY.

Expanding Agency, Shrinking Flexibility

Central Asian governments are making decade-scale commitments in energy, finance, connectivity, and security. These moves expand the region's room for manoeuvre, but also bind it more tightly to the suppliers, investors, routes, and partners behind them.

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02 Western capital is entering, but with higher governance expectations.

03 Connectivity is improving faster than corridor redundancy.

> *The region is gaining room for manoeuvre through choices that may prove difficult to reverse.*

REGIONAL TRAJECTORY ASSESSMENT

Central Asia: Expanding Agency, Shrinking Flexibility

Recent weeks have seen Central Asia make consequential choices that will shape its room for manoeuvre for years. The region's governments have moved forward on nuclear power projects, international capital markets, rail and corridor infrastructure, and deeper strategic cooperation with China. These are not one-off diplomatic moves. They are decade-scale decisions that tie states to suppliers, lenders, investors, transport routes, legal frameworks, and security partners. Together, they point to a region seeking greater agency, but doing so through commitments that may prove difficult to reverse.

The pattern is not simple diversification. Central Asia is widening its roster of partners, but it is also deepening reliance on a select few. Kazakhstan and Uzbekistan are expanding who they borrow from, sell to, and cooperate with, yet the heaviest new

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CENTRAL ASIA TRAJECTORY SNAPSHOT

JUNE 2026

COUNTRY	STABILITY	ECONOMIC RESILIENCE	GOVERNANCE	STRATEGIC AUTONOMY	CONNECTIVITY
KAZAKHSTAN	● Strong →	● Strong ↘	● Strong →	● Strong →	● Strong ↗
UZBEKISTAN	● Strong →	● Mixed ↗	● Mixed →	● Strong →	● Mixed ↗
KYRGYZSTAN	● Mixed →	● Mixed →	● Mixed →	● Mixed →	● Mixed ↗
TAJIKISTAN	● Mixed →	● Constrained →	● Mixed →	● Mixed ↘	● Constrained →
TURKMENISTAN	● Mixed →	● Mixed →	● Constrained →	● Mixed →	● Constrained →

Current position
● Strong ● Mixed ● Constrained

12–18-month trajectory
↗ Improving → Stable ↘ Deteriorating

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obligations still run through Russia in nuclear power and China in finance and technology. Capital is arriving from multiple directions at once: Russian state credit for reactors, Chinese bilateral finance and technology, multilateral lending from the ADB, and private money through the London listing. The region is expanding its external options, but also multiplying the commitments attached to them.

Two conditions make these commitments easier to make. At home, presidential systems have become more centralised and less contested, giving leaders space to take long-horizon decisions with limited domestic resistance. Kyrgyzstan's removal of its most powerful security figure has so far produced quiet centralisation rather than open crisis, while Kazakhstan's forthcoming parliamentary elections are likely to unfold within a tightly managed party landscape. Abroad, external engagement has become more pragmatic, with Western attention concentrated on sanctions enforcement, critical minerals, supply chains, energy security, and investment access. The result is a political environment in which governments can make large commitments with fewer immediate constraints.

The complication is that the environment around these commitments is becoming more volatile. Sanctions pressure on Russia-linked trade, uncertainty around Iran-linked southern routes, higher fuel-price exposure, and the still-limited capacity of alternative corridors all test the connectivity on which many of these projects depend.

This is the tension the brief tracks through the summer. Central Asian governments are betting that new infrastructure, financing, and transport corridors will widen their room for manoeuvre. The risk is the reverse: that the same choices harden into dependencies the region cannot easily adjust as conditions shift. The agency being won is real. The question is how much flexibility it preserves, and on whose terms.

SIGNALS IN FOCUS

Several recent developments illustrate how these structural dynamics are unfolding in practice across Central Asia. Four signals are particularly revealing.

The Nuclear Lock-In: A Sixty-Year Commitment

KEY DEVELOPMENTS

- Kazakhstan signed a $16.5 billion agreement with Rosatom to build its first nuclear power plant near Lake Balkhash.
- Kazakhstan also approved a second nuclear plant, with China's CNNC expected to act as lead contractor.
- On 5 June, Uzbekistan formally launched construction of a Rosatom-backed nuclear plant in the Jizzakh region.
- The Uzbek project combines two large reactors of around 1,000 MW each with two small modular reactors of 55 MW.
- Russia is providing both technology and financing for the Uzbek plant, which is projected to cover around 15 percent of Uzbekistan's electricity needs once operational.

Nuclear power has figured in Central Asia's energy planning for years without becoming a durable part of the region's post-Soviet electricity system. Kazakhstan inherited the BN-350 reactor at Aktau, but it was shut down in 1999; since then, the region has had no operating commercial nuclear power plant feeding the grid. The issue nevertheless remained on the agenda: Kazakhstan held a referendum in 2024 that returned a majority in favour, while Uzbekistan has been in discussion with potential partners since at least 2018.

The underlying pressures are real: Soviet-era generating capacity is ageing, electricity demand is rising fast, and the region's hydrocarbon reserves are unevenly distributed. Coal remains the default across the region but carries growing financing costs as climate conditionality reaches development lending. The case for nuclear was there; missing was the willingness to commit.

That threshold has now been crossed. The significance extends well beyond electricity supply. Nuclear infrastructure creates a category of dependency structurally different from trade agreements or even pipelines. Fuel supply, spare parts, technical maintenance, waste management, regulatory frameworks, and the training of specialist personnel all tie a government to its reactor supplier for the plant's operational life, typically six decades, and beyond. These are strategic commitments expressed in the language of energy. A government can renegotiate a gas contract or redirect a trade route; walking away from a reactor it did not build and cannot independently service is a different order of problem.

Kazakhstan's decision to advance both a Russian and a Chinese plant may appear as a case of multi-vector hedging. Read against the month's broader pattern, it amounts to something more consequential: the simultaneous deepening of long-term obligations to both Moscow and Beijing in the sector least amenable to future adjustment. Choosing two suppliers multiplies the dependency rather than reducing it.

WHAT TO WATCH

Whether Uzbekistan's construction timeline and financing terms confirm deeper Russian leverage; whether Kazakhstan's Rosatom and CNNC projects create overlapping technical dependencies; and whether Kyrgyzstan and Tajikistan come under renewed pressure to consider nuclear options.

Uzbekistan Goes to Market

KEY DEVELOPMENTS

- Uzbekistan's National Investment Fund, a recently created state investment vehicle holding strategic stakes in major state-owned enterprises, completed the country's first major international equity listing.
- The listing raised more than $690 million in London and Tashkent, with final orders exceeding $2.8 billion, roughly four times the amount on offer.
- Anchor investors including BlackRock, Franklin Resources, and Redwheel committed $300 million before the book opened.
- BP acquired a 40 percent stake in a production-sharing agreement covering six exploration blocks on the Ustyurt plateau.
- BP joined Azerbaijan's SOCAR and Uzbekneftegaz, each holding 30 percent, at a time when Uzbekistan's domestic gas production is falling and new exploration investment is needed.

For nearly a decade, Uzbekistan's economic opening was tracked but only lightly tested. Reform announcements accumulated, international interest grew, and the country moved steadily up investors' watchlists without materially altering its access to global capital.

Uzbekistan has now moved from reform signalling to market exposure. An oversubscribed international IPO is a market vote of confidence in Uzbekistan's reform story, but it is also a commitment to maintain the governance standards, transparency, and legal consistency that made investors participate. BP's entry into the Ustyurt blocks sends a similar signal from the energy sector. It suggests that Uzbekistan's long-restricted hydrocarbon market is now seen as open enough, and predictable enough, to justify major international investment.

This matters because Uzbekistan's economic opening is entering a more demanding phase. Earlier reforms could be judged largely by announcements, decrees, and institutional changes. Market-facing reforms will be judged by performance: disclosure, minority-shareholder treatment, contract enforcement, regulatory predictability, and the state's willingness to tolerate external scrutiny. Each transaction embeds Uzbekistan more deeply in the expectations of international capital.

The broader pattern is consistent with the issue's central theme. The same period that locked in Uzbekistan's nuclear relationship with Russia also opened the country more visibly to Western institutional investors and international energy companies. Tashkent is expanding its external options, but each new channel creates obligations of its own.

WHAT TO WATCH

Whether Uzbekistan's institutional capacity keeps pace with the expectations these transactions have now created. The most concrete test is whether the National Investment Fund listing leads to minority privatisations of larger state assets, or proves a one-off transaction at the edge of what the political system will tolerate. International capital, once invited, sets its own conditions for staying.

China–Tajikistan: From Infrastructure to Strategic Depth

KEY DEVELOPMENTS

- During President Emomali Rahmon's May visit to China, Tajikistan and China signed the Treaty on Permanent Good-Neighborliness, Friendship and Cooperation.
- The treaty was accompanied by cooperation documents covering trade, investment, artificial intelligence, green mining, media, agriculture, education, housing, inspection and quarantine, and market supervision.
- Rahmon highlighted critical minerals, artificial intelligence, science, and technology as priority areas for deeper cooperation.
- China provided a security-equipment grant to Tajikistan's Interior Ministry, reportedly including policing, intelligence, and counterterrorism equipment, with installation and training.
- Together, the treaty and security support point to a more institutionalised phase in the relationship.

China's economic presence in Tajikistan has been building for the better part of two decades. Infrastructure investment, road and tunnel construction, trade credit, and development financing have made Beijing the country's dominant external economic actor, with Tajikistan carrying one of the highest Chinese debt loads in the region. May's developments suggest that the relationship is now becoming more institutionalised and extending further into sensitive state-security domains.

The practical weight of the visit lay less in treaty symbolism than in two sector-specific areas where Tajikistan matters directly to China: critical minerals for green technologies, and security cooperation along the Afghanistan–Xinjiang frontier environment. The "green minerals" agenda gives the relationship commercial weight; the security component gives it strategic sensitivity.

Beijing has supported Tajikistan's border-security infrastructure, counterterrorism cooperation, and training before, particularly in areas linked to Afghanistan and the wider security belt around Xinjiang. What makes the latest development notable is its placement within a broader treaty framework and its focus on the Interior Ministry, the institution responsible not only for public order but also for the everyday coercive capacity of the state.

Security cooperation of this kind is different from infrastructure financing. Equipment and training in policing, intelligence, and counterterrorism embed a partner in domains close to regime security and least subject to external audit. The arrangement reflects overlapping interests: Tajikistan gains equipment, training, and external backing, while China gains a more deeply connected partner along a frontier where it has strong incentives to monitor cross-border instability, threats to Chinese nationals and assets, and risks linked to Afghanistan and Xinjiang.

This does not mean China is replacing Russia as Tajikistan's primary security partner. Russia's position remains more deeply embedded across military, intelligence, institutional, and elite networks. But China is increasingly present in specific security domains, including policing, counterterrorism, border-related capacity, and technology-enabled monitoring. The direction of travel is not substitution, but overlap.

WHAT TO WATCH

Whether cooperation moves from equipment supply to embedded systems: expanded training, joint exercises, border facilities, or Chinese surveillance technology in Tajikistan's domestic monitoring architecture. Also watch how Russia manages China's growing role in security domains where Moscow still holds the deeper institutional position.

The Middle Corridor: From Aspiration to Capacity

KEY DEVELOPMENTS

- Kazakhstan Temir Zholy outlined a $10 billion railway plan through 2030, with 1,800 km of new lines under construction and major upgrades to over 3,000 km of track.
- The Ayagoz–Bakhty line is advancing as Kazakhstan's third rail crossing with China.
- Baku Shipyard laid the keel for Kazmortransflot's first specialised 780 TEU container ship, developed with Abu Dhabi Ports Group.
- Kazmortransflot reported 7,451 TEUs on the Aktau–Baku route in May, more than double the May 2025 volume.
- The Baku–Tbilisi–Kars railway entered full-scale operation on 2 June, with capacity expected to rise from one million to five million tons.
- Kyrgyzstan moved to secure a $305 million Chinese concessional loan for its share of the China–Kyrgyzstan–Uzbekistan railway.

The Middle Corridor connects China to European markets through Kazakhstan, the Caspian Sea, the South Caucasus, and Türkiye. For most of its existence, it was more aspiration than infrastructure. Russia's invasion of Ukraine in 2022 transformed its commercial logic: Chinese exporters and logistics operators sought reliable overland routes less exposed to Russia-linked disruption and compliance risk, while European importers and traders needed freight corridors that bypassed Russian logistics networks.

The significance of the recent period lies less in any single project than in the parallel movement across the route's main chokepoints. Investment is advancing on Kazakhstan's eastern rail approaches, the Caspian crossing, and the western Baku–Tbilisi–Kars link at the same time. That is what turns a series of fragmented projects into a more credible functioning route.

The constraint remains capacity. A logistics corridor is governed by its narrowest bottleneck, and the Caspian maritime crossing remains the binding constraint. New vessels will not be operational until 2027–2028, while May's record container volumes are already testing what the existing fleet can absorb. BTK's move to full-scale operation strengthens the western leg, but the corridor will still depend on whether port handling, vessel availability, rail coordination, and logistics hubs improve together.

Further out, the China–Kyrgyzstan–Uzbekistan railway would add a southern branch and reduce dependence on the northern China–Kazakhstan crossings. The project has moved beyond political declarations: major bridge and tunnel works are under way, more than 5,000 workers were reportedly involved in May, and Kyrgyzstan is moving to finance its share of the joint venture. The 2030 completion target remains ambitious: the 305 km Kyrgyz section requires 50 bridges and 29 tunnels through demanding mountain terrain.

WHAT TO WATCH

Whether Caspian fleet capacity keeps pace with demand before new vessels arrive; whether BTK's full-scale operation translates into actual freight volumes; and whether the CKU railway's 2030 timeline holds. The corridor is being built toward a deadline set by demand already visible.

RISK FLAGS

Several near-term pressures could complicate the trajectory described above, spanning financial governance, external geopolitics, and the seasonal demands of water management. None points to immediate disruption, but each could test assumptions embedded in the month's headline commitments.

Sanctions enforcement moves upstream

Risk: Western sanctions enforcement against Russia-linked trade is moving beyond goods, companies, and intermediaries toward the financial and digital-asset infrastructure that enables trade to continue. The EU's anti-circumvention measures against Kyrgyzstan were followed by Bishkek's closure of around 50 companies in May. The UK's 26 May designations marked a further step, targeting payment intermediaries, crypto exchanges, and settlement channels linked to Russia-facing trade.

Why it matters: The exposure is regional, not limited to Kyrgyzstan. Kazakhstan sits at the centre of EAEU financial flows, while the expansion of its regulated digital-asset framework brings that sector more clearly into the compliance perimeter. Uzbekistan's opening to international capital also depends on confidence that payment channels and trade intermediaries remain insulated from sanctions risk. The more enforcement moves into finance, the harder it becomes for Central Asian governments and institutions to separate Russia-linked trade from access to international financial channels.

What to watch: Whether the next designation rounds move from selected banks and firms toward a wider set of payment processors, crypto platforms, correspondent relationships, and compliance chokepoints. Also watch for signs of pre-emptive over-compliance by local banks, including tighter restrictions on higher-risk regional payment processing.

AIFC: Legal Certainty Under Pressure

Risk: The Astana International Financial Centre (AIFC) faces a significant institutional stress test after an AIFC judge authorised enforcement of a $1.4 billion arbitral award in favour of Ukraine's Naftogaz against Russia's Gazprom. Executive pushback from Kazakhstan's Justice Ministry, followed by a separate AIFC Court ruling that rejected jurisdiction in a comparable foreign-award enforcement case, has exposed uncertainty over the centre's legal predictability.

Why it matters: The jurisdictional question is genuinely contested: can the AIFC Court act as a venue for enforcing foreign arbitral awards when the dispute has no clear AIFC connection? The governance concern lies in the handling. On 25 May, Kazakhstan's Justice Minister said the ruling would not be enforced under Kazakh procedural rules. Two days later, in the Posco case, Justice Sir Rupert Jackson ruled that the AIFC Court lacked jurisdiction over a foreign award without an AIFC connection and described the Gazprom decision as wrongly decided. For arbitration users, the combined signal is uncomfortable: executive intervention and conflicting judicial reasoning arrived almost simultaneously in a politically sensitive case.

What to watch: How the AIFC Court of Appeal resolves the jurisdictional contradiction, and whether Kazakhstan pursues legislative clarification of the AIFC's role in enforcing foreign awards. The credibility cost will depend on whether the boundary between Kazakh executive interests and AIFC judicial independence remains intact.

External escalation and corridor pressure

Risk: Central Asian economies could face a combined energy and logistics squeeze if renewed escalation around Iran coincides with tighter fuel supply from Russia and rising pressure on alternative transport routes. The risk is indirect, but it matters because several regional economies remain exposed to imported fuel costs, while southern transit options and the Middle Corridor are part of the same wider connectivity equation.

Why it matters: Higher fuel-price volatility would feed into inflation and transport costs, especially in import-dependent economies. At the same time, disruption or risk premiums on Iran-linked routes would push more attention toward east-west alternatives. BTK's move to full-scale operation adds capacity on the western leg, but the Caspian crossing remains a binding constraint until new vessels and port capacity come online.

What to watch: Fuel-price movements, Russia's refined-product export restrictions, risk premiums on Iran-linked transit, and signs that freight operators are redirecting additional volumes toward the Caspian crossing before new specialised container vessels become operational in 2027–2028.

The summer water test

Risk: Central Asia is entering the summer period when irrigation demand and hydropower needs peak at the same time. In May, Kazakhstan imposed irrigation limits in southern regions, coordinated water releases with Kyrgyzstan and Uzbekistan, and launched cloud-seeding experiments to supplement rainfall. These steps suggest that the system is already under pressure before the seasonal peak fully arrives.

Why it matters: Water stress can quickly become political when it affects agriculture, electricity generation, and border-area livelihoods at the same time. The most sensitive points are likely to emerge where southern Kazakhstan's dependence on upstream releases, Uzbekistan's agricultural demand, Kyrgyzstan's hydropower calculations, and Ferghana Valley border management overlap. Even limited disputes over release schedules or allocations could carry higher political costs in rural areas already exposed to inflation and energy-price increases. The longer-term pressure from Afghanistan's Qosh Tepa canal adds another layer to this risk, especially for downstream Amu Darya users, even if the immediate summer test will still be shaped mainly by seasonal releases, reservoir levels, and irrigation demand.

What to watch: Whether coordination over water releases holds through the summer irrigation peak; whether agricultural shortfalls increase pressure on local authorities; and whether uneven runoff, glacial melt, or lower-than-expected reservoir levels sharpen disputes over allocation. A difficult summer would test the regional diplomatic progress built around water and border management over the past year.

ANALYTICAL NOTE

The Governance Gap Behind the Opening

Central Asia is currently running two stories simultaneously, and the tension between them has not yet been priced in. The first is opening. Uzbekistan's international equity listing was several times oversubscribed. BP entered the Ustyurt exploration blocks. ADB financing is flowing into infrastructure and reform programmes. Kazakhstan is investing heavily in rail and Caspian connectivity as the Middle Corridor becomes a more credible route between China and Europe. International investors that barely registered parts of the region five years ago are now testing the market. By the metrics capital markets and logistics operators use, Central Asia is becoming more open, more visible, and more investable.

The second story is institutional control. Presidential systems are becoming more centralised and less contested. Kyrgyzstan, once the region's parliamentary outlier, has moved firmly into this pattern. Kazakhstan's party landscape remains tightly managed, while Uzbekistan combines economic opening with a presidential system that remains highly centralised, even if less visibly coercive than in the past. This matters because the region is inviting capital into systems where executive authority still sits close to the rules of the game. The AIFC episode is less important as a single legal dispute than as a reminder that institutions designed to reassure investors still operate within political environments where strategic sensitivities can override procedural confidence. The signal is uncomfortable: when law, capital, and geopolitics collide, institutional autonomy remains vulnerable to political calculation.

The two stories meet in the institutions that are meant to make opening credible. Central Asia is building more sophisticated rules for dispute resolution, shareholder protection, contracts, and regulation. Yet these rules still operate close to executive power. The AIFC was designed to give investors confidence that some disputes could be insulated from ordinary political pressures. The recent enforcement dispute showed that this insulation remains incomplete.

Astana International Financial Centre, Kazakhstan. The AIFC was designed to position Astana as a regional financial and legal hub.

Photo: AIFC, via *The Astana Times*.

Behind this lies a deeper tension over how power is organized. One logic asks the state to bind itself through rules, courts, contracts, and predictable procedures. The other gives the executive final authority when strategic interests, geopolitical pressure, or politically sensitive commercial disputes are at stake. Central Asian governments are adopting rule-based frameworks where they help attract capital and widen external options, while retaining executive discretion in politically sensitive areas.

That gap may not matter while growth is strong and returns are attractive. It matters when conditions tighten: when a state-connected counterparty loses a dispute, when privatisation creates inconvenient shareholder rights, or when sanctions pressure forces a choice between international compliance expectations and domestic political-economic arrangements. The region's opening is real. The risk is that the governance gap behind it remains underpriced.

ABOUT TTM

Target Trajectory Monitor (TTM) is a periodic analytical brief examining political and institutional trajectories across Central Asia. It is currently circulated to a limited group of readers. Enquiries regarding regular distribution and institutional subscriptions are welcome.

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