Eurasian Development Bank

Investment Cooperation in the Eurasian Region

based on EDB Monitoring of Mutual Investments

Report 25/14

Almaty — 2025

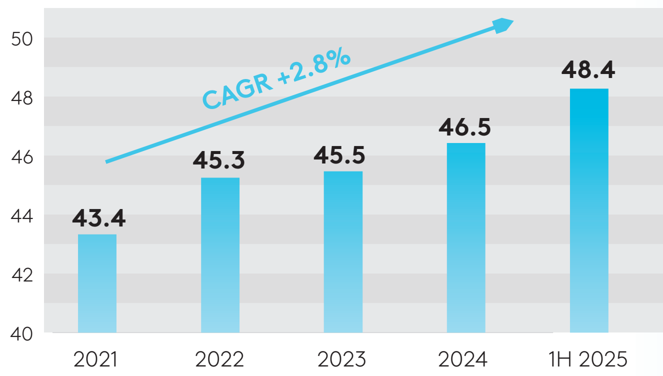
INVESTMENT COOPERATION IN THE EURASIAN REGION

based on the EDB Monitoring of Mutual Investments

FACTS AND FIGURES

ANALYTICAL REPORT`25

Mutual direct investment stock within the Eurasian region, $bn



396
+ 42 vs 2023

Number of **active investment projects** in the MMI database (as at end 1H 2025)

78%
-3.1 p.p. vs 2023

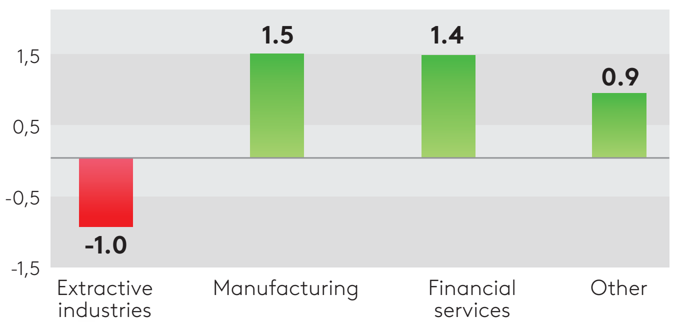
Russia's share of mutual investment exports in the region, **with $38bn**. But FDI from other countries is growing faster.

53%
-2.8 p.p. vs 2023

Total share of mutual investments attracted by the largest recipient countries: **Uzbekistan $10.8bn, Kazakhstan $9.4bn, and Azerbaijan $5.4bn.**

Manufacturing and financial services are key sources of mutual investment growth

Change of mutual FDI stock by sector (1H 2025 vs 2023), $bn



75%

The total increase in mutual FDI was driven by projects implemented in the **manufacturing and financial sectors.**

65%

The total increase in mutual FDI was driven by projects implemented **in Central Asia and the South Caucasus**

Intra-regional FDI in Central Asia is growing rapidly

$1.3bn
+ 42% vs 2023

volume of intra-regional direct investment stock **in Central Asia** (as at end 1H 2025)

2.2x
vs 2023

Construction is the largest sector in terms of FDI stock (as at end 1H 2025) in Central Asia, thanks to record investment attraction rates.

Significant sectors for investors and the factors of their attractivness

Manufacturing	▶ Market capacity is growing as a result of economic integration and industrial cooperation ▶ State support
Energy (renewables)	▶ The need to replace infrastructure that has become highly obsolete ▶ Growing demand for electricity from new industrial and infrastructure facilities
Transport and logistics	▶ The changing structure of regional and global trade. ▶ Exporters and importers are demanding improved logistical connectivity with South Asia and the Middle East. The development of the Middle Corridor and the INSTC is underway.
Agro-industrial complex	▶ Growth of the population and per capita income in Central Asia ▶ Sustained food demand from neighbouring countries (China, Türkiye, Gulf states) ▶ Rich natural resources ▶ Food security policies implementation in the countries of Eurasian region

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Full version of analytical report

Vinokurov, E. (ed.), Kuznetsov, A., Malakhov, A., Omarov, A., Serik, E., Zaboev, A. (2025) *Investment Cooperation in the Eurasian Region based on EDB Monitoring of Mutual Investments*. Report 25/14. Almaty: Eurasian Development Bank.

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The following individuals participated in the preparation of the database and report: D.B. Tyulebekova, PhD, E.T. Serik, D.B. Shymyrbek, T. Khaibrakhmanov, M.V. Lukmanov (experts from the research company *Pro Analytics*).

This report was prepared as part of the EDB's long-term project on Monitoring of mutual investments (MMI). It launches a series of publications and is devoted to mutual foreign direct investments in the Eurasian region. Two more analytical reports will be published as a continuation of the series: one on investment cooperation between the countries of the Eurasian region and external partner countries, and the other on mutual FDI between the Eurasian region and China. The analysis of mutual investments is based on the EDB database, which is formed on a bottom-up basis and regularly updated using diverse information from open sources, including company reports and other primary data. The report provides detailed information on the scale, dynamics, geographical and sectoral structure of mutual FDI in the Eurasian region in 2024 and in the first half of 2025. It assesses the trends affecting the nature and dynamics of investment activity in the Eurasian region.

Keywords: investment, foreign direct investment, FDI, mutual investment, investment stock, investment projects, Eurasian Economic Union, Central Asia

JEL: E22, F15, F21, F23, F36, G31, G34.

The electronic version of the report is available on the Eurasian Development Bank website: https://eabr.org/analytics/.

Comments and suggestions on this report can be sent to research@eabr.org.

Operational macro analytics, infrastructure monitoring, and other expert opinions of analysts are published weekly on the Eurasian Development Bank's Telegram channel: t.me/eabr_bank.

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TERMINOLOGY

Foreign direct investments (FDI) refer to investments that give the investor the ability to participate in the management of a company in a foreign country through various forms of contribution, including the acquisition of an interest in a company or the injection of capital to create new or to upgrade/expand existing assets.

Portfolio investments refer to investments that usually involve the acquisition of an interest (up to 10%) in a company for the purpose of generating income without the intention of being involved in the management of the company.

FDI stock refers to the total amount of investment in the framework of a transaction or series of transactions. It is calculated based on various parameters depending on the type of entity involved in the transaction. For example, investments in non-financial corporations may be valued at non-current assets, while investments in banks and insurance companies may be valued at equity or charter capital. In some cases, valuations may be performed using similar transactions in the market (see the Methodology in the Annex).

Non-current assets refer to assets of an enterprise that generate income for more than one year or the normal operating cycle, if longer than one year. Fixed assets (buildings, equipment, land), intangible assets (exclusive rights, patents), income-generating investments in tangible assets (investment property), and financial investments (loans granted, investments in other companies) can be classified as noncurrent assets on the company's balance sheet.

"Initial investments," greenfield projects, refer to investments in projects that create new assets from the ground up, which can include, for example, the construction of infrastructure or a new industrial plant (see the Methodology in the Annex).

"Expansion investments," brownfield projects, refer to investments in projects that upgrade or expand existing assets. For example, field expansions in the petroleum and gas sector or warehouse upgrading projects (see the Methodology in the Annex).

The Eurasian region refers to the region comprising 13 countries for the purposes of this report: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Conduit countries are countries used in international financial transactions to redistribute capital and income in order to reduce the tax burden or avoid taxes.

Controlling stake — a share of shares that gives the owner the ability to directly influence key management decisions in the company. As a rule, a stake of more than 50% of shares is considered a controlling stake.

Minority stake — a share of shares that is insufficient for direct participation in the management of the company. In this report, a minority stake is considered to be a share of shares ranging from 10% to 50% (inclusive).

SUMMARY

Box 1. General information about the EDB MMI project

The Eurasian Development Bank's Monitoring of Mutual Investments (EDB MMI) is a long-term analytical project aimed at systematically tracking and analyzing stock of mutual direct investments in the countries of the Eurasian region. The Eurasian region covers 13 countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

The EDB's MMI database has been compiled since 2016 using a bottom-up approach, which involves collecting data at the level of individual companies and investment projects. The sources are official corporate reports, press releases, and other publicly available data, which ensures high accuracy and transparency of information.

Every year, data on mutual investments for the previous period since 2016 is updated and reevaluated. Adjustments are made based on refined project information and new corporate reports, which, in accordance with the MMI methodology, take precedence over media publications.

As a result of the review conducted in 2025, the volume of FDI stock in the Eurasian region was adjusted: for 2023, it was reduced from $46.5 billion to $45.5 billion. At the end of 2024, the volume of mutual investment stock was revised upwards—increased by $400 million (to $46.5 billion) compared to the first half-year estimate presented in last year's report. At the same time, the overall dynamics and structure of investment flows observed since 2016 remain stable, with no changes in key trends.

Key trends

As of the end of the first half of 2025, the volume of mutual FDI stock in the Eurasian region reached **$48.4 billion**, an increase of **6.4% (+$2.9 billion)** compared to 2023. The main contributors to the positive dynamics were projects in **the banking sector in Armenia** and the construction of new **chemical production facilities in Kazakhstan**.

The steady growth of mutual FDI stock in the Eurasian region reflects the strengthening of mutually beneficial economic cooperation against the backdrop of declining global investment activity. At the end of 2024, global FDI inflows (excluding intermediary operations) decreased by **11%** compared to 2023, with the decline in investment activity continuing for the second year in a row (Figures A and B).

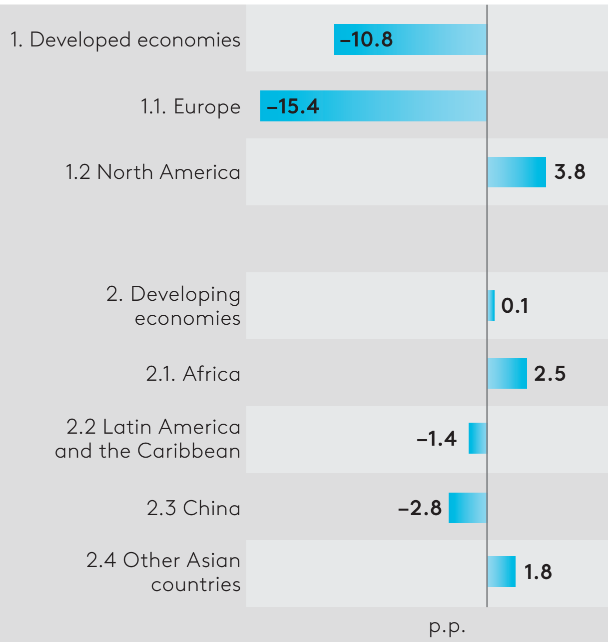
Since 2021, there has also been a slowdown in the average annual growth rate of mutual FDI to **2.8%** compared to **4.8%** for the previous five-year period from 2016 to 2020. This trend reflects a number of structural changes.

First, there has been **a gradual decline in the capital intensity of projects**: the average investment per project has fallen from **$120 million** to **$110 million**, indicating a shift towards less costly and more diversified initiatives.

Second, **investors are withdrawing from large commodity projects**: specifically, KAZ Minerals is leaving the Baimskaya project in Russia (2023), Russneft is leaving oil production assets in Azerbaijan (2024), and completion of the Shahpakhty field development project in Uzbekistan (2024).

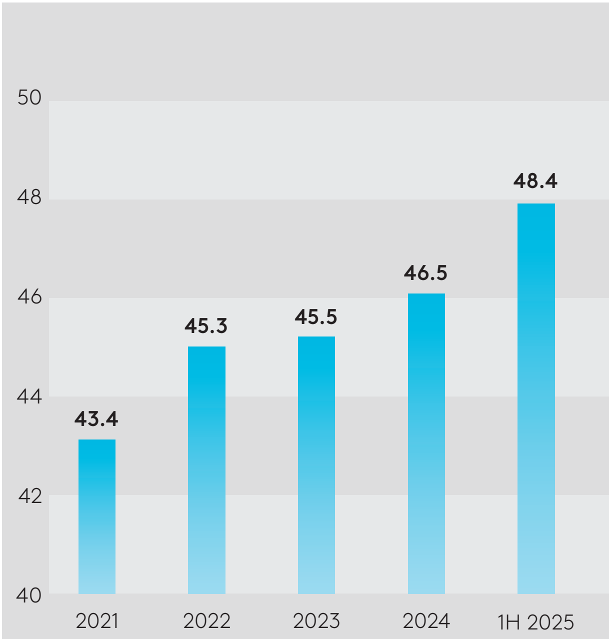
Third, **the sectoral diversification of investment flows** is intensifying: capital is being reallocated from capital-intensive extractive industries to manufacturing and energy, where projects are generally smaller in scale but generate higher added value.

↓ Figure A. Contribution of world regions to global FDI inflows (excluding volatile financial flows) in 2024 compared to 2023, p.p.



Source: UNCTAD, EDB Macro Review, September 2025.

↓ Figure B. Dynamics of mutual direct investment stock of countries in the Eurasian region, billion dollars.



Source: EDB MMI Database.

By mid-2025, greenfield projects became the dominant **type of investment** in the region for the first time, accounting for **40%** of total investment, while the share of brownfield projects declined to **39%**.

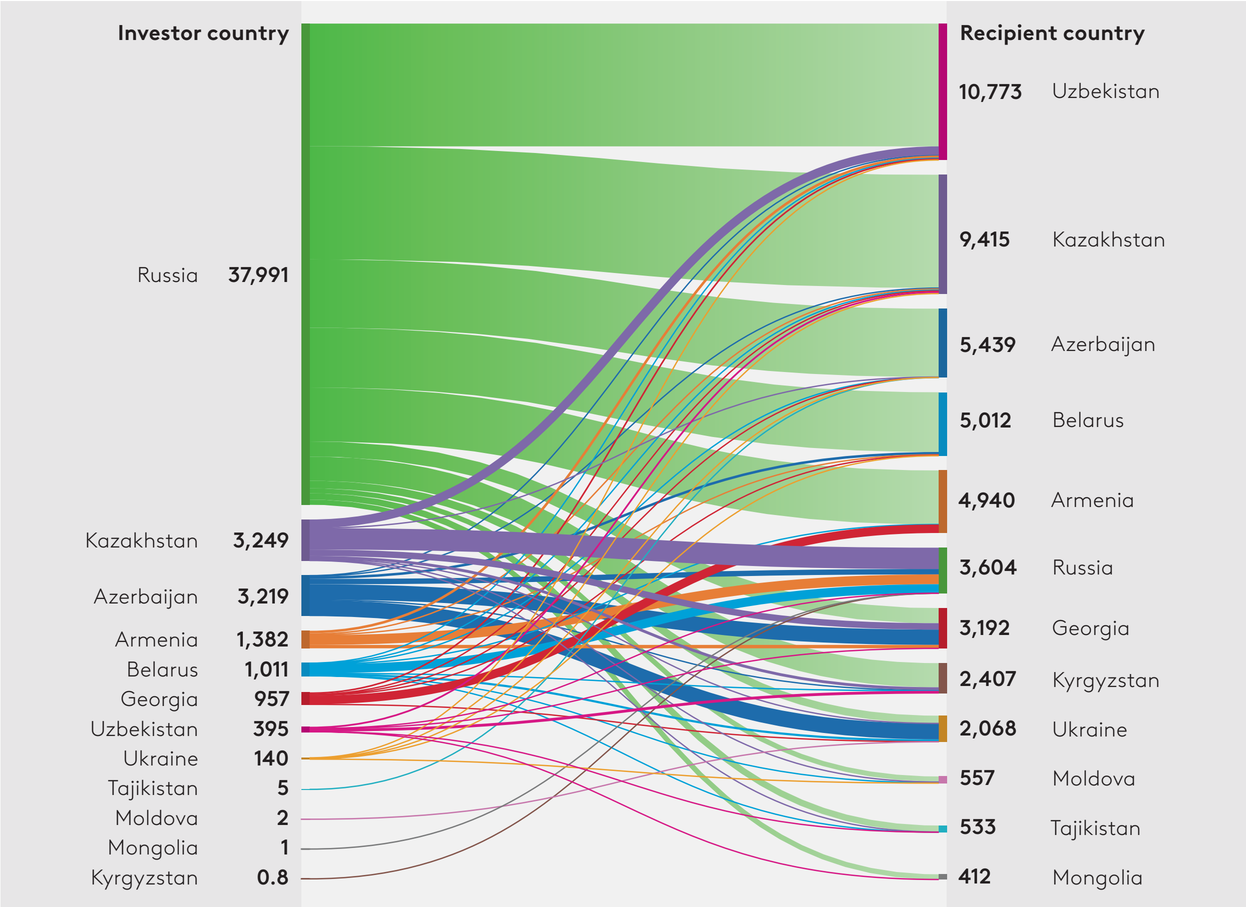
The role **of private companies in mutual FDI** is growing. Their share increased from **63%** in 2016 to **72%** in the first half of 2025. The share of state-owned companies during the same period decreased from **31% to 23%**.

Equity remain the main source of FDI (42% in the first half of 2025), although their share has decreased from 47% in 2016. At the same time, the share of combined financing schemes (equity and borrowed funds) is growing, from 34% to 40%, as well as borrowed resources, from 1% to 4%. This indicates the increasing use of external capital by investor companies.

Geographical structure

At the end of the first half of 2025, outward FDI from **five countries** in the Eurasian region exceeded **$1 billion**: Russia invested $38 billion, Kazakhstan and Azerbaijan invested $3.2 billion each, Armenia invested $1.4 billion, and Belarus invested $1.0 billion. (Figure C).

↓ **Figure C. Directions of mutual FDI stock by country, $ millions**



Source: EDB MMI Database.

Russia is the largest investor in the Eurasian region with a share of 78.6%, but for the first time since 2020, its share has fallen **below 80%.** The reason for this is the higher growth rates of investment from Central Asia and the South Caucasus. Over the past year and a half, Russian outward FDI growth has been **2.2%** compared to **6.2% on average for the region**.

The highest growth rates of outward investment were recorded in **Georgia** and **Uzbekistan**, where the volume of investment over the past year and a half increased **3.8 times** (to $0.96 billion) and **two times** (to $0.4 billion), respectively. The geography of these countries' investments remains predominantly subregional: for Georgia, these are the countries of the South Caucasus, and for Uzbekistan, Central Asia.

The structure of investment stock appears more balanced: **nine countries** in the region have managed to accumulate more than **$1 billion** in investments. The largest shares were recorded in Uzbekistan (22.3%), Kazakhstan (19.5%), Azerbaijan (11.2%), Belarus (10.4%), and Armenia (10.2%).

Over the past year and a half**,** the cumulative increase in attracted investments amounted **to $2.8 billion.** It was mainly provided **by Armenia** (+26%, or +$1 billion) and **Kazakhstan** (+11%, or +$0.95 billion).

Sectoral structure

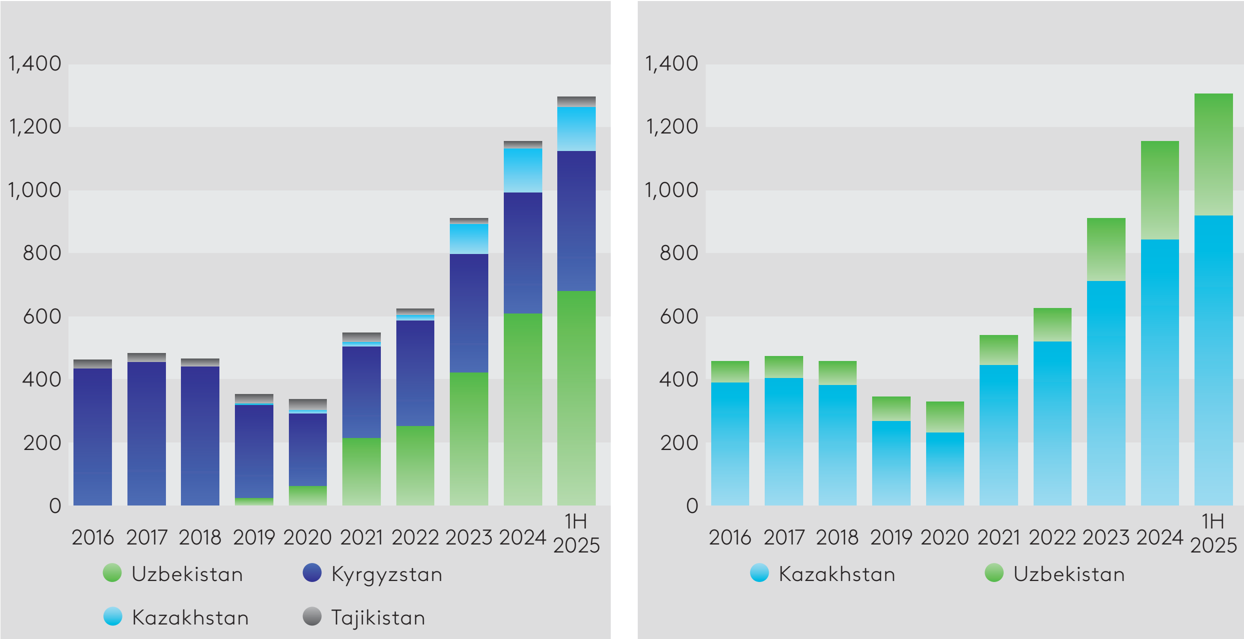
Mutual investments in the Eurasian region are concentrated in **three key sectors:** extractive industries (US$14.3 billion), manufacturing (US$8.9 billion), and transport and logistics (US$5.4 billion). Together, they account for about **60%** of the total FDI stock at the end of the first half of 2025.

In recent years, there have been noticeable changes in the sectoral structure. The most significant was a **4 p.p. reduction in the share of the extractive industries (to 29.6%)** compared to 2023, which corresponds to a decrease in volume of **$1 billion.** At the same time, **investments in the manufacturing sector grew by $1.5 billion**, which led to an increase in its share to **18.4% (+2.1 p.p.)**, as well as **in the financial sector**, where the increase amounted to **$1.4 billion**, and the share reached **10.9% (+2.5 p.p.)**. About half of the increase in investment in the manufacturing sector was provided by projects in **Kazakhstan**, including the construction of **chemical plants** for the production of fertilizers, butadiene, polyethylene, and other products. **Georgia** has become one of the leading investors in the financial sector. About 50% of its outward investment was directed to **banking assets in Armenia, Uzbekistan, and Belarus**.

Central Asia

Intra-regional mutual investment stock in Central Asia continue to show steady growth (Figure D). Since 2021, the dynamics have accelerated significantly, **averaging 24.4% per year**, which significantly exceeds the figures for the Eurasian region (**2.8%** for the same period).

↓ Figure D. Importing countries (left figure) and exporting countries (right figure) of intraregional FDI in Central Asia, $ millions



Source: EDB MMI Database.

At the end of 2024, the volume of mutual investment stock between Central Asian countries exceeded $1 billion for the first time, reaching **$1.15 billion,** and by the end of the first half of 2025, it increased by another 12.5% to **$1.3 billion.** This growth was largely driven by **investments made by Kazakh construction companies in projects in Uzbekistan**. They accounted for over **60% of the growth in** intraregional investments over the past year and a half (about **$240 million**).

The **two main** investors in the region, **Kazakhstan** and **Uzbekistan**, accounted for **72% ($928 million)** and **28% ($367 million)** of investments, respectively.

Uzbekistan is the leader in attracted investment, accounting for **53%** ($680 million) of all mutual FDI in Central Asia. It is followed by **Kyrgyzstan (34%)** and **Kazakhstan (11%)**. The key area of FDI in Central Asia is Kazakh business projects in Uzbekistan.

The construction sector attracted $440 million in FDI, while **manufacturing** attracted $340 million. These two sectors together account for **about 60%** of all investments within Central Asia. This structure reflects the priority given to developing **the region's production and infrastructure base**.

Promising sectors for investment

An analysis of mutual investment flows since the early 1990s has revealed significant changes in the sectoral structure of FDI in the Eurasian region (Figure E). There has been **a shift from extractive industries to sectors with higher added value**, reflecting the diversification of the investment profile and the structural transformation of the region's economy.

Four areas of investment are becoming priorities: **manufacturing, energy, transport and logistics, and agriculture.**

The manufacturing sector is attractive due to the capacity of its sales market amid strengthening economic cooperation within the EAEU and the CIS. Its investment attractiveness is enhanced by high export potential, the localization of production chains, and state support for industrialization.

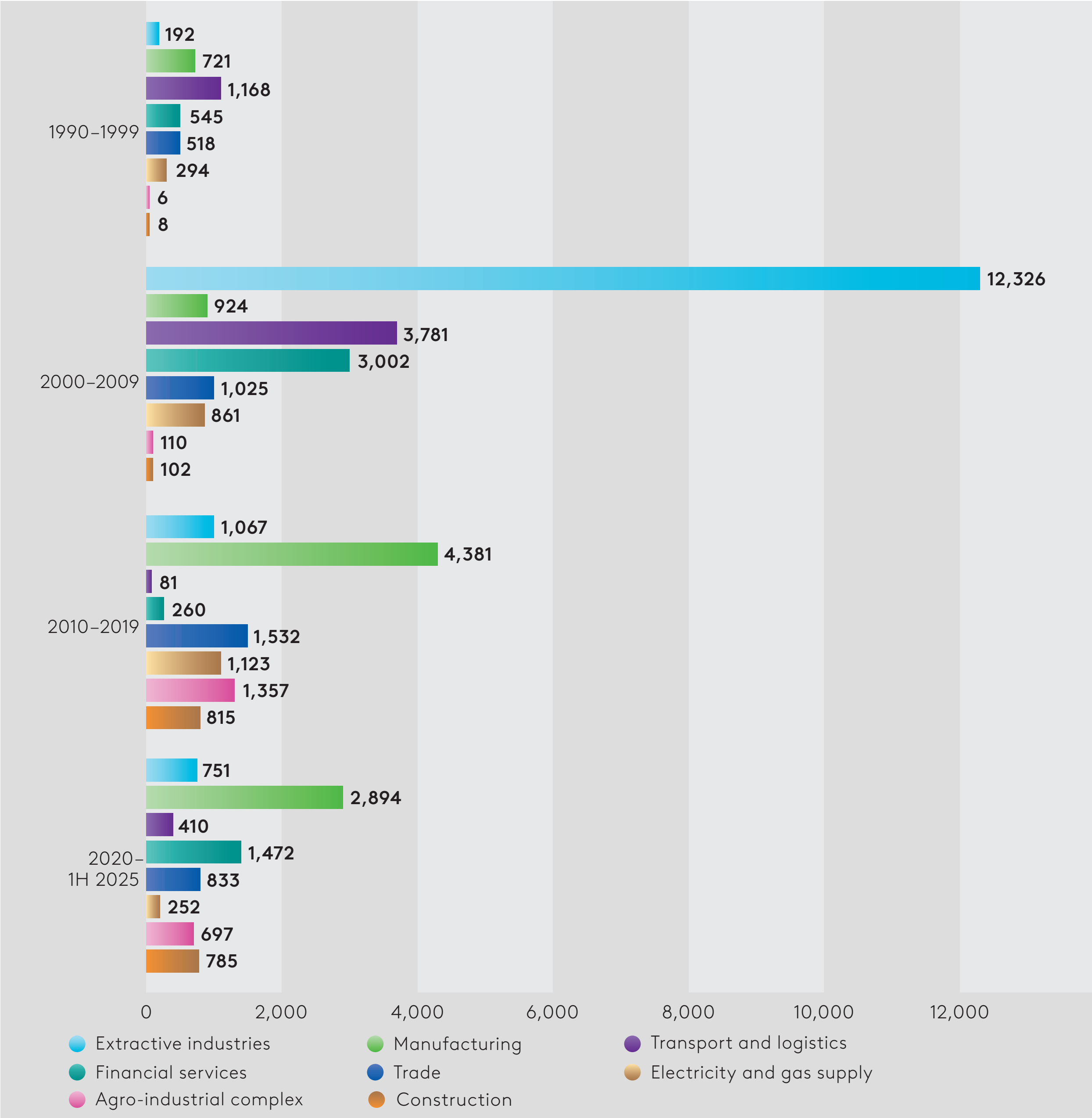
The investment attractiveness of **the energy sector** is driven by demand for the modernization of existing energy facilities and the commissioning of new ones, particularly renewable energy sources, due to the depreciation of existing infrastructure. Another important factor is the accelerated economic growth in the countries of the region, which is associated with an increase in energy consumption and the need to provide energy to new industrial and infrastructure facilities.

The transport and logistics sector remains highly attractive to investors, thanks in part to the active development of international corridors, including the International North–South Transport Corridor and the Trans-Caspian International Transport Route (the Middle Corridor).

Structural shifts in international trade and the reorientation of flows in the eurasian space are increasing the importance of routes through the Caspian Sea, the South Caucasus, Iran, and Central Asia. The growth of e-commerce is further stimulating demand for modern warehouses and distribution centres, creating a sustainable investment need for the modernization of the region's transport and logistics infrastructure.

The investment attractiveness of **the agro-industrial complex** is due to several factors: first, population growth, rising incomes and consumption in Central Asian countries; second, sustained external demand from China, Türkiye, other Asian countries, Africa, and the Middle East; third, the wealth of natural and geographical resources in the countries of the region; and fourth, the implementation of food security policies, which have been established as a national priority for the countries of the region.

↓ Figure E. Sectoral distribution of mutual investment stock in the Eurasian region by period, $ millions



Source: EDB MMI Database.