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DIRECT FOREIGN INVESTMENTS IN EAEU COUNTRIES IN THE CONTEXT OF EXTERNAL SHOCKS

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Despite the imposed sanctions against the Russian economy and secondary sanctions against a number of other EAEU countries, investment activity and foreign direct investment (FDI) inflows remain in the region. Although mutual FDI between EAEU countries accounts for about 4% of total FDI entering EAEU countries, their investment activity creates potential for Eurasian integration.

FDI inflow

External shocks significantly affected the flows and distribution of foreign direct investment between the EAEU member countries. The COVID-19 pandemic was the first external shock. Thus, in 2020, the volume of inward FDI fell by almost 40% from \$37.2 bn to \$15.1 bn (*Figure 1*). In 2021, FDI inflow to the EAEU countries recovered and amounted to \$43.8 bn.

Against the background of tougher sanctions against the Russian economy, Russia recorded a net FDI outflow of \$15.2 bn in 2022. About 9% of companies from G7 and EU countries^{1,2} left the Russian market in 2022, and retailers (Ikea (Sweden), Adidas (Germany), H&M (Sweden))³ actively started to leave Russia. Many manufacturing companies decided to leave the Russian market and started to get rid of their production assets.⁴

At the same time, such states as Kazakhstan and Armenia saw FDI growth of more than 95 and 172%, respectively, by the 2021 level. In Belarus, FDI growth amounted to 29.5%. For example, since 2022, the Swedish-British company AstraZeneca has invested more than 3.5 bn tenge (\$6.8 mn) in the Kazakh economy.⁵ In Kyrgyzstan, Canada was the largest investor in the same year, with over \$157.4 mn in FDI.⁶

- 1 Over 1,000 Companies Have Curtailed Operations in Russia – But Some Remain. Yale school of management URL: <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>
- 2 Less than 9% of companies from EU and G7 countries left Russia. URL: <https://360tv.ru/news/mir/menee-9-kompanij-iz-stran-es-i-g7-pokinuli-rossiju/>
- 3 Breaking up with Russia is hard for many Western firms, despite war. URL: <https://www.washingtonpost.com/world/2023/04/15/western-brands-russia-sanctions-war/>
- 4 The picture of foreign business: you can't leave you can't stay. URL: <https://www.csr.ru/upload/iblock/7d7/sftonnurobki28bulojpq8bufmb7gd3.pdf>
- 5 24 KZ (2025) The Ministry of Health of Kazakhstan and AstraZeneca signed a memorandum of cooperation. 02.05.2025. URL: <https://24.kz/ru/news/zdravookhranenie/708188-minzdrav-kazakhstan-a-i-astrazeneca-podpisali-memorandum-o-sotrudnichestve>
- 6 Indina M. (2023). The Kyrgyz Republic lost its largest investor in the form of Canada. Minus \$157.4 mn FDI. AKchabar. 26.09.2023. URL: <https://www.akchabar.kg/article/ekonomika-fmluaeuoncqjkhkr-poteryala-krupnejshego-investora-v-litse-kanadi-minus-1574-mln-pii-tbajaeitqiewqic>

Monitoring of Russia's economic outlook

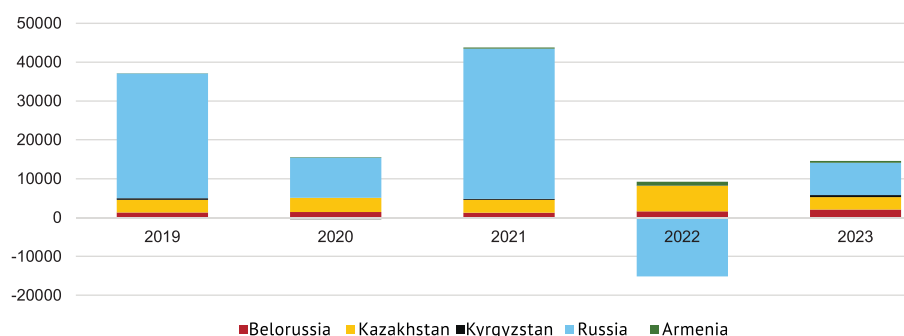


Fig. 1. Inward FDI in EAEU countries

Source: own compilation on UNCTAD data.

In 2023, FDI inflows to the EAEU countries recovered and amounted to \$14.6 bn, which is comparable to the 2020 level. Increases in FDI inflows were recorded in Russia (up to \$8.4 bn), Kyrgyzstan (up to \$490 mn) and Belarus (up to \$2.1 bn). In Armenia and Kazakhstan, FDI inflows decreased by 55.6% and 50.7% respectively in 2023.

A number of investment projects will ensure positive dynamics of FDI in the region in the future. These include the construction of a pipe manufacturing plant in Kazakhstan by the Russian holding company TEMPO (the company's investments are estimated at over \$100 mn);¹ the production of gold items by the Chinese companies Daren Group, Lingbao Gold Group and Full Gold Mining in Kyrgyzstan.² China also plans to establish a Central Asian precious metals exchange in this country.³

FDI outflow

The largest volume of outward FDI during the period under review was associated with the Russian economy. The largest outflow of FDI from Russia and Kazakhstan (and for the Eurasian region as a whole) was recorded in 2021, amounting to \$64 bn for Russia and \$1.5 bn for Kazakhstan (Figure 2).

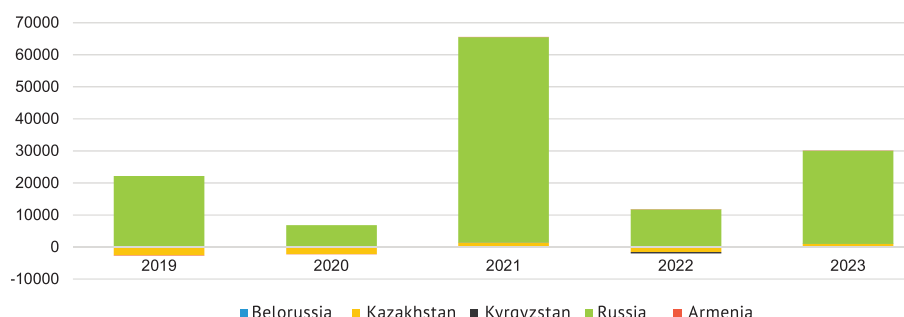


Fig. 2. Outward FDI from EAEU countries

Source: UNCTAD.

- Chelny-biz (2025). TEMPO to open a pipe plant in Kazakhstan with investments of \$100 mn. 03.05.2025. URL: https://chelny-iz.ru/news/637036/?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fdzen.ru%2Fnews%2Fstory%2F795cfe26-04b2-5a5b-a7f3-5476b0823f8d
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Direct foreign investments in EAEU countries in the context of external shocks

In 2022, FDI outflows in the region decreased, probably due to the reorientation of some FDI to Kyrgyzstan and Kazakhstan in connection with the newly imposed anti-Russian sanctions. In particular, Kyrgyzstan and Kazakhstan recorded net FDI inflows in the same year (\$450 mn and \$1.53 bn, respectively).

Mutual FDI of EAEU countries

The study of mutual investments of EAEU countries deserves special attention. In 2020, the volume of mutual investments in the EAEU countries reached \$679 mn.

¹ This amounted to only 4% of the total FDI entering EAEU countries (\$16.9 bn). According to the Eurasian Development Bank, mutual accumulated FDI in EAEU member -states increased from \$38.6 bn in 2019 to \$43 bn in 2023.^{2, 3}

Currently, there are difficulties in obtaining statistical data on mutual investments from official sources.⁴ Nevertheless, it seems possible to form a picture of FDI based on individual investment projects of the EAEU countries in the Eurasian region (*Table 1*).

Table 1

Largest operating investment projects of EAEU member countries in the Eurasian region

Country	Investor	Country of investment	Sector	Volume of total FDI, mn USD as of 2024
Russia	Lukoil	Kazakhstan	Extraction of minerals ⁵	2178
Russia	Rosatom	Kazakhstan	Extraction of minerals ^{6, 7}	1600
Russia	Eko-Kultura	Kazakhstan	Agriculture ⁸	846
Russia	Technonikol	Belorussia	Manufacturing ⁹	29.9
Kazakhstan	KazMunaiGas	Russia	Transport and logistics ¹⁰	587
Russia	Unigreen Energy	Kirgizia	Energy infrastructure ¹¹	270
Kazakhstan	TGS-Energy Limited	Kirgizia	Energy infrastructure ¹²	34.3
Kazakhstan	Pioneer Capital Investment	Russia	Financial services ¹³	350

1 EEC (2021). Mutual investments of the EAEU member states. URL: https://eec.eaeunion.org/upload/files/dep_stat/fin_stat/external_sector/express_mi_4Q2020.pdf

2 EDB (2024). EDB Mutual Investment Monitoring - 2024 Eurasian Region. URL: https://eabr.org/upload/iblock/a57/EDB_2024_MVI_Evroregion_Report_RU.PDF

3 EDB data are based on the Bank's own methodology and are not based on statistical data of the national Central Banks of the EAEU member countries. Due to the approximation of methodology calculations, the data may diverge from official national statistics.

4 The latest ECE FDI data are from 2021. ECE (2021). URL: https://eec.eaeunion.org/comission/departement/dep_stat/fin_stat/dir_investments.php

5 Lukoil (2025). Karachaganak Petroleum Operating B.V. URL: <https://mideast.lukoil.com/ru/Activities/Kazakhstan>

6 Stepnogorsk Mining and Chemical Combine, Budenovskoye uranium deposit.

7 Nizhegorodskiy Yu. (2024). Sale of uranium deposit to Rosatom: What is the benefit for Kazakhstan? CMN. URL: <https://cmn.kz/prodazha-uranovogo-mestorozhdeniya-rosatomu-v-chem-vygoda-dlya-kazahstana/>

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12 E2ENERGY (2022). The first solar plant "Toru-Aigyr 2022" is under construction in Kyrgyzstan. URL: <https://eenergy.media/news/23451>

13 Ledovskikh I. (2021). SPUTNIK. Why a Kazakh company bought one of the largest Russian banks in the Far East. URL: <https://ru.sputnik.kz/20210923/pioneer-capital-invest-18217676.html>

Monitoring of Russia's economic outlook

Table 1, cont'd

Country	Investor	Country of investment	Sector	Volume of total FDI, mn USD as of 2024
Kazakhstan	KAZ Minerals	Kirgizia	Extraction of minerals ¹	10
Belorussia	«Belarus Neft»	Russia	Extraction of mineral ²	185

Source: own calculations on the companies' open data and mass media.

In some countries, such as Kyrgyzia, other EAEU countries remain the largest investors: in 2023, Russia and Kazakhstan invested 25.8% (\$192.8 mn) and 6.6% (\$48.9 mn) of total FDI in the country respectively.³ One of the largest foreign investors in Kyrgyzstan is Kazakhstan's KAZ Minerals. Its largest project remains the development of the Bozymchak copper-gold mine. In 2021, the company's capital expenditures amounted to approximately \$10 mn.⁴

There is also high investment activity between Russia and Kazakhstan. For example, in 2023, the Russian company Lukoil in Kazakhstan acquired a 50% stake in Kalamkas-Khazar Operating LLP for \$200 mn.⁵ As for Kazakhstan FDI in Russia, we can note in 2021 the purchase of assets of the Russian Asia-Pacific Bank by the Kazakhstani investment company Pioneer Capital Investment for \$188 mn. By 2024, the amount of Kazakhstani assets of the bank increased to \$349 mn.⁶

The Belarusian company Belorusneft acquired 100% of the Russian company JSC NK Yangpur. In 2024, total investments under the project amounted to \$185 mn.⁷

Future trends

Despite the lack of data on FDI in the EAEU region over the last year, we can project a recovering trend in terms of projects underway and announced projects in general. The return of some foreign investors to the Russian market can be seen from the number of trademark applications filed in Russia.⁸ In particular, companies from China, Belarus and the UAE showed high registration activity in 2024.⁹ ▲

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2 Belorusneft (2024). "Belorusneft expects an increase in oil recovery at its Russian assets in the coming months. 31.01.2024. URL: <https://belta.by/economics/view/belorusneft-ozhidaet-uvlichenie-nefteotdachi-na-svoih-rossijskih-aktivah-uzhe-v-blizhajshie-mesjatsy-36110-2014/>

3 Central Asian Light (2024). The leading countries in terms of direct investment in Kyrgyzstan have been identified. 26.02.2025. URL: <https://centralasianlight.org/ru/news/opredeleny-lidriushchie-strany-po-priamym-investiciam-v-kyrgyzstan/>

4 KAZMINERALS (2021). Bozymchak copper and gold mine development. URL: <https://www.kazminerals.com/ru/главная/our-business/bozymchak/>

5 Lukoil (2025). Karachaganak Petroleum Operating B.V. URL: <https://mideast.lukoil.com/ru/Activities/Kazakhstan>

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7 Belorusneft (2024). "Belorusneft" expects an increase in oil recovery at its Russian assets in the coming months. 31.01.2024. URL: <https://belta.by/economics/view/belorusneft-ozhidaet-uvlichenie-nefteotdachi-na-svoih-rossijskih-aktivah-uzhe-v-blizhajshie-mesjatsy-36110-2014/>

8 STRANA LIFE (2025). The head of RDIF said that the process of returning foreign brands has already commenced. 08.05.2025. URL: https://strana.life/news/v_rossii/glava_rfp_i_zayavil_chno_protseess_vozvrashcheniya_inostrannykh_brendov_uzhe_nachalsya/?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fdzen.ru%2Fnews%2Fsearch

9 Media Ryazan (2025). There is an increase in activity from companies from China and Belarus in Russia. 07.05.2025. URL: https://mediaryazan.ru/news/detail/570626.html?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fdzen.ru%2Fnews%2Fsearch