Eurasian Development Bank

Mutual Investments on the Eurasian Continent: New and Traditional Partners

based on the EDB Monitoring of Mutual Investments

Report 25/1

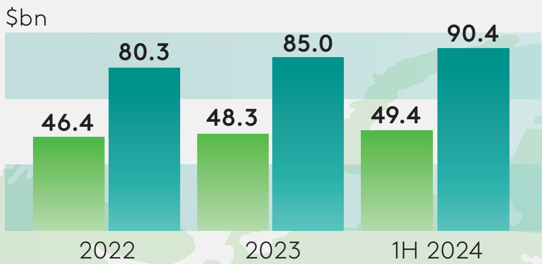
Almaty — 2025

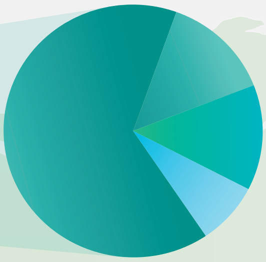
MUTUAL INVESTMENTS ON THE EURASIAN CONTINENT: NEW AND TRADITIONAL PARTNERS

KEY CONCLUSIONS

ANALYTICAL REPORT'25

Mutual investment stock between the Eurasian region* and external partner-countries**





China, Türkiye, UAE — key investors in the Eurasian region

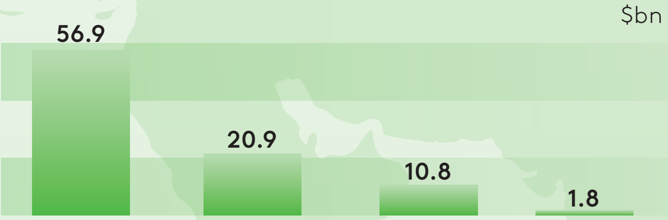
* Eurasian region — CIS countries, Ukraine, Georgia, Mongolia.
** External partner-countries — China, Türkiye, Iran, Gulf states.

GREENFIELD-PROJECTS ARE THE MOST COMMON FORM OF INVESTMENT IN THE EURASIAN REGION

63%
+1.0 p.p. vs 2022

Share of greenfield-projects in investment stock from China, Türkiye, Iran and Gulf states (as at end 1H 2024)

Structure of direct investment stock by forms of investments, as at end 1H 2024



INVESTMENTS FROM THE EURASIAN REGION (NET IMPORTER OF INVESTMENTS) ARE MAINLY DIRECTED TO THE ELECTRICITY SECTOR OF TÜRKIYE

81.4%
+1.2 p.p. vs 2022

Türkiye is the main recipient of investments from the Eurasian region; Iraq — 12% (as at end 1H 2024)

48.5%
+4.1 p.p. vs 2022

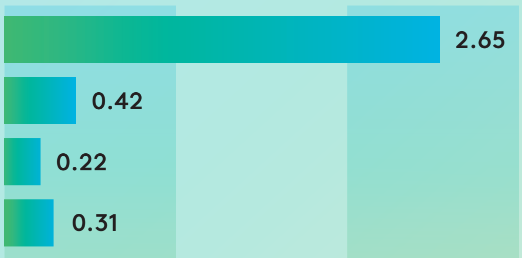
Electricity is the priority investment sector; manufacturing — 21%, extractive industries — 17% (as at end 1H 2024)

NEW AREAS OF CHINESE INVESTMENT IN THE REGION — MANUFACTURING AND ELECTRICITY SECTORS

3
$bn out of 3.6

The contribution of the manufacturing and add: sectors to the total increase in investment stock from China over the period 2022-1H 2024.

Main recipients of investment stock from China for the period 2022-1H 2024.



DIRECT INVESTMENTS FROM THE GULF COUNTRIES IS GROWING RAPIDLY. CENTRAL ASIA IS A PRIORITY

+50%
vs 2022

Increase in investment stock from the Gulf states (UAE, Saudi Arabia, Qatar) in the Eurasian region (as at end 1H 2024)

90%

The share of Central Asian countries in investments from the Gulf states (as at end 1H 2024)

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Electronic version of the analytical report

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The report contains detailed information on the scope, development, geography, and sectoral structure of mutual direct investments of the countries on the Eurasian continent in 1H 2024. The report focuses on investment cooperation of the countries of the Eurasian region with China, Türkiye, Iran, and the Gulf states.

The analysis relies on a database maintained by the EDB. The database is built "from the bottom up" and pools a wide range of open source information (corporate statements and other primary information). The project enables adequate reflection of investment channelled through offshore and other transshipment points, as well as reinvestment of profits earned abroad.

Keywords: foreign direct investments, mutual investments, investment stock, investment projects, Eurasian continent, Eurasian region, transnational corporations, FDI structure.

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

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

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

The latest macroeconomic analyses, infrastructure monitoring reports, and other expert opinions are published on a weekly basis on the Eurasian Development Bank Telegram channel: t.me/eabr_bank.

SUMMARY

Report Overview

The EDB Monitoring of Mutual Investments (EDB MMI) on the Eurasian Continent is a study of mutual investments of the countries of the Eurasian region (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) and major partners in Eurasia (China, Türkiye, Iran, and the Gulf states).

The report contains detailed information on the scope, development, geography, and sectoral structure of mutual direct investments.

The EDB MMI Database serves as the basis for study of mutual investments (Figure A). It contains detailed information on investment projects between 2016 and 1H 2024. The paper is relevant given the increasing importance of direct investments by China, Türkiye, Iran, and the Gulf states to the countries of the Eurasian region (particularly Central Asia).

↓ **Figure A. EDB Monitoring of Mutual Investments Database**

EDB MMI Database – intellectual property of the Bank

Unique methodology

- Investment data and the list of projects are updated on an annual basis
- Built "from the bottom up" and covers investments channelled through offshore areas
- Sources of information include corporate reports and other primary information

Level of detail

- Information on the scope, development, geography, and sectoral structure of mutual FDI
- Monitoring of a wide range of parameters (ownership structure of investor companies, form of FDI, source of financing, green projects, etc.).
- OKVED-based sectoral classification (to the second digit)

Broad coverage

- Monitoring of mutual investments of Eurasian region countries with China, Türkiye, Iran, and the Gulf states
- 350+ active investment projects
- Significant regional projects worth $1 million or more

Benefits

- Supplements investment statistics of central (national) banks
- Applied analysis tool. Identification of investment trends
- Advantage for business decision-making

Source: EDB.

China, Türkiye, and the UAE are the largest investor countries in the Eurasian region.

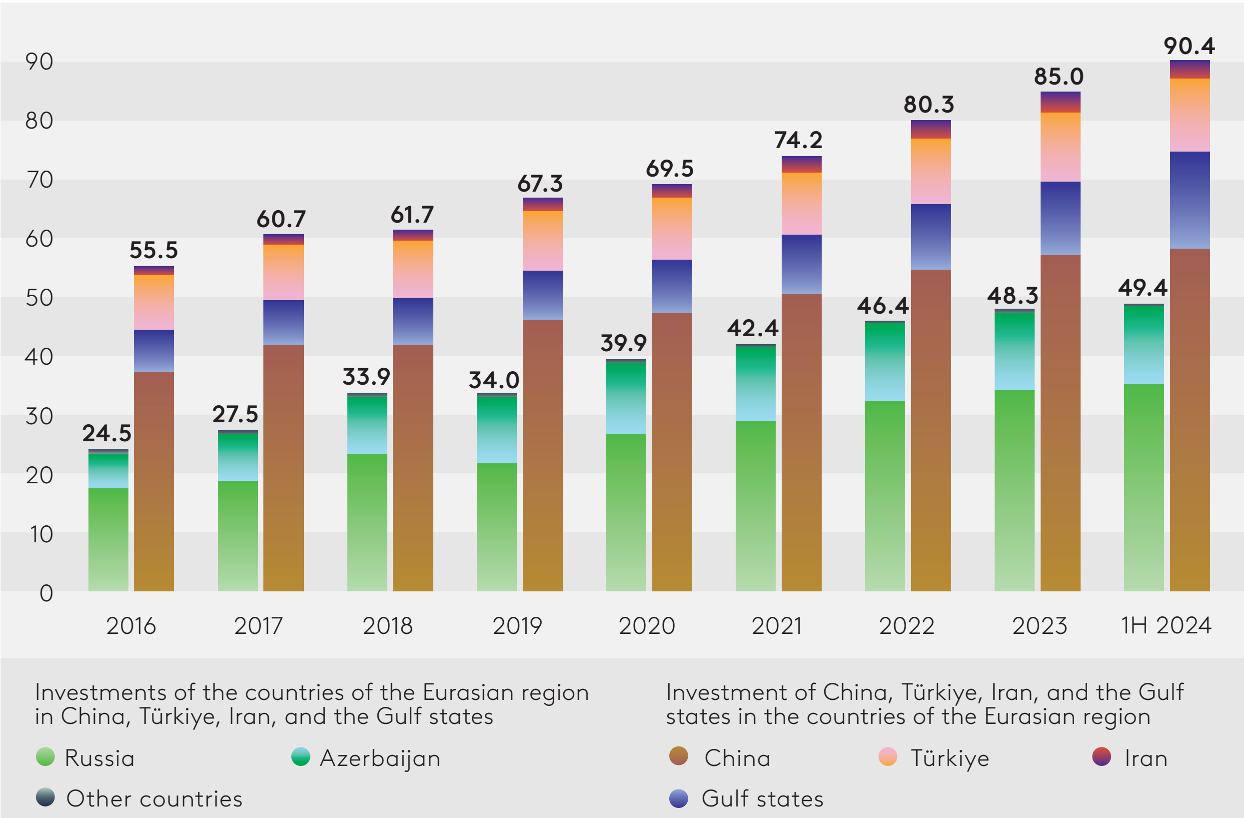
According to the EDB MMI, the total stock of direct investments from China, Türkiye, Iran, and the Gulf states (hereinafter referred to as external partner countries) in the countries of the Eurasian region amounted to $90.4 billion at the end of 1H 2024, up 6.4% since 2023 (Figure B). The main growth driver was the implementation of major electricity generation projects in Uzbekistan with investors from the Gulf states.

The leading exporters of investments to the Eurasian region are China — $58.6 billion (64.8% of the total), Türkiye — $12.3 billion (13.6%), and the UAE — $12.2 billion (13.5%) — together accounting for 92% of the total investment stock.

The main recipients of these investments in the Eurasian region are Russia ($23.5 billion, or 26% of the total), Turkmenistan ($17.5 billion, 12.5%), Kazakhstan ($15.5 billion, 11.1%), Mongolia ($10.3 billion, 7.4%), and Uzbekistan ($8.8 billion, 6.3%).

Central Asian countries accounted for more than half (51%) of the total investment stock from external partner countries in the Eurasian region at the end of 1H 2024. The share grew by 5 p.p. in a year and a half. The stock of mobilised investments increased by 25% over the period to $46.2 billion.

↓ Figure B. Stock of Direct Investments between the Eurasian Region and External Partner Countries (China, Türkiye, Iran, and the Gulf states), $ billions



Source: EDB MMI Database.

The stock of direct investments from the Eurasian region in the partner countries totalled $49.4 billion at the end of 1H 2024.

China is ramping up direct investments in the Eurasian region, particularly in electricity generation and manufacturing.

China has shown continued annual growth in investment stock in the Eurasian region. Investments increased by 56% between 2016 and 1H 2024.

Extractive industries are the most significant target area for China's investments, worth $36.2 billion at the end of 1H 2024. Growth has slowed significantly since 2020. The sector's share has decreased by 7.7 p.p. — from 69.4% in 2020 to 61.7% at the end of 1H 2024. At the same time, the drivers of investment growth from China were electricity generation and manufacturing.

China's investments in electricity generation are growing rapidly, up by a factor of 2.1 to $4.1 billion since 2022. The sector's share grew from 3.6% in 2022 to 6.9% at the end of 1H 2024. Most electricity generation projects (85%) worth $1.8 billion were implemented in Uzbekistan. These include the construction of solar and hydroelectric power plants.

Manufacturing also showed growth, up 8.1% or $0.9 billion to $11.8 billion since 2022. Central Asian countries accounted for almost the entire volume of China's investments in new projects over a year and a half (97%, or $1.1 billion). These include an automobile plant in Uzbekistan, a clinker plant in Kyrgyzstan, a porcelain stoneware plant in Kazakhstan, etc.

The Gulf states show faster growth in direct investments in the Eurasian region, with a focus on Central Asia.

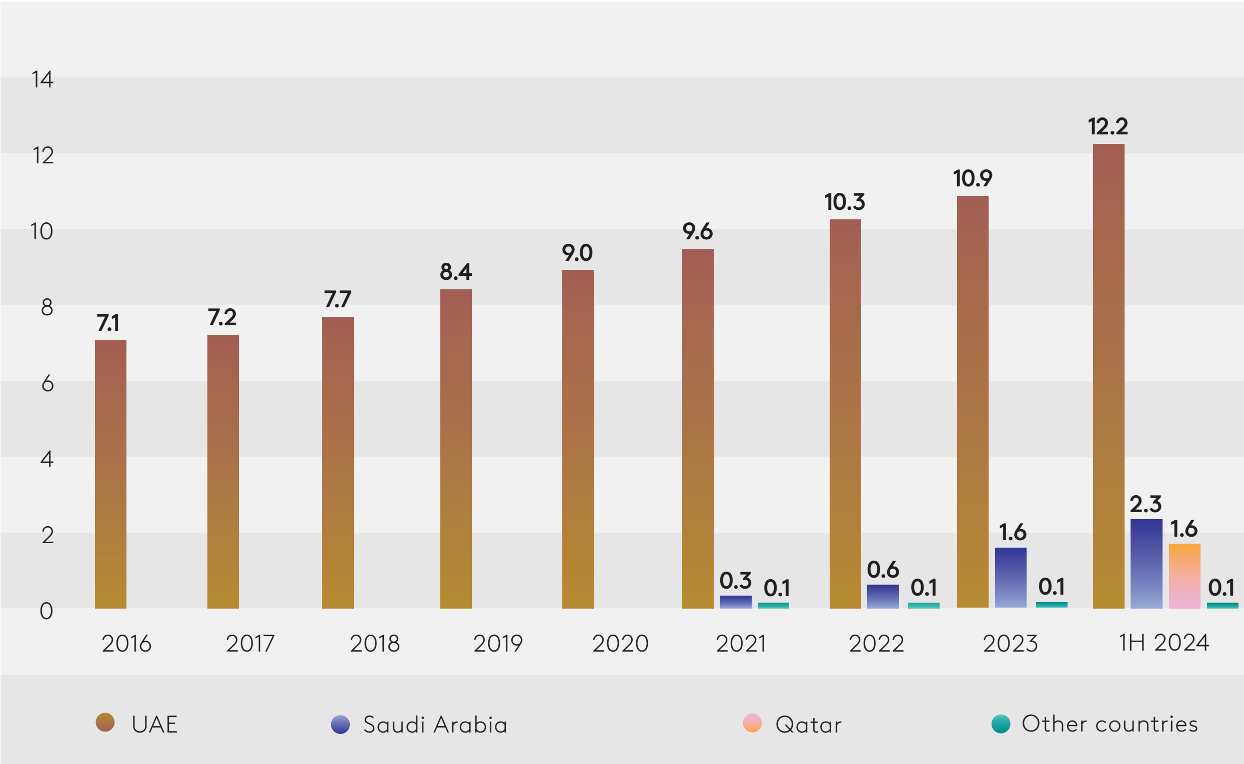
The UAE is the investor country with the longest history and largest stock of capital investment in the Eurasian region. The investment stock grew by 71% between 2016 and 1H 2024 to $12.2 billion. Over the past year and a half, the growth has been 18.4% (Figure C).

The main market for the UAE is Central Asia. Since 2016, the Central Asian countries have accounted for more than 90% of the UAE's investments in the Eurasian region. The bulk of the UAE's investments in the region (65.6%) is in extractive industries, driven by a major project to develop and produce oil from fields in Turkmenistan. Electricity generation accounts for 17.2% ($2.1 billion) of the UAE's total investment stock in the region — five of the sector's nine projects are aimed to build power plants in Uzbekistan, with investments in three projects of $500 million or more. UAE investors are active in the construction sector — the share was 15.6% ($1.9 billion) at the end of 1H 2024, with major projects including a mixed-use development in Astana (Kazakhstan) and a hotel in Tbilisi (Georgia).

Saudi Arabia and Qatar are new investor countries. Saudi Arabia's first investment of $0.3 billion was made in the Eurasian region in 2021. By the end of 1H 2024, the investment stock had grown by a factor of 7.3 to $2.3 billion. Saudi Arabia's investments in the region target electricity generation — projects worth $2 billion in Uzbekistan.

Qatar's first deals in the Eurasian region were recorded in 2024 — $1.6 billion by the end of 1H 2024. Telecommunications accounted for 90% of the total value in 1H 2024.

↓ **Figure C. Trends in Gulf States' Direct Investment Stock in the Eurasian Region, $ billions**



Source: EDB MMI Database.

Extractive industries are a key target of investments by external partners in the Eurasian region.

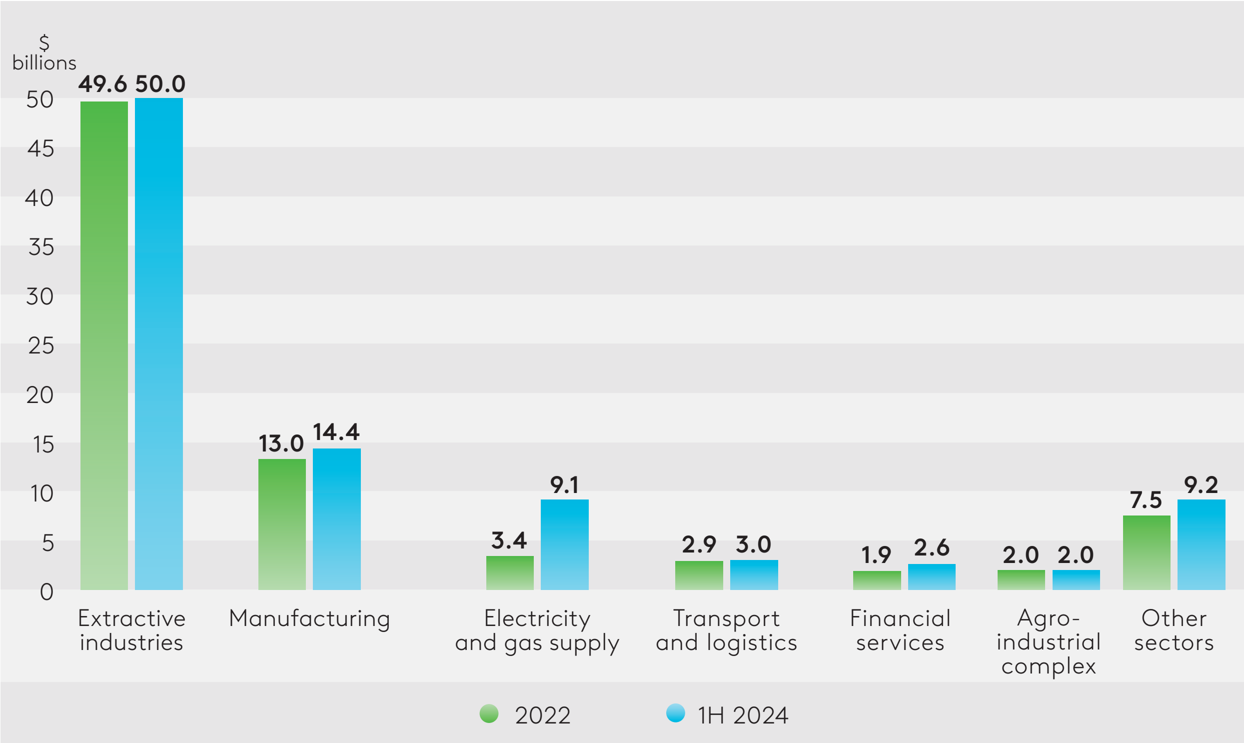
Extractive industries accounted for 55% of the investment stock, or $50 billion at the end of 1H 2024 (Figure D). New investment flows into the sector have slowed in recent years, leading to a decline in its share of total investment from 62% in 2022 to 55% in H1 2024.

Manufacturing had attracted $14.4 billion of investments by 1H 2024, accounting for 16% of the investment mix. This sector features the highest number of new investment deals since 2022, with 22 projects worth $1.5 billion.

Electricity generation is the third most important industry with $9.1 billion in investment stock and a 10.1% share at the end of 1H 2024. The sector showed the fastest growth between 2022 and 1H 2024 — by a factor of 2.7 (16 new projects worth $4.5 billion).

Transport and logistics, financial services, and the agro-industrial complex account for an average of 2–4% of the total investment stock.

↓ **Figure D. Sectoral Structure of Direct Investment Stock from China, Türkiye, Iran, and Gulf States in the Eurasian Region, $ billions**



Source: EDB MMI Database.

Greenfield projects are the most attractive investment opportunities for external partners in the countries of the Eurasian region.

Greenfield projects were worth $57 billion at the end of 1H 2024. This indicator rose 91% since 2016, while total investments increased by 63%. This momentum has pushed the share of greenfield projects in the investment mix up by 9.5 p.p. — from 53.5% to 63% over the same period.

Factors supporting the growth of greenfield projects include:

- Sustainable economic growth in the Central Asian countries, creation of new production facilities attractive to foreign investors;
- The dominant share of extractive industries, manufacturing, and electricity generation in the investment stock. They account for 78% of all greenfield projects in the Eurasian region.
- Active inflow of investments from the Gulf states focusing on the creation of new enterprises;

- Declining appeal of such forms of investment as asset acquisition. The average annual growth rate of investments through asset acquisition was 4.5% compared with 2016, and that through greenfield projects was 8.4%.

The Eurasian region is a net importer of mutual investments.

A distinctive feature of mutual investments between the Eurasian region and external partner countries — China, Türkiye, Iran, and the Gulf states — is the imbalance in investment flows (Figure B). The share of inbound investments in the countries of the Eurasian region in total mutual investments was 65% at the end of 1H 2024. Outbound investments from the Eurasian region are supported by major Russian projects in Türkiye (see Box 4).