



Eurasian
Development Bank

EDB Monitoring of Mutual Investments 2022

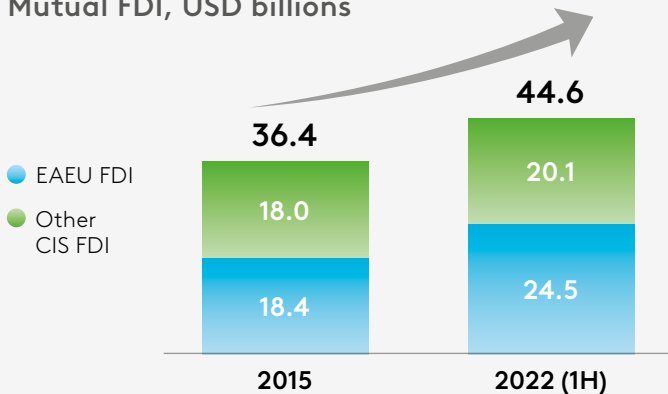
Reports and
Working Papers 22/5



EDB MONITORING OF MUTUAL INVESTMENTS — 2022 (ANALYTICAL REPORT)

Mutual Direct Investment Stock in the CIS and the EAEU

Mutual FDI, USD billions



Source: EDB MMI Database.

Russia is the main cross-border investor in the CIS

- Russia’s share in total outward FDI: 79.2%

Kazakhstan is the leading mutual FDI recipient in the CIS

- Kazakhstan’s share in total inward FDI: 24.3%

Azerbaijan is the CIS leader in outward FDI as a percentage of GDP

- 6.7% of GDP in Azerbaijan, 2.2% of GDP in Russia, and 2.0% of GDP in Kazakhstan

FDI Sectoral Priorities



Extraction of Oil and Natural Gas

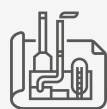
(24%, + 6.5 p.p. over six years) — in the CIS



Mining of Metal Ores

(19.5%, + 5.3 p.p. over six years) — in the EAEU

The role of the Transport and Finance sectors is growing in EAEU investments



1.6x — increase in mutual investments of the EAEU member states in greenfield projects over the last six years



The share of projects implemented by investors with 100% private capital is **56%**

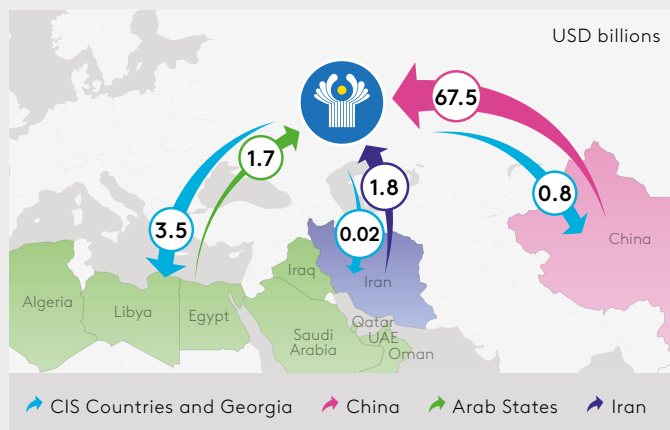
Mutual Investment Projects with China, Iran, and Arab States Have Growth Potential



New element of the 2022 Report — a review of mutual investments between the CIS and China, Iran, and Arab states



More than 170 active projects worth over USD 75 billion in the EDB MMI Database



Source: EDB MMI Database.

Medium-Term Prospects for Mutual Investments of the EAEU Member States and CIS Countries

- slowdown of general investment activity
- faster growth of FDI in greenfield projects
- increasing number of “green” investment projects in line with the global climate agenda
- stronger investment activity of Russian companies in a number of post-Soviet countries
- increased role of private capital in mutual FDI
- development of mutual investments with the countries of the Global South

Kuznetsov, A., Vinokurov, E. (eds), Malakhov, A., Zaboev, A. (2022) *EDB Monitoring of Mutual Investments – 2022*. Report 22/5. Moscow: Eurasian Development Bank.

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This report continues the series of publications detailing the findings of a long-standing research project monitoring mutual direct investments of the CIS countries and Georgia. The analysis relies on a database maintained on the basis of diverse data obtained from publicly available sources. The database is generated “from the bottom up”, meaning that its main sources are corporate statements and other primary information. The project makes it possible to take into consideration investments made through offshore structures and other “trans-shipping destinations”, as well as reinvested foreign profits.

The report contains detailed information on the scope, development, geographical, and sectoral structure of mutual investments of the CIS countries and Georgia from 2016 to the first half of 2022, as well as mutual direct investments of the countries of the region with China, Iran, and the Arab states. Special attention is paid to a review of mutual direct investments by companies from the Eurasian Economic Union member states, with particular emphasis on their dual role as exporters of capital and as recipients of direct investments by companies from other post-Soviet countries.

Keywords: direct foreign investments, mutual investments, investment stock, investment deals, EAEU, Eurasian Economic Union, Eurasian economic integration, transnational corporations, FDI structure.

JEL: F15, F21, F23, E22, H54.

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SUMMARY

Box 1

The EDB Monitoring of Mutual Investments (EDB MMI) database is an ongoing project of the EDB Centre for Integration Studies. The database contains detailed information on mutual FDI stock related to projects implemented by investors from the CIS countries and Georgia (see [Figure A](#)). Monitoring has been conducted since 2012 on the basis of diverse data obtained from publicly available sources. The database is generated “from the bottom up” on the basis of corporate statements and other primary information (see [EDB MMI Methodology](#) in the [Appendix](#)). In 2022, the EDB MMI database was supplemented with project information for 2021 and the first half of 2022.

A new feature that was added to the EDB MMI database in 2022 is information on mutual FDI of the CIS countries with China, Iran, and the Arab states.

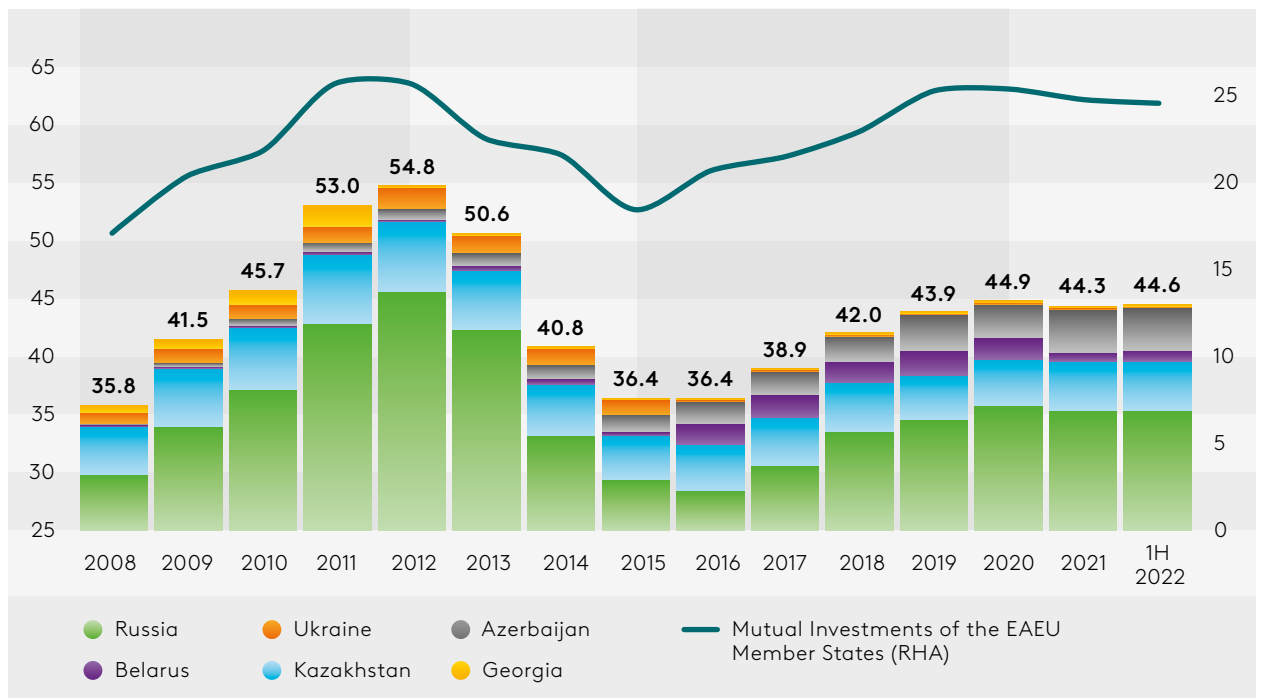
↓ [Figure A. EDB MMI Database](#)

The EDB MMI database is intellectual property of the Bank			
Unique Methodology	Broad Coverage	Level of Detail	Benefits
 <p>Maintained since 2012 and updated annually</p>	 <p>1,300+ investment deals in the region</p>	 <p>Monitoring of a broad range of parameters (ownership structure of the investor company, FDI form, etc.)</p>	 <p>Advantage in business decision-making</p>
 <p>Generated “from the bottom up” and covers investments channelled through offshore areas</p>	 <p>Projects with values of USD 1 million+</p>	 <p>OKVED-based sectoral classification (to the second digit)</p>	 <p>Applied analysis tool</p>
 <p>Information on the scope, development, geographical and sectoral structure of mutual FDI</p>	 <p>FDI between the CIS and other countries — China, Iran, and Arab states</p>	 <p>Information on “green” deals</p>	 <p>Supplements central (national) bank statistics</p>

Source: EDB MMI Database.

Mutual direct investment stock of the CIS countries amounted to USD 44.3 billion at the end of 2021, down by USD 561 million year-on-year. However, by the middle of 2022 that indicator had almost returned to the 2020 level, having reached USD 44.6 billion (see [Figure B](#)). In 2021, there were 14 new mutual FDI projects in the post-Soviet area, while eight projects were finished. In 2022, foreign investment activity stalled, with 30 projects terminated. The primary reasons are the withdrawal of Russian business from Ukraine, and the selloff of assets in a number of CIS countries to minimize exposure to possible secondary sanctions. In the middle of 2022, mutual FDI of the EAEU member states reached USD 24.5 billion, having increased by 19% from 2016.

↓ Figure B. Changes in Mutual FDI Stock of the CIS Countries, USD billions



Note: the scope of mutual FDI originating from other countries is insignificant, and included in total FDI stock.

Source: EDB MMI Database.

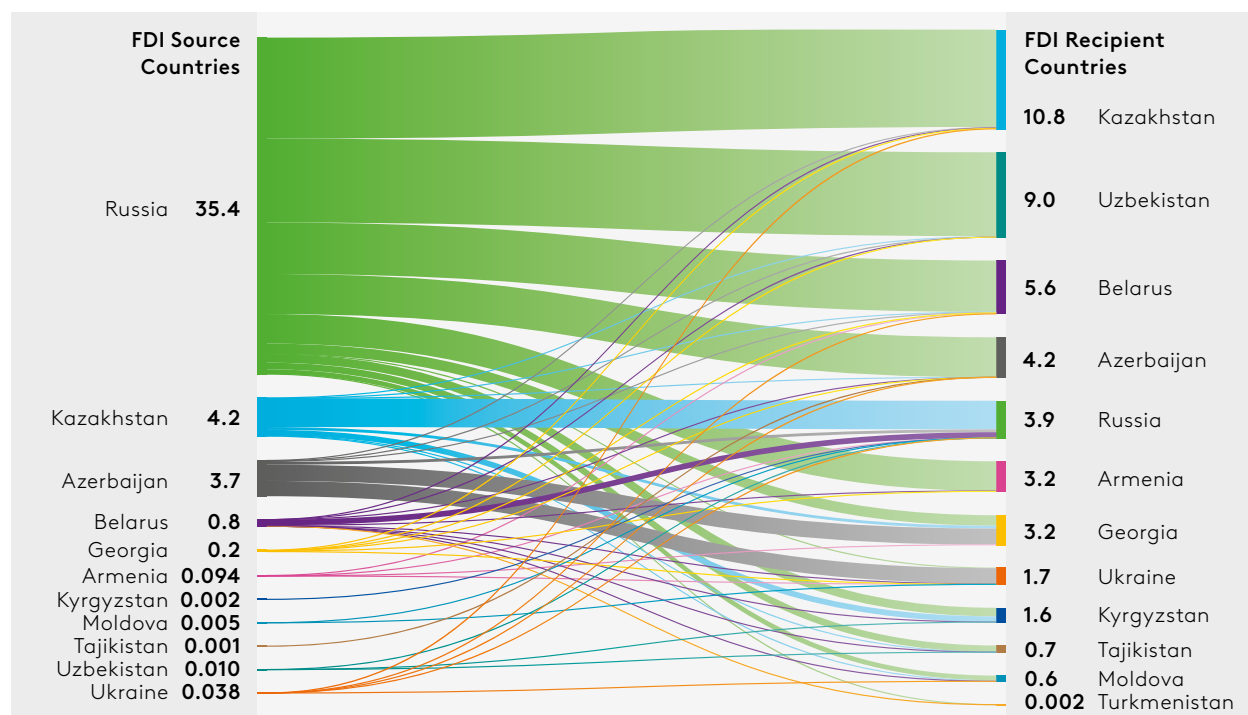
Russia is the main cross-border investor among the post-Soviet countries. In the middle of 2022, Russian FDI accounted for 79.9% of total CIS mutual investments. Kazakhstan and Azerbaijan were second and third with 9.5% and 8.4%, respectively. The share of Belarus (1.8%) was also significant. The most notable changes relative to 2016 were the increase in the share of Azerbaijan’s FDI and the decrease in the share of Belarus’ FDI. Despite the dominant role of Russian investments in the structure of mutual FDI, the share of outward FDI in Russia’s GDP was only 2%, while in Kazakhstan and Azerbaijan it was 2.2% and 6.7%, respectively.

Kazakhstan holds the leading position in the structure of inward FDI. By the end of the first half of 2022, its share in total inward mutual FDI was 24.3%. It is followed by Uzbekistan (20.1%) and Belarus (12.6%). Russia is in fifth position (8.8%), trailing Azerbaijan (9.5%). Significant figures are also reported for Georgia (7.2%), Armenia (7.1%), and Ukraine (4%). Changes in the structure relative to 2016 are substantial. Ukraine has lost ground, with its share down by two-thirds (from 12% to 4%). Uzbekistan posted the largest upward movement (from 11.7% to 20.1%) due to an improvement of the investment climate in the country.

The main recipient of Russian investments is Kazakhstan, with 53% of total Russian FDI in the EAEU and 30% of total Russian FDI in the CIS in the middle of 2022. At the same time, Russian investors have been actively building up their capital investments in Uzbekistan and Azerbaijan to offset their withdrawal from the Ukrainian market. Over the last six years, Russia’s FDI in Uzbekistan and Azerbaijan has increased by a factor of 2.1 and 1.7, respectively.

The five largest FDI directions involve Russia’s capital investments in Kazakhstan, Uzbekistan, Belarus, Azerbaijan, and Armenia. The EDB MMI database contains 58 records of country-to-country investment flows among the 12 post-Soviet countries (see Figure C). The sixth-largest FDI direction also involves Russia, but it is Kazakhstan’s FDI in Russia. Significant investment directions that do not involve Russia are Azerbaijan’s FDI in Georgia and Ukraine.

↓ Figure C. Mutual FDI of the CIS Countries in the Middle of 2022, USD billions



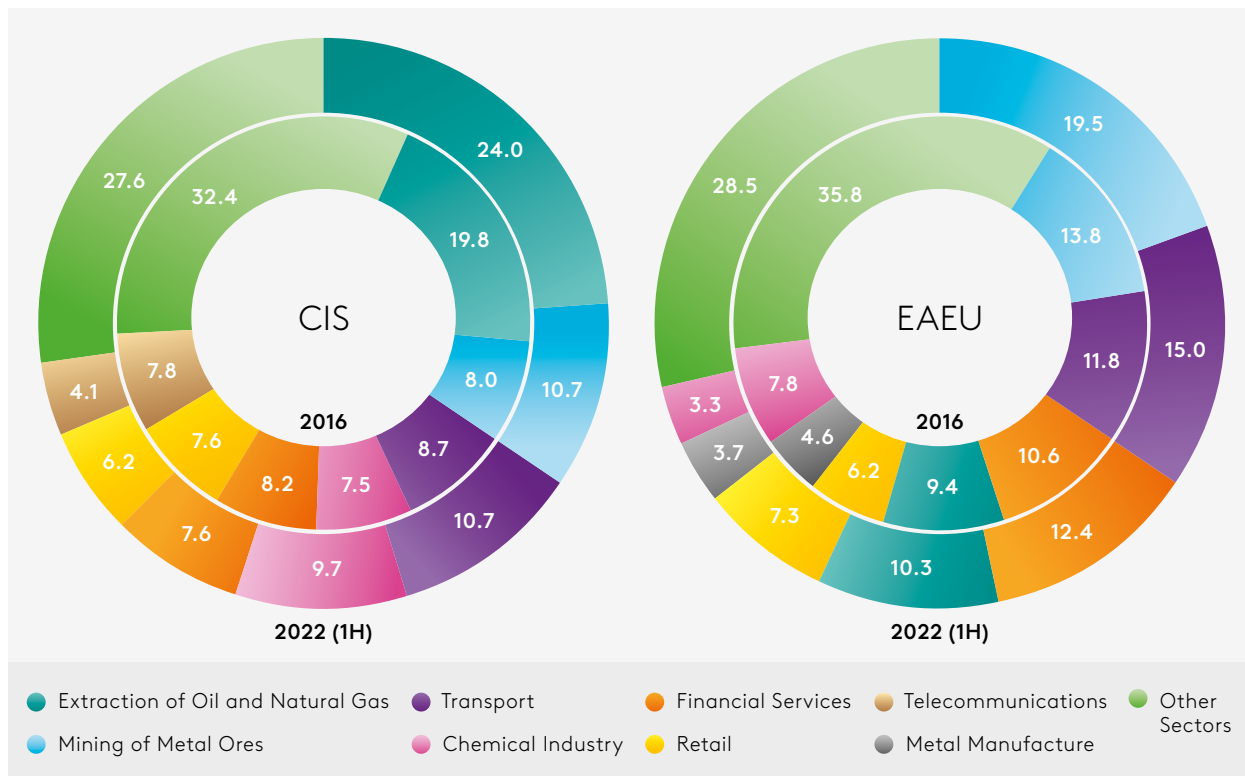
Source: EDB MMI Database.

The three leading sectors accounted for more than 45% of mutual FDI of the CIS countries. Investments in Extraction of Petroleum and Natural Gas comprised 24% of total FDI stock (see Figure D). Mining of Metal Ores and Land Transport and Transport via Pipelines shared second and third places with 10.7% each. At the end of 2016, the combined share of the three leaders was 34.4%. The composition of the leading group is driven by the predominance of investors from Russia and two other major oil and gas producing countries, namely, Kazakhstan and Azerbaijan.

FDI of the EAEU member states and FDI of the CIS countries have different sectoral structures. In the EAEU, Extraction of Oil and Natural Gas was only in fourth place, with Mining of Metal Ores topping the list.

Most projects have been implemented by investors with 100% private capital. In the middle of 2022, the share of such projects in total mutual FDI of the EAEU member states was 56%, having increased by 26% over the last six years. The share of projects with government stakes of 50% or more increased from 36% in 2016 to 39% in 2022. In 2022, half of those projects were implemented by companies with 100% state control.

↓ Figure D. Changes in the Sectoral Structure of Mutual Investments of the EAEU Member States and the CIS Countries, %



Source: EDB MMI Database.

Investments in greenfield projects in the EAEU have been growing at a particularly impressive rate. In the middle of 2022, such projects accounted for 32% of total mutual investments of the EAEU member states. Over the last six years, FDI in greenfield projects has increased by 57%. Other widespread FDI forms include asset purchases (30%, up by 13%), and “purchases with expansion” (33%, down by 3%). Other forms of investment accounted for 5%.

Mutual FDI of the EAEU member states in “green” projects remained insignificant. In the middle of 2022, investments in such projects reached USD 0.5 billion, securing a 40% increase over the last six years primarily due to the Hevel solar power station construction project in Kazakhstan. The remaining projects involved Russian investments in hydro power generation. Regional investors will probably become more interested in “green” projects as the global climate agenda gains momentum.

Russian TNCs are the main investors in the CIS. The leading investor in the region is LUKOIL, which has doubled its stake in Azerbaijan’s Shah Deniz oil and gas project. The combined share of Russian companies LUKOIL and Gazprom (including Gazprom Neft) in total mutual FDI stock in the CIS is more than 40%.

Commercial banks from Russia have invested in the expansion of their subsidiary networks in the CIS. In the first half of 2022, the highest FDI stock was reported by Sberbank, followed by VTB, Gazprombank, and Alfa-Bank. One of the key events in 2022 was the sale by Russian Sberbank of its subsidiary in Kazakhstan.

One of the most important non-Russian investors in the post-Soviet area is Kazakhstan’s KAZ Minerals, which has invested USD 0.9 billion in the Baimskaya copper project in the Chukotka Autonomous District. In 2019, the list of top investors saw the addition of Azerbaijan’s Bakcell, which replaced Russia’s MTS in the Ukrainian mobile communication services market.

Mutual investments between the EAEU member states and the states of the Orient and the Global South have growth potential. Chinese investment expansion into the post-Soviet area is significant (see [Figure E](#)). Investors from the PRC are creating strong opportunities for progressive economic development of those states. Iran has every chance to become, with time, a full-fledged participant of mutual FDI flows of the post-Soviet integration nucleus within Greater Eurasia. The Arab world is heterogeneous in many respects, and FDI is no exception to that rule.

The PRC surpasses Russia in terms of the scope of FDI in the CIS. In the first half of the 2010s, China lagged far behind Russia as a source of FDI in the CIS. By the middle of 2022, China's FDI stock in the 12 post-Soviet countries exceeded USD 67.5 billion, including USD 12.5 billion of investments in Russia. Investors from the PRC have become more active in Russia. In 2016–2022, China's FDI stock in Russia has increased by 27.4%, while its FDI stock in all EAEU member states is up by 8.1%.

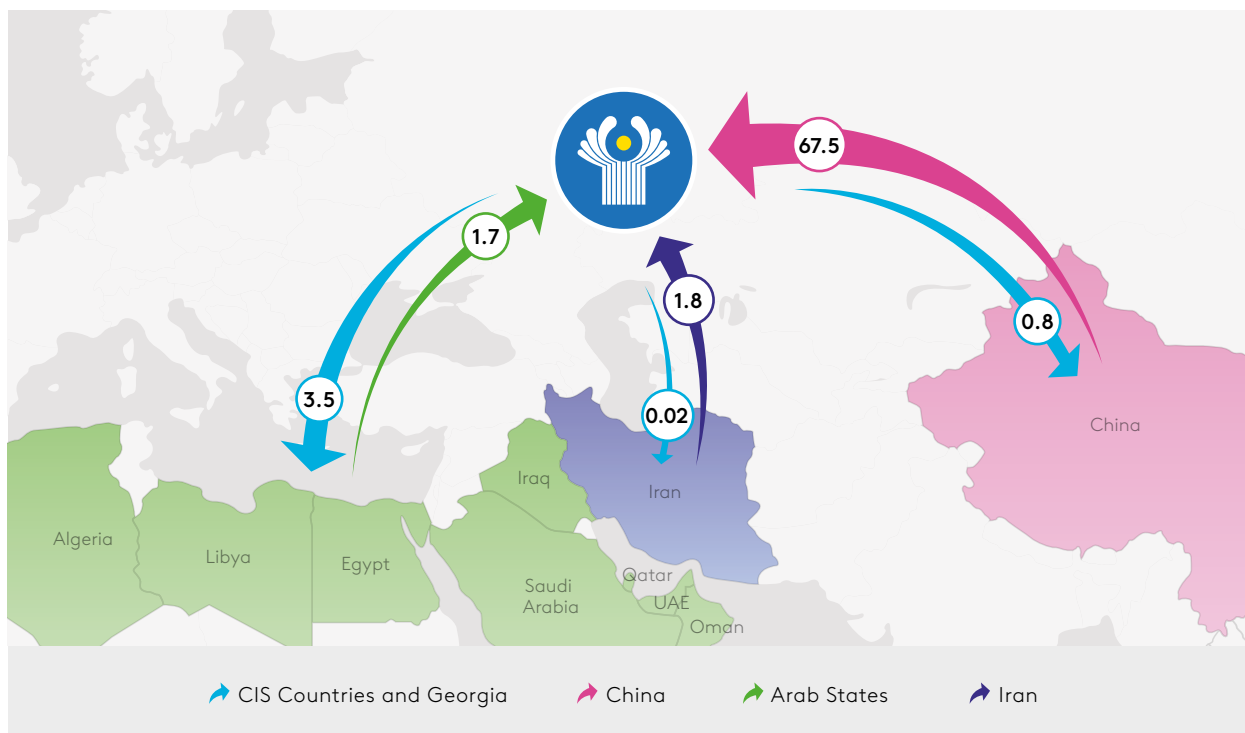
The main Chinese investment expansion destinations in the CIS are Kazakhstan, Kyrgyzstan, and Tajikistan. Priority sectors include oil and gas production and pipeline transport in Kazakhstan, gold mining and oil refining in Kyrgyzstan, and gold mining and cement production in Tajikistan. In those countries, China can become the leading investor, while in Tajikistan it accounts for more than half of total FDI. In China itself, significant FDI projects have been implemented only by Russian TNCs.

Iran's total FDI in the CIS has reached USD 1.8 billion, with Azerbaijan the key recipient. Iran invests in Armenia, Belarus, Kazakhstan, Russia and (outside of the EAEU) Tajikistan. Investments by the CIS member states in Iran are still modest. One of the notable projects is the construction by Kazakhstan's KazAgro of a grain terminal in Amirabad on the Caspian Sea.

In most cases, Arab states act as recipients of FDI, primarily from Russia. The largest projects are implemented by LUKOIL and Rosneft, and involve oil production in Egypt. There are also several LUKOIL, Rosneft, and Gazprom investment projects in Iraq. Other notable projects include the establishment of a Rosneft research facility in Qatar in 2018, and the construction of a Metalloinvest plant in the UAE. The UAE has a high concentration of significant Russian FDI in the services sector (LUKOIL, VTB).

The precarious geopolitical situation in 2022 makes it next to impossible to make reliable FDI projections. The authors believe that mutual FDI stock of the CIS countries may decrease over the medium term. At this time, the ability of companies from Kazakhstan or Azerbaijan to replace Russian TNCs is limited.

↓ Figure E. Mutual FDI of the CIS and Other Countries in the Middle of 2022, USD billions



Source: EDB MMI Database.

Box 2

Medium Term Prospects for Mutual Investments of the EAEU Member States and CIS Countries:













- ✓ slower growth (and, possibly, a decrease) of mutual investment stock due to mounting uncertainty and strengthening of the dollar;
- ✓ ongoing faster growth of FDI in greenfield projects (the relocation of Russian production facilities, including relocation to the EAEU member states and CIS countries, may become an additional factor);
- ✓ an increasing number of “green” investment projects while the global climate agenda remains relevant;
- ✓ stronger investment activity of Russian companies in a number of post-Soviet countries, including Kazakhstan, Uzbekistan, Azerbaijan, Belarus, and Armenia, due to both support and expansion of existing projects as well as the forced redirection of capital flows to the Eurasian region;
- ✓ an increased share of projects implemented by investors with 100% private capital, and a possible slowdown in investment activity by state-owned companies;
- ✓ development of mutual investments with the countries of the Global South.

INTRODUCTION

In 2012–2017, the EDB ran a series of projects¹ to monitor mutual direct investments in the 12 post-Soviet countries (excluding the Baltic states, but including Georgia, which had left the CIS). In 2021, that work was renewed (see [Figure 1](#)). The original monitoring methodology used in 2012–2017 was modified (see [EDB MMI Methodology](#) in the [Appendix](#)). This report continues the series of research papers on mutual investments of the post-Soviet countries.

Compared to the 2021 EDB MMI database, the FDI stock figure was revised by approximately USD 1 billion to account for two large deals. In addition, new FDI data has emerged in respect of several completed acquisitions. Thus, expansion of the presence of Russian company LUKOIL in the Shah Deniz project in Azerbaijan showed that previous investment estimates were exaggerated, while a reduction of the stake held by Alfa Group in mineral water producer IDS Borjomi International revealed, by contrast, that Russia’s FDI in Georgia were considerably larger.

↓ [Figure 1. EDB MMI Database](#)

The EDB MMI database is intellectual property of the Bank				
Unique Methodology	Broad Coverage	Level of Detail	Benefits	
 Maintained since 2012 and updated annually	 1,300+ investment deals in the region	 Monitoring of a broad range of parameters (ownership structure of the investor company, FDI form, etc.)	 Advantage in business decision-making	
 Generated “from the bottom up” and covers investments channelled through offshore areas	 Projects with values of USD 1 million+	 OKVED-based sectoral classification (to the second digit)	 Applied analysis tool	
 Information on the scope, development, geographical and sectoral structure of mutual FDI	 FDI between the CIS and other countries — China, Iran, and Arab states	 Information on “green” deals	 Supplements central (national) bank statistics	

Source: EDB MMI Database.

Political developments in 2022 have had a considerable impact on the general context of foreign direct investment activities in the post-Soviet area. Due to the predominant share of Russia in the post-Soviet economy, numerous critical changes are still looming in 2022 and subsequent years. In the second half of 2022, we can expect a massive decline of FDI stock in Ukraine, as well as shifts in the geography of Russian capital investments abroad.

¹ All reports are available on the [EDB website](#).

In 2021, the database contained 458 records of ongoing projects in the post-Soviet area (2020: 452), while in the middle of 2022 it held 433 records. All in all, the mutual FDI database lists 570 projects, each with FDI stock of at least USD 1 million at the end of at least one year during the period from 2016 to the first half of 2022. In 2008, the number of investment deals in the post-Soviet area (including those recorded in the CIS MMI database) exceeded 1,300.

Mutual investments between the EAEU member states and the states of the Orient and the Global South have growth potential. As regards direct investments, China, Iran, and the most developed states of the Arab world are turning into increasingly active participants of economic integration processes within Greater Eurasia. However, expansion of interactions between the EAEU member states and the dynamically developing neighbouring countries has a reverse side – the increasing investment expansion of investors from China and the Middle East in the post-Soviet area. Nevertheless, it would probably be wrong to view that process only as a competitive threat to companies from Russia and Kazakhstan.

By the end of the first half of 2022, expansion of geographic coverage led to the number of ongoing projects recorded in the EDB MMI database increasing to account for 155 projects related to capital investments by China, Iran, and the Arab states (including 63 projects with FDI of at least USD 0.1 billion), as well as for 21 projects implemented in those countries by CIS investors.

Integration “from the bottom up” within the framework of the EAEU continues. This report focuses on several issues. [Chapter 1](#) presents an assessment of the current status of mutual FDI in the CIS. [Chapter 2](#) offers an analysis of investment activities in the EAEU. [Chapter 3](#) compares mutual direct investments with reciprocal FDI covering China, Iran, and the Arab states (UAE, Saudi Arabia, Qatar, Iraq, Oman, Egypt, Libya, and Algeria²). [Chapter 4](#) describes expectations regarding FDI prospects for the EAEU member states and the CIS countries in terms of both mutual FDI and reciprocal FDI with other foreign countries.

² We also reviewed ties with Morocco, Bahrain, and Kuwait, but identified no investment deals valued at more than USD 1 million.

1. MUTUAL DIRECT INVESTMENTS IN THE CIS

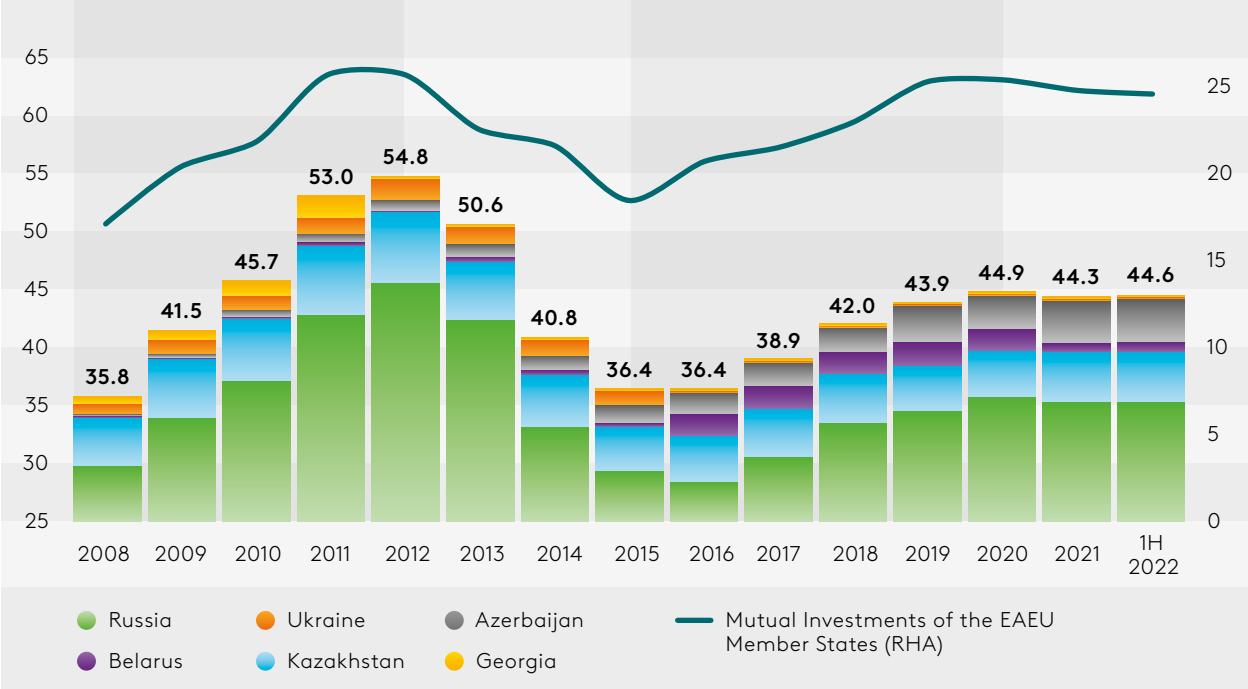
Changes in Investment Activity

The first major period of growth of mutual FDI in the post-Soviet area occurred in 2008–2012, when FDI stock increased from USD 35.8 billion to USD 54.8 billion (see Figure 2). That all-time high remains unbeaten, as the decline in 2013–2015 was too significant, with FDI stock falling to USD 36.4 billion.

The second significant period of growth of mutual FDI in the region took place in 2016–2020. According to the data adjusted while preparing the current version of this report, that indicator increased from USD 36.4 billion to USD 44.9 billion. At the end of 2021, another decrease to USD 44.3 billion was recorded, followed by a slight recovery to USD 44.6 billion by the middle of 2022.

At the present time, the mutual FDI database for the 12 post-Soviet countries lists 570 projects with FDI stock each of at least USD 1 million at the end of at least one year during the period from 2016 to the first half of 2022. At the end of 2021, that figure included 458 projects with non-zero FDI, which is six times more than at the end of 2020. Data for the first half of 2022 is preliminary. The number of active projects in the database has evidently “contracted” to 433 (primarily due to the withdrawal of Russian investors from Ukraine).

↓ Figure 2. Changes in Mutual FDI Stock of the CIS Countries, USD billions



Note: the scope of mutual FDI originating from other countries is insignificant, and included in total FDI stock.

Source: EDB MMI Database.

At the same time, FDI stock decreased because of the termination of a number of large projects, especially in 2022. On the whole, there were few new investment projects in the first half of 2022. Inasmuch as Russian TNCs have been the main investors in mutual FDI projects, the political and economic situation in and around Russia was not conducive to significant foreign expansion.

The largest project was the purchase of more than 84% of shares in Akhangarancement (Tashkent Region), one of Uzbekistan's largest cement plants, by Akkerman Cement for USD 132 million. By way of reminder, until 2020 the plant had been owned by another Russian investor, Eurocement Group.

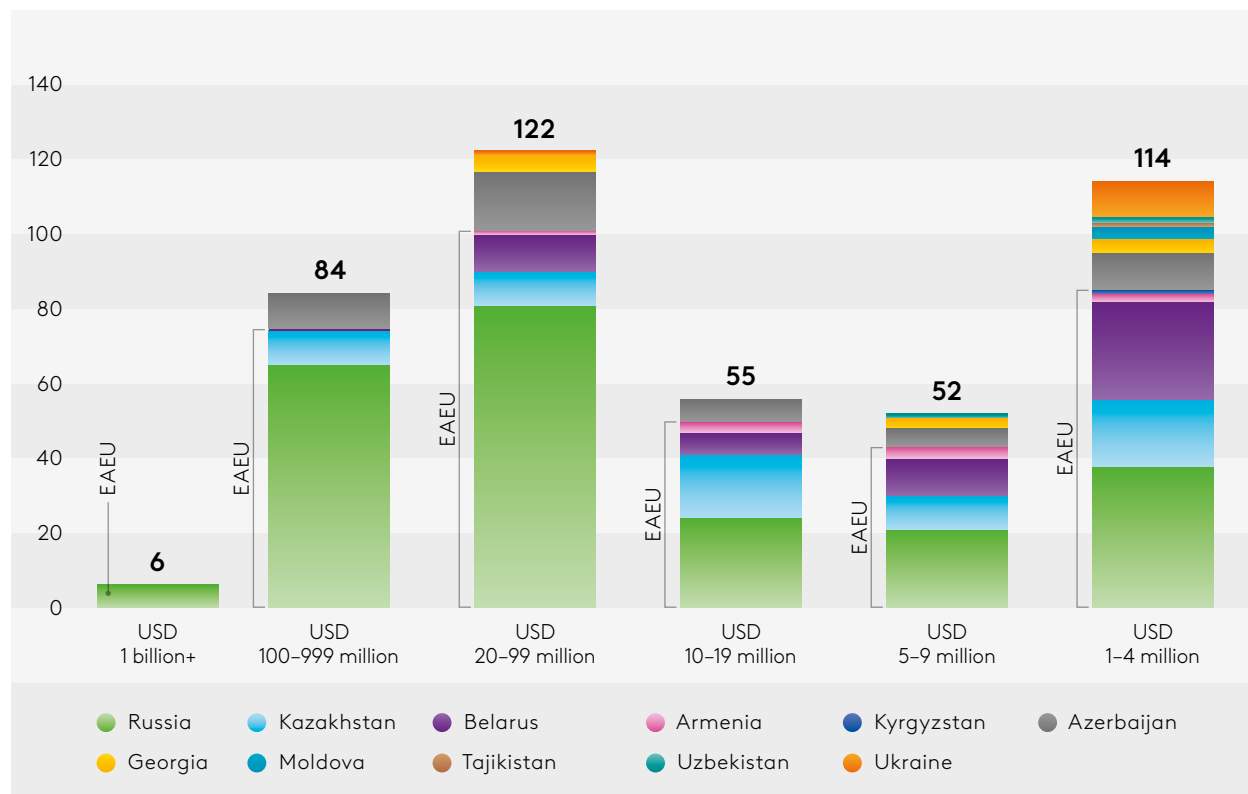
Notably, while there were 14 new mutual FDI projects in the post-Soviet countries in 2021, and only eight projects were closed, the number of projects terminated in 2022 was 30. The main reason was the withdrawal of Russian business from Ukraine. The largest terminated projects are the subsidiaries established in the neighbouring country back in the 2000s by state-owned Sberbank and the privately-owned Alfa-Bank.

Russian assets were also sold off in Georgia and Kazakhstan to prevent the imposition of secondary sanctions. In particular, Alfa-Bank left Kazakhstan, where it had been operating since 1994, and VTB discontinued its business in Georgia, where it had first established its presence in 2005. The third major disposal was the sale by Rosneft of its network of petrol stations in Georgia.

Despite the reduction of the number of projects in 2022 relative to 2021, FDI movement during that period was positive. In 2021, there were several major sales, including those not involving Russian TNCs. In particular, in 2021 Belarusian businessman D. Lobyak (Yuras Oil) sold the stake in Perm-based Uralkali, which he had purchased in 2016. That resulted in Belarus' FDI stock in Russia decreasing by more than USD 1.1 billion. The insignificant reduction of FDI stock in 2021–2022 (with net growth in 2022) is attributable to considerable growth of capital investments in other projects. LUKOIL, which doubled (to almost 20%) its stake in Azerbaijan's Shah Deniz oil and gas project takes the lead, as the purchase secured an increase in FDI stock of approximately USD 1.5 billion. Companies from the other CIS countries have also closed several large investment deals. For example, Kazakhstan's Pioneer Capital Investment acquired Asian Pacific Bank in Russia in 2021, and reported an increase in its equity in 2022, which contributed to growth of Kazakhstan's FDI stock by more than USD 0.2 billion.

In the middle of 2022, the EDB MMI database contained records of six projects (all implemented by Russian investors) with FDI stock in excess of USD 1 billion each (see [Figure 3](#)). Since 2021, the number of capital-intensive projects in the EDB MMI database has decreased by one after the sale of a stake in Uralkali by the Belarusian shareholder mentioned above. FDI stock ranges from USD 100 million to USD 999 million in 84 projects, and from USD 20 million to USD 99 million in 122 projects. The share of the EAEU member states in total FDI in the CIS is more than 80%. The scene is generally dominated by Russian investors. There are also many projects originating from Kazakhstan, Belarus, and Azerbaijan. Deals with values under USD 100 million account for 79% of all projects. Because of their low capital intensity, their share in total FDI stands at merely 15%. The CIS countries which are not EAEU member states are most widely represented in projects valued at below USD 5 million.

↓ Figure 3. Distribution of Investment Deals by Capital Intensity in the Middle of 2022



Source: EDB MMI Database.

Mutual FDI: Export and Import Geography Features

Russia continues to dominate the structure of mutual FDI in the post-Soviet space: in the middle of 2022, it accounted for 79.2% of outward FDI stock. Kazakhstan and Azerbaijan were second and third, almost neck and neck with 9.5% and 8.4%, respectively (see Table 1).

According to UNCTAD (2022), Russia, Kazakhstan, and Azerbaijan are the key FDI Source Countries to third countries in the post-Soviet area. At the end of 2021, outward FDI stock originating from Russia, Azerbaijan, and Kazakhstan amounted to USD 399.3 billion, USD 26.7 billion, and USD 15.7 billion, respectively. Estimated outward FDI stock originating from other countries was as follows: Georgia – USD 3.1 billion; Belarus – USD 1.4 billion; Kyrgyzstan – USD 610 million; Armenia – USD 519 million; Moldova – USD 322 million; Tajikistan – USD 271 million; and Uzbekistan – USD 198 million. According to UNCTAD statistics, Ukraine’s FDI was driven into negative territory by massive selloffs. At the same time, the countries listed above strongly differ in terms of the role played by the post-Soviet countries as FDI recipients. For example, Kazakhstan is ahead of Azerbaijan, while Georgia is behind Belarus.

↓ Table 1. Country Structure of Mutual FDI Stock

Country	Outward FDI, USD billions (EoP)				Inward FDI, USD billions (EoP)			
	2016	2018	2020	1H 2022	2016	2018	2020	1H 2022
Azerbaijan	1.92	2.05	3.02	3.75	2.48	2.67	2.76	4.23
Armenia	0.04	0.04	0.07	0.09	3.04	3.02	3.13	3.21
Belarus	1.82	1.91	1.79	0.82	3.55	4.23	5.42	5.61
Georgia	0.11	0.12	0.21	0.23	2.91	3.14	3.14	3.17
Kazakhstan	3.90	4.26	3.96	4.26	8.55	9.65	11.26	10.84
Kyrgyzstan	0.00	0.00	0.00	0.00	1.35	1.58	1.57	1.57
Moldova	0.01	0.01	0.01	0.01	0.45	0.50	0.60	0.62
Russia	28.49	33.46	35.76	35.39	4.67	4.98	4.59	3.91
Tajikistan	0.00	0.00	0.00	0.00	0.77	0.65	0.67	0.68
Turkmenistan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Uzbekistan	0.01	0.01	0.01	0.01	4.28	7.71	8.93	8.96
Ukraine	0.11	0.12	0.05	0.04	4.37	3.86	2.82	1.79
Total	36.42	41.98	44.88	44.60	36.42	41.98	44.88	44.60

Source: EDB MMI Database.

Despite the dominant role of Russian investments in the mutual FDI structure, in 2021 the share of outward FDI in Russia's GDP was only 2%, while in Kazakhstan and Azerbaijan it was 2.2% and 6.7%, respectively.

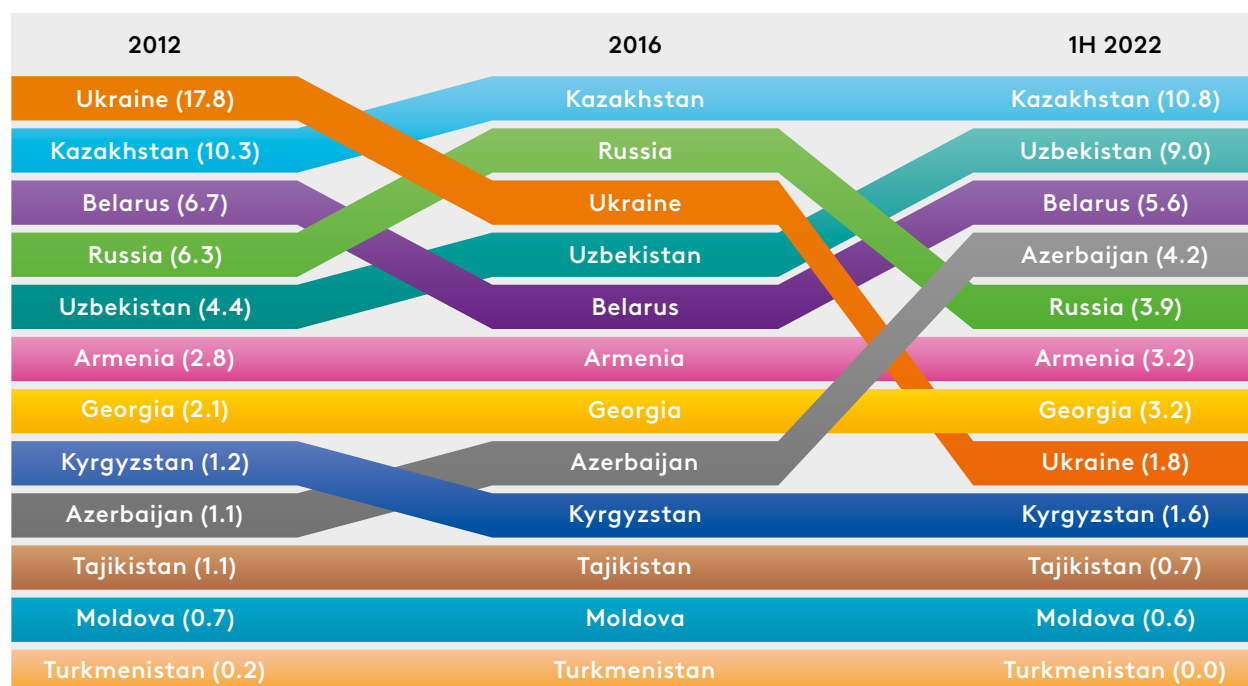
The largest changes from 2016 are the increase in the share of Azerbaijan (from 5.3% according to the EDB MMI database), and the decrease in the share of Belarus (from 5%). The figures for Russia and Kazakhstan have changed little: in 2016, they were 78.3% and 10.7%, respectively.

Inward mutual FDI has a more diversified geography. At the end of the first half of 2022, Kazakhstan was ranked first with 24.3%, followed by Uzbekistan with 20.1%, and Belarus with 12.6%. Russia was only fifth (8.8%), trailing Azerbaijan (9.5%). Significant figures were also reported for Georgia (7.2%), Armenia (7.1%), and Ukraine (4.0%). In terms of the number of projects and the amount of FDI stock, inward FDI performs better than outward FDI in some other countries as well, including Kyrgyzstan (3.5%), Tajikistan (1.5%), Moldova (1.4%), and even Turkmenistan, which posted a higher-than-zero value due to the continued implementation of three projects with FDI stock in excess of USD 1 million each.

Changes in the structure relative to 2016 were also more significant (see Figure 4). First and foremost, Ukraine lost its positions, as its share shrank to one-third of its original value (from 12% to 4%). Russia's position also sustained a major change — not only did its share decrease by 4 p.p. from 12.8%, but it also ceded its second place after Kazakhstan. Uzbekistan posted the largest upward movement (from 11.7%), which clearly confirms that

the investment climate in the country has greatly improved over the last few years. There was also a noticeable increase in the shares of Azerbaijan and Belarus.

↓ Figure 4. Changes in the Rankings of Recipients of Mutual Investments in the CIS, and in the Amount of Raised Investments, USD billions

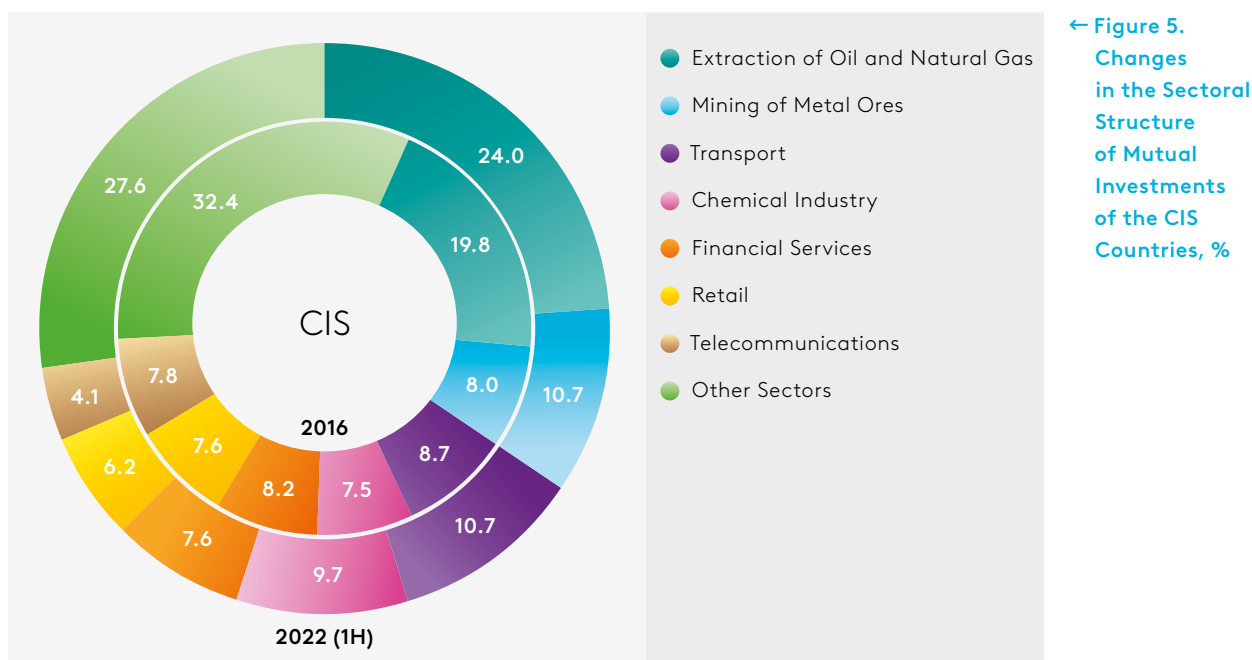


Source: EDB MMI Database.

Changes in the FDI Sectoral Structure

In terms of the sectoral structure, mutual FDI is distributed among 51 two-digit OKVED groups. However, the composition of the leading group is driven by the predominance of investors from Russia and two other major oil and gas producing countries, namely, Kazakhstan and Azerbaijan (see Figure 5). Half of all sectors account for more than 97.5% of total FDI stock. Moreover, the share of Extraction of Petroleum and Natural Gas (Code 06) reached 24% in the middle of 2022. The combined share of the top three sectors has already exceeded 45%: Mining of Metal Ores (Code 49) was in second position, and Land Transport and Transport via Pipelines (Code 07) was third. For 19 types of economic activity, shares in total FDI stock were higher than 1%.

Notably, the combined share of the top three sectors at the end of 2016 was merely 34.4%, while the share of each of those sectors has increased over the last few years. Further, the various sectors have displayed very mixed trends. For example, the share of investments in Manufacture of Other Non-Metal Mineral Products (Code 23) more than doubled by the middle of 2022. Investments in the Chemical Industry (Code 20) increased insignificantly as a percentage of total FDI stock, but grew by more than USD 1.5 billion in absolute terms.



Source: EDB MMI Database.

At the same time, the share of Power Engineering (Code 35 – Electricity, Gas and Steam Supplies; Air Conditioning) decreased by a factor of 1.4, while the share of Telecommunications (Code 61 – Telecommunications) fell by a factor of 1.9, with FDI stock dropping relative to 2016 even in absolute terms. The most important recipient of mutual capital investments in Services was the Provision of Financial Services, Excluding Insurance and Retirement Services (Code 64): its share in total FDI stock declined, but the amount of investments increased in absolute terms.

Mutual FDI in Manufacture of Motor Vehicles, Machines and Electrical Equipment (Codes 27–29) is growing at a steady pace. Over the last six years, investments in that sector have increased by a factor of 2.2, reaching USD 0.5 billion in the middle of 2022. The largest investments are projects of Belarusian company Amkodor in Russia and Uzbekistan, Russia’s projects in Kazakhstan (KAMAZ) and Uzbekistan (Rostselmash), and Georgia’s and Azerbaijan’s projects in Kazakhstan.

Air and Space Transport (Code 51) came off the list of significant recipients after the sale by Kazakhstan’s Meridian Capital of its airport assets in Russia in 2019. There was a sharp decline in the shares of several Services sectors, primarily Hotel Business (Code 55 – Provision of Temporary Accommodation) and Development of Computer Software, Related Consulting and Ancillary Services (Code 62).

The largest projects in the EDB MMI database involve LUKOIL: just five of its projects (in Uzbekistan, Kazakhstan, and Azerbaijan) account for more than USD 13 billion of FDI stock, or more than 29% of total mutual direct investments in the 12 post-Soviet countries. Incidentally, by the middle of 2022, the combined value of all LUKOIL projects (which at the end of 2016 was merely USD 7.56 billion) had almost doubled to USD 14.58 billion.

Gazprom is another Russian TNC whose capital investments are growing at a rapid rate. At the end of 2016, its FDI stock in the region was USD 2.47 billion (excluding almost USD 0.6 billion of capital investments of its subsidiary Gazprom Neft). By the middle of 2022, Gazprom’s FDI stock had increased to USD 3.14 billion (excluding Gazprom Neft’s investments, which exceeded USD 0.83 billion). Therefore, LUKOIL and Gazprom (including Gazprom Neft) account for more than 40% of total mutual FDI stock in the 12 post-Soviet countries.

In Services, the largest role is played by banks which have deployed subsidiary networks in the CIS. At the end of 2016, the list of top investors was headed by Sberbank (USD 882 million), followed by VTB (USD 388 million), VEB (USD 383 million), Alfa-Bank (USD 362 million), and Gazprombank (USD 234 million). By the end of the first half of 2022, Sberbank's FDI had decreased to USD 869 million. Before its withdrawal from Kazakhstan, Sberbank was far ahead of VTB (USD 403 million). The largest growth was reported for Ardshinbank owned by K. Safaryan: although it was the only project of that Russian investor, its FDI stock increased from USD 148 million to USD 295 million. As a result, Ardshinbank almost caught up with Gazprombank (USD 307 million) and the leading privately-owned bank Alfa-Bank (USD 305 million), while overtaking VEB, whose FDI stock dropped to USD 233 million after its withdrawal from Ukraine. It should be emphasised that, with the exception of the six Russian banks listed above, none of the investors in the banking sector reported FDI stock in excess of USD 100 million during any of the years under review.

One of the most significant non-Russian investors in the post-Soviet area is Kazakhstan's KAZ Minerals, which has invested USD 0.9 billion in the Baimskaya copper project in the Chukotka Autonomous District. In 2019, the list of top investors also added Azerbaijan's Bakcell, which replaced Russia's MTS in the Ukrainian mobile communication services market (this project accounts for more than 22% of Azerbaijan's total FDI recorded in the EDB MMI database).

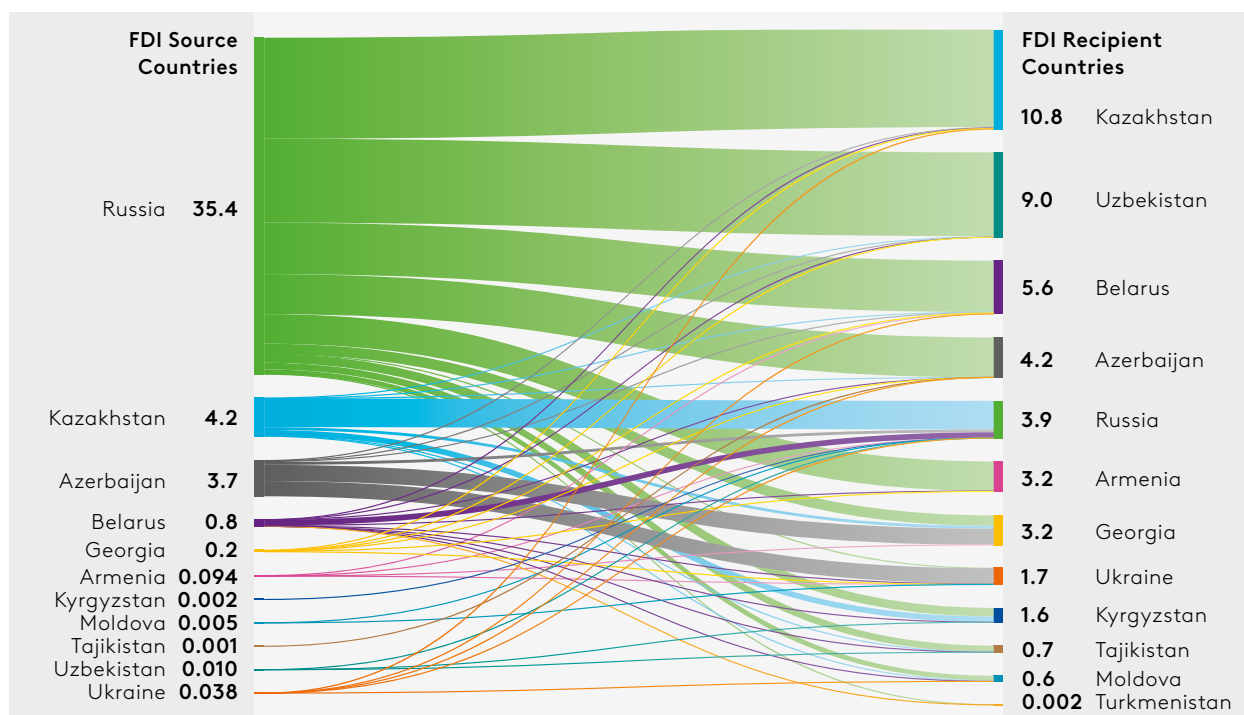
Several major investors have significantly reduced their FDI stock in the post-Soviet area. For example, while at the end of 2016 the Russian telecommunications company VimpelCom (renamed VEON in 2017) reported FDI stock of USD 1.77 billion, by the end of 2020 (after its withdrawal from Tajikistan, and later from Kyrgyzstan and Armenia) it was merely USD 0.34 billion. By the middle of 2022, the company's FDI had decreased even further, to USD 0.32 billion, and eventually VEON also left Ukraine, continuing to operate only in Kazakhstan and Uzbekistan. Many other significant Russian investors have also reduced their outward FDI in the CIS, primarily due to the loss of their assets in Ukraine.

Role of Russian FDI in Regional Investments

The EDB MMI database contains 58 records of country-to-country investment flows among the 12 post-Soviet countries (see [Figure 6](#)) where FDI exceeds USD 1 million in at least one project during the period under review (2016–2022). A third of each of those flows consists of a single project. For many country pairs, mutual FDI stock is less than USD 10 million.

In most cases, mutual FDI flows within country pairs are strongly one-sided. Among the large-scale mutual FDI ties, there are only a few that do not involve Russia.

↓ **Figure 6. Mutual FDI of the CIS Countries in the Middle of 2022, USD billions**



Source: EDB MMI Database.

The five largest regional FDI directions include Russia’s capital investments in Kazakhstan, Uzbekistan, Belarus, Azerbaijan, and Armenia. They account for over 72% of mutual FDI recorded in the EDB MMI database. Incidentally, for all those directions, FDI has increased relative to 2016 in both absolute terms and (with the exception of Russia–Armenia) in relative terms (at the end of 2016, the five directions accounted for slightly less than 59% of total mutual FDI).

The sixth-largest FDI direction also involves Russia, but it is Kazakhstan’s FDI in Russia. That makes the Russia–Kazakhstan mutual investment direction the undisputed leader (see [Figure 7](#)), with a combined share of 30.7%. Only the seventh- and eighth-largest investment directions (Azerbaijan’s FDI in Georgia and Ukraine) do not involve Russia. Notably, the list of the 20 largest mutual FDI directions includes Russia–Belarus, Russia–Azerbaijan, and Kazakhstan–Georgia.

↓ Figure 7. Main Investment Pairs in the Post-Soviet Area in the Middle of 2022, USD millions

FDI Source Country →		← FDI Source Country	Mutual FDI
Russia	10,668	Kazakhstan	13,703
Russia	8,802	Uzbekistan	8,806
Russia	5,385	Belarus	5,986
Russia	4,200	Azerbaijan	4,464
Russia	3,121	Armenia	3,124
Azerbaijan	1,680	Georgia	1,689
Azerbaijan	1,605	Ukraine	1,610
Russia	1,144	Georgia	1,144
Russia	946	Kyrgyzstan	948
Russia	652	Tajikistan	652
Kazakhstan	618	Kyrgyzstan	618

Note: EAEU member states are marked blue.

Source: EDB MMI Database.

Over the last few years, the percentage shares of several bilateral mutual FDI flows have significantly decreased. Naturally, Russia–Ukraine FDI has been affected the most, dropping from 11% of total mutual FDI of the post-Soviet countries at the end of 2016 to zero in the middle of 2022.

It should be emphasised that the EDB MMI database features projects with FDI stock of more than USD 1 million. CBR statistics show substantial investments in real properties in Russia by citizens of other CIS countries (however, all purchased apartments and houses have values below USD 1 million). That flow produces a drastic change in the overall understanding of capital exports, particularly as regards foreign investments originating from Kyrgyzstan and Uzbekistan (Bulatov et al., 2022). At the end of 2021, Russia’s inward FDI stock originating from Uzbekistan, Armenia, Tajikistan, and Turkmenistan amounted to USD 758 million, USD 604 million, USD 273 million, and USD 92 million, respectively (CBR, 2022). For example, in terms of FDI stock in Russia, Uzbekistan yielded only to Kazakhstan with USD 3.1 billion, Ukraine with USD 2.6 billion, and Belarus with USD 861 million, and was ahead of Azerbaijan with USD 603 million, as well as several other countries.

Moreover, Uzbekistan’s investments in Russian real properties totalled USD 935 million, but the country’s bottom line was below that figure because of a negative net balance of FDI stock in some other sector (the CBR does not provide details on that point). According to CBR data, in the case of Georgia and Turkmenistan, FDI in Russian real properties accounted for 100% of the total registered FDI stock of USD 104 million and USD 92 million, respectively. In the case of Tajikistan it accounted for almost 95% of USD 273 million, while in the case of Kyrgyzstan it accounted for 88% of USD 168 million. Similarly high percentages were reported for the other CIS countries; incidentally, those percentages strongly fluctuate from year to year, as some of the citizens of those countries receive Russian passports, only to be replaced by new “foreign” investors in real properties.

Notably, FDI originating from the CIS countries is not exclusively concentrated in the capital city. For example, at the end of 2021, FDI situated (or formally registered) in Moscow

amounted to only USD 1,683 million for Kazakhstan's FDI, USD 813 million for Ukraine's FDI, USD 587 million for Belarus' FDI, USD 441 million for Azerbaijan's FDI, USD 256 million for Armenia's FDI, USD 193 million for Uzbekistan's FDI, USD 86 million for Moldova's FDI, USD 71 million for Georgia's FDI, USD 60 million each for Tajikistan's and Kyrgyzstan's FDI, and USD 42 million for Turkmenistan's FDI.

Investments of the Non-EAEU CIS Countries

Outside of the EAEU, the largest provider of outward FDI is Azerbaijan with 49 projects in six countries. In the middle of 2022, its combined FDI stock in nine projects exceeded USD 100 million (during that period there were 90 such projects in the EDB MMI database, originating mostly from Russia and Kazakhstan, with one project from Belarus).

For most Azerbaijan companies, FDI stock in other post-Soviet countries does not exceed USD 600 million. There were only four large investors, with a combined 86% share of Azerbaijan's total FDI in the region, including one state-owned company and three private companies:

- SOCAR: USD 1,546 million (petrol station networks, pipelines and terminals in Georgia and Ukraine);
- NEQSOL Holding: USD 1,373 million (Bakcell mobile communication network in Ukraine (USD 848 million), cement plant in Ivano-Frankovsk Region (USD 400 million), and a telecom project in Georgia);
- AS Group Investment: USD 170 million (one residential construction project in Georgia);
- Karat Holding: USD 134 million (Russia and Georgia, seven projects in various sectors, including agriculture and several sanatoriums).

While the State Oil Company of Azerbaijan Republic (SOCAR) has been investing abroad since the early 2000s, NEQSOL Holding, already close behind it, made its first FDI only in 2019. The telecom company Bakcell, a member of a holding which was previously little known to the foreign investor community, is the oldest and largest mobile communications operator in the country.

The position of its neighbour Georgia in the chart of the top FDI source countries is much more modest, with only 11 projects in six countries. FDI originating from Moldova is extremely small, with most investments concentrated in Ukraine and Russia. Tajikistan, Uzbekistan, and lately Ukraine have only symbolic presence in the EDB MMI database.

The top FDI recipients are Uzbekistan, Azerbaijan, and Georgia. In most cases, however, investors in those countries come from the EAEU member states. The only exception is the investment interaction among the neighbouring Caucasian republics. Still, the largest project in Georgia (the Borjomi mineral water production plant) is being carried out by Russia rather than Azerbaijan. Another noteworthy example is Kazakhstan's investments in the Batumi Oil Terminal (Kaztransoil, USD 285 million).

Incidentally, although in Uzbekistan investors from Georgia rank only third after investors from Russia and Kazakhstan, their shares are disparate — 0.5% versus 98.2% and 0.95%, respectively. Still, we also highlight a 51% banking subsidiary with equity already as high as USD 45 million, which was opened in Tashkent in 2020 by Georgia's TBC Bank. The latter

also operates in Azerbaijan (since 2008, but with much lower FDI). Another noteworthy asset is BNB-Bank, a Bank of Georgia subsidiary in Belarus.

In Moldova, the leading role is played by investors from the EAEU, primarily Gazprom with its distribution company, LUKOIL and KazMunayGas with their petrol station networks, and Inter RAO which owns the Moldavian SDPP. Their combined share of Moldova's mutual FDI originating from post-Soviet countries stands at 78.5%.

In Tajikistan, the four largest FDI projects originating from post-Soviet countries are also being carried out by EAEU investors, all coming from Russia: Sangtuda HPP (Inter RAO), TT Mobile (with a 75% stake owned by the Russian telecom company MegaFon), Hyatt Regency Dushanbe five-star hotel (Russian Hotels), and a petrol station network (Gazprom Neft). The combined share of those investors in total mutual FDI stock in Tajikistan is more than 95%.

There is little, if any, mutual FDI in Central Asia, with the exception of Kazakhstan. The EDB MMI database contains records of only two deals with FDI stock of more than USD 1 million. Electric equipment manufacturer Artel (Uzbekistan) invested USD 5 million in the first stage of construction of a joint venture in Tajikistan in 2019–2020, and started a production facility in neighbouring Kyrgyzstan on a parity basis (total investment in 2018: USD 1 million).

IMF data for 2020 show that Kyrgyzstan has no FDI stock originating from Tajikistan or Turkmenistan, with FDI stock originating from Uzbekistan at merely USD 1 million, while even Afghanistan's investments in Kyrgyzstan amounted to USD 4 million (Russia – about USD 1 billion; Kazakhstan – about USD 0.25 billion; China – USD 1 billion) (IMF, 2021).

2. MUTUAL DIRECT INVESTMENTS OF THE EAEU MEMBER STATES

Investment Successes of Eurasian Integration

By the end of the first half of 2022, mutual FDI of the EAEU member states had increased by 19% relative to the end of 2016, only 3 p.p. less than the combined indicator for the 12 post-Soviet countries. That “gap”, however, is misleading: during the period under review, Russia’s FDI in Uzbekistan more than doubled, while mutual FDI of the 12 post-Soviet countries excluding capital investments within the EAEU and Russian investments in Uzbekistan was down by more than 3%.

Official statistical reports published by the EAEU member states demonstrate positive changes in mutual FDI between these countries. At the end of 2021, their mutual FDI stock was estimated at USD 18 billion, compared to USD 16.2 billion at the end of 2020 (EAEU, 2022). According to the EDB MMI database (which covers, among other items, investments from offshore areas), that indicator is 1.5 times higher only due to projects with values of more than USD 1 million, fluctuating around USD 25 billion. Inasmuch as, in the EAEU statistics, mutual FDI includes, at least in part, massive investments in relatively small real properties, the actual amount of mutual investments in the EAEU is probably more than USD 26 billion, even after the recent slight decline.

In the post-Soviet area, the nucleus of Eurasian integration has demonstrated clear successes (although they are surpassed by the improvement of the investment climate in Uzbekistan). Naturally, it is too early to affirm that a balanced matrix of paired investment ties has emerged in the EAEU (see Table 2). Russia and Kazakhstan are the two key players, while Belarus’ FDI is also important in certain niches. As a whole, the scope of mutual investments of the EAEU member states is comparable to that within MERCOSUR (see Box 3).

↓ Table 2. Mutual FDI Stock of the EAEU Member States in the Middle of 2022, USD millions

Recipient Country	Investor Country					Total
	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	
Armenia	X	1	–	–	3,121	3,122
Belarus	62	X	14	–	5,385	5,461
Kazakhstan	–	35	X	–	10,667	10,702
Kyrgyzstan	–	2	618	X	946	1,566
Russia	3	601	3,035	2	X	3,641
Total	65	639	3,667	2	20,119	24,492

Source: EDB MMI Database.

At the same time, it should be noted that there is only one significant pair without Russia’s participation, namely, Kazakhstan’s FDI in Kyrgyzstan, and investment flows in that pair are one-sided. Kazakhstan’s largest project in Belarus is a small BTA Bank subsidiary with total

FDI stock of USD 10 million. Armenia does not have a single investment project originating from Kazakhstan with capital investments in excess of USD 1 million. The situation with Belarus' FDI is similar, except that its largest project in Kazakhstan is not in the Services sector, but in Manufacturing Industry (KazBelAZ in Karaganda Region with total FDI stock of USD 23 million). The only significant Armenian investor is the private business group Multi-Group, operating mostly in the Agricultural Complex.

Box 3. Mutual Investments of the EAEU and MERCOSUR Member States

According to IMF data (IMF, 2021), mutual investments of the EAEU member states accounted for 0.9% of regional GDP in 2020, while mutual investments of the permanent MERCOSUR member states (Argentina, Brazil, Paraguay, and Uruguay) accounted for 0.8% of GDP. However, together with mutual investments of MERCOSUR associate member states, for example, Chile, a resource-rich country which actively invests in the region, the share of MERCOSUR in regional GDP is 1.7%. Therefore, mutual investments of the EAEU member states may expand and increase relative to GDP.

The structural and sectoral model of mutual FDI of the EAEU member states remains a weakness. So far, those states have been unsuccessful in building sophisticated cross-border value chains that in the past would have been touted as “inter-republican technological cooperation”. FDI in high-tech sectors, such as renewable power generation, has not gained momentum, even though the water and energy complex desperately needs investment resources, particularly in Central Asia (Vinokurov, Ahunbaev, Usmanov et al., 2022).

Mutual FDI of the EAEU member states in “green” projects remains insignificant. In the middle of 2022, investments in such projects reached USD 0.5 billion, securing a 40% increase over the last six years primarily due to the Hevel solar power station (SPS) construction project in Kazakhstan. “Green” investment projects that have already been implemented usually involve other forms of cross-border movement of capital (for example, Hevel’s “turnkey” projects). Even in the traditional EAEU hydro power generation sector, there are no new large-scale FDI projects, with the exception of the resale of the Sevan–Razdan HPP Chain in 2020 from one Russian investor (RusHydro PJSC) to another (Tashir Group).

Russian TNCs have traditionally regarded the EAEU as a comfortable market with parameters similar to their “home turf”. In 2022, a new factor may emerge related to actual competition for localisation of production facilities in the shape of Kazakhstan, whose investment appeal has increased due to recent foreign political developments.

Formally, withdrawal of a Belarusian investor from Uralkali was the most notable event in the EAEU FDI universe in 2021. The 18.5% stake (previously, almost 20%) was valued at more than USD 1.1 billion. Moreover, the project had supported sectoral diversification of Belarus’s FDI in the EAEU member states. However, experts note that it was not correct to classify those capital investments as FDI. All other discontinued investment projects are smaller by two orders of magnitude. For example, in 2021 there was a change of control at Azov Port Elevator LLC, resulting in Kazakhstan’s FDI stock in Russia decreasing by USD 15 million.

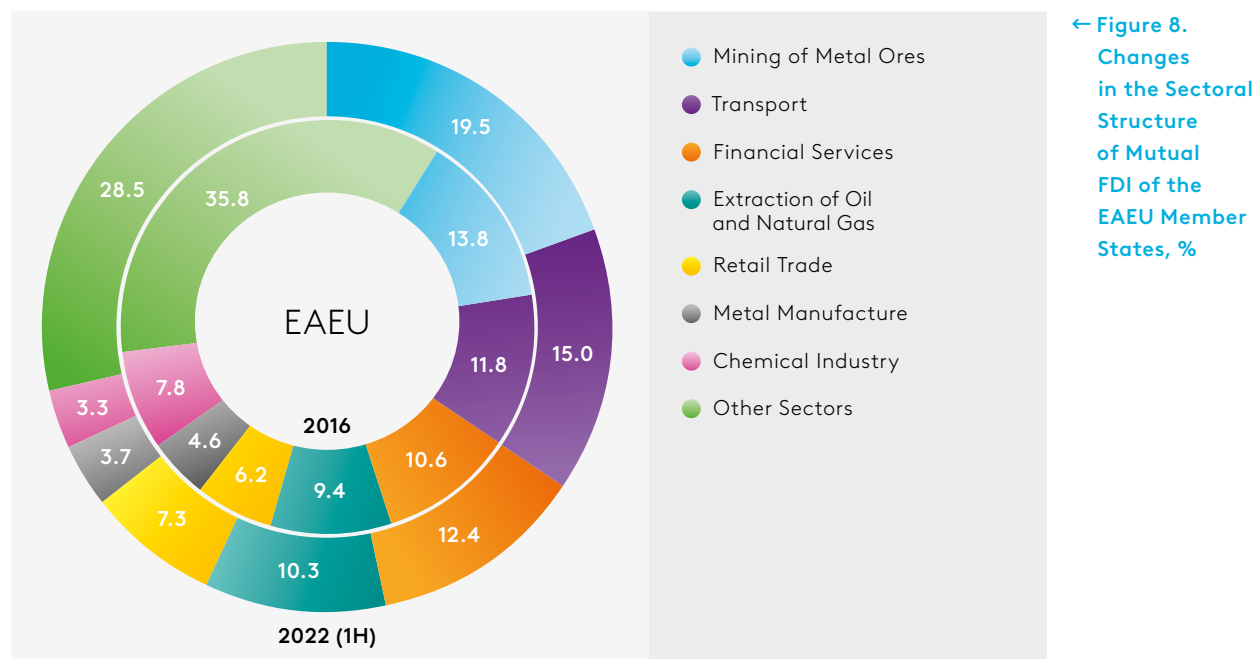
The largest TNCs dominate the list of significant investors, and are primarily from the commodity and infrastructure sectors. For example, at the end of 2021, the largest FDI stock was reported for the following projects within the EAEU:

- LUKOIL: Kazakhstan, a 13.5% stake in Karachaganak Petroleum Operating B.V. (Karachaganak Field), USD 2.2 billion;
- Gazprom: Belarus, a 100% stake in pipeline company Gazprom Transgaz Belarus, USD 1.25 billion;
- KAZ Minerals (Nova Resources): Russia, Baimskaya copper project in the Chukotka Autonomous District, USD 0.9 billion;
- KazMunayGas: Russia, a 19% stake in the Caspian Pipeline Consortium, more than USD 0.8 billion;
- Sberbank: Kazakhstan, subsidiary bank, more than USD 0.8 billion (sold in the summer of 2022).

Gazprom has the highest combined FDI stock in multiple projects (more than USD 3.2 billion at the end of 2021), and its investments are well diversified, including petrol station networks, oil production (Gazprom Neft), and even the manufacturing of gas stoves in Belarus. Another major investor is Atomenergoprom, which has invested almost USD 1.5 billion in the EAEU member states outside Russia. An important non-ferrous metals investor is Polymetal (USD 0.75 billion). However, the company withdrew from Armenia in 2018, retaining active production facilities only in Kazakhstan.

Sectoral Priorities of Mutual Investments, and Impact of 2022 Developments

The main difference between the EAEU FDI stock and CIS mutual FDI is their sectoral structure. For example, in the EAEU, Extraction of Oil and Natural Gas (Code 06) is only in fourth place, with Mining of Metal Ores (Code 07) topping the list (see Figure 8), while in the CIS it is only third.



Source: EDB MMI Database.

In the EAEU, the Chemical Industry (Code 20) plays a much smaller role for direct investors than in mutual FDI of the post-Soviet countries as a whole. By contrast, the share of Provision of Financial Services, Excluding Insurance and Retirement Services (Code 64) in total mutual FDI of the EAEU member states is becoming weightier as a common financial market emerges in the EAEU.

Notably, major sectoral structure differences are observed even though both flows are dominated by investors from Russia and Kazakhstan. Besides, the more than twofold difference between the shares of Extraction of Oil and Natural Gas (23.9% in the CIS, and 10.3% in the EAEU) cannot be ascribed to the nature of the EAEU economy, as the two largest countries comprising the regional integration nucleus rely largely on sectors related to development of hydrocarbon deposits. A more likely explanation is the substantial competition between TNCs from Russia and Kazakhstan concurrently tapping the markets of the other post-Soviet countries, as reciprocal FDI flows, however intensive, are limited by natural constraints.

In the middle of 2022, the share of projects implemented by investors with 100% private capital in total mutual investments of the EAEU member states was 56%, having increased by 26% over the last six years. The share of projects with government stakes of 50% or more increased from 36% in 2016 to 39% in 2022. In 2022, half of those projects were implemented by companies with 100% state control.

Investments in greenfield projects in the EAEU have been growing at a particularly impressive rate. In the middle of 2022, such projects accounted for 32% of total FDI stock of the CIS countries. Over the last six years, FDI in greenfield projects has increased by 57%. Other

widespread FDI forms include asset purchases (30%, up by 13%), and “purchases with expansion” (33%, down by 3%). Other forms of investment accounted for 5%.

After the withdrawal of Alfa-Bank from Kazakhstan, one of the most important events of 2022 was the sale by Russia’s Sberbank of its Kazakhstan subsidiary. The leader of the Russian banking sector had established a business in Kazakhstan in 2006, and by 2021 its equity had increased quite substantially. However, in the first half of 2022 it declined from USD 810 million to USD 543 million. In August 2022, the subsidiary was sold to the local Baiterek Holding for an amount estimated by experts at USD 250–425 million (Voropaeva, 2022). Consequences of the sanctions constituted the main reason, with the growing competition being another critical contributing factor. Sberbank remains an important player mostly in Belarus.

On the whole, bank FDI is likely to continue to play an important role in the EAEU. The leading positions are now occupied by VTB (its subsidiaries in Belarus, Armenia, and Kazakhstan have equity of USD 153 million, USD 121 million, and USD 79 million, respectively). It is present both in the post-Soviet area and beyond the borders of the EAEU, and Kyrgyzstan is the only member of that integration entity where VTB does not have a subsidiary (which is also true for other banks, with the exception of the Russia–Kyrgyzstan Amanbank OJSC, currently under temporary administration).

At the same time, there are several other banks with Russian equity participation which are successfully operating in Belarus and Armenia. In Belarus, significant equity levels at the end of the first half of 2022 were reported by Sberbank (BPS-Sberbank, USD 326 million), Gazprombank (Belgazprombank, USD 307 million), Alfa-Bank (USD 294 million), and Vnesheconombank (BelVEB, USD 227 million)³. The largest Armenian banks with Russian equity participation are Ardshinbank (USD 295 million), Ameriabank (USD 175 million), and Evocabank (USD 70 million).

³ Paritetbank and Fransabank also had Russian equity participation.

3. MUTUAL INVESTMENTS OF THE CIS COUNTRIES AND OTHER COUNTRIES

Unlike the EU, the EAEU cannot reach a point where mutual capital investments of the countries comprising that integration group would dominate its total FDI stock, all because of the scale of those countries' national economies and their sectoral specialisation. Accordingly, the issue arises of the ratio of mutual FDI to investments originating from other countries. Given the current geopolitical situation, investments from the EU countries are not particularly attractive, although they, like FDI originating from the US and Japan, have always played an important role in the CIS countries. Turkish investment expansion also potentially provides competition for most players in the post-Soviet area.

The situation with FDI from China, Iran, and the Arab states is more complicated (see [Figure 9](#)). The fear of Chinese economic expansion in Central Asia and other CIS countries is largely exaggerated (see [Box 4](#)). At this stage, Chinese investors are creating significant opportunities for progressive economic development in the post-Soviet countries.

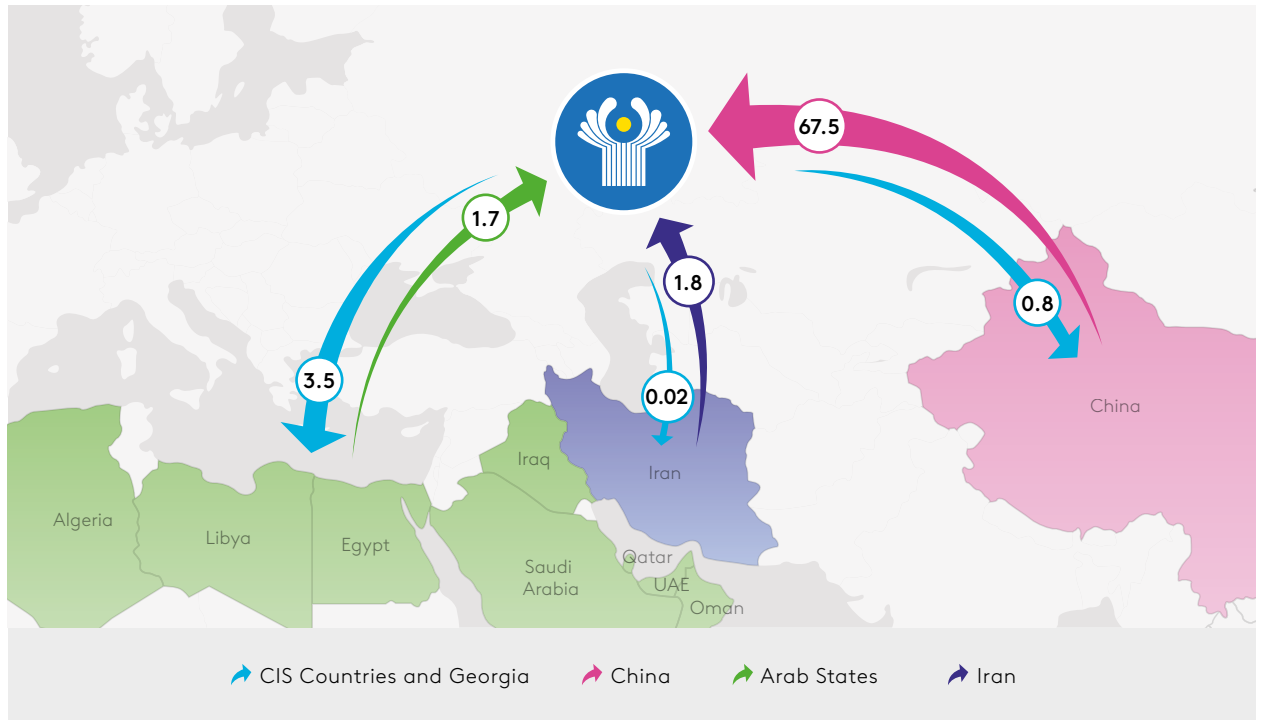
Box 4

According to IMF data for 2020 ([IMF, 2021](#)), the shares of the PRC (including Hong Kong) in inward FDI of post-Soviet countries are the highest in Tajikistan (50.7%), Kyrgyzstan (19.2%), and Kazakhstan (6.4%). In the other countries, that indicator is lower; for example, in Russia it is merely 1%.

The countries of Central Asia and the EAEU are not priority destinations for Chinese investments. Thus, the share of Russia in total outward Chinese FDI (excluding investments channelled through off-shore areas) is 0.5%, that of Kazakhstan is 0.2%, Uzbekistan, Kyrgyzstan, and Tajikistan each account for 0.1%, and all of the remaining post-Soviet countries have less than 0.1%. For comparison, the USA, Singapore, and Australia account for 3.1%, 2.3%, and 1.3% of total outward Chinese investments, respectively. The actual values are much higher, as more than 50% of investments originating from China are channelled through off-shore jurisdictions.

The share of China's FDI in the CIS countries relative to GDP (0.4%) is higher than the shares of investments originating from the Arab states (0.1%) and Iran (0.1%). The ratios of foreign investments in the CIS countries to the relevant trade flows prove to be quite similar. Arab investments constitute 69% of exports of goods to the CIS, while Iranian and Chinese investments stand at 61% and 60%, respectively.

↓ Figure 9. Mutual FDI of the CIS and Other Countries in the Middle of 2022, USD billions



Source: EDB MMI Database.

According to UNCTAD data, Iran’s global outward FDI stock is barely more than USD 4 billion, and that country, unlike the CIS countries, does not really stand out as a capital exporter. However, our records indicate that Iran’s FDI in Azerbaijan is approaching USD 1.5 billion, while for Armenia, Belarus, and Russia that indicator has reached or even exceeded USD 0.1 billion. Taking into consideration the geopolitical factor, Iran has every chance to become, with time, a full-fledged participant of mutual FDI flows of the post-Soviet integration nucleus within Greater Eurasia.

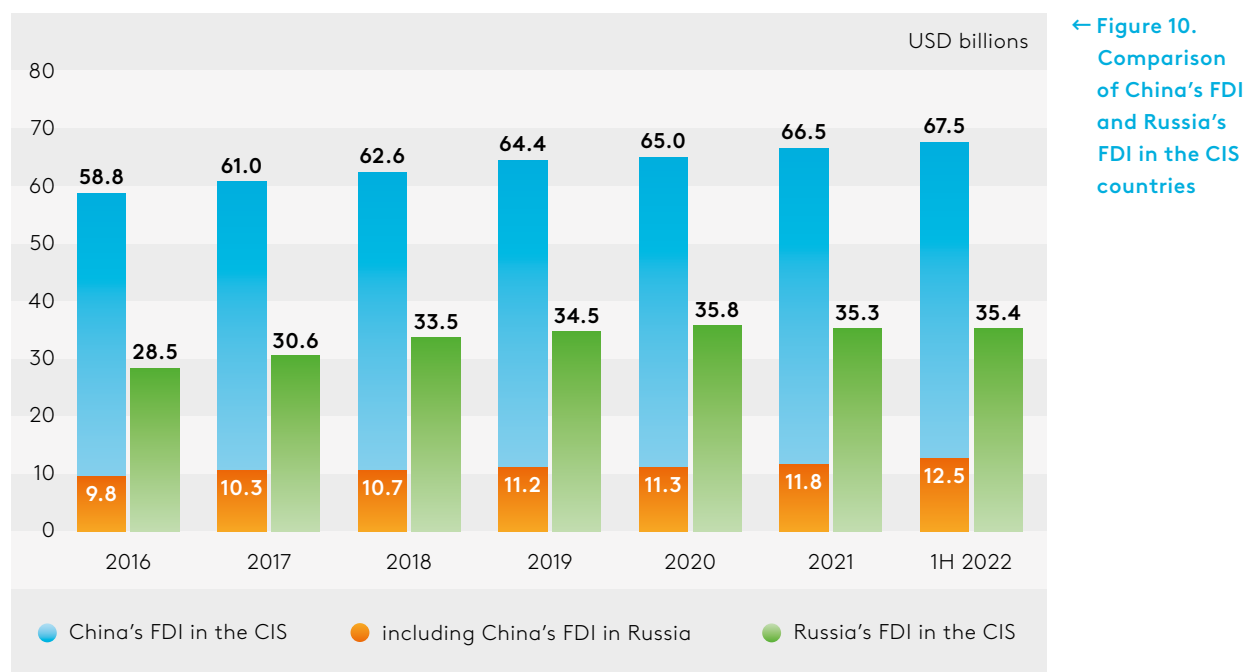
The Arab world is heterogeneous in many respects, and FDI is no exception to that rule. The largest providers of global direct capital investments in that region are the UAE (USD 215 billion at the end of 2021 according to UNCTAD) and Saudi Arabia (USD 151.5 billion). Large TNCs have also emerged in other Arab states, so it makes sense to consider FDI stock originating at least from such wealthy Persian Gulf countries as Qatar (USD 47.7 billion), Kuwait (USD 36.4 billion), and Bahrain (USD 19 billion).

The CIS countries may also receive some FDI from the North African Arab states. However, Arab investors are being very cautious, mulling over potential projects for years before they actually proceed to the implementation stage. Besides, they are mostly new to the direct investment business (in the past, Arab capital investments were mostly of the portfolio type) and, consequently, pay heed to such factors as the neighbourhood effect, and cultural and historical affinity; as a result, they perceive the CIS as a less attractive investment target than, say, the Middle East or even Africa.

Scale of the Chinese Investment Presence in the CIS

While in the first half of the 2010s China lagged far behind Russia as a source of FDI in the CIS (Kuznetsov, Volodin et al., 2017), now it steadily holds the leading position. By the middle of 2022, China's FDI stock in the 12 post-Soviet countries exceeded USD 67.5 billion, including USD 12.5 billion of investments in Russia (see Figure 10). In particular, by the end of 2021, the number of Chinese companies that were involved in joint ventures or owned companies with 100% equity participation reached 7.7 thousand (Vinokurov et al., 2022).

The situation is very different from country to country. For example, China's presence in Azerbaijan is more than modest, with only two substantial projects whose FDI stock is USD 0.4 billion. Large Chinese investors are still not present in Armenia or Moldova. Chinese TNCs also play a limited role in Georgia and Ukraine. Even in Belarus, China's FDI is below USD 0.9 billion.



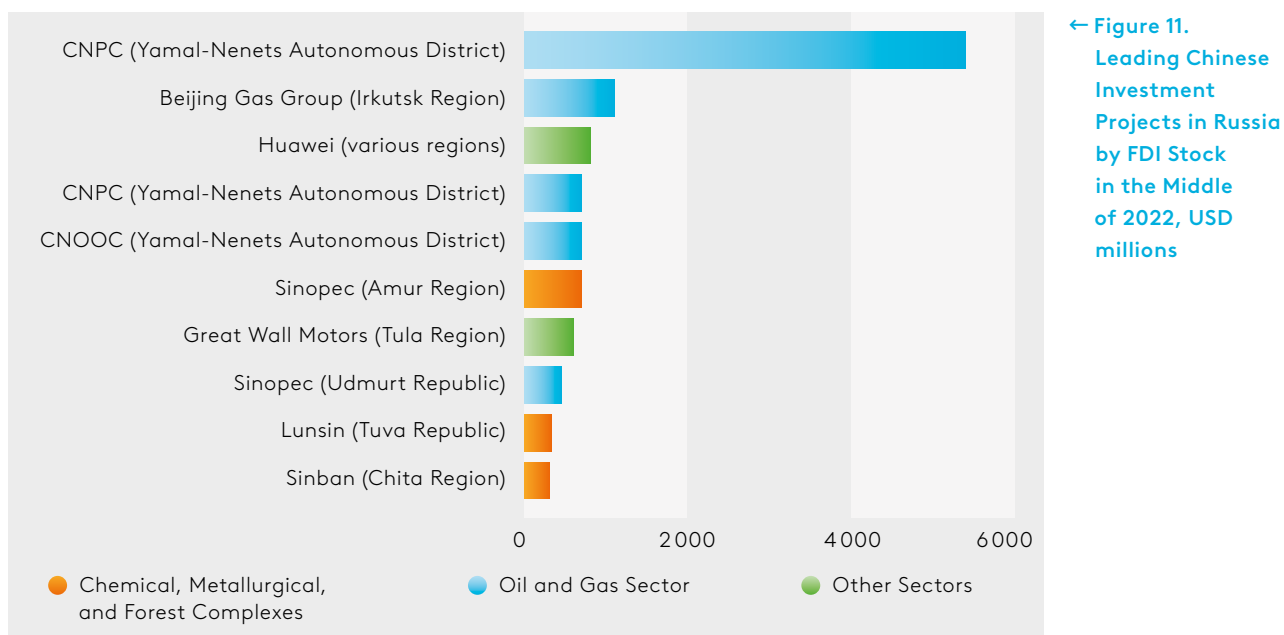
Source: EDB MMI Database.

The key targets of the Chinese investment expansion are the oil and gas and pipeline sectors of Kazakhstan (although there are quite a few less significant Chinese projects in various sectors of the mining and manufacturing industries in the country), gold mining and oil refining in Kyrgyzstan, and gold mining and cement production in Tajikistan. In those three countries, China can become the leading foreign investor.

Turkmenistan, which has attracted about USD 9 billion of China's FDI to its oil and gas production, warrants special mention. With total foreign FDI stock in that country at more than USD 40 billion, the share of China is rather unassuming (the main investors in Turkmenistan are Japan, Republic of Korea, and Saudi Arabia). However, it should be kept in mind that Turkmenistan is almost fully excluded from mutual direct investments in the post-Soviet area.

Lately there has been an increase in China's FDI in Uzbekistan's industry. However, that part of the expansion may still be regarded mostly in a positive light, similarly to China's FDI in Russia in the extraction of hydrocarbons in Yamal or the development of various resources in Eastern Siberia and the Far East, along with several large enterprises in Central Russia.

Moreover, unlike in Central Asia, China’s FDI in Russia is rather diversified in terms of corporate and sectoral structure, as can be seen from the list of the top 10 Chinese projects in the middle of 2022 (see Figure 11).



Source: EDB MMI Database.

Chinese investors have become more active in Russia. From the end of December 2016 to the end of July 2022, China’s FDI stock in Russia has increased by 27.4%, while its FDI stock in all EAEU member states is up by only 8.1% (or even 3.4% if Russia is excluded). If we look at all 12 post-Soviet countries, the growth has been less pronounced at 14.9%. Be that as it may, the role of Chinese capital investments in Russia’s total FDI stock remains somewhat limited, which is not the case with China’s FDI in Tajikistan. There it has exceeded USD 2.2 billion, which is much more than half of all foreign capital investments in the country, while Russia’s FDI is less than a third of that.

In China itself, significant FDI projects (albeit fewer than a dozen) have been implemented solely by Russian TNCs. The largest investment projects involve Vi Holding operations: the first facilities were purchased, and the construction of an aluminium processing plant in Sichuan was started by Henan Yulian Energy Group Co., Ltd., back in 2006 (the plant was launched in 2019, and related FDI stock currently stands at USD 0.75 billion). Sportmaster and RUSAL have each invested dozens of millions of dollars, in a retail chain and a cathode plant in Shanxi, respectively. All other capital investment projects were valued at less than USD 10 million.

According to official statistics, Russia’s FDI stock in China is less than half of that (the CBR reports that it was merely USD 350 million at the end of 2020). However, even the inclusion of investments channelled through offshore areas does not make Russia a significant source of FDI in the PRC. There may be some elevated activity on the part of Russian investors from regions along the border between Russia and China, but their investments are not likely to breach the USD 1 million⁴ ceiling, and the combined value of their FDI does not really change the big picture. Therefore, despite the existence of a common border with China, in terms of FDI scale Russia is currently behaving rather like a medium-sized West European country whose TNCs, although quite active abroad, still steer clear

⁴ Minimum amount of the deal for its inclusion in the EDB MMI database.

of the PRC. At this point it is hard to say whether withdrawal of Russian investors from the EU and the US will have any positive impact on Russia's FDI stock in China.

Iran and the Arab States as New EAEU Investment Partners

The EDB MMI database contains records of 16 Iranian projects with FDI stock of more than USD 1 million each (one project was terminated). Iran's total FDI in the CIS has reached USD 1.8 billion, with Azerbaijan as the key recipient. Iranian capital investments are present in Armenia (with Bank Mellat deserving special mention), Belarus (the leading investor is Bank Tejarat), Kazakhstan (mostly metallurgical plants), and, in the post-Soviet area outside of the EAEU, Tajikistan.

The largest Iranian investment project in Russia is Mir Business Bank, a Bank Melli Iran subsidiary with equity of about USD 125 million. Its headquarters is in Moscow, and it has branches in Astrakhan and Kazan (because of their geographic proximity to Iran). The bank also invests in Azerbaijan. Another Iranian investor is Bank Tejarat with offices in two CIS countries, namely, Belarus and Tajikistan.

In the summer of 2021, Padideh Shimi Paydar, a member of the GIG holding, commenced construction of a household chemicals plant in SEZ Lotus (Astrakhan Region). According to the latest data, there are 147 companies with Iranian equity participation registered in that constituent entity of the Russian Federation which, being situated in the Caspian region, is the main recipient of Iranian capital investments ([Korotchenko, 2021](#)). The number of large investors remains, however, low. The most significant project is the acquisition of a 53.65% stake in Astrakhan Port PJSC by Naseem Bahr Kish CJSC, associated with well-known Iranian shipping company Khazar Sea Shipping Lines. However, non-current assets of that company have not climbed above USD 1.5–2 million in the last few years. Iranian investments in facilities in SEZ Lotus and other companies in Astrakhan Region largely involve prospects for the development of the Trans-Caspian Route of the International North–South Transport Corridor linking Russian and Iranian Caspian ports ([Vinokurov, Ahunbaev, Zaboiev et al., 2022](#)).

Investments by the CIS member states in Iran are still rather modest. The only notable project is the construction by Kazakhstan's KazAgro of a grain terminal in Amirabad on the Caspian Sea (Mazandaran Province) with a total of USD 18 million invested in 2010. This is largely related to prospects for an increase in grain transportation from or through Kazakhstan to the Iranian Caspian ports to 1.0–1.2 mln tonnes by 2030 ([Vinokurov et al., 2021](#)). However, investors from Kazakhstan have still not begun implementing their plans for further expansion of port infrastructure.

In their relations with the EAEU, the Arab states currently behave more like recipients of FDI, mostly from Russia. The oldest project has been LUKOIL's participation in oil production in Egypt since 1995 (FDI stock: about USD 1 billion). The largest project is Rosneft's participation in oil production in the same country (the company acquired a 30% stake in the Zohr Field (Shorouk Block) at the end of 2016, with an estimated FDI stock of more than USD 1.1 billion).

Other large investment projects include LUKOIL's investments in Iraq. It is extremely difficult to apply classical investment appraisal methods normally used in FDI research to a model based on production sharing agreements with irregular repatriation of profits, but the authors generally estimate FDI in that project at USD 1 billion (in the 2010s, Russian capital accumulated in Iraq was as high as USD 4 billion). Two other major Russian oil and gas TNCs (Rosneft and Gazprom) are also present in Iraq, but their FDI remains rather insubstantial.

Non-standard projects implemented by Russian TNCs in the Arab world include the research centre created by Rosneft in Qatar in 2018 (with FDI of about USD 1 million), and the plant built from scratch by Metalloinvest in the Emirate of Sharjah (UAE) (the largest Russian project in the country, with FDI of USD 150 million). Notably, the UAE has attracted significant Russian FDI in the Services sector: in 2012, LUKOIL established a subsidiary in the Emirate of Dubai to manage its Middle East operations, and in 2009 VTB opened a bank branch there.

Another noteworthy investment destination is Oman, where TMK PJSC acquired a 55% stake in a Gulf International Pipe Industry (GIPI) pipe plant back in 2012. The size of the deal was USD 120 million, although according to the official financial statements the plant's non-current assets are valued at less than USD 1 million (even though its modernisation was completed in 2017).

Other countries of interest in the region are Saudi Arabia and Algeria, as well as Libya, where many projects have been suspended or lost because of the civil war.

There are no official CBR statistics on FDI stock in most partner countries (see [Table 3](#)). According to the EDB MMI database, Egypt has overtaken Iraq as the leading recipient of Russia's FDI in the Arab world. At the same time, inasmuch as the UAE is mostly used as a "trans-shipping destination" for Russia's FDI in some other countries, that monarchy is cited in the CBR statistics as the leader among the Arab states.

↓ **Table 3. Russia's FDI Stock in the Arab States, USD millions**

Country	2016		2019		2021	
	CBR	EDB MMI	CBR	EDB MMI	CBR	EDB MMI
Egypt	62	1,001	61	2,125	61	2,125
Iraq	113	1,020	–	1,020	–	1,020
UAE	818	161	959	161	1,682	161
Oman	0	120	0	120	0	120
Algeria	–	10	–	10	–	10
Libya	–	1	–	1	–	10
Saudi Arabia	0	23	1	3	0	3

Note: EDB MMI data are based on open sources.

Sources: CBR, EDB MMI Database.

4. INVESTMENT PROSPECTS FOR THE CIS COUNTRIES

Political developments in 2022 make it impossible to provide precise projections about FDI trends in the post-Soviet area to the end of the current year and throughout 2023.

On the one hand, the Russian economy, the most powerful one in the region and which has a strong impact on all its neighbours, was quite successful in dealing with the “sanctions pressure” in the 2nd and 3rd quarters of 2022. On the other hand, at this time it is still impossible to make a full assessment of possible adverse economic consequences for the Russian economy. It is difficult to forecast the tightening of the sanctions imposed by the “collective West” on other countries, including Russia’s EAEU partners. However, in 2023 the Russian economy will, without doubt, experience a decline in GDP, major disruptions of value chains, elevated volatility in the financial sphere, and an outflow of foreign investment.

Therefore, FDI stock is expected to decrease, both in the EAEU and the CIS, with a possible recovery in 2024. The ability of companies from Kazakhstan or Azerbaijan to replace Russian TNCs is limited. Naturally, this creates additional opportunities for external competitors, including the EAEU member states, to occupy new niches in the post-Soviet area. The key role in this expansion will be played by China, but companies from the EU, the US, Turkey, the Arab states, and Iran will also attempt to get their chunk of the pie. One of the motives will be to use FDI to relocate numerous production facilities from Russia to Kazakhstan and other CIS countries.

Still, some of the larger TNCs are capable of pressing on with foreign expansion. This primarily applies to oil and gas TNCs, and to companies which managed to withdraw from the countries of the “collective West” in a timely fashion and avoided seizure of their assets. Such companies will, however, probably prefer to invest in import substitution programmes in Russia.

The EAEU member states will encourage the attraction of Russian production facilities. In particular, Kazakhstan plans to facilitate the relocation of Russian manufacturers of value added products. Not only will this make it possible to create new jobs and expand the tax base, but it will also help develop new technologies and standards, and generally improve the competitiveness of Kazakhstan’s machine engineering and manufacturing facilities ([Khabar 24, 2022](#)).

In these conditions, we anticipate the following mutual EAEU and CIS countries investment trends to emerge and develop in the medium term:

- slower growth (and, possibly, a decrease) of mutual investment stock due to mounting uncertainty and strengthening of the dollar;
- ongoing faster growth of FDI in greenfield projects (the relocation of Russian production facilities, including relocation to the EAEU member states and CIS countries, may become an additional factor);
- an increasing number of “green” investment projects while the global climate agenda remains relevant;

- stronger investment activity of Russian companies in a number of post-Soviet countries, including Kazakhstan, Uzbekistan, Azerbaijan, Belarus, and Armenia, due to both support and expansion of existing projects as well as the forced redirection of capital flows to the Eurasian region;
- an increased share of projects implemented by investors with 100% private capital, and a possible slowdown in investment activity by state-owned companies;
- development of mutual investments with the countries of the Global South.

APPENDIX.

EDB MMI METHODOLOGY

The EDB MMI methodology was developed during the implementation of several projects in the 2010s (Kuznetsov, Volodin et al., 2017; Kuznetsov, Gemueva et al., 2017). Some adjustments were made to the methodology in 2021 (Kuznetsov, Vinokurov et al., 2021).

The EDB MMI database is an ongoing project of the EDB Centre for Integration Studies. The database contains detailed information on mutual FDI stock involving projects implemented by investors from the CIS countries and Georgia. Monitoring has been conducted since 2012 on the basis of diverse data obtained from publicly available sources. The database is generated “from the bottom up” on the basis of corporate statements and other primary information.

The EDB MMI database currently includes all projects with year-end FDI stock of more than USD 1 million for at least one year during 2016–2022. If FDI stock of the project is USD 0.6–0.9 million, it is not rounded up, and the project is not included in the database. No exceptions to this rule are made for individual sectors or countries.

The OKVED classification is used to describe the sectoral structure of FDI in the EDB MMI database. That Russian classification fully corresponds to international standards used to describe the sectoral affiliation of projects (with a number of insignificant exceptions). The EDB MMI uses its codes down to the second digit.

The classification of FDI forms is reduced to four:

- “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.);
- “purchase with expansion” — the original asset acquisition has been supplemented with significant reinvestment in modernisation or territorial expansion, or with additional acquisitions of new share packages or production facilities (consolidated into the company);
- “greenfield” — some “greenfield” projects are not expanded at later stages, but occasionally significant additional investments are made in subsequent years;
- “other” — this includes all complicated cases, for example, if the deals involved privatisation after the dissolution of the USSR, when the asset was originally managed by a body from another Union republic (for example, Uzbekistan’s resort in the Russian city of Kislovodsk with FDI stock of USD 4–5 million was established in 1932 and used for holidays and breaks for officials and other individuals from the Uzbek SSR; currently it is owned by AO Uzbekiston, a company operating under the aegis of the Main Health Care Department under the Administration of the President of the Republic of Uzbekistan).

All FDI stock values are converted into US dollars at the exchange rate published by the central (national) banks as of 31 December. OECD and IMF recommendations on FDI stock measurement for non-financial companies (OECD, 2008) are supplemented by the non-current assets valuation method developed before 2017. This is particularly relevant for countries with underdeveloped stock markets, as a tool for the assessment of profits reinvested (or, conversely, of depreciation of capital previously invested) in projects owned by the same investor over many years. For banks and insurance companies, the main FDI

assessment indicator is the amount of equity, although in some cases researchers have to make do with charter capital information, which may result in an understatement of the amount of FDI (in practice, this applies to small banks, and it has little material impact on common country-level indicators).

The authors, to the extent possible and acting in full compliance with OECD and IMF recommendations, measure deal values by comparing them to similar recent acquisitions in the relevant country/sector. In some cases, the company discloses the true value of the deal a couple of years later, and then our estimates are adjusted. Another data adjustment problem is related to the use of news reports on investment plans, particularly those with extensive (5–10-year) investment timeframes. Unfortunately, the media and (after them) respected analysts occasionally reprint such announcements for years, changing only dates and presumed increases of the amount of capital investments. In practice, however, the projects so announced can be mothballed, which in the absence of field research may be learned only much later. Unlike the Financial Times database and several other respected sources, the EDB MMI verifies old information on announced FDI on an annual basis.

The information presented in the database can be sorted by numerous parameters in addition to year-end FDI stock and sectoral affiliation of the project. For example, each record specifies the start year of the investment project (and the year when the investor withdrew from the project, if relevant), the region (for large post-Soviet countries; the fact of existence of FDI in the capital or in autonomous units is indicated for the smaller countries), and the role of state capital.

In 2022, the EDB MMI database was supplemented with information for 2021 and the first half of 2022. Data for the first half of 2022 are preliminary. Because of the sanctions-related restrictions, Russian TNCs publish less official data on the scale of their foreign capital investments. In addition, annual financial statements make it possible to provide more precise estimates than quarterly annual reports. The only exception to that rule is the banks, which usually disclose exhaustive equity data at the end of each quarter.

A new feature that was added to the EDB MMI database in 2022 is information on mutual FDI of the CIS countries with China, Iran, and a number of Arab states.

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LIST OF ABBREVIATIONS

CBR — Central Bank of the Russian Federation (Bank of Russia)

CIS — Commonwealth of Independent States

CIS MMI — Eurasian Development Bank project monitoring mutual direct investments of the CIS countries and Georgia in 2012–2017.

EAEU — Eurasian Economic Union

EDB — Eurasian Development Bank

EDB MMI — Eurasian Development Bank project monitoring mutual direct investments of the CIS countries and Georgia since 2021.

EU — European Union

FDI — foreign direct investment

IMF — International Monetary Fund

INION RAN — Institute of Scientific Information for Social Sciences of the Russian Academy of Sciences

MERCOSUR — South American Common Market (Spanish: Mercado Común Sudamericano). The current active members are Argentina, Brazil, Paraguay, and Uruguay. Venezuela's membership is suspended. Associate countries are Bolivia, Chile, Colombia, Ecuador, Peru, Guyana, and Suriname.

OECD — Organisation for Economic Cooperation and Development

OKVED — All-Russian Classification of Types of Economic Activity

RES — renewable energy sources

SEZ — special (free) economic zone

SPP — solar power plant

TNC — transnational corporation (company)

UN — United Nations Organisation

UNCTAD — United Nations Conference on Trade and Development



Macroeconomic Review (RU)

A regular EDB publication, which provides an overview of the current macroeconomic conditions in the EDB member states and estimates their development in the short-term perspective.



Macroeconomic Outlook (RU/EN)

EDB Macroeconomic Outlook 2023

The analysis summarises economic developments in the Bank's member states in 2022 and provides key macroeconomic projections for the region's countries for 2023 and 2024.



Report 21/1 (RU)

Promoting the Role of the EAEU Currencies in Global Transactions

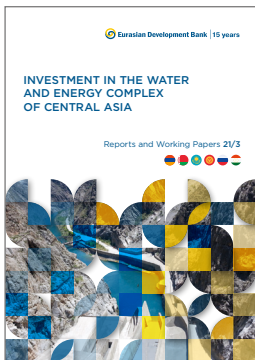
EAEU currencies service around 2% of global trade. As for the EAEU countries, payments in their currencies have notably increased over the past seven years — their share in trade flows jumped from 63% in 2013 to 74% in 2019.



Report 21/2 (RU/EN)

Uzbekistan and the EAEU: Prospects and Potential Impact of Economic Integration

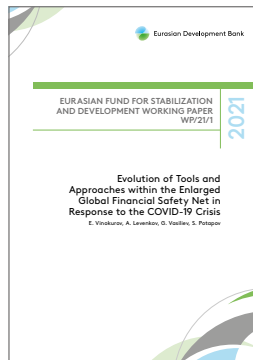
The report estimates the potential effects of Uzbekistan's integration with the EAEU and outlines promising areas for cooperation between the current Union member states and Uzbekistan.



Report 21/3 (RU/EN)

Investment in the Water and Energy Complex of Central Asia

The report analyses Central Asia's water and energy complex after 30 years of independence of the five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and assesses their cooperation in the water and energy complex.



Working Paper WP/21/1 (RU/EN)

Evolution of Tools and Approaches within the Enlarged Global Financial Safety Net in Response to the COVID-19 Crisis

This working paper provides the analysis how the GFSN responded to pandemic on global level and on regional level (in the EFSD countries).



Working Paper WP/21/2 (RU/EN)

Total Debt is So Much More Than Just Sovereign Debt. Contingent Liabilities in Armenia, Belarus, Kyrgyz Republic, and Tajikistan

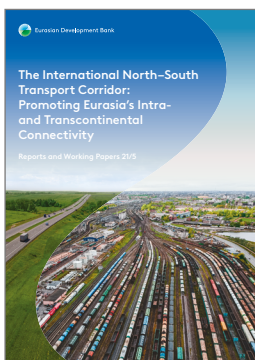
This study aims to contribute to understanding the potential risks and impacts of both explicit and implicit contingent liability shocks on government fiscal and debt positions in the EFSD recipient countries.



Report 21/4 (RU/EN)

EDB Monitoring of Mutual Investments

Mutual investments in Eurasia, calculated using a new methodology, reach US \$46 billion. FDI has been growing steadily since 2016.



Report 21/5 (RU/EN)

The International North-South Transport Corridor: Promoting Eurasia's Intra- and Transcontinental Connectivity

Linking up the INSTC with Eurasian latitudinal corridors could ensure around 40% of container traffic.



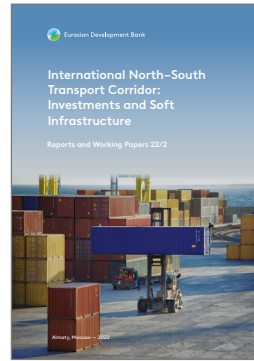
Joint report by the Eurasian Development Bank and the Global Energy Association (RU/EN)

Green Technologies for Eurasia's Sustainable Future

The report is prepared by the key international industry experts and young scholars. It contains the results of technical research aimed at solving today's energy challenges and helping to reduce the carbon footprint in Eurasia.



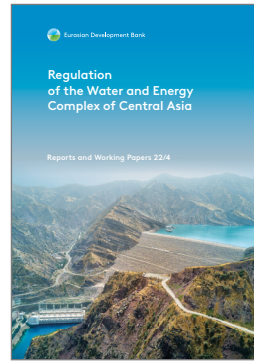
**Report 22/1
(RU/EN)**
EDB Integration Business Barometer
 About 73% of companies feel positive about the EAEU and say it makes doing business easier.



**Report 22/2
(RU/EN)**
International North-South Transport Corridor: Investments and Soft Infrastructure
 The study assesses the investment potential of the INSTC, identifies barriers to its development and provides recommendations on how to eliminate them.



**Report 22/3
(RU/EN)**
The Economy of Central Asia: A Fresh Perspective
 The report provides a renewed perspective on Central Asia as a large, dynamic and promising economic region and analyses its current structural changes and major growth areas.



**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.



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