



Eurasian Development Bank



EDB Monitoring of Mutual Investments — 2024 Eurasian Region

Report 24/10

Almaty — 2024

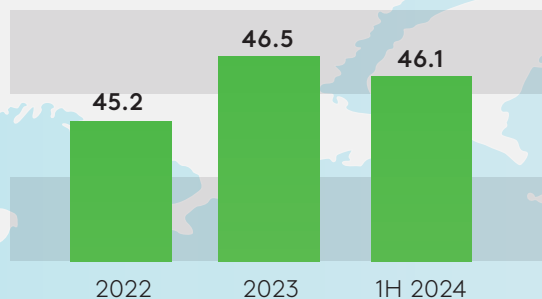
EDB MONITORING OF MUTUAL INVESTMENTS — 2024

EURASIAN REGION

KEY CONCLUSIONS

ANALYTICAL REPORT'24

Mutual direct investment stock of the Eurasian region, \$bn



-\$0.4
bn
vs 2023

Decrease in mutual FDI as at end 1H 2024 — withdrawal of regional investors from a number of large mining projects.

31
+63% vs 2022

Number of **new projects** in 2023, worth a total of around \$2bn (the highest level since 2016)

6.6%
of GDP
+2.6 p.p. vs 2022

Azerbaijan is the region's leader in the ratio of mutual FDI to the country's GDP (as at end 1H 2024). By comparison, Russia's mutual FDI is 4.15% of GDP

57%
+4 p.p. vs 2022

Share of **Kazakhstan, Uzbekistan and Azerbaijan** in total mutual inbound FDI in the region (as at end 1H 2024)

68%
+2 p.p. vs 2022

Private companies are the main investors in the region (as at end 1H 2024)

MANUFACTURING AND AGRO-INDUSTRIAL SECTOR — DRIVERS OF MUTUAL INVESTMENT GROWTH IN THE REGION

+\$1.1
bn
+20% vs 2022

Manufacturing sector made the largest contribution to the growth of mutual investment stock among sectors (as at end 1H 2024)

+\$0.4
bn
+22% vs 2022

Sustainable positive annual growth in the **agro-industrial sector** (as at end 1H 2024)

CENTRAL ASIA — INTENSIVE GROWTH OF INTRA-REGIONAL INVESTMENTS

1.4x
vs 2022

Growth of intra-regional investment stock in **Central Asia** as at end 1H 2024. (For comparison, growth in the Eurasian region was 2%.)

6.8x
vs 2022

Investments from Uzbekistan: the highest growth rate in the region thanks to projects in the manufacturing sector (as at end 1H 2024)

MEDIUM-TERM TRENDS IN MUTUAL INVESTMENTS OF EURASIAN REGION STATES

1. **Greenfield projects** will remain the priority form of new investment.
2. **The manufacturing sector** will be the most attractive for mutual investments.
3. Active growth of new projects will continue in the **agro-industrial sector**.
4. **Uzbekistan** will strengthen its role in mutual investments (as both an exporter and importer of capital).
5. The role of **Central Asia** as a center for attracting mutual investments will increase.



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This report continues the series of publications detailing the findings of a long-standing research project dedicated to monitoring mutual direct investments of the countries of the Eurasian region. The analysis relies on a database maintained by the EDB on the basis of diverse data obtained from publicly available sources. The database is built “from the bottom up”. Its main sources are corporate statements and other primary information. The report contains detailed information on the scope, development, geography, and sectoral structure of mutual direct investments of the countries of the Eurasian region from 2016 through 1H 2024. The analysed geography of the Eurasian region is expanded in this report to include Mongolia.

Keywords: foreign direct investments, mutual investments, investment stock, investment projects, EAEU, Eurasian Economic Union, Central Asia, transnational corporations, FDI structure.

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

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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.

Foreign direct investment 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 non-current assets on the company's balance sheet.

Greenfield investments (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).

Brownfield investments (projects) refer to investments in projects that are implemented by upgrading or expanding 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, 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.

Redomiciliation refers to a change of jurisdiction (country of registration) of a company while retaining its legal form, assets, and balance sheet after its re-registration in a new jurisdiction (country of registration).

Green projects refer to projects with a significant environmental effect that will help countries in the region meet their climate change commitments and/or achieve carbon neutrality.

The **Herfindahl-Hirschman Index** is a measure of market concentration, which is used to assess the level of competition in a particular industry or sector of the economy. The index is based on the market shares held by companies and helps to determine how monopolistic the market is.

Controlling stake refers to a shareholding that gives the owner the ability to directly influence key decisions in the management of the company. It is generally accepted that ownership of more than 50% of the shares is a controlling stake.

Minority stake refers to a shareholding that is insufficient to participate directly in the management of the company. For the purpose of the report, a shareholding between 10% and 50% (inclusive) is considered a minority stake.

SUMMARY

Box 1. Changes to EDB MMI

The EDB Monitoring of Mutual Investments (EDB MMI) Database is an ongoing research project of the EDB. The database contains detailed information on mutual direct investment stock (hereinafter – mutual investments, mutual FDI) in the Eurasian region.

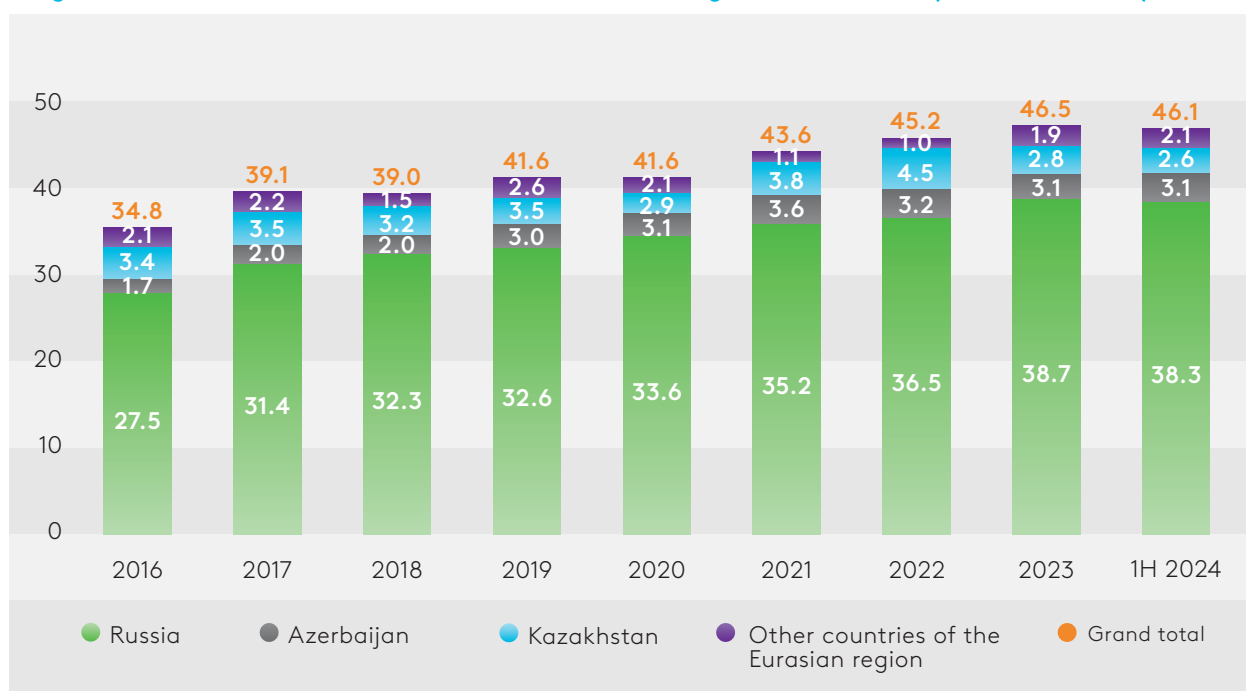
In 2024, the analysed geography of the Eurasian region was extended. The database now includes investment projects involving Mongolia.

Mutual investment stocks for past years (2016–2022) have been reassessed thanks to access to a number of company reports, which take precedence over press releases and media coverage due to their greater reliability.

The reassessment of investment for 2016–2022 has not fundamentally affected the trends or rate of change of indicators. The mutual investment stock in the Eurasian region has been revised downwards for 2022, from \$46.9 billion to \$45.2 billion.

A study on the mutual investments of Eurasian countries with the main trade and investment partners of Eurasian continent (China, Turkey, and Gulf countries) will be published as part of a separate report.

↓ Figure A. Mutual Direct Investment Stock in the Eurasian Region, 2016–1H 2024 (investor countries), \$ billion



Source: EDB MMI Database.

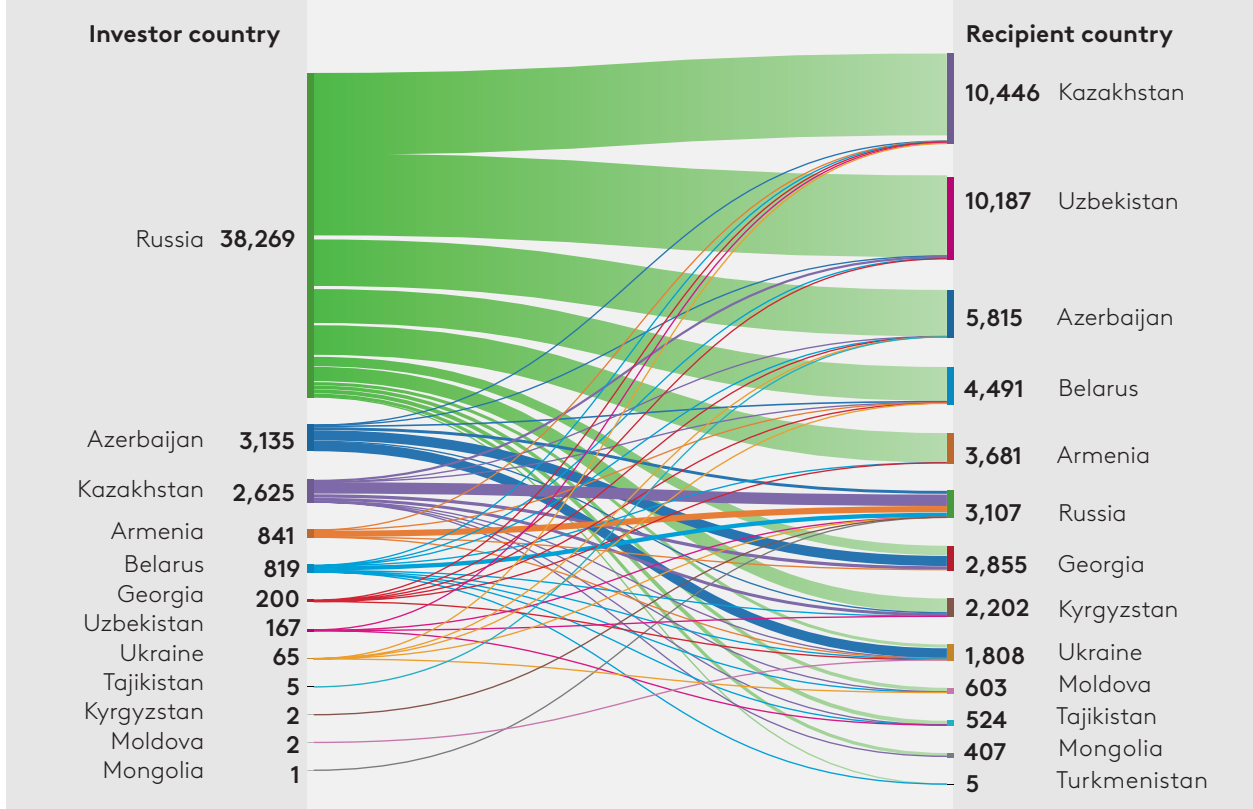
The **total mutual direct investment stock** in Eurasian countries stood at **\$46.1 billion** as at the end of 1H 2024 (Figure A), down 1% from the 2023 level. This is the second decline in the region’s FDI stock since 2018. This development is associated with the withdrawal of investors from a number of major projects, in particular the withdrawal of Russian companies from Polymetal’s metal ore mining projects in Kazakhstan.

In 2023, **31 new investment projects worth \$2 billion** were launched in the Eurasian region – a **record** number in recent years. Of these, the manufacturing sector accounts for 16 projects. The increase in new projects is partly due to the delayed effect of investments previously planned for 2022. The number of new projects (12) in 1H 2024 indicates a potential decrease in 2024 compared to the previous year.

Equity is the **main source of financing** for mutual investments in the region, accounting for **35.4%** of the total mutual FDI stock as at the end of 1H 2024, or \$16.4 billion. Equity combined with debt stands at 41.7% (\$19.2 billion). Debt and budget alone are used to a much lesser extent.

Private companies account for **68%** of mutual FDI in the Eurasian region. The priority recipient of private investments is extractive industries (45%). Fully state-controlled companies accounted for 14.5% of mutual FDI. They have invested predominantly in the transport sector (42% of FDI).

↓ Figure B. Directions of Mutual FDI, by Country, \$ million



Source: EDB MMI Database.

Azerbaijan is the leader in terms of the ratio of funds invested in the countries of the region to national GDP. The ratio stood at 6.6% of GDP as at the end of 1H 2024, up sharply from 4% of GDP in 2022. Azerbaijan is ahead of Russia with 4.15% of GDP.

The three main recipients of investment in the Eurasian region are Kazakhstan, Uzbekistan, and Azerbaijan, at \$10.4 billion (22.6%), \$10.2 billion (22.1%), and \$5.8 billion (12.6%), respectively. Together, these three countries accounted for almost 60% of the total mutual FDI stock at the end of 1H 2024.

Kazakhstan showed record 17% growth (relative to 2022) in mutual FDI inflows in 1H 2024, up to \$10.4 billion. The number of active projects in Kazakhstan is 89 and the average investment per project is \$96 million, slightly higher than the Eurasian region average (\$90 million).

Uzbekistan is the largest mutual investment destination outside the EAEU with more than 22% (\$10.2 billion) of the total mutual FDI stock in the Eurasian region.

Armenia has shown significant growth in its mutual investment stock with a share of 1.8% in the Eurasian region. Its mutual FDI increased from \$62 million in 2022 to \$841 million by the end of 1H 2024, **an increase of more than 13.5 times.** This was facilitated by a major deal by Balchug Capital, an Armenia-based company, which acquired the Metropolis Shopping Mall in Moscow in 2023 for nearly \$700 million (more than 80% of Armenia's total FDI stock in the region). This project was the largest in terms of volume among new deals launched in the Eurasian region in the last two years.

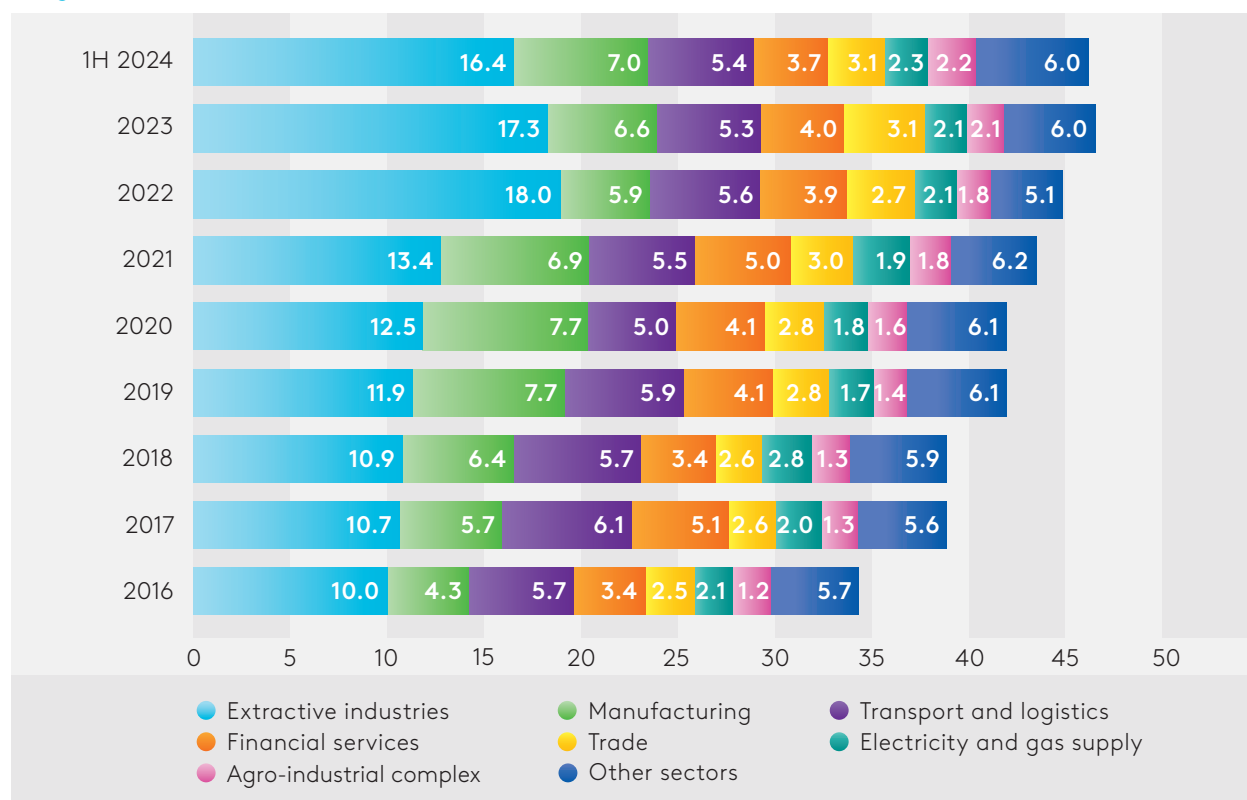
The FDI stock in Mongolia is estimated as at the end of 1H 2024 **at \$407 million.** The Ulaanbaatar Railway Infrastructure Construction and Modernisation Project accounts for the entire amount. Mongolia is an investor in two projects worth around \$1 million.

Investments by Sector

The top three lines in distribution of mutual investment stock by sector as at the end of 1H 2024 were taken by **extractive industries (35.6%), manufacturing (15.2%), and transport and logistics (11.6%).** Together, they account for more than 60% of the total mutual FDI stock. Compared with 2022, of the top three sectors, only manufacturing saw an increase in its investment stock, from \$5.9 billion to \$7.0 billion ([Figure C](#)).

After a significant increase in 2022, mutual FDI in extractive industries declined by 9% in 2023–2024, from \$18 billion to \$16.4 billion. This was mainly due to the withdrawal of Kazakhstan's KazMinerals from the Baimskaya Ore Deposit Development Project in the Russian Far East.

↓ Figure C. Mutual FDI Sectoral Structure, 2016–1H 2024, \$ billion



Source: EDB MMI Database.

Manufacturing has the largest number of projects under implementation – 93 – and its growth momentum over the past year and a half (\$1.1 billion) has been the best among other sectors. The implementation of 20% of these projects started in 2023 – 1H 2024.

Since 2016, the **agro-industrial sector** has shown continuous growth in mutual FDI. The average annual growth rate has been 6.7%. Since 2022, the sector has seen growth of \$0.4 billion (+22%) to \$2.2 billion at the end of 1H 2024.

Since 2023, five new projects have been launched in the **transport and logistics sector** – all exclusively in the warehousing cluster. Almost 80% of new investment (\$133 million) was in the construction of warehouses in Kazakhstan.

Central Asia

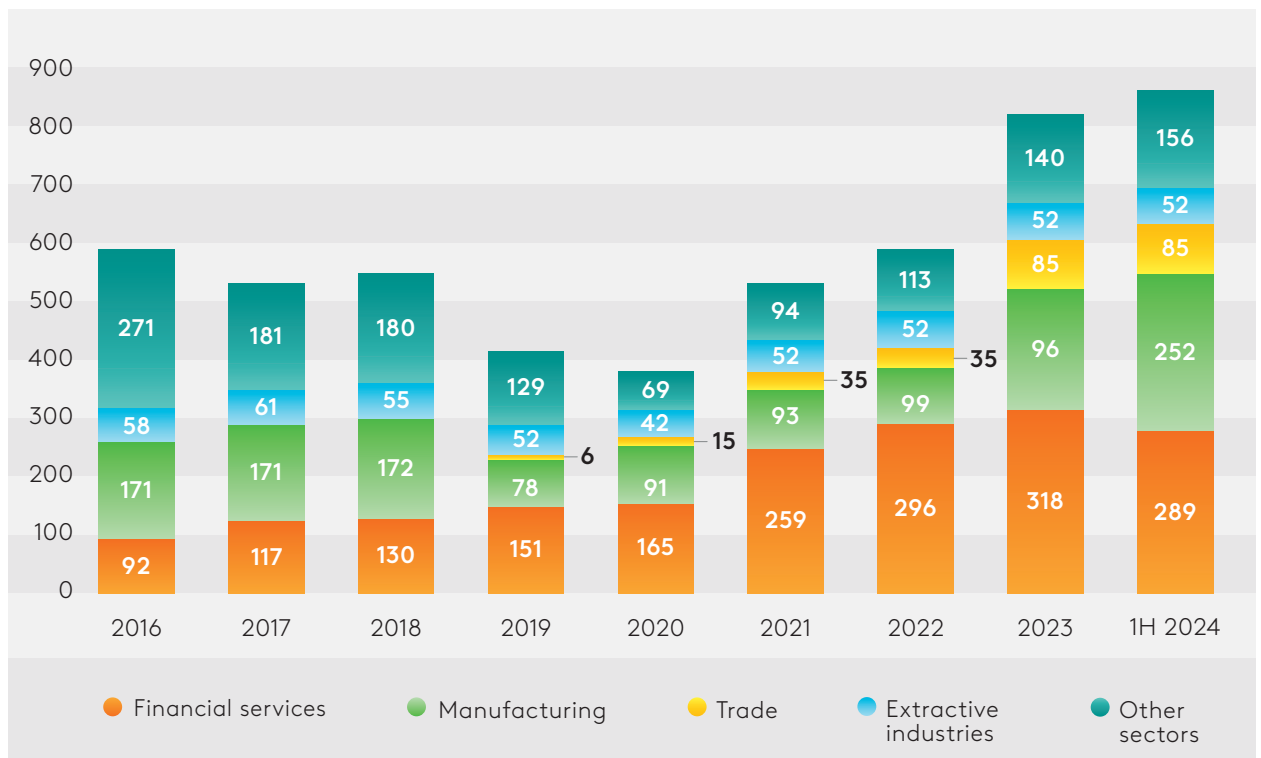
The **share of Central Asian countries** in mutual investment inflows **exceeded 50%**, reaching \$23.4 billion at the end of 1H 2024. Compared to 2022, Central Asia attracted 11% more FDI.

Intra-regional FDI stock in Central Asia **peaked at \$834 million** at the end of 1H 2024, an increase of 40% compared to 2022.

The growing momentum is linked to the launch of new greenfield projects. As at the end of 1H 2024, 25 investment projects were underway in Central Asia, **17 of which**, worth \$479 million, **or 57% of the total, were greenfields.**

Manufacturing in Central Asia shows a high rate of FDI stock growth. It grew by a factor of 2.5 relative to 2022, to \$252 million. In terms of its investment stock and high growth momentum, the manufacturing sector is likely to overtake the financial sector, which saw a slight decline of 2.2% to \$289 million in 1H 2024 compared to 2022 (Figure D).

↓ Figure D. Mutual FDI Stock of Central Asian Countries, by Sector, \$ million



Source: EDB MMI Database.

Kazakhstan has traditionally been the leading investor in Central Asia in terms of intra-regional FDI. It accounted for \$671 million at the end of 1H 2024, or 80% of FDI in the region. More than half of the total stock of Kazakhstan’s investment (55.7%) went to Kyrgyzstan.

Uzbekistan’s importance as an investor country in Central Asia is growing. In 2022–1H 2024, the country’s intra-regional FDI stock increased by a factor of 6.8, from \$24 million to \$164 million. The main recipient of investments by Uzbekistan’s companies is Kazakhstan (77.5%). Investments are in the manufacturing sector, in particular, in the manufacturing of motor vehicles (60%, \$99 million), electrical equipment (29%, \$47 million), and textile products (11%, \$18 million).

Box 2. Medium-Term Trends in Mutual Investments

The Eurasian region will see the following medium-term trends in mutual investments against the backdrop of changes in the composition and geography of value chains and the ongoing development of industrial cooperation:

- 1. The trend towards greenfield projects will continue as the manufacturing sector expands.** A record 21 greenfield projects were launched in 2023, accounting for almost 70% of all new projects.
- 2. The manufacturing sector will be the most attractive for investment in the Eurasian region.** Between 2023 and 1H 2024, it accounted for 20 out of 43 new projects, totalling \$855 million. The likely leaders in mutual FDI growth are motor vehicle manufacturing, the chemical industry, and petroleum refining. These are the sectors that continue to attract significant investment and show steady growth.
- 3. In the agro-industrial sector, the number of projects will continue to grow steadily.** The agro-industrial complex has shown continuous annual growth since 2016, with an average annual rate of 6.7%. Over the past year and a half, the sector has posted growth of 18% to \$2.2 billion. Projects involving the manufacture of food and beverages in the EAEU countries will be particularly attractive for investment.
- 4. The fastest growing country in terms of FDI stock in the Eurasian region will be Uzbekistan,** which will play a significant role in determining trends in investment in the whole of Central Asia. Uzbekistan's FDI stock in Central Asia has grown almost sevenfold in a year and a half, to \$164 million. The country's investment growth is possible in sectors where it has improved its production capacity and competitiveness, particularly in the automotive and textile industries.
- 5. Central Asian countries will increase their share of investment inflows in the Eurasian region.** In Central Asian countries, the mutual FDI stock increased to \$23.4 billion (50.8% of the total) by the end of 1H 2024, up 11% from the 2022 level of \$21.1 billion (46.7%).

INTRODUCTION

Since 2012, the EDB has implemented a project to monitor mutual direct investments of 13 countries in the Eurasian region: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. In 2022, China, Iran, Turkey, and the Arab countries, which are traditional trade and investment partners of the countries of the Eurasian region, were included in the study.

This report continues the series of studies on mutual investments of the countries of the Eurasian region. This year, the geography of the study is expanded to include Mongolian investment projects. In addition, due to the large amount of research material, this report will only cover the Eurasian region, while mutual investments in the countries of Eurasian continent will be analysed in a separate report to be published in early 2025.

As at the end of 1H 2024, the EDB MMI Database included 923 projects. The Eurasian region accounts for 512 mutual projects, of which 383 are active. The total value of the projects is \$46.1 billion.

The total number of projects in the EDB MMI Database has decreased as a result of the reassessment of individual projects for the period between 2016 and 2022. The total foreign direct investment (FDI) stock has declined for all years of the period. The mutual FDI data have been revised due to the availability of more reliable data — published company reports, which take precedence over press releases and media coverage that were previously used.

For example, while in 2023 the 2022 mutual FDI stock in the Eurasian region was estimated at \$46.9 billion, after the update of the MMI Database it was revised down to \$45.2 billion. The estimate of mutual FDI between the EAEU member states in 2022 has changed from \$26.5 billion to \$22.9 billion.

Certain projects in the EDB MMI Database have been reassessed due to the following reasons. Some of the projects are excluded from the total estimates because the previously stated scope and nature of the investments were not further confirmed in the financial statements. Some projects have data on the volume and nature of investments that are not precise enough to be included in the overall analysis.

This report includes six chapters. Each chapter analyses in detail key aspects of mutual FDI in the Eurasian region.

Chapter 1 examines structural changes associated with global investment trends and growth rates of mutual FDI stocks in the Eurasian region.

Chapter 2 looks at corporate integration in the region, including major deals and investor companies in 2023 and 1H 2024.

Chapters 3 and 4 analyse the geography of mutual FDI in the region by country and assess the main providers of mutual investments in the region, including Russia, Kazakhstan, Azerbaijan, Belarus, and others.

Chapter 5 focuses on the sectoral structure of mutual FDI, with a detailed analysis of the distribution of investment by economic sector, including extractive industries, manufacturing, and transport. Investment in green projects is reviewed separately.

Chapter 6 concludes with a forecast of medium-term trends in mutual FDI, including potential areas of development and promising investment opportunities in the coming years.

1. STRUCTURAL CHANGES

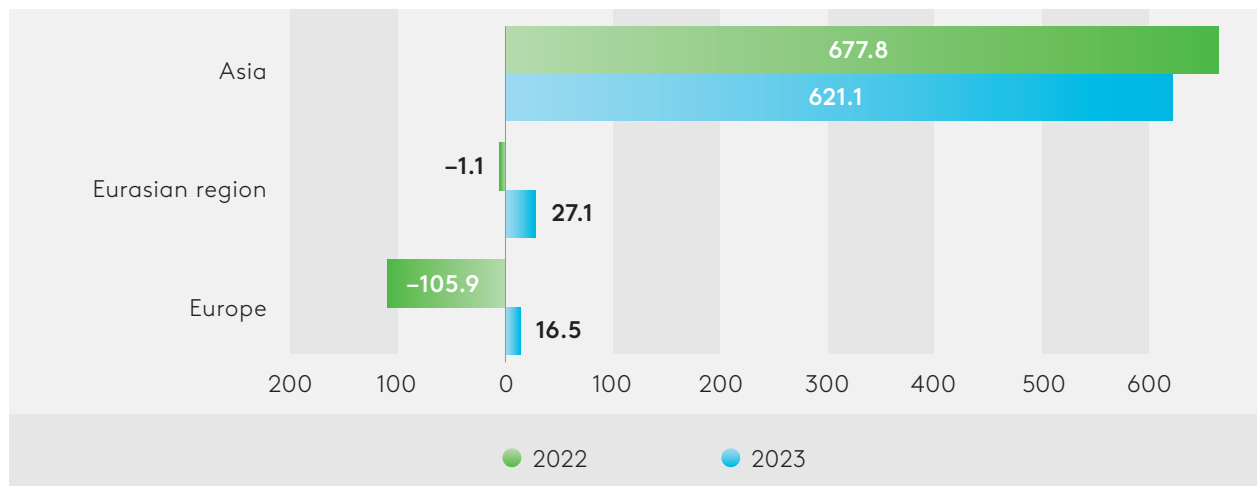
1.1. Global Investment Trends

Global FDI continued to decline in 2023 to \$1.3 trillion (UNCTAD, 2024a). The rate of decline slowed from 12% in 2022 to 2% in 2023.

FDI inflows to developing economies fell by 7% to \$867 billion, mainly driven by Asia, where the fall was 8% to \$621 billion in 2023. Investment in European countries showed growth to \$16.5 billion, following a strong outflow of \$105.9 billion in 2022.

Against the backdrop of global trends, the countries of the Eurasian region enjoy a positive FDI trend, rising from negative values in 2022 (minus \$1.1 billion) to \$27 billion in 2023. The growth was driven by a recovery of FDI flows from different countries of the world to the Russian Federation (\$8.3 billion).

↓ Figure 1. FDI Flows to Regions of the World, \$ billion



Source: UNCTAD, EDB analysts' estimates based on UNCTAD data.

The number of projects integrated into global value chains (*international production where stages of product creation are distributed across different countries*) increased by 27%, from 3,505 to 4,441 projects — up 4% in terms of investment, from \$302 billion to \$314 billion. This is particularly true for the automotive, textile, mechanical engineering, and electronics industries.

According to UNCTAD data, announced greenfield projects grew by a factor of 3.2, from 49 to 158, which implies an increase in FDI in Central Asia in the medium term.

Box 3. Major Global Trends in FDI

The UN report on global economic fracturing and investment patterns ([UNCTAD, 2024b](#)) articulates the main FDI trends.

Long-term stagnation of FDI

FDI has stagnated since the early 2010s due to the restructuring of global supply chains. Economic instability, stronger protectionist measures, and political uncertainty in key economies led to lower investor confidence. In addition, technological change and regulatory tightening increased uncertainty for foreign investors.

Growing importance of services and de-globalisation of manufacturing

FDI in services have increased from 66% to 81% over the last 20 years. These are investments in banking, consulting and digital technologies, as well as in traditional service sectors. Investment in production has halved from 26% to 13%. The number of greenfield projects has decreased in such sectors as construction, electricity generation, and infrastructure. Policies to promote investment are also centred on the services sector. The share of investment preferences targeted at the sector increased from 35% in 2014–2018 to 46% in 2019–2023.

Declining role of FDI in China (including Hong Kong)

According to FDI Markets, FDI growth in China has slowed since 2020 due to the sanctions and trade stand-off with the US (down 6% in 2023). The decrease in the number of greenfield projects in China is driven by rising labour and production costs and increased competition from ASEAN countries.

Weakening ties between geopolitically distant countries

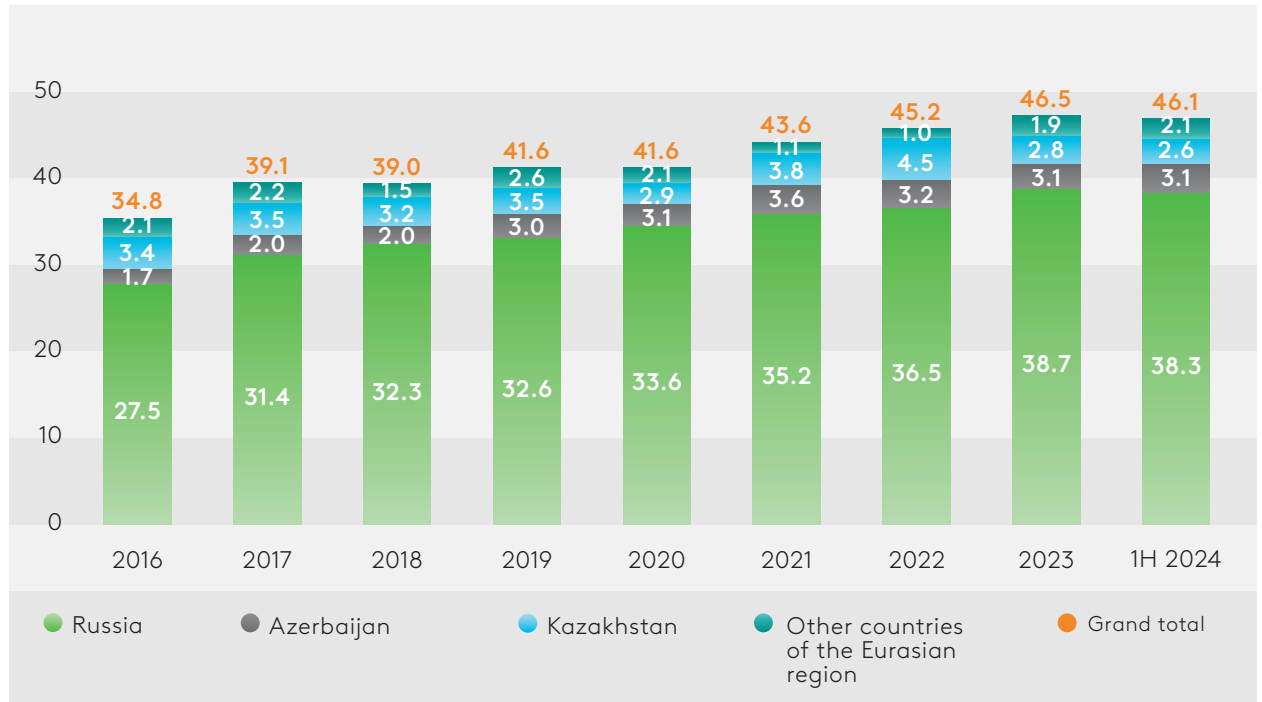
There is a decrease in the share of US and European investments in China, South-Eastern Europe, and CIS countries, as well as a decrease in the share of China in investments in the US and European countries. Over the past five years, the FDI downward trend has accelerated significantly. It is particularly prominent in the manufacturing sector.

1.2. Trends in Mutual FDI Stock in the Eurasian Region

The average annual growth rate of the mutual FDI stock in the Eurasian region was about 3.6% between 2016 and July 2024. Up to and including 2023, trends in the mutual investment stock in the Eurasian region were relatively stable. Since 2016, the

FDI stock has increased by 33% from \$34.8 billion to \$46.1 billion, with the largest increase being between 2016 and 2017 at 12.5%.

↓ Figure 2. Mutual FDI Stock in the Eurasian Region, 2016–1H 2024 (Investor Countries), \$ billion



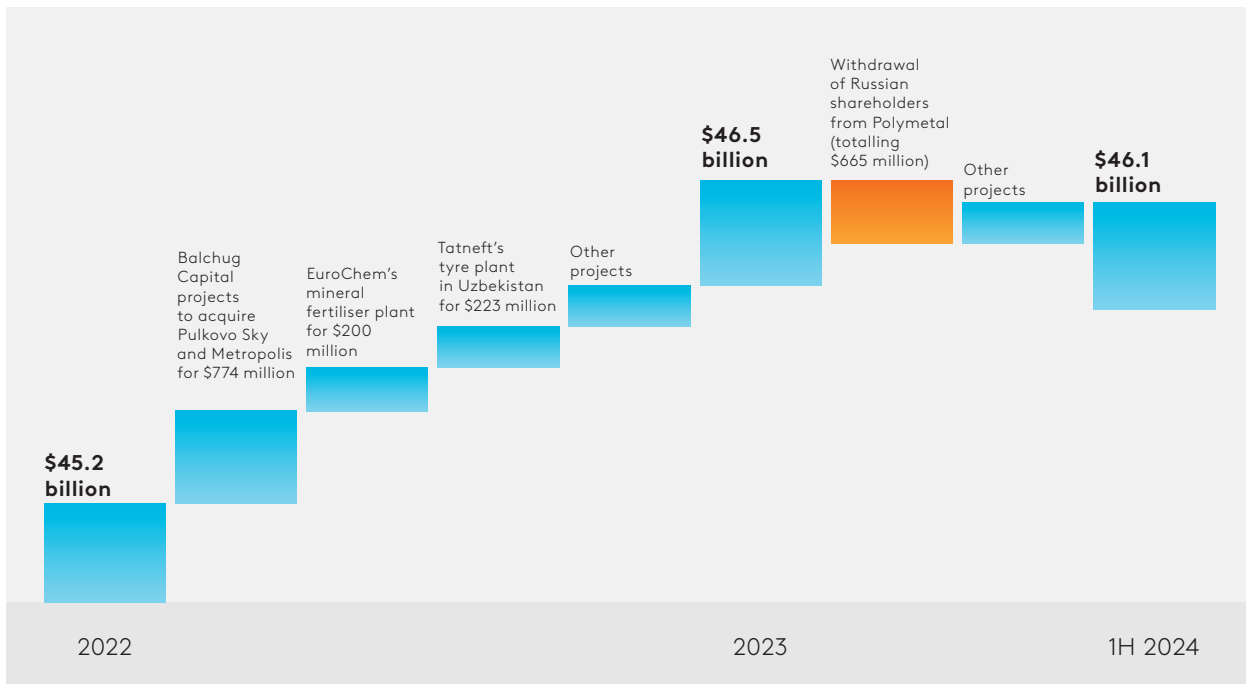
Source: EDB MMI Database.

In 2023, the mutual FDI stock in the Eurasian region increased by 2.9% y-o-y, from \$45.2 billion to \$46.5 billion. However, there was a 0.8% decline in the mutual FDI stock from \$46.5 billion to \$46.1 billion in 1H 2024. The decrease was a result of the withdrawal of investors from large investment projects. In particular, Russian investors withdrew from Polymetal’s metal ore mining projects in Kazakhstan.

Box 4. Polymetal Investment in Kazakhstan

In August 2023, Polymetal completed its redomiciliation from the British Isle of Jersey to Kazakhstan. On 28 January 2024, Maaden International Investment, a subsidiary of Mars Development and Investment, an Oman-based state-owned company, acquired 113.2 million shares of Polymetal. As of July 2024, Maaden International Investment was Polymetal’s largest shareholder with a 23.9% stake. BlackRock Inc. controls 9.9%, Fodina B. V. controls 3.3%, executives and management hold 0.9%, and institutional and private investors have 62%. It is assumed that individual shareholders no longer include Russian investors. Therefore, Polymetal’s projects in Kazakhstan can no longer be classified as Russia’s investment in Kazakhstan.

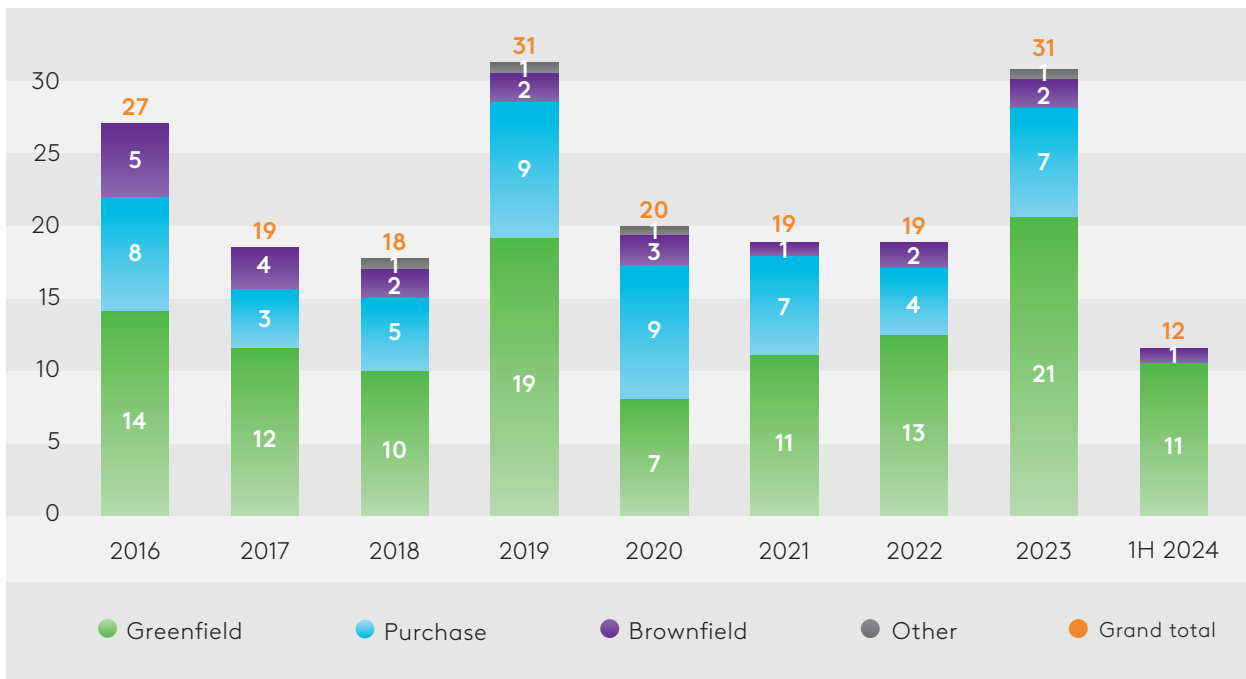
↓ Figure 3. Mutual FDI Stock, 2022–1H 2024



Source: EDB MMI Database.

The Eurasian region saw the highest number of investment projects launched in 2023, which can be attributed to the delayed effect of investments previously planned for 2022. Of the 31 investment projects worth \$2 billion launched in 2023, 21 are greenfield projects (\$539 million). In comparison, 19 investment projects were launched in 2022, including 13 greenfield projects worth \$147 million.

↓ Figure 4. Number of Projects Launched between 2016 and 1H 2024



Note: See Methodology for details of project features.

Source: EDB MMI Database.

1.3. Structure of Mutual Investments by Form of FDI

239 investment projects, or 39.2%, are **greenfield projects**. As at the end of 1H 2024, they were worth about \$18.1 billion. Manufacturing (\$5.4 billion, or 29.8%) and extractive industries (\$4.3 billion, or 23.6%) account for the largest share of greenfield investments. The biggest investor in greenfield projects is Russia's Lukoil – 12 projects with a total FDI stock of \$7.1 billion (39.3% of total greenfield projects). Greenfield projects have grown by 12% since 2022, largely due to the launch of 32 new projects worth \$971 million in 2023–2024. Major new greenfield projects since the beginning of 2024 include a solar farm in Kyrgyzstan by Russian investors and a construction machinery plant in Bashkiria (Russia) by Belarusian investors.

↓ Table 1. Mutual FDI Stock, by Form of Investment

Forms of FDI	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	FDI growth compared to 2016	FDI growth compared to 2022	Number of projects, end of 1H 2024	Average investment per project, 1H 2024, \$ million
Greenfield	39.2%	18,090	61%	12%	239	75.5
Brownfield	38.0%	17,549	16%	-7%	107	164.0
Purchase	20.9%	9,625	22%	1%	156	61.7
Other	1.9%	862	99%	19%	10	86.2
Grand total	100%	46,126	33%	2%	512	90.0

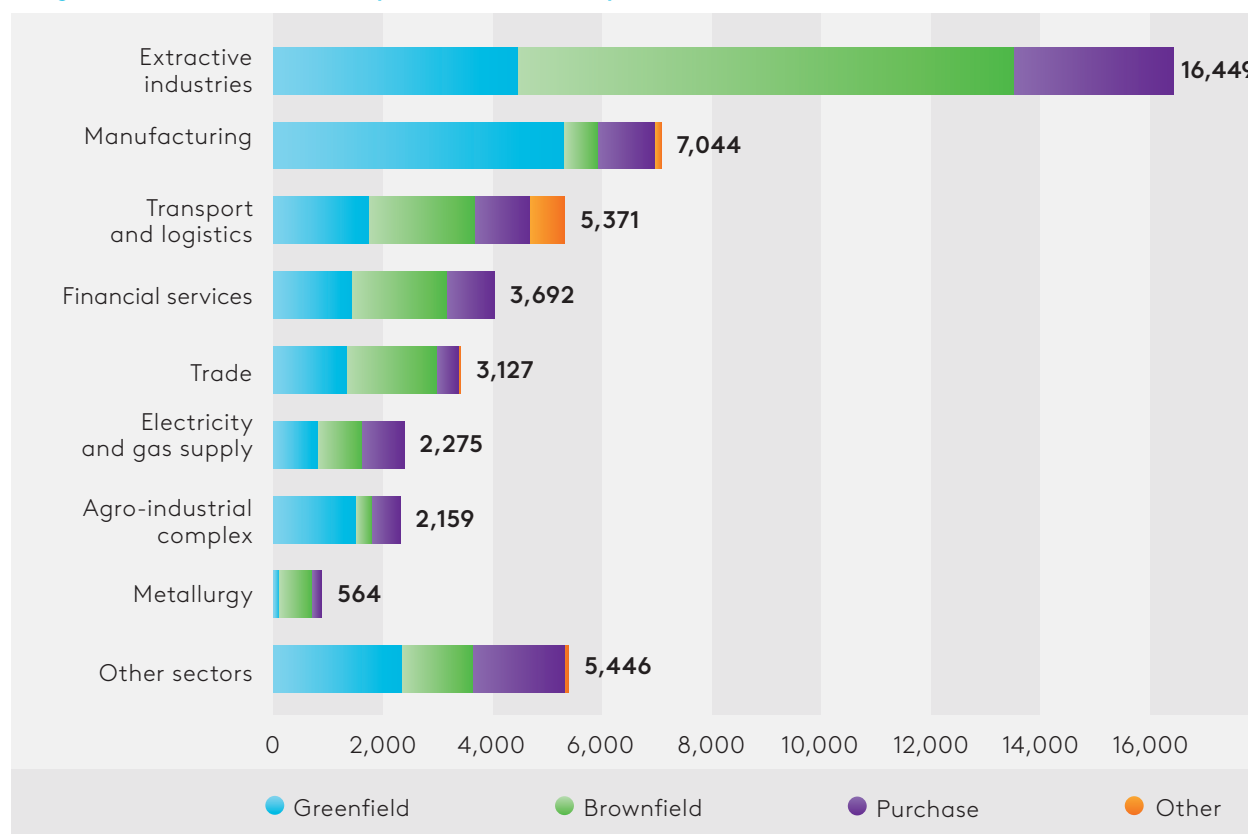
Source: EDB MMI Database.

Brownfield projects are the second-largest form of FDI in the Eurasian region. The total number of such projects was 107, worth \$17.5 billion. Brownfield projects account for 38% of the total mutual FDI stock, with an increase of 16% since 2016. However, the withdrawal of KAZ Minerals from the Baimskaya Project (Russia) in 2023 with an investment stock of \$1.8 billion resulted in a 7% decrease of brownfield projects compared to 2022.

Purchases with subsequent upgrading are most common in extractive industries (\$9.3 billion, or 53.3%) and transport (\$1.9 billion, or 10.6%). As with greenfield projects, this form of FDI is actively used by Russian petroleum and gas investors. For example, Lukoil is implementing five projects worth \$7.9 billion, and Gazprom has six projects underway worth \$1.6 billion. These two companies together account for more than 60% of investment in brownfield projects.

Buying a share in charter capital (Purchase) is the third most important form of investment in the Eurasian region. At the end of 1H 2024, the number of such projects stood at 156, worth \$9.6 billion. The share of such projects in the mutual investment portfolio was 20.9%. The most attractive sectors for purchases were extractive industries (\$2.8 billion, or 29.4%) and manufacturing (\$1.1 billion, or 11.2%).

↓ Figure 5. Mutual FDI Stock, by Sector of Economy and Form of FDI, 1H 2024, \$ million



Source: EDB MMI Database.

1.4. Ownership Structure of Investor Companies

Two-thirds of all mutual investments in the Eurasian region are in companies where the sole owner is a private investor. This category in the MMI Database includes 351 projects with a total mutual FDI stock of \$31.2 billion as at the end of 1H 2024. These projects have increased 41% since 2016 and 4% since 2022. Most of the mutual FDI stock with private investors is concentrated in extractive industries and manufacturing (\$19.6 billion). The largest private investor is Lukoil, with investments worth \$16.3 billion.

The stock of mutual investments by companies with a sole owner who is the state has increased by a third since 2016. However, compared to 2022, the stock of such investments decreased by 3% due to SOCAR’s withdrawal from the South Caucasus Pipeline project in 2023 (it sold its 10% stake). Owners of this type had 71 projects totalling \$6.7 billion underway as at the end of 1H 2024. The largest investor is Rosatom, which has nine projects worth \$1.8 billion. Transport and extractive industries account for the largest share of investment — \$4.8 billion together.

State-controlled companies, where the state holds a controlling stake, rank third with a share of 12.7%. They are implementing 37 projects with a total mutual FDI stock of \$5.9 billion. Compared to 2022, the investment stock is unchanged. More than 60% (\$3.7 billion) of the FDI stock is in projects involving Russia’s Gazprom, mainly in gas

transportation and electricity generation. The largest stock of investment is in the transport sector — \$1.5 billion. This group is characterised by a high average project cost of \$158 million, about 80% above average.

↓ **Table 2. Structure of Mutual FDI Stock, by Investor Ownership**

Types of ownership	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	FDI change compared to 2016, %	FDI Change compared to 2022, %	Number of projects, end of 1H 2024	Average investment per project, \$ million
Company with a sole owner who is a private investor	67.7%	31,247	41	4	351	89
Company with a sole owner who is the state	14.5%	6,695	32	-3	71	93.3
Company with a controlling stake held by the state	12.7%	5,857	8	0.1	37	158.3
Company with a minority stake held by a foreign investor	2.3%	1,038	6	-32	25	41.5
Company with a minority stake held by the state	1.5%	701	21	-4	13	53.9
Other types of ownership	1.3%	588	-1	191	15	39
Total	100.0%	46,126	32.8	2.1	512	90

Note: See Methodology for details of project features.

Source: EDB MMI Database.

Companies with a minority stake held by a foreign investor show a 32% decline in mutual FDI since 2022 to \$1 billion. The share of such companies in the total stock of mutual investments is 2.3%.

Companies with a minority stake held by the state account for 1.5%. The mutual FDI stock in this category has grown 21% since 2016, to \$701 million. However, it has fallen by 4% since 2022.

1.5. Structure by Source of Financing

Investment projects are mainly financed with equity and debt. The mutual FDI stock under this type of financing was \$19.2 billion (41.7%) at the end of 1H 2024. The number of projects financed in this way is 48. The average investment is \$401 million per project — more than for any other method of financing.

Projects relying solely on **equity investment** also account for a significant share of financing, with 263 such projects worth \$16.4 billion (35.4%) recorded for 1H 2024. Growth in equity was 9% compared to 2022, driven by increased investment in manufacturing (+47%, to \$2.7 billion) and trade (+20%, to \$2.7 billion). Equity is often used for less capital-intensive projects, with average investment per project of \$62 million.

↓ **Table 3. Structure of Mutual Investment Stock, by Source of Financing**

Source of financing	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	FDI growth compared to 2016	FDI growth compared to 2022	Number of projects, end of 1H 2024	Average investment per project, \$ million
Equity, debt	41.7%	19,235	64%	-7%	48	401
Equity	35.4%	16,355	2%	9%	263	62
Debt	3.9%	1,798	364%	12%	22	79
Equity, budget	3.5%	1,600	588%	0%	8	200
Other sources	1.0%	465	-10%	0%	2	233
Not known	14.3%	6,618	12%	14%	163	41
Budget	0.1%	55	552%	82%	6	9
Grand total	100%	46,126	33%	2%	512	90

Source: EDB MMI Database.

Debt alone, as well as equity and budget, are used to a much lesser extent. In particular, debt is used in 22 projects worth \$1.8 billion, while equity and budget are used in eight projects worth \$1.6 million.

Projects financed entirely from the **budget** have the lowest cost, averaging \$9 million, with a total of \$55 million spent on projects in this line by 1H 2024.

A lack of transparency of financial flows in the implementation of investment projects is implied by the large volume of investments (163 projects worth \$6.6 billion, or 14.3% of the total mutual FDI stock) for which the source of financing is **not disclosed**.

2. CORPORATE INTEGRATION IN THE REGION

2.1. Major Transactions in 2023–1H 2024

Between early 2023 and 30 June 2024, 43 new projects worth \$2.3 billion were included in the EDB MMI Database for the Eurasian region. There are 512 projects in the EDB MMI Database for the Eurasian region in total, of which 383 are active.

More than half of the new investment deals, namely 22 out of 43, worth \$1.2 billion, were initiated by Russian companies. Most of the projects are in the manufacturing sector. The largest transactions are investment projects of EuroChem, Tatneft, Sibur, and others. Most of the projects of Russian investors are implemented in Kazakhstan – 13 out of 22, worth \$729 million. The main industries that attract most investment are manufacture of chemicals and chemical products, extraction of petroleum and natural gas, warehousing, and manufacture of food.

↓ Table 4. Five Largest Investment Projects in the Eurasian Region, 2023–2024, \$ million

Investor company and country	Recipient facility and country	Form of investment	Project start year	Mutual FDI stock, 1H 2024, \$ million
Balchug Capital (Armenia)	Metropolis Shopping Mall (Russia)	Purchase	2023	697
EuroChem (Russia)	Mineral fertiliser plant (Kazakhstan)	Greenfield	2023	300
Tatneft (Russia)	Industrial rubber plant (Uzbekistan)	Brownfield	2023	233
Lukoil (Russia)	Kalamkas – Khazar Operating, LLP (Kazakhstan)	Purchase	2023	200
Unigreen Energy (Russia)	Solar farm (Kyrgyzstan)	Greenfield	2024	135

Source: EDB MMI Database.

Five Largest Investment Projects in the Eurasian Region, 2023–2024

1. The largest investment transaction closed during the period was the acquisition of the Metropolis Shopping Mall in Moscow by Armenia's **Balchug Capital** in 2H 2023. Experts estimate the value of the transaction at approximately RUB 63 billion (\$697 million). It is also the largest transaction on the Russian retail property market in the last few years. Balchug Capital also carried out the next largest investment transaction in the retail property sector, purchasing Pulkovo Sky Business Centre for \$77 million in 2023. It is important to note that the company's investments account for more than 92% of Armenia's total investment stock.

2. Russia's **EuroChem** started the construction of a mineral fertiliser plant in Zhambyl Oblast, Kazakhstan, in 2023. The total investment in the project is planned at over \$1 billion by 2027. According to the EDB MMI, the project investment is estimated at \$300 million as at 1H 2024. More detailed information is not yet available in public sources and the distribution of the planned investments is not known. Therefore, for the purposes of the report, the amount is divided into equal parts for the years 2023 to 2027.
3. Russia's **Tatneft** started the construction of the first industrial rubber plant in Uzbekistan in 2023. The agreement to build the \$80 million plant was reached during the Uzbekistan-Russia Business Forum held in Samarkand in December 2022. As part of the deal, the Russian company also assumes \$153 million of the tyre plant's debt, bringing the total to \$233 million in 2023.
4. In 2023, **Lukoil** acquired a 50% stake in the charter capital of Kalamkas — Khazar Operating from KazMunaiGas for \$200 million. This company was established to develop the Kalamkas-Sea, Khazar, and Auezov fields on the Caspian Sea shelf. The extraction is expected to start in 2028, reaching 3–4 million tonnes per year. The total cost of the field development is estimated at approximately \$5 billion.
5. A project by Russian company **Unigreen Energy** to build a solar farm in Kyrgyzstan. Construction started in early 2024, with commissioning scheduled for 2025. The project is estimated at about \$270 million.

In 2023, a number of major investment projects that had previously appeared in reports and attracted considerable attention were no longer included in the key projects. In particular, this concerns the Baimskaya Field Development Project in Russia. KAZ Minerals formally completed its participation in one of the region's largest projects, the development of the Baimskaya deposit in Russia. The company sold its interest to Trianon Limited, a company owned by the shareholders of KAZ Minerals.

2.2. Main Investor Companies in the Region

As at 1 July 2024, the capital investments of the five largest investors in terms of investments within the Eurasian region (Lukoil, Gazprom, Rosatom, SOCAR, and Alfa Group) accounted for 52.8% of the total mutual FDI stock. Four out of five investors are Russian companies.

The value of the Herfindahl-Hirschman index¹ and its trends indicate a moderate concentration of mutual investments in the Eurasian region and growing influence of the largest investor companies — in 1H 2024 it was 0.126, while in 2016 it was 0.117. Net of investments of large companies such as Lukoil and Gazprom, the HHI is 0.025. This highlights the significant influence of Lukoil and Gazprom on the scale of investment in the region.

¹ An index value below 0.15 indicates the presence of competition. Values above 0.15 may indicate limited competition.

↓ Table 5. Top Five Companies by Mutual Investment Stock in the Eurasian Region

Investor company	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	FDI change between 2016 and 1H 2024	FDI change between 2022 and 1H 2024	Number of active projects, end of 1H 2024	Average cost per project, \$ million
Lukoil	35.4%	16,339	67%	5%	19	859.9
Gazprom	8.4%	3,883	32%	-4%	11	700.0
Rosatom	4.4%	2,029	by a factor of 3.4	0%	11	688.1
SOCAR	2.4%	1,125	9%	-13%	5	600.0
Alfa Group	2.1%	982	-20%	-18%	3	473.9

Source: EDB MMI Database.

Lukoil is the largest regional investor with a 35.4% share. In 2024, the company's mutual FDI in the Eurasian region reached \$16.3 billion, up 67% since 2016. The main recipient sectors are extractive industries (\$11.7 billion) and manufacturing (\$3.6 billion). The company has initiated 21 investment projects in the region since 2016, of which only one was launched in 2023 (the purchase of a 50% stake in the charter capital of Kalamkas – Khazar Operating). The company's interests in the Eurasian region are mainly focused on Uzbekistan (four projects worth \$8 billion), Azerbaijan (four projects worth \$5.1 billion), and Kazakhstan (six projects worth \$2.7 billion).

- One of the largest projects is participation in the development of the Shah Deniz gas-condensate field in Azerbaijan since 2007. Lukoil's total investment in the project is \$4.8 billion. The project includes the construction and upgrading of infrastructure required to increase gas production. Lukoil was also involved in the resumption of production in 2021, which required an additional investment of \$240 million.
- Since 2007, Lukoil has participated in the implementation of the Kandym gas processing complex project in Bukhara Oblast, Uzbekistan. The project was launched in 2016 and was commissioned in 2018. Lukoil invested \$3.5 billion in the construction of the complex, part of which was raised through a \$660 million loan.

Gazprom is the second-largest investor in the Eurasian region. In 1H 2024, its mutual FDI totalled \$3.9 billion. Gazprom implements projects in gas transportation and sales and electricity generation in a number of countries in the Eurasian region, including Uzbekistan, Armenia, Belarus, Kyrgyzstan, Kazakhstan, Tajikistan, and Moldova.

- Gazprom's largest projects in the region were launched in 2006 in Uzbekistan and include geological exploration on the Ustyurt Plateau in the Autonomous Republic of Karakalpakstan. Natural Gas-Stream, a joint venture with Uzbekneftegaz,

was founded in 2016. In 2019, a \$701.4 million investment project was approved, which includes JV funds (\$243.4 million) and foreign loans (\$458 million). The core activities include construction, acquisition of equipment, and major repairs.

- Gazprom's second-largest project in the region started in Armenia in 2002 and involved the acquisition of Gazprom Armenia, CJSC, a gas transportation and sales company. In 2013, Gazprom increased its share to 100%. The total investment stock for 2024 is \$780.7 million (estimated based on the companies' non-current assets).

Rosatom shows the highest growth among leading investors due to large-scale investments in new projects, particularly in Kazakhstan. The company increased its direct investments in the Eurasian region by a factor of 3.4, from \$460 million in 2016 to \$2 billion by July 2024. At the same time, the key investment growth came in 2022 due to the implementation of the Stepnogorsk Mining and Chemical Combine project in Turkestan Oblast, Kazakhstan. Rosatom's investment in Sangtuda HPP-1, OJSC, in Tajikistan is estimated at \$229 million.

Of Rosatom's 11 projects in the Eurasian region, eight are implemented in Kazakhstan, which accounts for 88% of all investments, totalling \$1.8 billion. In addition to Kazakhstan, the company also operates in Kyrgyzstan. The Russian-Kyrgyz Development Fund and Alfa Oil entered into an agreement with Rosatom to develop and implement an investment project to build the Chandalash Small Hydroelectric Power Plant (HPP) with an installed capacity of up to 30 MW in Jalal-Abad Oblast. The project implementation period is three years. Leilek HPP, a Rosatom project in Kyrgyzstan, is currently underway. The facility is located in Batken Oblast, at the confluence of the Leilek and Jeti-Kupryuk Rivers, which provide water for power generation. The first part of the project is scheduled to be launched by the end of 2024.

Azerbaijan's **SOCAR** has reduced its investment stock by 13% to \$1.1 billion in 1H 2024 relative to 2022. SOCAR's investments in the Eurasian region are located in Georgia and Ukraine.

SOCAR is actively developing projects in Georgia. In 2007, the company acquired 51% of the Kulevi oil terminal and increased its share to 91.8% by 2020. By 2024, its investments totalled \$329 million.

Another project in Georgia is related to gas networks and distribution stations, via SOCAR Georgia Gas. In 2024, the investment stock totalled \$298.4 million.

Alfa Group reduced its direct investment stock by 18%, from \$1.2 billion in 2022 to \$982 million in 2024. This is due to the sale of assets and withdrawal from the Ukrainian market. Alfa Group has significant investments in Georgia and Belarus.

In Georgia, Alfa Group acquired a 55.8% stake in IDS Borjomi International, a mineral water company, in 2013. In 2022, the group sold a 7.73% stake to the government of Georgia. The company's initial investment was valued at \$722 million, after the sale it was valued at \$647 million.

In Belarus, Alfa Group invests in the financial sector. In 2008, the company acquired Mezhtorgbank, CJSC, which was subsequently reorganised into Alfa-Bank. The group's total investment in the bank's expansion, including the purchase of equity interests and construction and modernisation costs, increased from \$115 million in 2016 to \$332 million in 1H 2024. All investments were financed with the company's equity.

3. MUTUAL FDI GEOGRAPHY

3.1. Capital Providers by Country in the Region

The geography of mutual FDI in the Eurasian region has changed in recent years, largely due to geopolitical tensions.

Russia remains the largest provider of capital in the region. As of July 2024, its share in total mutual FDI was 83%, with the FDI stock up 39% from \$27.5 billion in 2016 to \$38.3 billion in July 2024. The increase since 2022 has been 5%, with the main growth driver being a rise in the mutual FDI stock in the petroleum and gas sector from \$11.5 billion to \$12.3 billion. Throughout the period under review, the main recipient sector has been extractive industries (\$16 billion, or 42.2% of total mutual FDI), with the extraction of petroleum and gas accounting for \$12.3 billion. Investments in manufacturing are closely linked to the oil and gas industry – \$4 billion out of \$6.1 billion of the mutual FDI stock involves the manufacture of chemicals and chemical products.

Azerbaijan rose from fourth in 2016 to second as at the end of 1H 2024. Azerbaijan's share of FDI is **6.8%**. During the period under review, its mutual FDI stock almost doubled from \$1.7 billion to \$3.1 billion. At the same time, its stock of mutual FDI has decreased by 1% since 2022 due to the sale by Azerbaijani investor SOCAR of a 10% stake in the South Caucasus Pipeline in 2023. The main recipient sectors are transport (\$711 million) and telecommunications (\$709 million). Azerbaijan's investors are implementing four projects worth \$411 million in the warehousing sector, which is the largest amount among the countries of the Eurasian region. Next come Kazakhstan (\$376 million) and Russia (\$246 million).

Box 5. Mutual FDI as a Share of GDP in Countries in the Region

In 2022, the share of mutual FDI in GDP was **1.63%** for Russia and **4.03%** for Azerbaijan. In 2024, the trend continues to evolve in Azerbaijan's favour. As at the end of 1H 2024, Azerbaijan's mutual FDI was **6.58%** of the country's GDP, compared to **4.15%** for Russia. Hence, Azerbaijan's share of mutual FDI continues to grow, making it a significant regional player in investment despite its smaller economy compared to Russia.

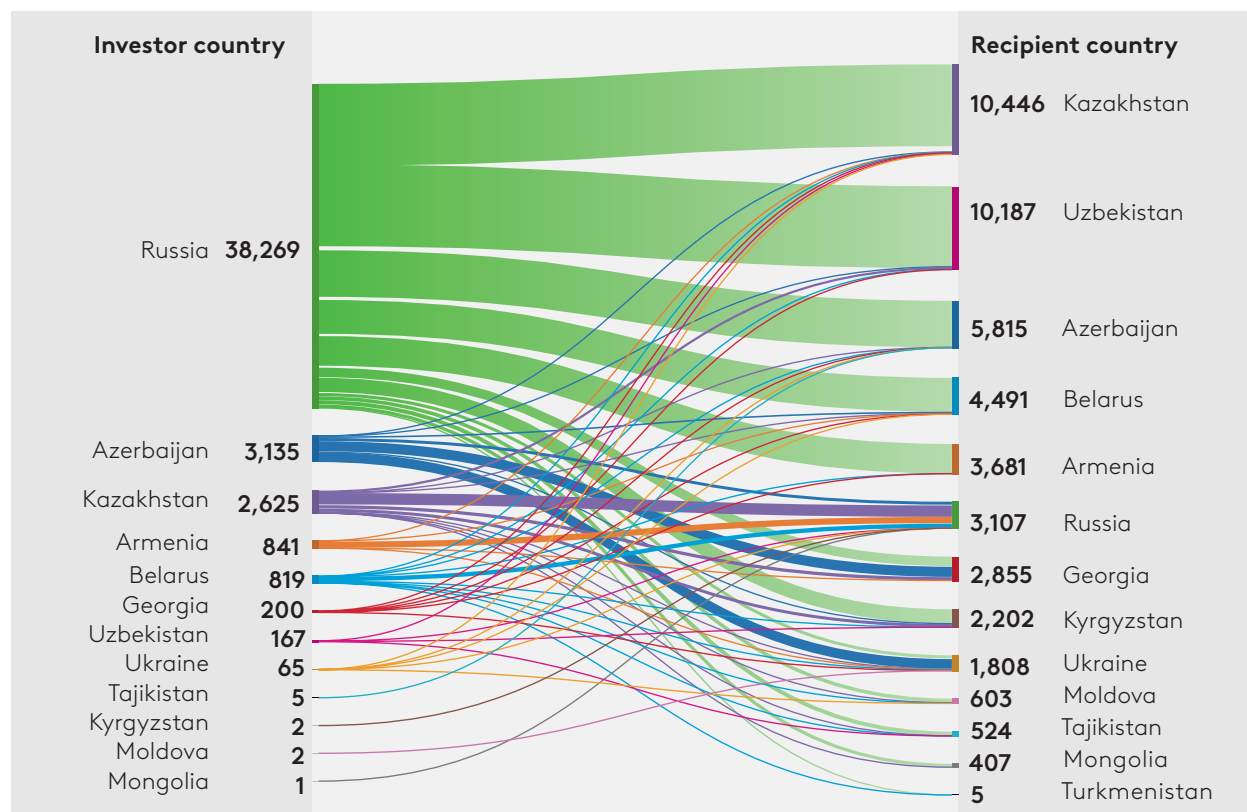
Kazakhstan ranked third in 1H 2024 with a share of 5.7% of the total mutual FDI. Between 2016 and July 2024, its FDI stock fell by 23%, from \$3.4 billion to \$2.6 billion. According to the EDB MMI estimates, its decline in mutual FDI is largely due to the investment activities of Verny Capital and Meridian Capital. In particular, the Ritz-Carlton deal by Verny Capital in 2016 was estimated at \$600–700 million. At the same time, experts estimate that, by July 2020, its market value had dropped to \$300 million. Also in 2020, Meridian Capital sold stakes in the charter capital of 13 airports in Russia – for a total of \$438 million.

↓ Table 6. Mutual FDI Providers in the Eurasian Region

Investor country	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	Change between 2016 and 1H 2024	Change between 2022 and 1H 2024	Number of active projects, end of 1H 2024	Average cost per project, \$ million	Main investment recipient sectors	Share of main sector, end of 1H 2024
Russia	82.9%	38,268	39%	5%	213	133	Extractive industries (\$16 billion)	42.2%
Azerbaijan	6.8%	3,135	84%	-1%	43	84	Transport and logistics (\$710 million)	22.7%
Kazakhstan	5.7%	2,624	-23%	-41%	39	65	Transport and logistics (\$963 million)	36.7%
Armenia	1.8%	841	By a factor of 23	By a factor of 13	9	33	Real estate (\$774.7 million)	92.2%
Belarus	1.8%	818	-57%	16%	48	22	Manufacturing (\$259 million)	31.7%
Georgia	0.43%	199	By a factor of 7	16%	9	21	Financial services (\$120 million)	60.3%
Uzbekistan	0.36%	167	By a factor of 45	By a factor of 6	8	17	Manufacturing (\$164 million)	98.3%
Ukraine	0.14%	65	-38%	2%	9	6	Trade (\$46 million)	60.5%
Tajikistan	0.01%	5	-	0%	1	5	Trade (\$5 million)	100%
Moldova	0.004%	2	-36%	0%	1	2	Transport and logistics (\$2 million)	100%
Kyrgyzstan	0.004%	2	-	0%	1	1	Real estate (\$1.9 million)	100%
Mongolia	0.001%	1	-	-	2	0	Manufacturing (\$607,000)	100%
Grand total	100%	46,126	33%	2%	383	90		

Source: EDB MMI Database.

↓ Figure 6. Flows of Mutual FDI, by Country, \$ million



Source: EDB MMI Database.

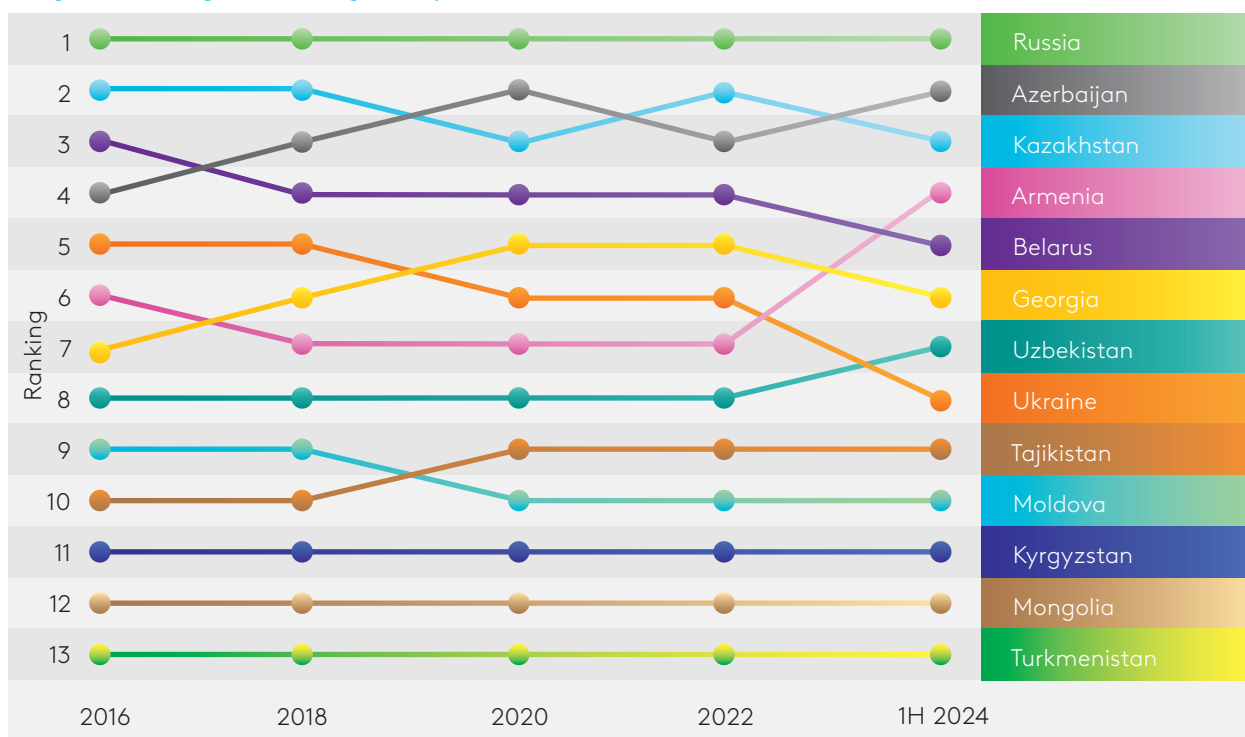
Compared to 2022, the mutual FDI stock decreased by 41% from \$4.5 billion due to the transaction between KAZ Minerals and Trianon Limited to acquire Baimskaya Mining Company for \$200 million. Trianon Limited, owned by Vladimir Kim and Oleg Novachuk, major shareholders of Kazakhstan’s KAZ Minerals group, no longer owns Baimskaya Mining Company as of May 2024.

The main recipient sector of investment by Kazakhstan’s companies in the Eurasian region is transport (six active projects, worth \$963 million) and the financial sector (10 active projects, worth \$808 million). These two industries together account for more than 65% of Kazakhstan’s total investment in the region.

Armenia showed significant growth in mutual FDI with a share of 1.8% of total FDI. Mutual investments increased from \$37 million in 2016 to \$841 million in 1H 2024. A major boost to growth came from Armenia’s Balchug Capital, which acquired Metropolis Shopping Mall and Pulkovo Sky in Moscow for \$774.7 million in 2023. The two deals together account for more than 92% of Armenia’s total investment in the Eurasian region.

Belarus shows a 16% increase in mutual FDI in the Eurasian region, from \$703 million in 2022 to \$818 million in 1H 2024. The growth is driven by the launch of five investment projects in 2023–2024, totalling \$137.1 million. All five projects are in the manufacturing sector, which accounts for 31.7% of the country’s total FDI in the region.

↓ Figure 7. Change in Ranking of Capital Providers



Source: EDB MMI Database.

Uzbekistan has increased FDI significantly from \$27 million in 2022 to \$167 million in 2024, taking a share of 0.34%. This is due to the active investments of Uzavtosanoat and Artel in the automotive industry and other sectors of the EAEU countries. Uzavtosanoat is implementing two major projects worth \$99 million, while Artel is implementing three projects worth \$47 million. All projects are implemented in Kazakhstan and Kyrgyzstan.

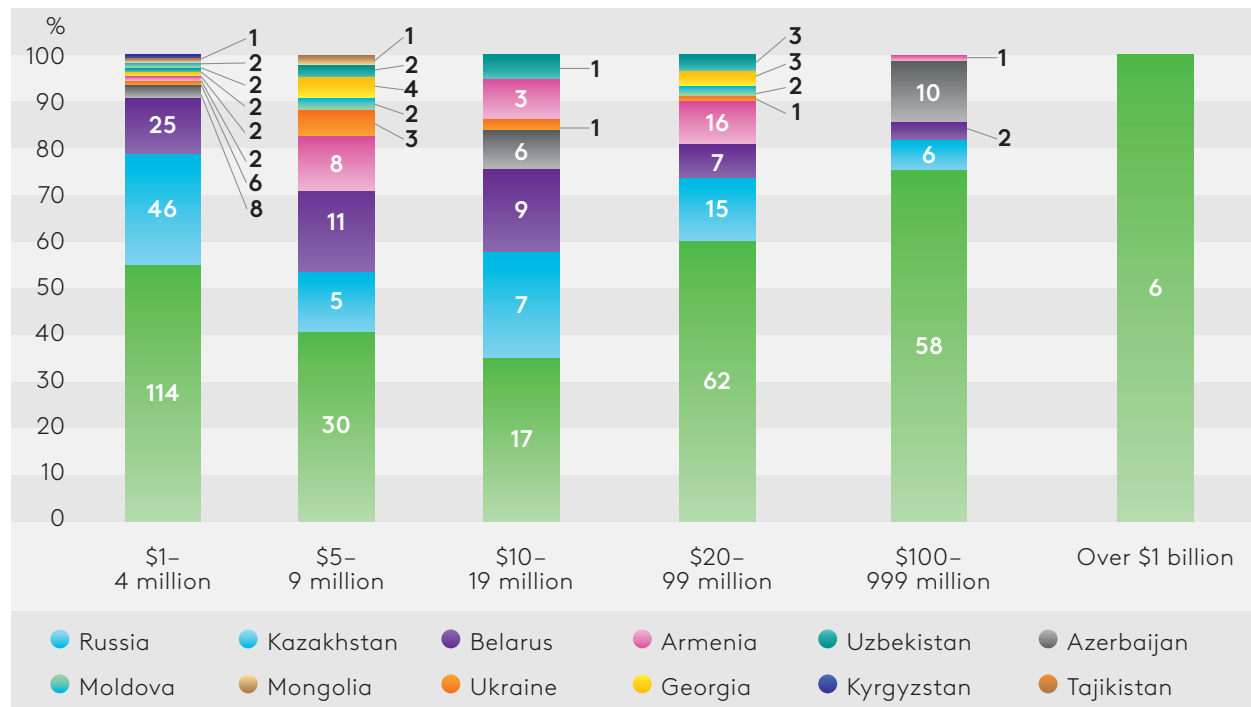
Other countries in the region, such as Ukraine, Tajikistan, Moldova, and Kyrgyzstan, show low investment activity in the region. Ukraine's FDI has declined by 38% since 2016, from \$105 million to \$65 million, while Moldova and Kyrgyzstan have mutual FDI stocks at \$2 million and \$1 million, respectively.

Mongolia has two investment projects in the Eurasian region. A private investor from Mongolia, acting under an agreement with the Far East and Arctic Development Corporation (FEADC), has already invested more than RUB 6 million in the Baikal Tin Company, LLC, project. The company plans to invest an additional RUB 100 million as part of its modernisation and expansion, which is expected to take place by the end of 2024.

Russia ranks first in projects of all capital investment categories in terms of their capital intensity (Figure 8). In the category of deals with investments between \$1 million and \$4 million, Russia leads with 114 projects. Kazakhstan is second in this category with 46 projects, which is more than half of all projects of Kazakhstan in the Eurasian region (79 projects).

The most capital-intensive projects are also those of Russia — all six major projects worth more than \$1 billion are undertaken by Russian investors. In the past, they included Kazakhstan’s KAZ Minerals’ Baimskaya Mining Company project (\$1.8 billion in 2022).

↓ Figure 8. Distribution of Investment Deals in the Eurasian Region, by Capital Intensity, 1H 2024



Source: EDB MMI Database.

3.2. Capital Recipients by Country in the Region

Kazakhstan and Uzbekistan are the main recipients of mutual investments in the Eurasian region. There are 89 active investment projects in Kazakhstan, of which 74 are implemented by Russia. The stock of mutual FDI from countries of the Eurasian region in Kazakhstan totals \$10.4 billion, of which more than 90% is attributable to Russia (\$10.1 billion). Kazakhstan also demonstrates one of the largest increases in investment inflows in the Eurasian region since 2022 — 17%.

Uzbekistan has substantially increased its FDI stock, from \$6.5 billion in 2016 to \$10.2 billion by July 2024, with its share in the region’s total mutual FDI stock at 22.1%. Growth since 2022 has been 5%, and four investment projects have been launched in the last one and a half years, three of which, worth \$257 million, are implemented by Russian investors.

Azerbaijan has shown the highest growth rate among countries in the region since 2016, increasing its mutual FDI stock by a factor of 2.5, from \$2.3 billion in 2016 to \$5.8 billion by 2024. There are 20 investment projects underway and the average project cost is one of the highest in the region at \$264 million. The growth of mutual FDI in Azerbaijan has been fuelled by large investments in the Shah Deniz project, with some \$25 billion invested between 2012 and 2023. Lukoil increased its stake to 20% after a \$1.45 billion deal with Petronas in 2022, strengthening the country’s position in the energy sector.

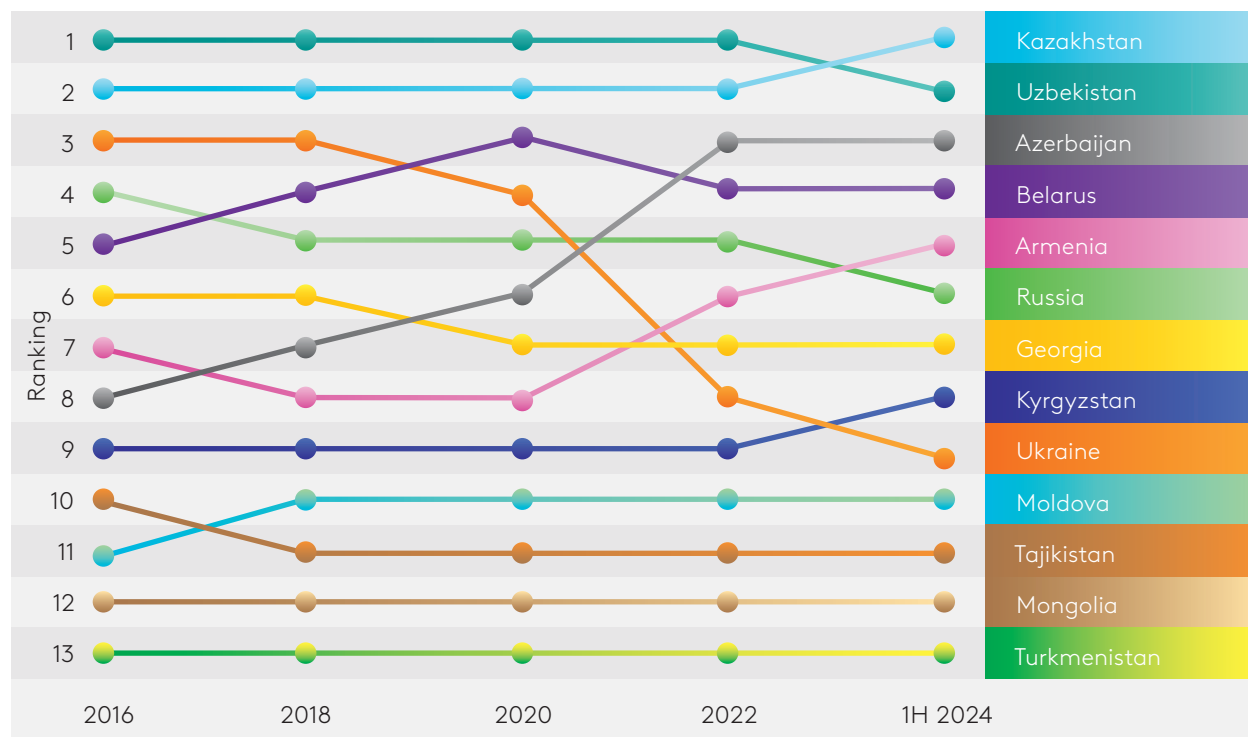
↓ Table 7. Mutual FDI Recipients in the Eurasian Region

Recipient country	Share, end of 1H 2024	FDI, \$ million, end of 1H 2024	Change between 2016 and 1H 2024	Change between 2022 and 1H 2024	Number of active projects, end of 1H 2024	Average cost per project, \$ million	Main investment recipient sectors	Share of main sector, end of 1H 2024
Kazakhstan	22.7%	10,445	84%	17%	89	96	Extractive industries (\$5.6 billion)	53%
Uzbekistan	22.1%	10,186.0	56%	5%	35	275	Extractive industries (\$4.8 billion)	46.8%
Azerbaijan	12.60%	5,814.8	By a factor of 2.5	8%	20	264	Extractive industries (\$5.2 billion)	89.5%
Belarus	9.73%	4,491.3	23%	-8%	55	75	Financial services (\$1.5 billion)	34.2%
Armenia	7.97%	3,680.4	34%	-4%	22	123	Power industry (\$1.2 billion)	32%
Russia	6.73%	3,105.2	-24%	-26%	54	35	Real estate (\$882 million)	28.4%
Georgia	6.19%	2,855.2	-4%	-3%	22	98	Transport and logistics (\$1.1 billion)	38.4%
Kyrgyzstan	4.77%	2,201.3	115%	18%	22	85	Extractive industries (\$652 million)	29.6%
Ukraine	3.92%	1,808.1	-60%	-4%	26	27	Telecommunications (\$975 million)	53.9%
Moldova	1.31%	602.9	27%	-5%	22	25	Trade (\$265 million)	43.9%
Tajikistan	1.14%	523.8	-24%	2%	9	44	Power industry (\$286 million)	54.6%
Mongolia	0.88%	407.0	226%	6%	6	68	Transport and logistics (\$407 million)	100%
Turkmenistan	0.01%	5.0	-17%	0%	1	3	Trade (\$5 million)	100%
Grand total	100%	46,126	33%	2%	383	90	-	-

Source: EDB MMI Database.

For the top three investment recipients – Kazakhstan, Uzbekistan, and Azerbaijan – the main sector is extractive industries. For Kazakhstan, the share of extractive industries in investments is 53%, for Uzbekistan it is 46.8%, and for Azerbaijan it is 89.5%. At the same time, the only investor in extractive industries for all countries is Russia.

↓ Figure 9. Changes in positions in the ranking of countries — importers of mutual investments



Source: EDB MMI Database.

Belarus remains one of the largest recipients of mutual FDI, despite its share in total investment flows having fallen from 10.5% to 9.7% (\$4.5 billion). The stock of mutual FDI has declined by 8% since 2022. The main reason for the decline was a reduction in investments in the land and pipeline transport sector, where the main investor is Gazprom, which invested in Gazprom Transgaz Belarus.

Armenia is strengthening its position with a 34% increase in mutual FDI, from \$2.7 billion in 2016 to \$3.7 billion in July 2024, highlighting its attractiveness to foreign investors.

Russia's investment stock has decreased relative to 2022 by about a quarter (26%), to \$3.1 billion. The main decline was in extractive industries, down 90% to \$234 million over a year and a half.

Countries with smaller investments, such as Kyrgyzstan, Moldova, and Tajikistan, show a relatively stable but low performance in attracting mutual FDI. It is also worth noting the absence of significant FDI inflows from the Eurasian region in Turkmenistan, where the indicators have remained at a minimum level.

Box 6. FDI inflows to Mongolia

Over the past five years, there has been a steady increase in FDI inflows to Mongolia. Between 2019 and 2023, this indicator increased by 35%, from \$22.6 billion to \$30.7 billion, according to the Central Bank of Mongolia. This rapid growth is attributed to increased investment in mining and quarrying, as this sector accounts for 75% of total FDI.

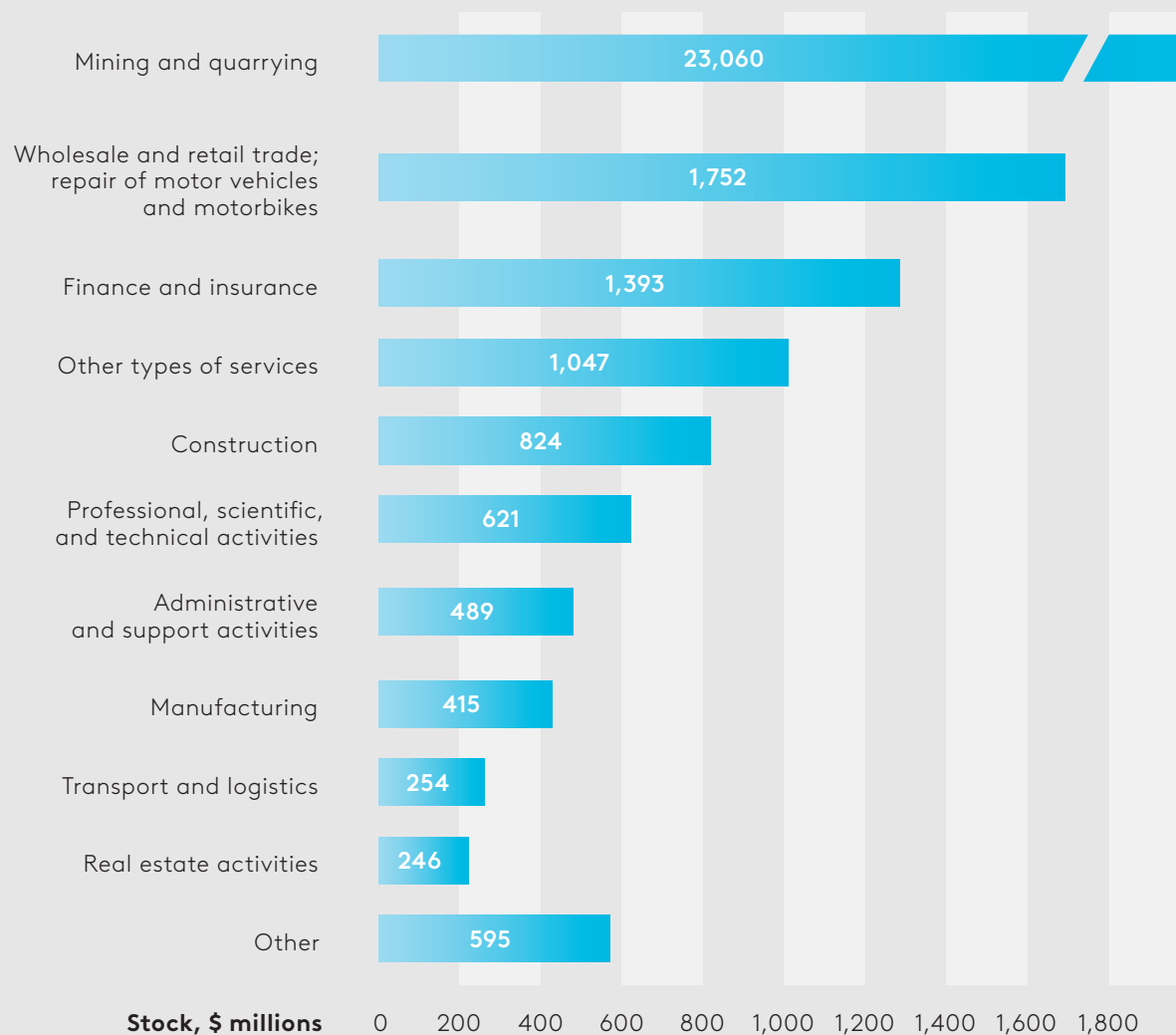
↓ Table 8. Gross FDI Inflows to Mongolia, 2019–2023, \$ million

Year	2019	2020	2021	2022	2023
FDI inflows to Mongolia	22,555.7	24,206.7	26,281.8	28,521.5	30,696.6

Source: Central Bank of Mongolia.

Major investors in Mongolia include the Netherlands (17.4% of total FDI), China (8.2%), Singapore (4.8%), the United Kingdom (4.6%), and Hong Kong (China) – 3.9%.

↓ Figure 10. Sectoral Structure of Mongolia's Gross FDI Inflows, \$ million



Source: Central Bank of Mongolia.

In Q1 2024, FDI inflows to Mongolia totalled \$885 million while outflows and loan repayments totalled \$401 million, resulting in net capital inflows of \$484 million. Compared to the same period of the previous year, FDI inflows increased by \$374 million.

According to the MMI Database, total FDI from the Eurasian region, in particular from Russia and Kazakhstan, to **Mongolia** reached \$407 million in 1H 2024. A total of six investment projects are underway, five of which are prospective, with the deals only closed no later than 2024.

One of the largest projects in Mongolia is an investment project of RZD, OJSC, which has managed 50% of shares of Ulaanbaatar Railway Bureau (UBTZ), a Russia-Mongolia JSC, in trust since December 2009. The total investment in the project is \$407 million. In 2012, RZD, OJSC, allocated \$125 million for the implementation of the project. The cost of the first phase of UBTZ's upgrading scheduled for 2020–2021 was estimated at \$260 million. However, if the first phase was planned in 2019, it is likely that there has been no significant investment in modernisation since 2012. In 2023, a further RUB 2 billion was additionally allocated to increase the charter capital.

3.3. Mutual Investments in the EAEU

The Eurasian Economic Union (EAEU) has seen significant growth in mutual FDI within the Eurasian region. According to the MMI Database, the mutual FDI stock in the EAEU countries increased by 37% between 2016 and 1H 2024, reaching \$23 billion. The share of mutual FDI of the EAEU countries in the total mutual FDI stock of the Eurasian region increased from 48% in 2016 to 50% by mid-2024.

Russia remains the largest investor among the EAEU countries, implementing the greatest number of projects (147) and showing a significant increase in the capital provided. Russian FDI increased by 59% by 2016, reaching \$19.8 billion by mid-2024. Within the EAEU, Russia has seen a significant reduction in the capital received – by 28% since 2016. Total capital received is \$2.7 billion, fourth among the EAEU countries after Kazakhstan, Belarus, and Armenia.

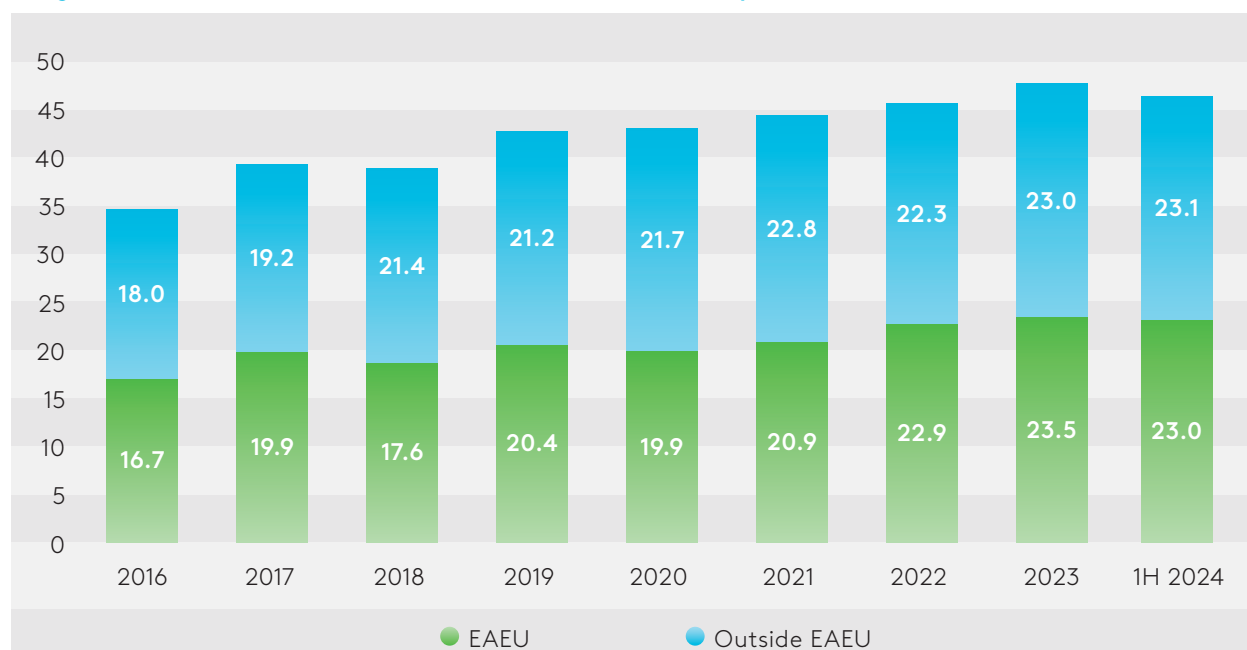
In contrast, **Kazakhstan** shows a 33% decrease in outbound mutual FDI but a significant (80%) increase in investments received, which has reached \$10.2 billion. Belarus also shows a 63% decline in outbound mutual FDI, while investments received are up 20% to \$4.24 billion.

↓ Table 9. Main Indicators of Mutual FDI between the EAEU Countries, \$ million

Recipient country	Share, end of 1H 2024		FDI, \$ million, end of 1H 2024		Change between 2016 and 1H 2024		Change between 2022 and 1H 2024		Number of active projects, end of 1H 2024	
	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows
Russia	86.0%	11.9%	19,750.8	2,730.0	59%	-28%	6%	-29%	147	36
Kazakhstan	7.8%	44.4%	1,789.8	10,196.4	-33%	80%	-52%	16%	16	79
Armenia	3.6%	16.0%	817.7	3,670.4	By a factor of 56	33%	By a factor of 20	-4%	5	20
Belarus	2.6%	18.5%	603.1	4,243.8	-63%	20%	28%	-9%	31	48
Kyrgyzstan	0.0%	9.2%	2.0	2,122.5	-	107%	0%	14%	1	17
Total	100.0%	100.0%	22,963.2	22,963.2	-36.8%	213.4%	-18.6%	-10.9%	200	200

Source: EDB MMI Database.

↓ Figure 11. Mutual FDI Stock of the EAEU Countries, 2016–July 2024, \$ billion



Source: EDB MMI Database.

Extractive industries accounted for the largest share of mutual investment (28.2%) as at the end of 1H 2024, despite a 24% decline in the mutual FDI value since 2022. This reflects the region’s heavy reliance on extractive industries, although investor interest has gradually shifted to other sectors over the past two years. Transport and logistics (14.9%) and financial services (13.4%) also play an important role in the investment mix, but both sectors show a slight decline compared to 2022 (by 5% and 4%, respectively), which can be attributed to economic challenges and global trends in these sectors.

↓ Table 10. Sectoral Structure of Mutual Investments of the EAEU Countries

Breakdown	Share, end of 1H 2024	FDI, \$ million, as at 1H 2024	Change between 2016 and 1H 2024	Change between 2022 and 1H 2024	Number of active projects
Extractive industries	28.2%	6,479	82%	-24%	28
Transport and logistics	14.9%	3,425	-11%	-5%	12
Financial services	13.4%	3,075	40%	-4%	21
Manufacturing	12.2%	2,800	-15%	35%	58
Other	10.1%	2,319	49%	44%	22
Trade	8.2%	1,882	73%	24%	31
Electricity and gas supply	6.9%	1,588	81%	16%	10
Agro-industrial complex	5.8%	1,341	By a factor of 3	32%	14
IT sector	0.2%	53	-	0.0%	4
Grand total	100%	22,963	37%	0.1%	200

Source: EDB MMI Database.

Manufacturing and trade have shown strong growth since 2022, increasing by 46% and 24%, respectively. Particular attention should be paid to the agro-industrial complex, which has seen the highest growth in investment since 2016 (by a factor of 3) and continues to grow steadily (by 32% since 2022).

3.4. Mutual Investments in the CIS

The share of mutual FDI of the CIS countries in the total mutual FDI stock of the Eurasian region increased from 76% in 2016 to 88.5% in 2024. In 2016, mutual FDI of CIS countries were \$27 billion, and by July 2024 they had already reached \$40.8 billion. The number of mutual FDI projects of CIS countries stood at 386 out of 512 in the Eurasian region as a whole.

The growth of mutual direct investments in the CIS was 3% compared to 2022 and one and a half times (51%) compared to 2016.

The main provider of capital within the CIS is Russia, with 89% of the total investment stock. The highest growth in capital provision in the CIS relative to 2022 was recorded for Armenia and Uzbekistan — by a factor of 20 to \$819 million and by a factor of 6 to \$167 million, respectively.

The volumes are more evenly distributed among the recipients of investment. Kazakhstan (25.5%), Uzbekistan (24.8%), Azerbaijan (14.2%), and Belarus (10.9%) are the main recipients of capital in the CIS, with their combined share exceeding 75% of the total mutual FDI stock in the CIS. Kyrgyzstan shows the highest growth of capital inflows in the CIS compared to 2022 — 18%, up to \$2.2 billion. Russia recorded the largest decline, of 26% (down to \$3.1 billion).

↓ Table 11. Main Indicators of Mutual FDI of CIS Countries, as at 1H 2024

CIS countries	Share		FDI, \$ million		Change between 2016 and 1H 2024		Change between 2022 and 1H 2024		Number of projects	
	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows
Russia	89.0%	7.6%	36,300	3,105	64%	-22%	5%	-26%	236	85
Kazakhstan	5.4%	25.5%	2,188	10,382	-25%	82%	-46%	17%	66	105
Armenia	2.0%	9.0%	819	3,670	By a factor of 55	33%	By a factor of 20	-4%	6	28
Azerbaijan	1.6%	14.2%	656	5,795	86%	156%	4%	8%	28	18
Belarus	1.6%	10.9%	656	4,441	-60%	23%	25%	-8%	40	58
Uzbekistan	0.4%	24.8%	167	10,123	By a factor of 42	55%	By a factor of 6	4%	8	36
Tajikistan	0.0%	1.3%	5	524	-	-24%	0%	2%	1	12
Kyrgyzstan	0.0%	5.4%	2	2,201	-	115%	0%	18%	1	26
Moldova	0.0%	1.4%	0	552	-	25%	-	-6%	0	18
Total	100%	100%	40,793	40,793	51%	51%	3%	3%	386	386

Source: EDB MMI Database.

3.5. Intra-regional Investments in Central Asia

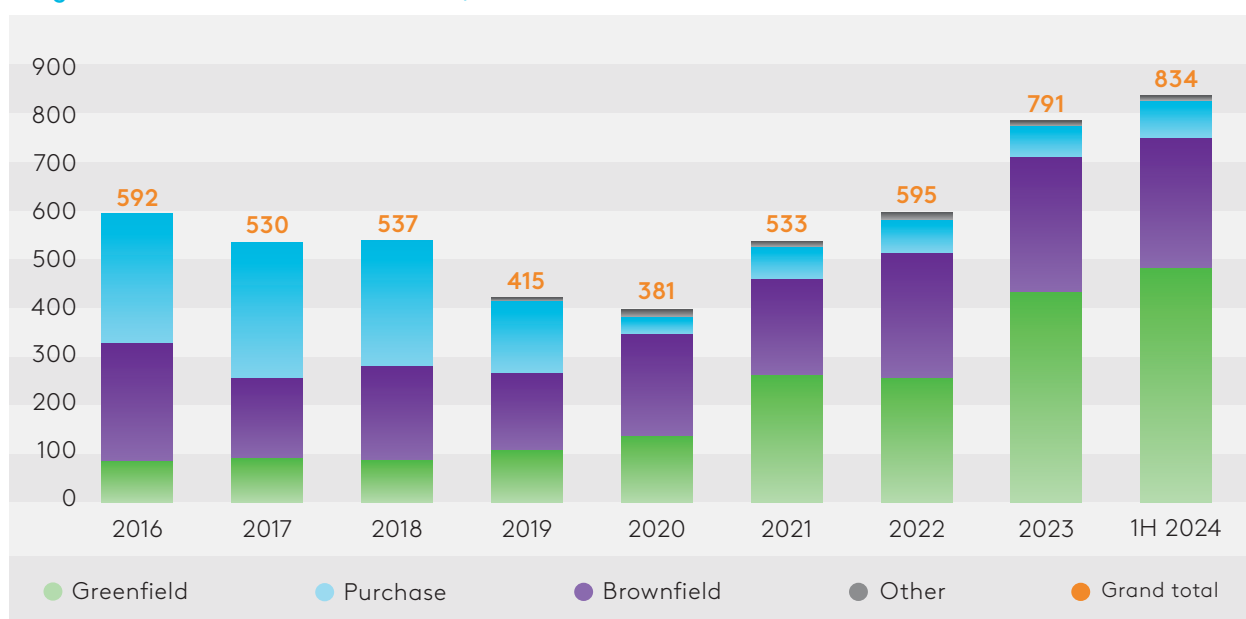
According to the EDB MMI Database, the stock of Intra-regional FDI in Central Asian countries amounts to \$834 million, having increased by 40% in the period under review between 2022 and 1H 2024.

Overall, Intra-regional FDI of Central Asian countries declined between 2016 and 2020. In particular, investment in real estate fell from \$240 million in 2016 to \$57 million in 2020 – by more than three-quarters.

The largest growth by form of investment was in greenfield projects, which have been the dominant form of FDI in the region since 2021. **Greenfield investments** were \$82 million in 2016 and rose to \$479 million in 1H 2024. In 1H 2024, 25 investment projects were underway, 17 of which were greenfield projects worth \$479 million.

At the same time, investments involving the acquisition of existing assets decreased significantly. They stood at \$273 million in 2016 and fell to \$72 million (a 73% decline) in 1H 2024. Brownfield investments show a 14% increase from \$236.8 in 2016 to \$271 million in 2024.

↓ Figure 12. Mutual FDI in Central Asia, \$ million



Source: EDB MMI Database.

Kazakhstan remained the leading capital provider in Central Asia throughout the period under review. The country’s investments were \$592 million in 2016 and grew by 13.3% to \$671 million in 1H 2024. Kazakhstan’s investors are implementing 18 investment projects out of 25 in the region. Kazakhstan’s share as an investor country is declining year on year, due to the greater investment activity of Uzbekistan. While Kazakhstan’s share of mutual FDI in Central Asia was almost 100% in 2018, it had fallen to 80.4% (\$671 million) by 1H 2024. Kazakhstan is much less active as a recipient of capital, attracting \$127 million.

↓ Table 12. Main Indicators of Mutual FDI in Central Asia, \$ million

Recipient country	Share, end of 1H 2024		FDI, \$ million, end of 1H 2024		Change between 2016 and 1H 2024		Change between 2022 and 1H 2024		Number of active projects, end of 1H 2024	
	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows
Kazakhstan	80.4%	15.2%	671	127	13%	–	17%	By a factor of 7	18	3
Kyrgyzstan	–	48.6%	–	406	–	–6%	–	23%	–	10
Tajikistan	–	2.6%	–	22	–	–11%	–	0%	–	4
Uzbekistan	19.6%	33.5%	164	280	–	108%	By a factor of 6.8	24%	7	8
Turkmenistan	–	–	–	–	–	45%	–	45%	–	–
Total	100%	100%	834	834	41%	41%	40%	40%	25	25

Source: EDB MMI Database.

Uzbekistan, in turn, has been an active provider of capital in Central Asia since 2018. While its investment was just \$1 million in 2018, it increased to \$164 million in 1H 2024. As a recipient of capital, Uzbekistan ranks second among Central Asian countries after Kyrgyzstan. The country also shows the most impressive growth in attracting FDI, which doubled from \$134.7 million in 2016 to \$280 million (33.5%) in 2024.

Kyrgyzstan is the leader in attracting regional FDI in Central Asia. Almost half (48.6%) of the capital raised in Central Asia went to this country, with investment stock totalling \$406 million in 1H 2024.

Tajikistan shows a gradual decline in its share of investment inflows within Central Asia, from 7.7% in 2020 to 2.6% (\$22 million) in 2024.

Financial services remain the largest sector for investment, accounting for 35% of total intra-regional FDI. Compared to 2022, investment in this sector has decreased by 2%, which may indicate the beginning of market stabilisation or saturation in the largest countries of the region.

The manufacturing sector shows significant growth, almost tripling since 2022 (from \$99 million to \$252 million) and accounting for 30.2% of total intra-regional FDI.

Despite their importance to the region's economy and budgets, extractive industries show no growth in investment. The situation is similar in the agro-industrial complex and metallurgy.

According to the EDB MMI Database, there are 25 investment projects under implementation in Central Asia, five of which were launched in 2023–2024. The stock of intra-regional FDI in new projects is \$157 million, of which \$104.7 million is investment from Uzbekistan and \$52.2 million from Kazakhstan.

Box 7. New Intra-Regional FDI Projects in Central Asia

1. Logistics Centre in Uzbekistan (PTC Holding, Kazakhstan): Kazakhstan-based PTC Holding is investing a total of \$300 million in the construction of a logistics centre in Tashkent Oblast. The project implementation is scheduled to continue until 2034, with the first phase of \$70 million to be completed in 2023–2026.
2. Solar farm in Kyrgyzstan (TGS-Energy, Kazakhstan): the project to build a 50 MW solar farm in Issyk-Kul Oblast is valued at \$34.3 million. The first phase of construction is expected to be completed in 2024.

3. Textile plant in Kyrgyzstan (Zelal Tekstil, Uzbekistan): Uzbekistan-based Zelal Tekstil is building a textile plant in Kara-Balta, Kyrgyzstan, with a total investment of \$5.7 million. The plant was commissioned in July 2024.
4. Motor vehicle assembly plant in Kazakhstan: completely knocked down assembly of Chevrolet Onix in Kostanai, Republic of Kazakhstan, with support from Uzavtosanoat, Republic of Uzbekistan. The investment is \$74 million.
5. Automobile plant for the assembly and production of passenger cars and commercial motor vehicles in Chui Oblast (Kyrgyzstan) with investment from Uzbekistan. The investment is \$25 million.

4. MAJOR MUTUAL INVESTMENT PROVIDERS IN THE REGION

4.1. Russia

Russia is the largest investor country in the Eurasian region. The FDI stock is \$38.3 billion, up 5% since 2022. Russia concentrates most of its active projects and investments in the EAEU countries (147 projects), where the FDI stock reaches almost \$20 billion. Kazakhstan is the key partner with the largest number of projects (74) and investment stock of \$10.1 billion, up 16% since 2022.

In terms of Eurasian region countries' investments in Russia, the total mutual FDI stock is \$3.1 billion, 26% less than in 2022. The main contributors to investments are the EAEU countries, especially Kazakhstan and Belarus, although Kazakhstan has shown the largest fall, by 58%. Investments from Belarus, on the contrary, have increased by 27%, indicating stronger business activity between Russia and Belarus.

Russia — Kazakhstan

Kazakhstan is the largest recipient of Russia's FDI in the Eurasian region. The total stock of mutual FDI in the Republic of Kazakhstan was \$10.14 billion as at the end of 1H 2024. Between 2022 and 1H 2024, the stock of Russia's FDI in Kazakhstan increased by 16% to \$10.1 billion. There are 74 Russian investment projects underway in Kazakhstan, 13 of which were launched in 2023–2024.

↓ Table 13. Russia's Top Five Investment Projects in Kazakhstan

Investor company	Recipient sector	Recipient facility	FDI stock, \$ million
Lukoil	Extraction of petroleum and natural gas	Karachaganak Petroleum Operating B.V.	2,178
Rosatom	Mining of metal ores	Stepnogorsk Mining and Chemical Combine, Budenovskoye uranium deposit	1,600
Eco-Culture	Crop and livestock production	Eurasia Greenhouse Complex	846
Igor Yakovlev	Retail trade	Sulpak store chain	700
Transneft	Pipeline transport	Caspian Pipeline Consortium (CPC-K)	470

Source: EDB MMI Database.

↓ Table 14. Number of Active Investment Projects and Stock of Mutual FDI between Russia and Eurasian Countries, 1H 2024

Countries	Projects implemented by Russia	FDI stock, \$ million, of Russia in Eurasian countries	Change in mutual FDI since 2022	Projects of Eurasian countries in Russia	FDI stock, \$ million, of Eurasian countries in Russia	Change in mutual FDI of Eurasian countries in Russia since 2022
Total	212	38,248	5%	54	3,105	-26%
EAEU	147	19,750		36	2,730.00	-29%
Kazakhstan	74	10,137	16%	9	1,415.70	-58%
Belarus	45	4,201	-8%	24	537.7	27%
Armenia	19	3,668	-4%	2	774.7	-
Kyrgyzstan	9	1,745	16%	1	2	2%
Other countries	65	18,498		18	375.2	0%
Uzbekistan	24	9,824	4%	1	2.8	-24%
Azerbaijan	11	5,765	8%	15	371.7	0%
Georgia	7	1,170	1%	0	-	-
Tajikistan	4	497	2%	0	-	-
Moldova	13	444	-8%	0	-	-
Mongolia	4	407	6%	2	0.7	-
Ukraine	2	391	-29%	0	-	-
Turkmenistan	-	-	-	0	-	-

Source: EDB MMI Database.

Box 8. Redomiciliation of Business to Kazakhstan

Between 2022 and 1H 2024, the following Russian companies completed their redomiciliation to the Republic of Kazakhstan:

- Plycom relocated its plywood production from Russia to West Kazakhstan Oblast in 2022. The project is worth approximately \$5.5 million. The facility became operational in 2023.
- Ural Motorcycles also decided to move its production to Kazakhstan. The company's assembly shop was set up in Petropavlovsk in 2022. The cost of the project relocation was \$1.3 million. The first motorbikes were produced as early as August 2022.
- Russia's Luidor, which specialises in the production of trucks, started construction of a plant in Kostanai Oblast in 2022. The project is worth \$7 million.

Russia — Uzbekistan

Uzbekistan is the second-largest recipient of Russian investments in the Eurasian region. Since 2016, the stock of Russia's FDI in Uzbekistan has increased by 54%, reaching \$9.8 billion in 1H 2024. There are 24 Russian investment projects underway in Uzbekistan, three of which were launched in the last year and a half. In 2024, FlySeeAgro plans to start the construction of a facility to produce unmanned aerial vehicles (UAVs) in Navoi Special Economic Zone. The total investment is estimated at \$80 million, with the expected implementation period of 2024–2028.

Russia — Belarus

As at the end of 1H 2024, the stock of Russia's FDI in Belarus totalled \$4.2 billion, up 20% since 2016. There are 45 Russian investment projects underway in Belarus, but the growth of new investments has been slowing down in recent years. In 2023–2024, only two investment projects worth \$31.1 million were launched, both by Technonikol. In 2023, the company invested in the acquisition of a regional distribution centre in Mogilev Oblast. The total amount of investment was about \$1.3 million. In the same year, Technonikol acquired a woodworking enterprise in Brest, previously owned by Lithuania-based VMG Group. The value of the transaction is estimated to be about \$29.9 million.

Russia — Armenia

Armenia is attracting significant amounts of Russian investment, with an increase of 35% between 2016 and 1H 2024. The stock of Russia's FDI in Armenia has reached \$3.7 billion. There are 19 ongoing Russian investment projects in Armenia.

Russia — Kyrgyzstan

The stock of Russia's FDI in Kyrgyzstan totalled \$1.8 billion in 1H 2024. There are 9 Russian investment projects underway in Kyrgyzstan, two of which were launched in the last year and a half. Kyrgyzstan is implementing one investment project in Russia worth \$2 million. Russia-based Unigreen Energy started the construction of a solar farm in Issyk-Kul Oblast, Kyrgyzstan, in 2024. The cost of the project is estimated at \$270–300 million, with commissioning scheduled for early 2025.

Russia — other countries of the Eurasian region

The total stock of Russia's mutual FDI in Azerbaijan, Ukraine, Tajikistan, Moldova, Turkmenistan, Georgia, and Mongolia is about \$8.6 billion, with Azerbaijan accounting for 66.5%. Russia's largest project is implemented by Lukoil — the project to develop the Shah Deniz gas-condensate field in Azerbaijan. The total stock of investments in the project is \$4.7 billion.

Box 9. Recent Projects Launched in Azerbaijan

In 2022, Russia-based **Abrau-Durso** acquired Sheki Sharab winery in the Shaki-Zagatala Economic Region of Azerbaijan. The company plans to expand the production capacity and improve the infrastructure of the facility to increase its output. Total investment in the development of the business is estimated at \$2.3 million.

In 2022, **Lukoil** closed a deal to acquire a 25% stake in the Shallow Water Absheron Peninsula (SWAP) geological exploration project from BP. The size of the deal was not disclosed, but Lukoil has committed to drill one exploration well at the field, which is valued at about \$3 million.

4.2. Kazakhstan

As a capital provider in the Eurasian region, Kazakhstan has 39 active projects, of which 16 are in the EAEU countries (\$1.8 billion), accounting for about 41% of the total. The largest number of projects are implemented in Russia (nine), Kyrgyzstan (seven projects worth \$374 million), and Uzbekistan (eight projects worth \$280 million).

In 1H 2024, the largest mutual FDI stock was in the transport and logistics sector, \$963 million, down 11.2% since 2022. Financial services posted 3.2% growth to \$808 million, illustrating the sustained interest in the development of the sector. The most notable decline was in extractive industries, with investments down 97% to just \$52 million.

↓ Table 15. Number of Active Investment Projects and Stock of Mutual FDI between Kazakhstan and Eurasian Countries, 1H 2024

Countries	Projects implemented by Kazakhstan	FDI stock of Kazakhstan in Eurasian countries	Change in mutual FDI since 2022	Projects of Eurasian countries in Kazakhstan	FDI stock of Eurasian countries in Kazakhstan	Change in mutual FDI of Eurasian countries in Kazakhstan since 2022
Total	39	2,624	-41%	89	10,470	17%
EAEU	16	1,790		79	10,198	
Russia	9	1,416	-58%	74	10,137	16%
Belarus	-	-	-100%	5	60	38%
Armenia	-	-	-	-	-	-
Kyrgyzstan	7	374	14%	-	-	-
Other countries	23	835	0	10	272	
Uzbekistan	8	280	24%	4	152	756%
Azerbaijan	2	8		3	57	0%
Georgia	4	407	14%	2	63	0%
Tajikistan	3	17	-	-	-	-
Moldova	1	94	2%	-	-	-
Mongolia	2	-	-	-	-	-
Ukraine	3	29	7%	1	1	0%
Turkmenistan	-	-	-	-	-	-

Source: EDB MMI Database.

Kazakhstan — Russia

Russia remains a key destination for investment from Kazakhstan, accounting for 54% of Kazakhstan's total FDI in the region. Over the period under review, the FDI stock fell by 36% to \$1.4 billion in 1H 2024 (\$2.2 billion in 2016).

↓ Table 16. Kazakhstan's Top Five Investment Projects in Russia

Investor company	Recipient sector	Recipient facility	FDI stock, \$ million
KazMunaiGas	Transport and logistics	CPC-R oil pipeline (Caspian Pipeline Consortium, Russian part)	587
Pioneer Capital Investment	Financial services	Asian-Pacific Bank	350
Verny Capital	Accommodation	The Ritz Carlton Hotel	300
Emdeu Group	Financial services	Ilyinskaya Hospital, JSC	65
KTZ	Transport and logistics	ULTC ERA, JSC	39.4

Source: EDB MMI Database.

Kazakhstan's Top Five Investment Projects in Russia

1. The national oil company — **KazMunaiGas** — is involved in the CPC-R, one of the largest oil transport projects in the region, ensuring exports of Kazakhstan's oil via Russia to European countries. Kazakhstan has invested more than \$587 million in the Russian part of the pipeline.
2. In financial services, a notable development was the purchase of Russia's Asian-Pacific Bank in 2021 by Kazakhstan's **Pioneer Capital Investment**. The deal was for \$188 million, and the bank's assets have grown significantly over the ensuing years, bringing its value to more than \$349 million by mid-2024.
3. In the hotel business segment, Bulat Utemuratov, a businessman from Kazakhstan, acquired the Ritz Carlton Hotel in Moscow through his company **Verny Capital** in 2011. The initial value of the deal was estimated at \$600–700 million, but against the backdrop of changes in economic activity and capital outflow of G7 countries from Russia, the current value of the hotel has decreased to \$300 million.
4. A significant project in the health sector was an investment by **Emdeu Group**, which acquired a 50% stake in Moscow's Ilyinskaya Hospital in 2017. The total investment in the project was approximately \$130 million, including funds to purchase the stake and continue construction and modernisation of the hospital complex.
5. Kazakhstan railway company — **NC KTZ, JSC** — acquired a 33% stake in Moscow-based logistics company OTLK ERA, JSC, in 2018. The investment of NC KTZ, JSC, has increased significantly, reaching \$39.43 million in 1H 2024.

Kazakhstan — Belarus

Kazakhstan as a capital provider implemented only one investment project in Belarus, which was sold in 2024. It is an investment by Kenes Rakishev, a businessman from Kazakhstan, in the financial sector of Belarus. In 2004, he acquired a stake in BTA Bank, CJSC, Belarus, and in 2024 the bank was sold to SNRG Capital Eurasia, LLP, Kazakhstan.

Kazakhstan — Kyrgyzstan

Kyrgyzstan is also an important partner for Kazakhstan's investors. In 1H 2024, investors from Kazakhstan were implementing seven projects worth \$374 million, representing 14% of Kazakhstan's total FDI in the region. The largest project is the Bozymchak copper and gold open-pit mine, developed by KAZ Minerals. Construction of the mine began in January 2010, but actual production did not start until 2014. Capital expenditure on the Bozymchak mine expansion was reported at approximately \$10 million in 2021.

Kazakhstan — Uzbekistan

In 1H 2024, Kazakhstan's FDI in Uzbekistan totalled \$280 million. There are eight Kazakhstan investment projects being implemented in Uzbekistan, only one of which was launched in the last year and a half.

Kazakhstan's major projects in Uzbekistan include investments by Halyk Bank of Kazakhstan, which fully owns the shares of Tenge Bank, JSCB, and began banking operations in 2019. In 1H 2024, the bank's equity reached \$110 million. Also noteworthy is the investment of Magnum Cash & Carry, LLP, Kazakhstan, which started operations in Uzbekistan in 2021, with FDI of \$70 million by mid-2024. In 2023, Magnum Cash & Carry, LLP, acquired a 100% stake in Majid Al Futtaim, LLC, Uzbekistan, the owner of the Carrefour supermarket chain in Uzbekistan.

Kazakhstan — other countries of the Eurasian region

Kazakhstan's total mutual FDI in Azerbaijan, Ukraine, Tajikistan, Moldova, and Georgia is about \$555 million, of which 73% is in Georgia. One of the largest projects is the acquisition of the Batumi oil terminal by Kazakhstan's Kaztransoil for \$220 million in 2008. In 1H 2024, Kaztransoil's FDI in this project was estimated at \$298 million, according to the EDB MMI.

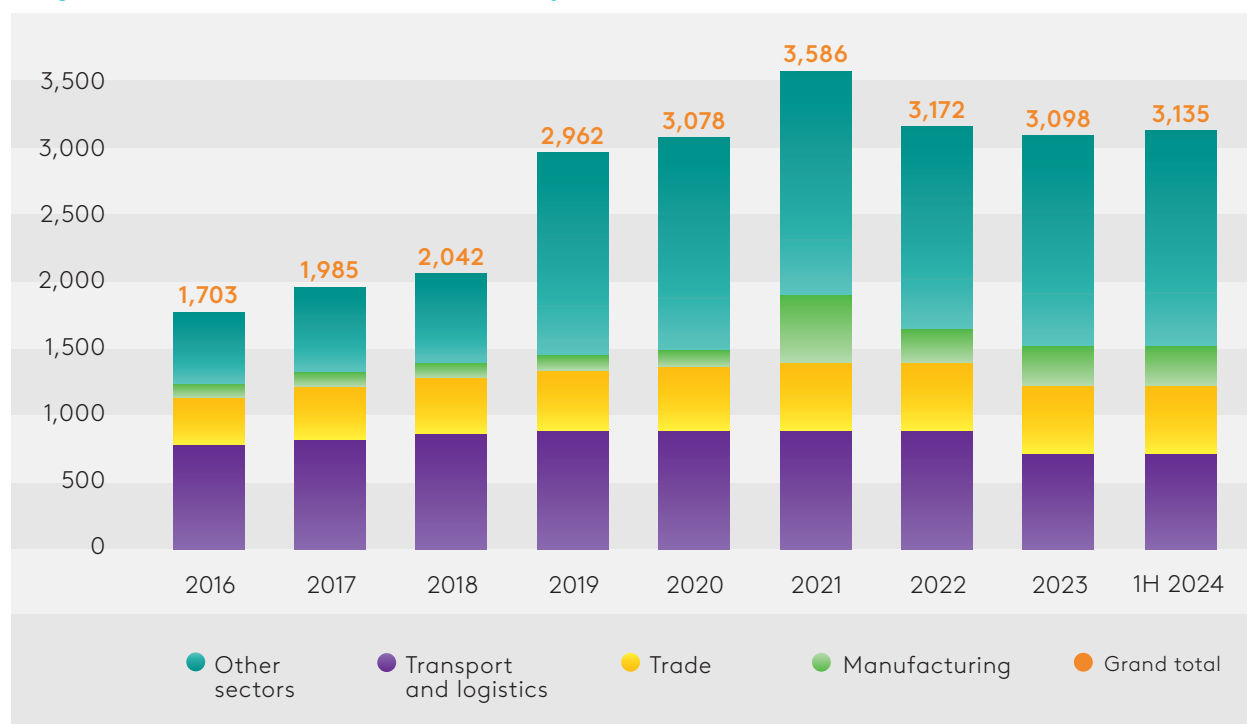
Another project of Kazakhstan in Georgia is the investment of Halyk Bank of Kazakhstan, which has been banking through Halyk Bank Georgia, JSC, since 2014. In 1H 2024, the bank's equity reached \$90 million.

4.3. Azerbaijan

Azerbaijan is the largest provider of capital after Russia. Azerbaijan’s total mutual FDI in the Eurasian region was \$3.1 billion in 1H 2024. Azerbaijan’s investments account for 6.8% of the total FDI in the region. The growth of Azerbaijan’s mutual investments since 2016 is estimated at 84%.

Georgia is the leader in attracting Azerbaijan’s investments but has seen a decline of 11.2% since 2022 — \$1.26 billion at the end of 1H 2024. Investments in Belarus and Kazakhstan remain at \$197 million and \$57 million, respectively, unchanged since 2022. There is significant growth in Kyrgyzstan, with investment reaching \$28 million. Ukraine remains one of the largest recipients of FDI from Azerbaijan (with investments up 8.24%) at \$1.22 billion.

↓ Figure 13. Total mutual FDI Stock of Azerbaijan, 2016–1H 2024, \$ million



Source: EDB MMI Database.

The EDB estimates that Azerbaijan is implementing more than 40 active investment projects in the Eurasian region. The largest of these is NEQSOL Holding’s deal with VF Ukraine, JSC, to buy 100% of its shares for \$734 million in 2019. In 1H 2024, Azerbaijan’s investment stock was \$584 million, according to company financial statements.

Azerbaijan’s SOCAR made a deal to acquire the Georgian oil terminal Kulevi. In 2006, the company acquired 51% of the terminal’s owner. The share increased to 75.51% in 2017 and to 91.8% in 2020. In 1H 2024, the investment stock stood at \$584.4 million.

In 2018, SOCAR invested about \$290 million in Socar Georgia Gas, LLP. In July 2019, SOCAR purchased \$8.4 million worth of pipelines and later that year purchased additional pipelines for \$2.2 million. However, payments for the acquisitions will not start until 2027 and will be made in equal instalments over the next 10 years.

In October 2023, a company from Azerbaijan started building a five-star hotel with a park on the shores of Lake Issyk-Kul in Kyrgyzstan. The project, which is being implemented on more than 17 hectares near the village of Kara Oy, is estimated at KGS 8–10 billion (more than \$112 million).

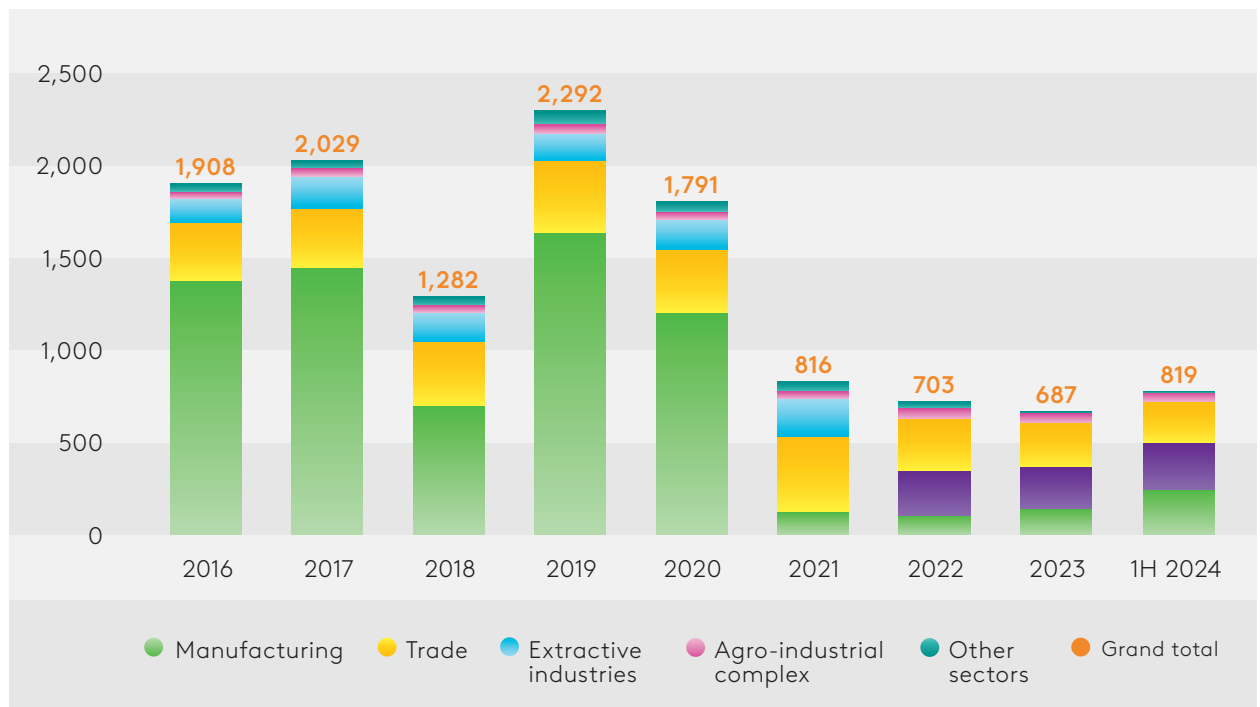
4.4. Belarus

Belarus’ total mutual FDI in the Eurasian region amounted to \$819 million in 1H 2024. The share of Belarus’ investments in the region’s total mutual FDI is 1.8%.

Russia remains the largest recipient of Belarus’ investments, having attracted \$538 million with 24 active projects, an increase of 27.2% compared to 2022.

Ukraine saw a decline in Belarus’ mutual FDI to \$157 million, down 9.2% since 2022. Kazakhstan, on the contrary, shows an increase in investments to \$60 million (up 39.5%). Investments in Azerbaijan and Moldova remain stable at \$17 million and \$14 million, respectively, and in Tajikistan and Kyrgyzstan at \$5 million and \$3 million, with no significant change since 2022.

↓ Figure 14. Total mutual FDI Stock of Belarus in Countries of the Eurasian Region, 2016–1H 2024, \$ billion



Source: EDB MMI Database.

According to the EDB MMI, Belarus is implementing 48 investment projects in the Eurasian region. The largest is the acquisition by Belarus-based Belorusneft of a 100% stake in Russia-based NK Yangpur, OJSC. In Q1 2024, the investment in the project totalled \$185 million.

Box 10. Belarus' Projects

Belarus is active in Kazakhstan, implementing five investment projects worth \$59.8 million. All projects involve agricultural engineering. For example, Minsk Tractor Plant (MTZ) is one of the key players, investing in several projects. In 2009, MTZ established Trading House Belarusian Tractor in Astana with total investments of about \$5 million, 65% of which are investments of MTZ itself. The Trading House was established to promote and sell Belarusian tractors in Kazakhstan's market.

4.5. Other Countries

Armenia's mutual FDI in the Eurasian region shows a positive trend. Mutual FDI increased from \$37 million to \$841 million in 1H 2024. The country has ten investment projects in the Eurasian region.

Georgia's investments in Eurasian region countries are growing. FDI increased from \$28 million in 2016 to \$199 million in 1H 2024. The country has nine investment projects in the Eurasian region. Georgia's biggest project was the entry of Georgian bank TBC to Uzbekistan's market in 2020. The investment stock is \$63 million.

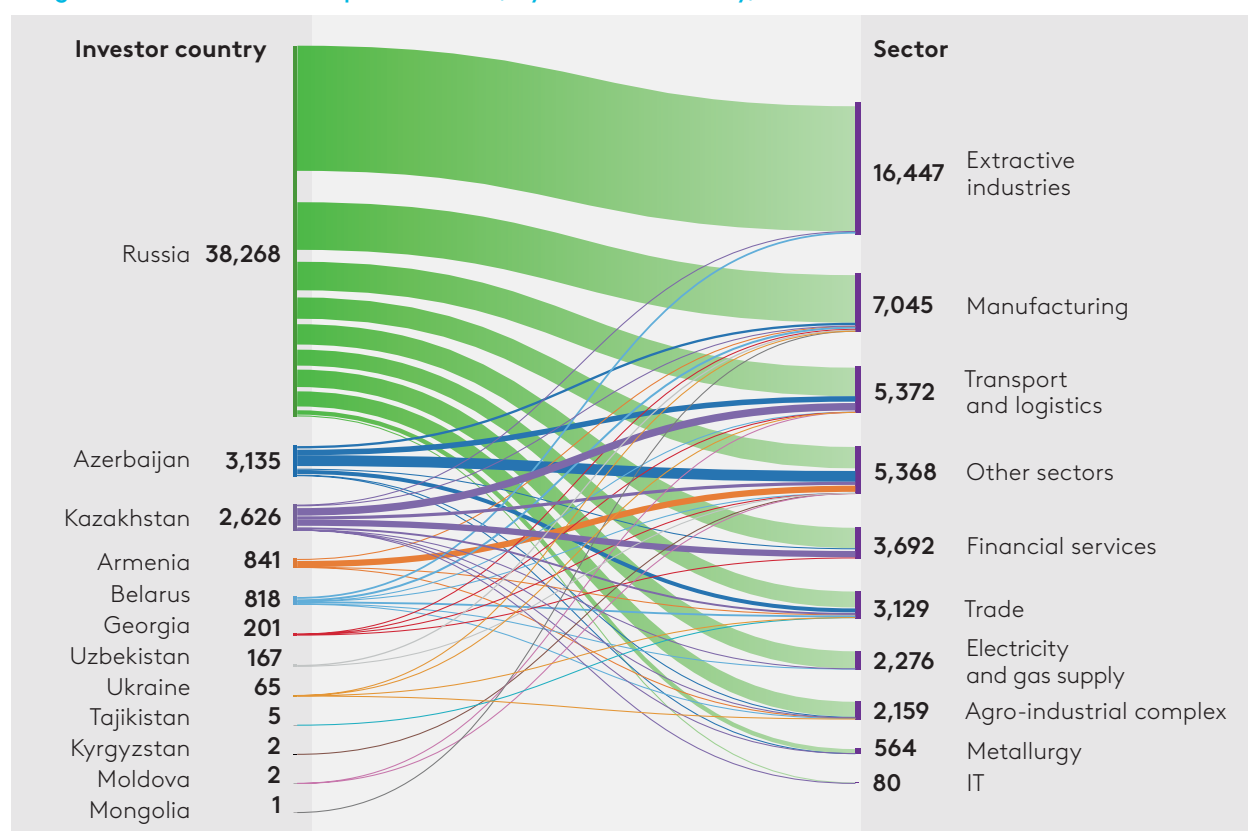
Uzbekistan's total mutual FDI in the Eurasian region was \$167 million in 1H 2024. The country has eight active investment projects in the Eurasian region. Uzbekistan's biggest project sees UzAuto Motors, JSC involved in full-cycle production of the Chevrolet Onix in Kazakhstan via completely knocked down assembly. Investment in the project totals \$74 million.

5. MUTUAL FDI SECTORAL STRUCTURE

5.1. Overall Sectoral Structure

Extractive industries remain the most significant target for mutual FDI with investment stock reaching \$16.4 billion in 1H 2024. In terms of total mutual FDI stock, extractive industries remain the dominant destination for investment, with their share rising from 29% in 2016 to 35.6% by July 2024. At the same time, the sector shows a 9% decline in investment stock since 2022 (from \$18 billion), mostly due to investors exiting metal ore mining projects (Polymetal International in Kazakhstani projects).

↓ Figure 15. Investment Recipient Sectors, by Investor Country, \$ million



Source: EDB MMI Database.

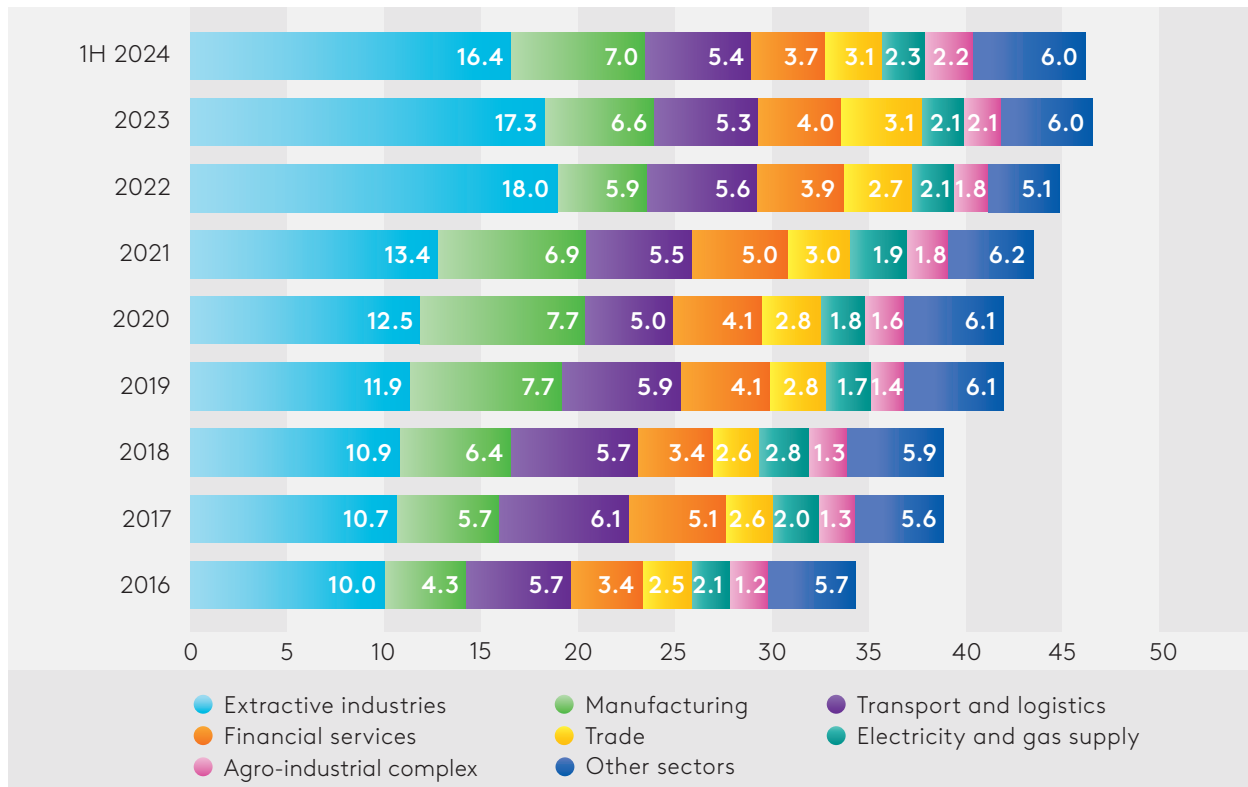
The share of **manufacturing** has increased markedly in total mutual FDI, from 12.2% in 2016 to 15.2% in 2024. Alongside this, the sector is showing 66% growth, with the FDI stock rising from \$4.3 billion to \$7.0 billion in 1H 2024.

Despite the relatively low mutual FDI stock, the **agro-industrial complex** is also showing growth, increasing by 80% from \$1.2 billion in 2016 to \$2.2 billion by 1H 2024 (with its share up from 3.5% to 4.7%).

In contrast, the share of the **transport sector** declined from 16.4% in 2016 to 11.6% in 2024.

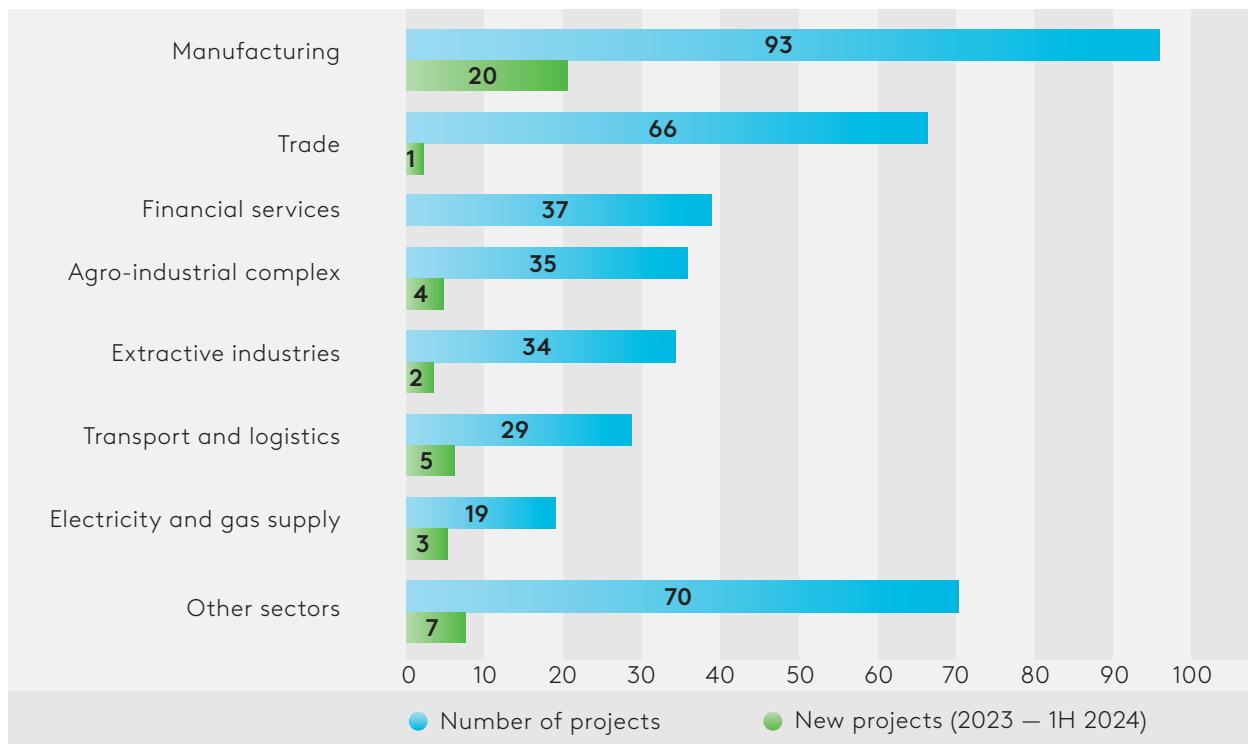
There was a moderate increase in mutual FDI inflows in **financial services and trade** to \$3.7 billion and \$3.1 billion, respectively.

↓ Figure 16. Mutual FDI Sectoral Structure, 2016–1H 2024, \$ billion



Source: EDB MMI Database.

↓ Figure 17. Number of Active Investment Projects, by Economic Sector



Note: "Other sectors" consist of projects in telecommunications, architecture and engineering design, technical testing, research and analysis, and real estate transactions.

Source: EDB MMI Database.

Manufacturing accounts for the largest number of projects. A total of 93 projects are being implemented in the sector, 72 of which are greenfields. This sector also attracted the highest number of projects (20) between 2023 and 1H 2024.

Trade is second in terms of the number of projects underway — 66, of which 45 are greenfields. There are 37 projects in the **financial services** sector, of which 15 are greenfields.

29 projects are underway in the **transport sector**, of which 16 are greenfields. **Extractive industries and the agro-industrial complex** also attract significant attention with 34 (14 greenfield) and 35 (16 greenfield) projects, respectively.

5.2. Extractive Industries

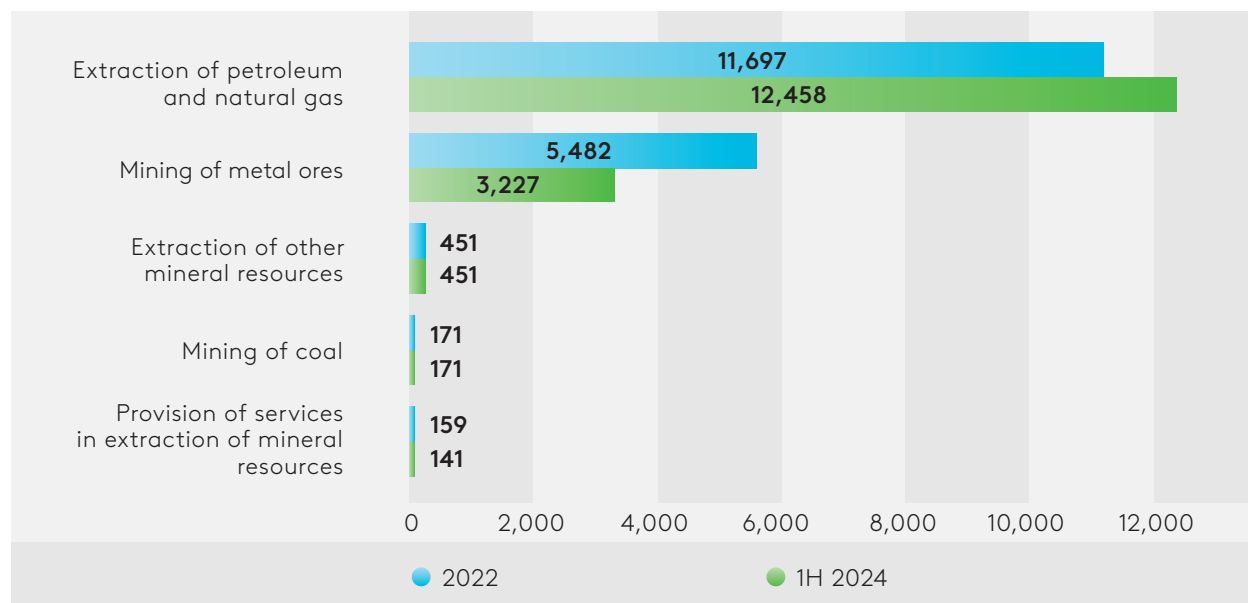
Between 2016 and July 2024, the stock of mutual FDI in extractive industries showed a steady increase, from \$10 billion to \$16.4 billion.

Extraction of petroleum and natural gas remains the leading industry, with investment reaching \$12.5 billion, up 6.5% since 2022. There are currently 14 investment projects underway, only one of which, implemented by Russia's Lukoil in Kazakhstan, was launched in 2023. The Company acquired a 50% stake in Kalamkas — Khazar Operating, LLP, for \$200 million. An additional bonus of \$100 million is also expected to be paid upon fulfilment of project conditions precedent. The company was established in February 2023 and well construction is scheduled to commence in 2026. According to preliminary data, the company plans to raise about \$6.5 billion in the future.

At the same time, **metal ore mining** shows a significant decline in investment, down 41% from \$5.5 billion in 2022 to \$3.2 billion in 1H 2024. There are 29 investment projects underway in the sector, two of which have been launched since the beginning of 2023.

The decrease in mutual FDI is attributable to operations involving the buying and selling of assets of KAZ Minerals, primarily the divestment by KAZ Minerals of Russia's Baimskaya Mining Company copper project, which was earlier purchased from Roman Abramovich for \$900 million. The asset was sold for \$200 million to Trianon Limited, an AIFC-registered company owned by Vladimir Kim and Oleg Novachuk. Trianon Limited subsequently sold the acquired stake, but details of the transaction were not disclosed. In addition, the withdrawal of controlling Russian shareholders from Polymetal, JSC, (see [Box 4](#)) contributed to the decline in mutual FDI.

↓ Figure 18. Extractive Industries, 2022–2024, \$ million

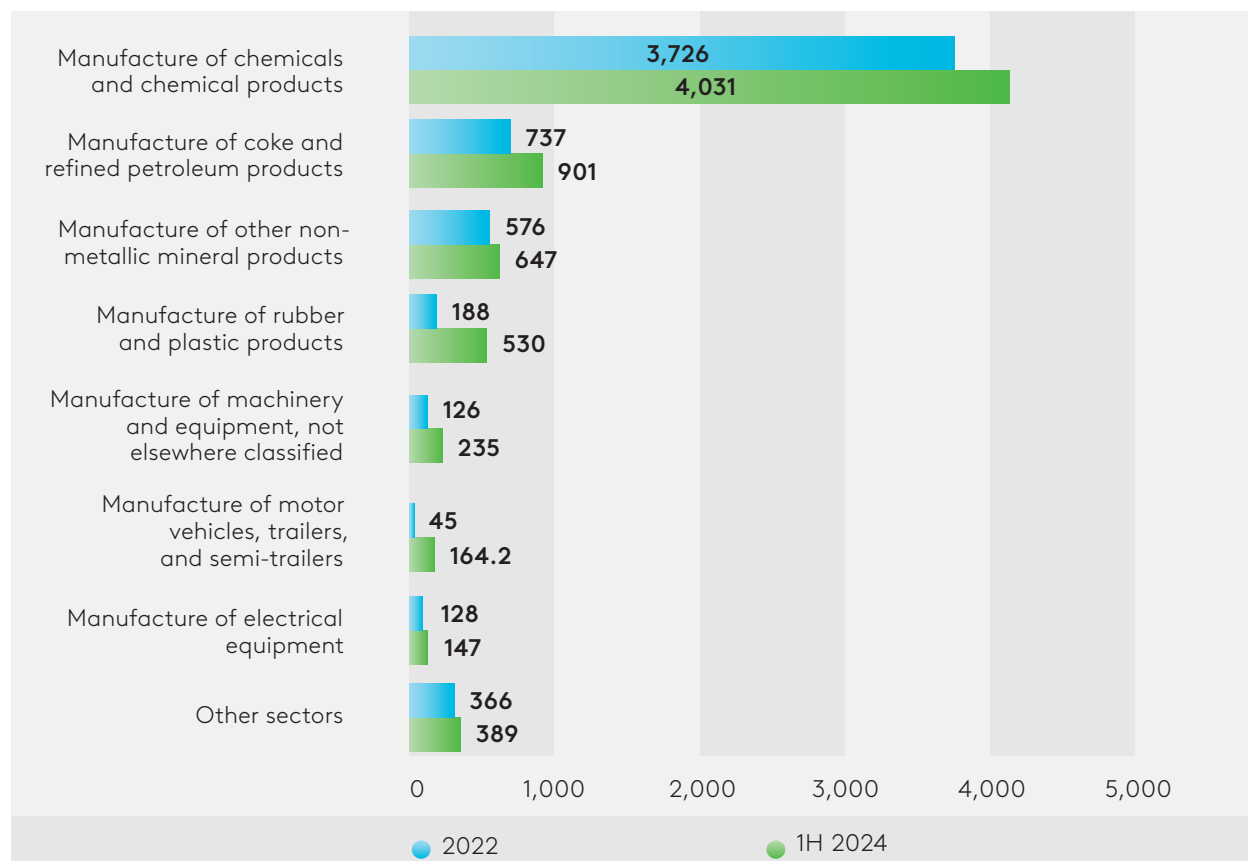


Source: EDB MMI Database.

5.3. Manufacturing

More than 57% of the mutual FDI stock in manufacturing is in **manufacture of chemicals and chemical products** — \$4 billion, up 8% since 2022. There are 14 projects underway in this sector, two of which were launched in the last one and a half years.

↓ Figure 19. Manufacturing, 2022–2024, \$ million



Source: EDB MMI Database.

The main investor in the sector is Lukoil,¹ which has invested about \$3.6 billion (51% of total investments in the sector). However, the company is implementing only four investment projects, including the following:

- AddiTech, LLC, a refinery in Vitebsk Oblast, Belarus, was established in 2006 as a joint venture between Lukoil and Naftan, OJSC, on a parity basis. In 2023, the total investment reached \$22.7 million.
- Lukoil Lubricants Central Asia, LLP, a lubricants production plant in Almaty Oblast, Kazakhstan, was completed in September 2019. The total investment in the project stood at \$94 million, fully financed from Lukoil's equity.

The **manufacture of motor vehicles, trailers, and semi-trailers** shows the most significant increase in investment – 3.6 times, from \$45 million in 2022 to \$164.2 million in 2024. This area has attracted 10 projects, of which two were launched in the last one and a half years.

Significant growth is also seen in the **production of rubber and plastic products**, where investment increased by 181% to \$530 million and eight investment projects are underway. Growth in the sector was driven by a major deal by Tatneft to acquire a tyre manufacturing plant in Uzbekistan. As part of the deal, closed at a business forum in Samarkand in December 2022, Tatneft acquired the tyre plant for \$80 million and assumed the plant's debts of \$153 million. The total investment in the project is \$233 million.

5.4. Transport

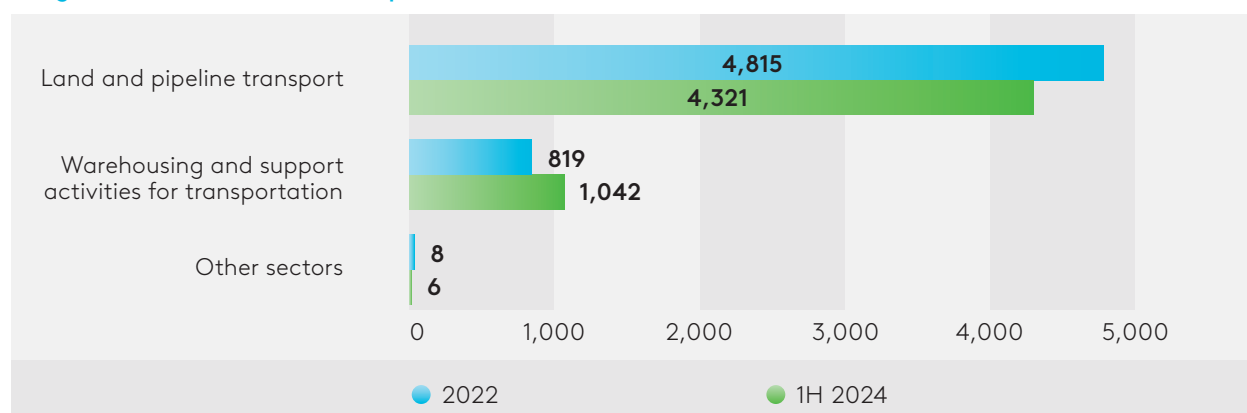
The transport and logistics sector plays a key role in the economy of the Eurasian region, especially in the context of its close ties with the petroleum and gas industry. A trend has emerged in recent years: the share of storage capacity has continued to grow while pipeline investment has declined, although the gap between the two remains significant.

By July 2024, the stock of investment in **land infrastructure and pipeline transport sector construction** had reached \$4.3 billion, down 10% from \$4.8 billion in 2022. There are currently 11 active investment projects in this industry, of which nine projects involve petroleum and gas transportation. The leading investor is Gazprom, which has invested a total of \$1.5 billion to acquire stakes in the charter capital of its subsidiaries in Armenia and Belarus.

The decline in mutual FDI in this sector can be attributed to several developments. First, in 2023, SOCAR sold 10% of its stake in the South Caucasus Pipeline. The stake was acquired by the company in 2004, and the investments in Georgia and Azerbaijan were allocated in proportion to the length of the pipeline – 36% to 64%. Second, since 2022, there has been a decline in KMG's investment in the Caspian Pipeline

Consortium (CPC-R) on Russian territory. As a result of the recalculation of the carrying value of Lukoil’s investments taking into account KMG’s share (Lukoil – 12.5%, KMG – 19%), capital investments decreased from \$742 million to \$587 million.

↓ Figure 20. Mutual FDI in Transport Industries, 2022–2024, \$ million



Source: EDB MMI Database.

Warehousing is the second most important area of investment in the transport sector. This segment accounts for \$1.0 billion, up 28% since 2022. The sector is implementing 16 investment projects, five of which were launched in 2023–2024. Investment growth in this sector was fuelled by the contribution of Ozon, Wildberries, and PTC Holding to the construction of logistics hubs.

Box 11. Investment Projects in Warehousing

- **PTC Holding’s** project to establish a logistics centre in Tashkent Oblast, Uzbekistan, aims to expand logistics infrastructure in Central Asia. The first phase of the project, which runs from 2023 to 2026, involves an investment of \$70 million, with a total planned investment of up to \$300 million by 2030. The project is financed from the company’s equity.
- **PTC Holding** is also implementing a project to build a port terminal in Poti, Georgia, with investments totalling \$10 million. The project is being implemented using the company’s equity and construction was completed at the end of 2023.
- **Ozon’s** project to build a logistics hub in Almaty, Kazakhstan, is part of the company’s strategy to expand its logistics network in Central Asia. Construction, which began in July 2023, involves an investment of \$33.3 million. The construction is expected to be completed in 2024.
- Similarly, **Wildberries’** project to establish a logistics centre in Almaty, Kazakhstan, was launched in July 2023 with a total investment of about \$100 million.

- **Techniconic Trade Network** acquired a 20,000 square metre warehouse facility in Belarus for its first own distribution centre in the country in 2023. The facility is located in Osipovichi, Mogilev Oblast.

5.5. Other Sectors

Investment in **financial services** decreased by 6% (to \$3.7 billion) by the end of 1H 2024 compared to 2022. The decrease was due to the withdrawal of some investors from projects — in particular, the withdrawal of Alfa Group from its subsidiary bank Alfa Group Ukraine due to the nationalisation of the bank by the Ministry of Finance of Ukraine. The total number of implemented projects is 29, one of the largest being the Ardshinbank project of Karen Safaryan, a private investor from Russia, who has been operating in Armenia since 2003. According to the bank's financial statements, the total mutual FDI stock reached \$474 million by 1H 2024.

↓ Table 17. Mutual FDI Stock in Other Sectors of the Economy, \$ million

Sector	FDI growth, 2022–1H 2024, \$ million	Increase in %	FDI stock, \$ million, end of 2022	FDI stock, \$ million, end of 1H 2024
Real estate transactions	775	298.1%	260	1,035
Retail trade	460	20.3%	2,265	2,725
Crop and livestock production	248	36.7%	675	923
Electricity supply	156	7.3%	2,119	2,275
Architecture	80	6.5%	1,240	1,320
Manufacture of food products	71	17.9%	397	468
Other	33	5.9%	558	591
Hotel business	27	5.6%	485	512
Manufacture of beverages	5	0.7%	763	768
Construction of buildings	-10	-4.1%	243	233
Wholesale trade	-16	-5.5%	289	273
Telecommunications	-56	-2.8%	1,997	1,941
Financial services	-220	-5.7%	3,855	3,635

Source: EDB MMI Database.

Retail trade showed significant growth in 1H 2024 compared to 2022, up 20% to \$2.7 billion with 35 projects. Igor Yakovlev's largest retail project in Kazakhstan involves Sulpak, a chain of home appliances and electronics stores. In 2010, Yakovlev acquired a controlling stake (51%) in the company and became sole owner by 2023, increasing his stake to 100%. The total investment in the network expansion was around \$700 million. The second-largest is Gazpromneft's project in Kyrgyzstan. Since 2014, the company has invested over \$397 million in the purchase and expansion of gas distribution infrastructure and petrol stations through its subsidiary Gazprom Kyrgyzstan.

The stock of mutual FDI in the **power industry** grew by 7%, with \$2.3 billion in investments and 19 projects.

At the same time, the **crop and livestock sector** also showed significant growth, up 37%, with investments increasing to \$923 million and 10 projects implemented. The largest project in this sector is a greenfield investment by Russia's Eco-Culture in the construction of a greenhouse complex in Turkestan Oblast, Kazakhstan. The total FDI was \$846 million in 1H 2024.

The **manufacture of food** increased by 18%, with investments of \$468 million.

A number of industries (**telecommunications, wholesale trade, insurance, and trade in motor vehicles**) show a slight decrease in investment. In particular, mutual FDI in the telecommunications sector fell by 3% to \$1.9 billion, while the insurance sector saw a more significant drop of 10% to \$46 million.

5.6. Green Projects

The number of green investment projects has been steadily increasing over the past few years. In 2016, the investment stock was \$323 million and has increased since then, reaching \$661.9 million by 1H 2024. The increase in investment between 2022 (from \$471 million) and 1H 2024 is 40.6%.

Green investment in the Eurasian region is still small (1.4% of the total FDI stock) and the industry has only eight projects underway, two of which were launched in the last year and a half.

- **Sangtuda HPP-1, Tajikistan.** The project is implemented with the participation of Rosatom and Inter RAO. Construction began in 2005 and the hydropower plant was commissioned in 2009. Rosatom's share in the project is 60.1%. The total capital cost to date is \$229 million and the project has been financed from equity.
- **Hevel solar farm, Kazakhstan.** The project started in 2019 and includes the construction of several solar farms such as Kushata and Shoktas. The total cost of the project is \$162.6 million. Financing is provided through a loan granted by the Eurasian Development Bank and from equity.

↓ Table 18. Green Projects in the Eurasian Region

Project name (recipient country)	Investor company	Form of FDI	Project start year	FDI stock (estimate), by 1H 2024
Sangtuda HPP-1 (Tajikistan)	Rosatom, Inter RAO (Russia)	Greenfield	2005	286
Solar farm of Hevel Kazakhstan, LLP (Kazakhstan)	Hevel (Russia)	Greenfield	2019	163
Solar farm (Kyrgyzstan)	Unigreen Energy (Russia)	Greenfield	2024	135
Kaz Wind Energy, LLP, wind power plant (Kazakhstan)	Unigreen Energy (Russia)	Brownfield	2022	37
Toru-Aigyr 2022 solar farm (Kyrgyzstan)	TGS-Energy Limited (Kazakhstan)	Greenfield	2023	26
Sevan-Hrazdan HPP Cascade (Armenia)	Tashir Group (Russia)	Purchase	2019	10
Batken HPP (Kyrgyzstan)	Rosatom (Russia)	Greenfield	2022	6
NPP (Mongolia)	Rosatom (Russia)	Greenfield	–	0

Source: EDB MMI Database.

- **Unigreen Energy solar farm, Kyrgyzstan.** The project was launched in 2024 and is scheduled for completion in 2025. The total construction cost is estimated at \$270 million, with \$135 million invested in 2024. Financing is provided from equity and debt.
- **Kaz Wind Energy wind power plant, Kazakhstan.** Russia-based company Unigreen Energy acquired a 70% stake in the project in 2022. The total cost of the project is about KZT 24 billion, equivalent to approximately \$36.6 million. It was commissioned at the end of 2023.
- **Toru-Aigyr 2022 solar farm, Kyrgyzstan.** The project is being implemented by TGS-Energy Limited, a Kazakhstan-based company. The 50 MW first phase is valued at \$34.3 million, of which 20% will be financed with the company's equity and the remainder with a bank loan. The project is expected to be completed in 2024.
- **Sevan-Hrazdan HPP Cascade, Armenia.** Tashir acquired the facility in 2019. The total value of the transaction is about RUB 172 million. A major overhaul of the cascade was announced in 2023, to be implemented in 2024–2033.

- **Leilek Small HPP, Batken Oblast, Kyrgyzstan.** The \$7.5 million project is being implemented with the participation of Rosatom. Construction began in 2022 and completion has been pushed back to 2024. The Russian-Kyrgyz Development Fund provided a \$5.6 million soft loan to support this project.
- **Nuclear power plant project, Mongolia.** At the end of 2023, a contract was signed between Rosatom and the Mongolian company Mon-Atom for the construction of a low-capacity NPP. There is currently no information on the start of construction or the size of the investment.

6. MEDIUM-TERM TRENDS

1. **Increase in the number of greenfield projects.** While this form of investment accounted for 56 new projects in 2013–2018, the number rose to 82 in 2019–2024. A record 21 greenfield projects were launched in 2023, accounting for almost 70% of all projects. Against the background of increased greenfield investment, other forms of FDI have become less popular with investors. Given the global trends of annual growth in greenfield project launches, this form of mutual FDI is expected to continue to grow in the Eurasian region.
2. **Manufacturing will be the most attractive for investment in the Eurasian region.** Between 2023 and 1H 2024, manufacturing accounted for 20 out of 43 new projects totalling \$855 million. The share of manufacturing in total FDI has increased significantly, from 13% in 2022 to 15.3% in 2024. The likely leaders in FDI growth are motor vehicle manufacturing, the chemical industry, and petroleum refining. These are the sectors that continue to attract significant investment and show steady growth.
3. **The agro-industrial sector will see further steady growth in the number of projects.** The agro-industrial complex has shown continuous annual growth since 2016, with an average annual growth rate of 6.7%, and has grown by 18% to \$2.2 billion in the last year and a half. Projects involving the manufacture of food and beverages in the EAEU countries will be particularly attractive for investment.
4. **Uzbekistan’s importance as an investor in the context of mutual investments among Central Asian countries is growing.** The intra-regional FDI stock of Uzbekistan as a capital provider increased from \$27 million in 2022 to \$164 million in 1H 2024. The growth in FDI was by a factor of 6.8 in one and a half years. Three of the seven ongoing projects were launched from early 2023 through 1H 2024.
5. **Central Asian countries will increase their share in investment inflows in the Eurasian region.** In Central Asian countries, the mutual FDI stock increased to \$23.4 billion (50.8% of the total) by the end of 1H 2024, up 11% from the 2022 level of \$21.1 billion (46.7%).

ANNEX.

RESEARCH METHODOLOGY

The Monitoring of Mutual Investments Database is an ongoing research project of the EDB. The database contains **detailed information** on the mutual FDI stock under investors' projects in the Eurasian region, including Russia, Azerbaijan, Kazakhstan, Armenia, Belarus, Georgia, Uzbekistan, Ukraine, Tajikistan, Turkmenistan, Kyrgyzstan, Moldova, and Mongolia.

The database pools a **wide range of open source information** from 2016 onwards and is built "from the bottom up" based on company reports and other primary information (company press releases and other sources).

The FDI stock is calculated **in dollar terms** at central (national) bank exchange rates as at the end of the reporting period ([Table 19](#)).

The database includes projects with an FDI stock of **more than \$1 million** as at the end of the reporting period. There is no rounding. Projects under \$1 million are not included in the database. There are no exceptions for any particular industry or country.

The FDI stock of non-financial companies **is valued at non-current assets** (where information is available). This valuation method recommended by the OECD and the IMF is particularly important for countries whose stock markets are not developed well enough to value the reinvestment of profits (or, on the contrary, the depreciation of past investments).

For banks and insurance companies, **equity capital** is the main measure of FDI valuation. If data are not available, information on **charter capital** is used, which may lead to an underestimation of FDI (the overall figures are not significantly affected).

In some cases, where possible and in line with OECD and IMF recommendations, the authors of the monitoring exercise assess the value of transactions based on **similar recent acquisitions** in the country/industry.

If the company discloses the real value, the **estimates are revised**. Information on announced FDI is often used by external analysts for long periods of time and is not relevant. Unlike the Financial Times Database and some other reputable sources, the EDB verifies historical information on announced FDI on an annual basis.

The EDB MMI Database uses the OKVED to describe the FDI **sectoral structure**. The Russian industry classification is almost fully aligned with international standards

used to describe sectoral affiliation of projects. The EDB MMI uses its sectoral codes down to the second digit.

The information presented in the database can be **sorted by numerous parameters**. In addition to the FDI stock for each year from 2016 onward and the sectoral affiliation of the project, the database includes the start year of the investment project (and the year when the investor withdrew from the project, if relevant), the country region (for smaller countries, the location of FDI in the capital city or in autonomous units is indicated), the role of state-owned capital, the classification of FDI forms, sources of financing, uses of funds, and other project details.

The following features are used in the database to describe the role of the state and third country transnational corporations in the **ownership structure of investor companies**:

- Companies with a sole owner who is a private investor — the share of national private investors in the ownership structure of the investor company is 100%.
- Companies with a sole owner who is the state — the share of the state is 100%.
- Companies with a controlling stake held by the state — the state has control, i.e. a stake of more than 50% in the company's capital (on the one hand, this allows us to record separately large companies that seek to distance themselves from the state, emphasising their status of open (public) joint stock companies, and on the other hand, it shows the presence of private co-investors in the company).
- Companies with a minority stake held by the state — the state has a direct investor interest but no absolute majority (i.e. 10.0–49.9% of shares or interest).
- Companies with a controlling stake held by a foreign investor — the company has a controlling investor from among transnational corporations from third countries (but this is not 100% control, otherwise, according to the EDB MMI Database rules, the actual investor is definitely outside the 12 post-Soviet countries under consideration), and this includes only actual foreign investors, not formal owners from offshore firms.
- Companies with a minority stake held by a foreign investor — a foreign transnational corporation has a direct investor interest but not an absolute majority (i.e. 10.0–49.9% of shares or interest).
- Combinations of state and foreign direct investor interests in the ownership structure. In particular, the state has control, but there are foreign companies among direct investors.

The **classification of FDI forms** is as follows:

- “Purchase” — no significant reinvestment, although asset revaluation is possible (based on depreciation of equipment, changes in the value of real properties, fluctuation of exchange rates, etc.).
- “Brownfield” — the original asset acquisition is supplemented with significant reinvestment in modernisation or territorial expansion, or with additional acquisitions of new blocks of shares or production facilities (consolidated into the company).
- “Greenfield” — investment in projects creating new assets from the very beginning. This could include, for example, the construction of infrastructure or a new industrial plant. Some greenfield projects are not expanded at later stages, but significant additional investments made in subsequent years are not uncommon.
- “Other” — all complex cases, for example, deals involving privatisation after the dissolution of the USSR where the asset was originally managed by a body from another Union republic.

From 2023 onward, project records in the EDB MMI Database also include information on the sources and uses of funds.

Information on the **sources of funds** makes it possible to determine the nature of project investments. The sources of funds are classified as follows:

- “Equity” — the company finances the project with available free cash flows.
- “Debt” — the investment project is financed with the proceeds of a loan or a credit line opened by a bank/another entity.
- “Budget” — the project is financed from the state budget (initiated by a ministry or another government body).
- “Other” — all types of financing not covered by the categories described above (gratuitous loan, grant, debt enforcement proceeds, etc.).
- “Not known” — the investor company does not disclose the source of funds, and it is not possible to determine it based on available information.

The **use of funds** describes the function of the investment, on what the project’s cash flows are spent. The following uses of funds are possible:

- “Construction and major repair of buildings and structures” — invested funds are used to finance the construction/repair of buildings (production facilities/residential units/offices, etc.).

- “Acquisition and overhaul of machines, equipment, and vehicles” — invested funds are used to finance the acquisition of new or upgrading of existing machines and equipment;
- “Acquisition of stakes” — invested funds are used to acquire a stake (100% or less) in the investment target (a natural resources deposit, joint stock company, other company, etc.);
- “Investment in charter capital” — invested funds are used for reinvestment/provision of additional capital/modernisation of an asset owned by the company (whether fully or partially);
- “Other” — invested funds are used for purposes not covered by the categories described above.

Multiple uses of funds have been indicated for certain projects, for example, in a situation where a company is purchased, and its profits are subsequently reinvested in the modernisation of production.

The data treatment relies on FDI analysis, excluding portfolio investment and investment by international financial institutions (IFIs). **IFI investments** are made at an intergovernmental level, making it impossible to trace the amount of investment from one country to another, and in most cases do not involve ownership of the project due to the debt form of financing.

FDI is a direct investment of cash, technology, and / or intellectual property in large quantities, usually enabling either the establishment of new production facilities or a significant expansion of existing production facilities and implying the **direct participation of the investor** in the management of the investment target. A minimum 10% stake in the project is required for inclusion in the database.

Portfolio investments are usually made at later project stages, when the bulk of funds is already invested, and the shares of the recipient companies are openly traded on the stock exchange. Inasmuch as portfolio investments do not require major capital expenditures, shares are often purchased by investors who are not seeking large stakes or management rights.

Foreign direct investments are, as a rule, of major importance for developing economies, as they involve the establishment and expansion of large-scale production facilities, technology transfer, and human capital development.

↓ Table 19. Exchange Rates for Investment Project Valuation, end of period

Exchange rates	2016	2017	2018	2019	2020	2021	2022	2023	2024*
USD/KZT	333.48	332.65	383.33	382.03	421.44	435.00	462.15	454.56	445.92
USD/RUB	61.27	57.61	69.83	61.99	74.41	74.65	69.90	90.36	92.48
USD/AZN	1.79	1.70	1.70	1.71	1.71	1.71	1.70	1.70	1.70
USD/AMD	483.92	484.08	485.25	478.00	519.50	479.00	392.00	403.79	392.28
USD/BYN	1.96	1.97	2.17	2.11	2.60	2.55	2.50	3.30	3.27
USD/KGS	69.56	69.00	69.85	69.51	83.50	84.80	85.68	89.09	89.47
USD/CNY	6.95	6.51	6.88	6.96	6.53	6.35	6.90	7.10	7.22
USD/TRY	3.53	3.79	5.29	5.94	7.43	13.32	18.69	29.48	32.44
USD/SAR	–	–	–	–	3.75	3.75	3.76	3.75	3.75
USD/UAH	27.10	27.93	27.53	23.68	28.30	27.25	36.90	38.05	38.95
USD/SOM	7.88	8.82	9.43	9.69	11.40	11.29	10.19	10.94	10.93
USD/MDL	19.92	17.10	17.04	17.15	17.11	17.75	19.13	17.30	17.58
USD/UZS	3,215.85	8,108.25	8,350.00	9,507.56	10,476.90	10,820.67	11,246.81	12,362.17	12,611.24
USD/EUR	0.92	0.95	0.87	0.89	0.82	0.88	0.93	0.91	0.93
USD/GEL	2.66	2.59	2.68	2.86	3.28	3.09	2.68	2.68	2.69

Note: * as of 31 March 2024.

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ABBREVIATIONS AND ACRONYMS

ASEAN	Association of Southeast Asian Nations
BP	British Petroleum, oil company
CA	Central Asia
CIS	Commonwealth of Independent States
CJSC	closed joint-stock company
CPC-K	Caspian Pipeline Consortium
EAEU	Eurasian Economic Union
EDB MMI	Eurasian Development Bank research project on monitoring mutual direct investments in the Eurasian region
FDI	foreign direct investment
FEADC	Far East and Arctic Development Corporation
GDP	gross domestic product
H	half-year
HHI	Herfindahl-Hirschman Index
HPP	hydroelectric power plant
IFIs	international financial institutions
IMF	International Monetary Fund
IT	information technology
JSC	joint-stock company
JV	joint venture
KMG	KazMunaiGas
LLC	limited liability company
LLP	limited liability partnership
MTZ	Minsk Tractor Plant
MW	megawatt
NPP	nuclear power plant
OECD	Organisation for Economic Cooperation and Development
OJSC	open joint stock company
OKVED	All-Russian Classification of Types of Economic Activity
UAV	unmanned aerial vehicle
UBTZ	Ulaanbaatar Railway Bureau
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
USSR	Union of Soviet Socialist Republics
y-o-y	year on year



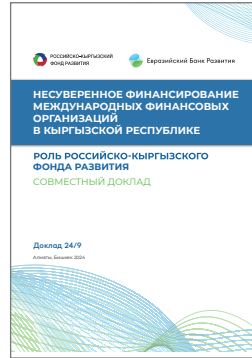
RESEARCH AT THE EDB WEBSITE



Macroeconomic Outlook (RU/EN)

Macroeconomic Outlook 2025–2027

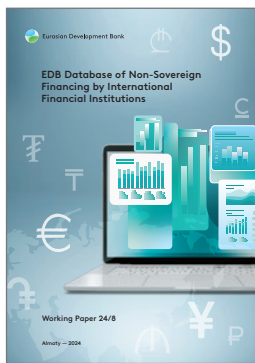
The Eurasian Development Bank (EDB) has published its Macroeconomic Outlook, summarising a preliminary overview of economic developments in the Bank’s member states in 2024, along with key macroeconomic projections for countries in the region for 2025, as well as for 2026 and 2027.



Report 24/9 (RU)

Non-sovereign financing of international financial organizations in the Kyrgyz Republic

The report contains a comprehensive analysis of non-sovereign financing operations by international financial institutions in the Kyrgyz Republic over the last decade.



Report 24/8 (RU/EN)

EDB Database of Non-Sovereign Financing by International Financial Institutions

Non-Sovereign Financing (NSF) Database is EDB’s new analytical project. The EDB Database is a dynamic tool for timely monitoring and analysis of non-sovereign operations of IFIs in the Eurasian region.



Report 24/7 (RU/EN)

Capital in Multilateral Development Banks

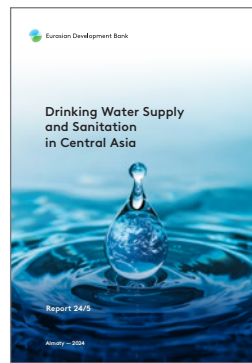
This paper covers the whole ‘MDB family’ of institutions but highlights regional and sub-regional MDBs because of their specifics of raising shareholders’ capital. The study discusses seven standard and novel options for increasing capital



Report 24/6 (RU/EN)

The Eurasian Transport Network

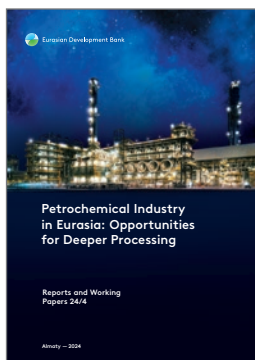
The report examines ten system elements of the Eurasian transport framework concept. Among them are the formation of a transport crossroads in Central Asia, priorities for intraregional transport connectivity, an impetus for realizing the agro-industrial potential of the countries of the region, and improvement of soft infrastructure.



Report 24/5 (RU/EN)

Drinking Water Supply and Sanitation in Central Asia

In Central Asia, 10 million people do not have access to safe drinking water. Given the priority importance of drinking water for public health and the scale of the challenges, a comprehensive approach is required in the region. A new EDB report presents a set of practical steps that shape such an approach.



Report 24/4 (RU/EN)

Petrochemical industry in Eurasia: Opportunities for Deeper Processing

The analytical report uses a balance approach to assess the production and export potential of the petrochemical complex of the Eurasian region (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Uzbekistan) in the perspective up to 2035.



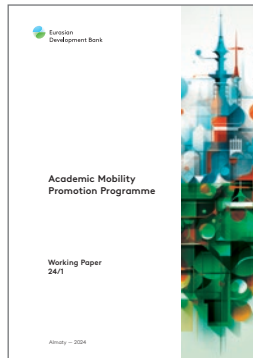
Report 24/3 (RU/EN)

Infrastructure in Eurasia: short-term and medium-term trends

The EDB’s report highlights ten important short- and medium-term investment and institutional trends in the region’s energy, transportation, logistics, water supply and telecommunications sectors.



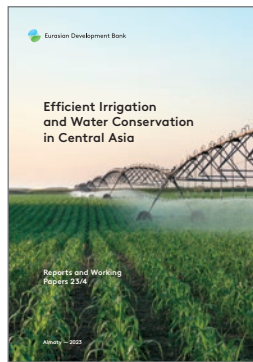
Report 24/2 (RU/EN)
Economic Cooperation in Eurasia: Practical Solutions
 The EDB's report "Economic Cooperation in Eurasia: Practical Solutions" contains a "menu" of pragmatic applied solutions that can be enabled relatively fast and with flexible configurations among participating countries aimed at fostering mutually beneficial economic cooperation among Eurasian countries.



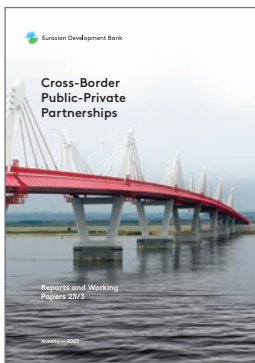
Report 24/1 (RU/EN)
EDB Monitoring of Mutual Investments — 2023
 Eurasian countries' FDI stock reached \$48.8 billion by mid-2023, following a 5.4% increase in 2022 and with continued growth in 2023.



Report 23/5 (RU/EN)
EDB Monitoring of Mutual Investments — 2023
 Eurasian countries' FDI stock reached \$48.8 billion by mid-2023, following a 5.4% increase in 2022 and with continued growth in 2023.



Report 23/4 (RU/EN)
Efficient Irrigation and Water Conservation in Central Asia
 A new EDB study outlines ten practical steps for preserving irrigated land potential and promoting water conservation. The list includes four recommendations for adoption at the regional level and six at the national level.



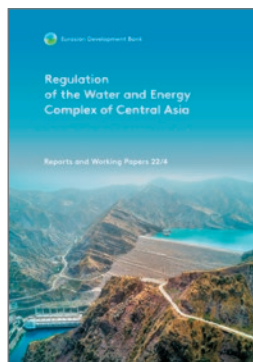
Report 23/3 (RU/EN)
Cross-Border Public-Private Partnerships
 The report outlines the criteria and scope of cross-border PPP projects, evaluates their potential for fostering cross-border infrastructure development in the EAEU, Central Asia, and the South Caucasus, and suggests guidelines for the successful implementation of cross-border PPPs in the region.



Report 23/2 (RU/EN)
Global Green Agenda in the Eurasian Region. Eurasian Region on the Global Green Agenda
 The report provides a comprehensive analysis of the challenges and prospects for low-carbon transition in Eurasia, covering EAEU countries, Tajikistan, and Uzbekistan.



Report 23/1 (RU/EN)
Food Security and Agro-Industrial Potential of the Eurasian Region
 Based on the balance approach, the report analyses the production, resource, and export potential of the agro-industrial complexes of the EAEU countries, Tajikistan, and Uzbekistan for the period until 2035.



Report 22/4 (RU/EN)
Regulation of the Water and Energy Complex of Central Asia
 The report scrutinises historical data and international experience to suggest five institutional solutions for effective regulation and development of Central Asia's water and energy complex that would benefit all countries of the region.



Eurasian Development Bank

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