MONTFORT
EURASIA

Investor Perception Report
Central Asia and the Caucasus

Expert Advice.
Flawless Execution.

eurasia@montfort.london
www.montforteurasia.com

About Montfort Communications

Montfort is an award-winning reputation management consultancy, delivering data-driven strategic advice to the world's leading companies, individuals and organizations.

Montfort offers some of the world's foremost communications advisers, investor relations specialists and experts in digital, public policy, media relations and corporate communications.

We offer bespoke strategic advice to our clients, applying the necessary expertise and techniques to help clients achieve their objectives.

Montfort Eurasia was conceived to bring international standards of communications and best practice to the region's leading companies and individuals. The office, based in Tashkent, specializes in advising clients looking from and operating in our region.

We provide an unmatched understanding of political, economic and geographical factors, assessing opportunities and risks that can be integrated into intelligent strategic communications campaigns in an evolving information environment for clients doing business from and in the region.

Our track record is characterized by:

- Working with some of the world's most dynamic clients operating across all continents.
- Leveraging deep relationships across the media, political and other landscapes to achieve client objectives.
- Leading thoughtfully in the area of ESG and sustainable business practices.
- Offering unrivaled support to clients during challenging periods of crisis and change.
- Harnessing deep market knowledge and wide experience to help navigate new and exciting geographies.
- Communicating sensitively with the global markets to build and protect shareholder value.

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Introduction

Central Asia and the Caucasus are rapidly emerging as key players in the global investment landscape.

Historically shaped by their strategic location along major trade routes, these regions are now capitalizing on economic reforms, infrastructure development, and a more favorable business environment to attract international capital. With fast-growing economies and resource-rich industries, the region is poised for continued growth and investment.

While energy and natural resources remain dominant sectors, the rise of manufacturing, ICT, agriculture, and tourism demonstrates the diversification of investment opportunities in the region. Government initiatives, including tax incentives, regulatory reforms, and policies aimed at enhancing market transparency, are further fostering a more competitive investment climate.

However, key challenges remain. Limited market knowledge and perceived regulatory complexities continue to be barriers for some investors. Despite these obstacles, as awareness and engagement with the region increase, Central Asia and the Caucasus are well-positioned geographically and geopolitically to become vital hubs for global trade and investment in the coming years.

This report delves into these opportunities and challenges, offering in-depth insights into investor perceptions, sector trends, country highlights, and key areas of investment potential across Central Asia and the Caucasus.

Methodology

To explore these dynamics, Montfort Eurasia conducted a cross-sectional survey of 255 senior-level investors and business decision-makers based in the United Kingdom and the United States. The research employed a mixed-methods approach, combining structured quantitative questions with open-ended qualitative prompts to capture both measurable trends and deeper contextual insights. The sample was carefully curated to ensure a balanced geographic distribution and representation across key industries and institutional types. The survey was designed to assess investor sentiment, including perceived business climate, sector-specific interest, comparative regional knowledge, and the reliability of market intelligence sources. This framework is then used to assess evolving investment priorities, risk perceptions, and strategic outlooks related to Central Asia and the Caucasus.

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Executive Summary

Central Asia and the Caucasus are rapidly emerging as high-growth investment destinations, with increasing investor confidence and economic momentum. However, bridging the knowledge gap and addressing security and stability concerns remain critical. Governments and businesses must proactively engage with international media and financial sources to improve transparency, strengthen investor trust, and unlock the full investment potential of the region.

Key Findings

7.36

out of 10 investor understanding of the region

Significant Market Understanding Improvement

Investor understanding of Central Asia and the Caucasus has significantly improved since a similar survey in 2023. In 2024, investors from both the UK and USA rated their understanding of investing in the region at an average of **7.36 out of 10**, up from 4.92 in 2023.

69.8%

of investors are strongly interested in emerging markets

Interest in investing in emerging markets rose significantly, with **69.8%** of investors across both regions expressing strong interest, marking a 49.2% increase in the UK and a **147.1% rise** in the USA compared to last year.

47%

of investors expressed strong interest in the region

Investor Interest Triples in 12 Months

Interest in Central Asia and the Caucasus has tripled. In 2024, **47%** of investors expressed strong interest in the region, compared to just **15.5%** in 2023, signaling a growing recognition of the region's investment potential.

> We have seen incremental progress on corporate governance from companies from Central Asia, and that's been reflected in increased investor interest, particularly in debt capital markets activity from issuers from the region. There is still significant progress to be made in terms of reporting, independent directors, and other governance concerns, but investors appear to have recognized some movement in the right direction.
>
> **J. David Stewart,** Partner, Sidley Austin LLP

5.9%
projected GDP growth in the region

Appreciation of Regional Growth Opportunities

The region is forecasted to experience significant growth, with the EBRD projecting a 5.9% GDP increase in 2025, driven by stronger commodity revenues, infrastructure investments, and market reforms.

Kazakhstan is expected to see 5.5% growth, fueled by infrastructure projects and the expansion of the Tengiz oil field. Uzbekistan's economy is set to grow by 6.2%, supported by strong industrial performance, rising remittances, and favorable global commodity prices. Tajikistan is projected to grow by 7%, driven by its focus on exporting metals and large-scale infrastructure projects, while Azerbaijan anticipates a more moderate 2.7% GDP increase, benefiting from oil prices and economic diversification.

76%
of investors worry about investment security

Security and Political Stability Remain Concerns

Despite rising interest, security and political stability remain top concerns for investors. Investment security is the primary concern for 76% of investors, followed closely by political stability, which worries 65% of investors.

Market entry and corporate governance are also seen as significant challenges, with just over half (52%) of investors citing them as key factors influencing their investment decisions.

Industrial and manufacturing lead with
63.5%
of investor interest

Investors See Growth Potential in Natural Resources and Industrial Sectors

The most attractive sectors for investors include industrial and manufacturing (63.5%), oil and gas (57.9%), and mining and natural resources (49.2%).

Professional services are also emerging as a high-potential sector, with international consultancies like PwC, McKinsey, and KPMG expanding their presence in the region. Strong human capital in Azerbaijan, Uzbekistan, and Kazakhstan is further reinforcing the region's appeal.

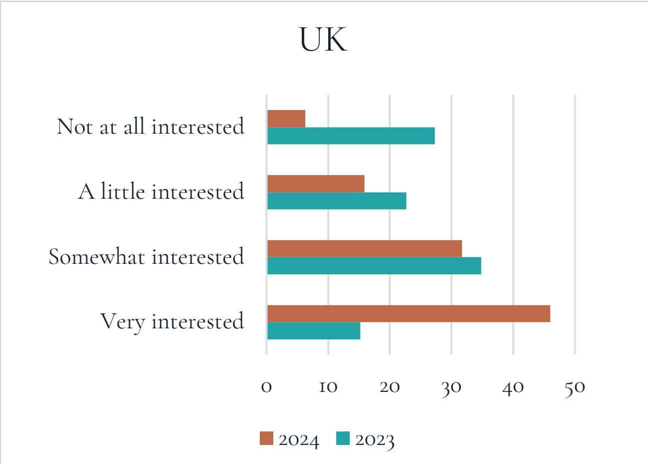
80% of investors rely on international media

International Media Remain the Key Channel for Investor Relations and Perceptions

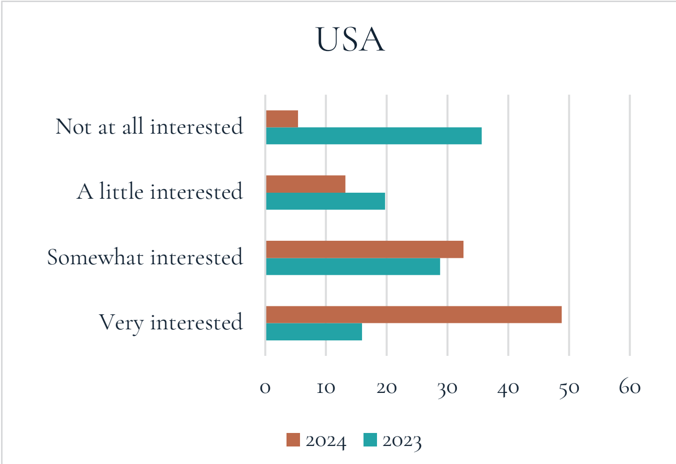
Investors rely heavily on international media (80%) and financial analysis (70%) to understand emerging markets. Governments and businesses in the region must engage more effectively with these channels to enhance transparency, improve investor confidence, and highlight opportunities.

Investment Perception Trends in Central Asia and the Caucasus

Investor sentiment toward Central Asia and the Caucasus is undergoing a transformation, driven by increasing confidence and a deeper understanding of the region's economic potential. While interest in emerging markets is rising overall, enthusiasm for Central Asia and the Caucasus has grown even more dramatically - tripling in just a year. In 2024, 48.8% of USA investors and 46% of UK investors expressed strong interest in the region, a massive shift from 15.2% in the UK and 15.9% in the USA in 2023.



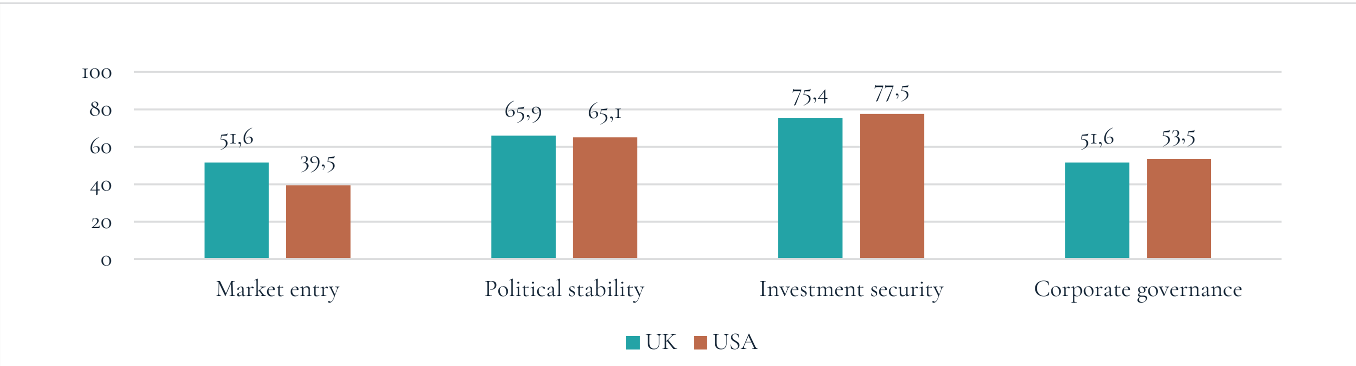
UK investor polling



US investor polling

Q: How interested in investment opportunities in Central Asia or the Caucasus are you?

Despite this surge in interest, investors still identify limited knowledge of the local business environment as a key challenge. Other concerns include regulatory complexity, political stability, and security risks.



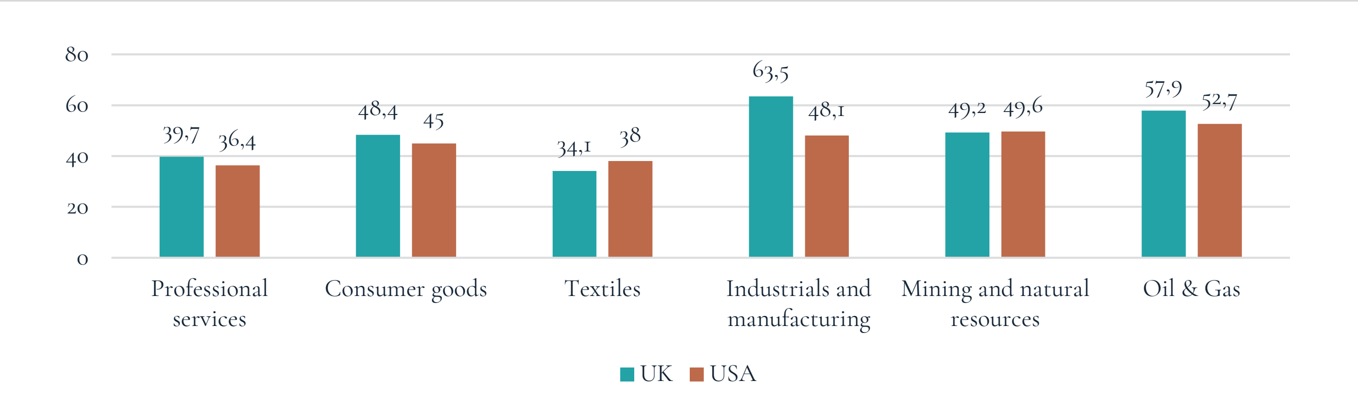
Sanctions and export compliance restrictions: USA investors face challenges regarding sanctions compliance and export restrictions. Potential investors remain concerned about risks associated with the misuse of goods and IP, including the potential transhipment of dual-use goods or transfer of technologies to Russia or China. These pose significant additional compliance risks to Western companies looking to work in the region.

William Kinsman, Senior Associate, Blue Star Strategies

Rising Investor Confidence

The latest polling data indicates that investors in both the UK and USA have significantly improved their knowledge of the region as an investment destination. UK investors rated their understanding at 7.21 out of 10, while USA investors rated it slightly higher at 7.52. This represents a notable jump from 2023, when UK investors rated their understanding at 4.89 and USA investors at 4.95.

This growing familiarity coincides with heightened enthusiasm for investing in emerging markets. In 2024, 66.7% of UK investors and 72.9% of USA investors expressed strong interest in emerging markets, a sharp rise from 2023 when only 44.7% of UK investors and 29.5% of USA investors reported high interest. This marks a 49.2% increase in the UK and a staggering 147.1% increase in the USA within just one year.



Q: Which industries do you see the most growth potential for in the Central Asia and the Caucasus?

Key Sectors for Growth

Investor polling highlights natural resources and extractive industries as the sectors with the greatest growth potential in Central Asia and the Caucasus:

Most investors see natural resources as having the highest growth potential in Central Asia.

57.9% of UK investors and 52.7% of USA investors see oil and gas as the most attractive industry, while 49.2% selected mining.

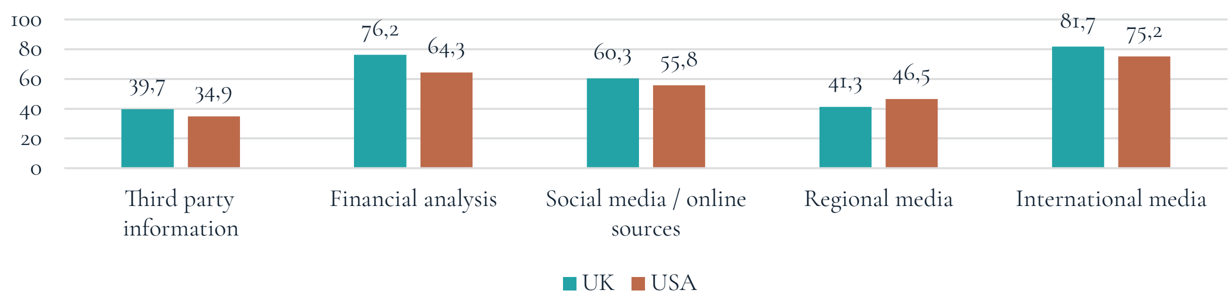
Other high-growth sectors include industrials and manufacturing (63.5%), and consumer goods (48.4%).

The desire of Western nations to reduce reliance on single-source suppliers (like China and Russia) for critical minerals is significantly boosting Central Asia's appeal. The region's strategic location, coupled with initiatives like the C5+1 Critical Minerals Dialogue with the USA and EU efforts to establish strategic partnerships and MOUs, aims to integrate Central Asia into global supply chains.

Arthur Poliakov,
Executive Chairman, MINEX Forum

Bridging the Knowledge Gap

While confidence in the region is rising, investors still rely heavily on external sources for information. In the UK, 81.7% of respondents depend on international media and 76.2% on financial sources. In the USA, 75.2% rely on international media and 64.3% on financial sources.



Q: **How do you seek to stay informed about developments in emerging / frontier markets?**

68.3% of respondents also stated that increased market understanding would increase the likelihood of their investment in the region, and respondents stated their primary sources of information about developments in emerging markets are international media and financial analysis. This highlights the need for governments and corporates in emerging markets to think deeply about their engagement with international media and investment stakeholders, ensuring that progress and reforms are understood in a compelling and audience-friendly way.

For the region to unlock its full investment potential, effective communication and engagement strategies are critical. By providing reliable, transparent information and addressing concerns around security and regulatory stability, Central Asia and the Caucasus can further strengthen their appeal to global investors. Disclosing more data about its macro- and microeconomic situation, trends and perspectives will provide a much-needed transparency of information.

The following country highlights explore the unique economic strengths, opportunities, and investment potential of the region's key markets.

Central Asia and the Caucasus are drawing increased investor interest due to strategic location, evolving economies, and growing connectivity. With a young population of over 80 million and rising intra-regional cooperation, Central Asia has shown notable stability. Kazakhstan, the economic leader in the region, stands out stands out for its vast natural resources, including hydrocarbons and rare earths, while Uzbekistan is recognized for reform momentum and renewable energy investment success. The Caucasus offers distinct value through economic diversification and infrastructure upgrades, with Azerbaijan playing a key role through its hydrocarbon exports and infrastructure development and Georgia positioning itself as a destination for investments in tourism, agriculture, renewables and IT. Both regions are linked by the Middle Corridor—a trade route of growing strategic importance. These dynamics are shaping a clearer, more structured investment narrative across both regions.

Jason E. Wardell, Partner, Uzbekistan Country Managing Partner; CEE Energy, Utilities & Resources Leader
PwC

Three key trends are of note:

1/ Central Asian states are seeing interest from EU-based investors seeking to relocate energy-intensive production to cheaper and oil & gas-rich destinations, such as Turkmenistan and Azerbaijan. Renewable energy (and its derivatives, such as green hydrogen) are also quite attractive for international investors, particularly in countries that manage to come up with a long-term and ambitious vision (Uzbekistan and Azerbaijan stand out in this regard). Finally, metals, minerals and rare earths in particular will continue to attract investment, potentially stimulating investment in downstream processing as well.

2/ Central Asian countries have been able to mend fences (and borders) in recent years. Tajikistan and Kyrgyzstan were the last to a sign a border delineation agreement earlier this year, to be followed by trade and transport deals. As a result, we see considerable interest in increasing cross-border cooperation ranging from water and energy (Roghun, Kambar Ata) to rail and road transport (China-Kygyzstan-Uzbekistan-Turkmenistan railway, regional road projects, modernization of border crossing points and creation of border-straddling free economic zones to facilitate trade and value adding activities) to gas pipelines and transmission lines. With Afghanistan gradually emerging from isolation and Iran discussing a possible deal with the USA, this the door is likely to open for larger regional initiatives, including TAPI and CASA 1000, boosting Central Asia's transit potential and transporting Central Asian agricultural products, manufactured goods and energy resources towards South Asia (in addition to the cross-Caspian direction).

3/ Governance and governability in quite a number of Central Asian states has been rapidly improving, promising political stability and policy consistency. The Kyrgyz government, to take one example, has been able to drastically improve its tax collection capacity, curbing illicit trade, liquidating powerful mafia organizations.

Eric Livny, Head of Office, EBRD in Turkmenistan

Country Highlights

Central Asia and the Caucasus are undergoing a period of robust economic expansion, driven by strong commodity revenues, large-scale infrastructure investments, and market reforms aimed at improving corporate governance and attracting foreign capital. The European Bank for Reconstruction and Development (EBRD) forecasts regional GDP growth of 5.9% in 2025, reflecting the resilience and evolving economic potential of the region.

In recent years, the region has consistently outpaced global economic growth. Between 2022 and 2023, the average GDP growth rate in Central Asia and the Caucasus reached 4.8%, compared to the global average of 3.4% – a rate 1.4 times faster than the world economy. In 2024, the region's nominal GDP surpassed $500bn, reflecting sustained momentum despite external challenges.

Key drivers of this growth include rising wages, a surge in remittances, and an increasing influx of international tourists. While each country in the region presents distinct economic characteristics, they share a common trajectory of transformation and diversification.

Uzbekistan

Uzbekistan continues to position itself as one of the most up and coming investment destinations in Central Asia, driven by regulatory reform, sustained GDP growth of 5-7% over the past four years and an increasingly supportive business environment. In 2024, foreign direct investment (FDI) in Uzbekistan surged by 53.6% to $11.9 billion, with its share in GDP rising to 10.3%.

With a population of over 37 million people representing more than 150 ethnicities, the country offers a young and dynamic labor force, with over 60% under the age of 30 and 20.7 million active workers.

Economic indicators further underscore Uzbekistan's strong growth trajectory:

- GDP growth of 6.3% in 2023 and 6.5% in of 2024.
- Total foreign investment surged to $34.9 billion in 2024, with energy, infrastructure, and technology leading investment inflows.
- Industrial production expanded over the past five years, reaching $76 billion in 2024.
- Unemployment stands at 4.49%, reflecting an improving labor market.

With consistent economic expansion, strategic geographic positioning and investor-friendly reforms, Uzbekistan is becoming a premier destination for foreign capital.

Investor Sentiment and Polling Insights

Ease of market entry earned

73.3%

among USA investors

Polling data places Uzbekistan close to its neighbors among investor-friendly countries in Central Asia, with 7.8% of respondents selecting it as their primary destination.

Investors cited several key factors:

- Ease of Market Entry – 73.3% (USA) | 60.0% (UK)
- Stable Political and Commercial Environment – 66.7% (USA) | 60.0% (UK)
- High Standards of Corporate Governance – 40.0% (USA) | 40.0% (UK)
- Pre-existing Trade Links – 40.0% (USA) | 40.0% (UK)
- Other Factors – 6.7% (USA) | 20.0% (UK)

Notably, ease of market entry was the most frequently cited factor, particularly among USA investors (73.3%) - reflecting growing confidence in Uzbekistan's streamlined regulatory framework. The stable political and commercial environment was also a major driver for both USA (66.7%) and UK (60.0%) investors.

Improved corporate governance standards also help Uzbekistan align with international best practices and attract more foreign investors, note some market experts.

By way of background, largest Uzbekistan's corporations are still state-owned, and it has long been in the reform agenda to improve their performance and long-term strategy. The Government had ambitious plans for state-owned enterprises to go public on international capital markets, but these plans were temporized due to the Covid-19 pandemic, the war in Ukraine and liquidity crisis on global capital markets.

In recent years, Uzbekistan has gradually started to improve corporate governance standards exactly for the reason to make its state-owned enterprises more efficient, transparent, responsible, accountable and sustainable. In addition, it is a political move to put Uzbekistan on the map of equity investments, help transform or reform domestic legislation and practice, increase the value of local assets, and, ultimately, offer a better performance for the economy.

Uzbekistan started with a low-hanging fruit to offer Eurobonds on foreign exchanges by state-owned corporations (e.g., UzAuto, UNG, NMMC) and banks (e.g., NBU, SQB, Agrobank) following the offering of sovereign Eurobonds. These moves brought certain changes in laws in terms of transparency and reportability when issuers have been receiving their first credit ratings. Further revisions introduced the concept of independent directors of the board which many state-owned enterprises are currently implementing. But much more needs to be done.

In anticipation of international IPOs and a massive privatization program, the Government needs to initiate further corporate governance reforms. These shall address how the board is formed and how it operates, to what extent its members are accountable, how internal audit and financial reporting work. New regulations are also required for other internal matters. It's relatively easy to manage a state-owned enterprise with a single shareholder represented by the state. But with privatization and IPO, corporations need proper written procedures in place including for voting, compliance, sanctions, and ethical standards (conflict of interests, corruption etc.). Once a corporation has a minority private shareholder onboard, there shall be certain minority protection tools at the statutory level including whistle-blowing procedures, corporate communication with shareholders and other stakeholders, PR and GR, in addition to existing appraisal rights.

Umid Aripdjanov, Partner, CENTIL Law Firm

Key Economic Reforms Strengthening Investor Confidence

Uzbekistan's economic transformation has been driven by comprehensive reforms, creating an attractive business climate. Key achievements include:

Reduced VAT from

20%

to

12%

- Currency and Trade Liberalization – Simplified transactions for foreign investors and boosted trade.
- Tax Policy Reform – Reduced VAT from 20% to 12%, significantly enhancing business profitability.
- Foreign Investors Council – Established to engage investors in shaping business policies at the highest government levels.
- Administrative Simplification – Expanded state services through the "Single Window" system (from 96 to 400 services), abolished 500 government functions, and canceled 132 licenses and permits.
- Poverty Reduction – The poverty rate fell from 17% in 2021 to 11% by the end of 2023, demonstrating tangible economic improvements.

Energy

Uzbekistan has become a growing investment destination in the energy sector, attracting $20 billion over the past five years from MENA, China, Türkiye, and Germany. The government's ambitious renewable energy targets and sector liberalization have significantly boosted investor interest.

Attracted

$20

billion over the past five years

- ACWA Power's $5 billion Aral Wind IPP – Set to be Central Asia's largest wind farm, generating 5 GW of power for 4.5 million homes.
- Solar and Hydropower Expansion – Uzbekistan is partnering with Masdar (UAE) and TotalEnergies (France) to develop large-scale solar plants and hydroelectric projects.
- Market Liberalization – The introduction of public-private partnerships (PPPs) and competitive tenders has created new opportunities for foreign investment.
- Renewable Energy Target – The government aims to generate 25% of its energy from renewables by 2030, accelerating green investments.

Mining

Uzbekistan's rich mineral reserves have attracted substantial foreign interest, particularly in gold, copper, and rare earth metals.

- NMMC's Bond Issues – The world's 4th largest gold producer placed two bond offerings for $1 billion and $500 million on the London Stock Exchange in 2024 and 2025.

> NMMC has successfully placed two corporate bonds on international capital markets over the past year, and we experienced very strong interest from investors, not only from the USA and UK but also Europe, the Middle East and Asia. Both bond issues were many times oversubscribed and settled on advantageous terms, indicating that they saw investing in NMMC's notes as a prime investment gateway for gaining exposure to Central Asia. I think it attests to a strong level of investor confidence in the region and its prospects for growth and success.
>
> **Eugene Antonov**, NMMC First Deputy CEO and Chief Transformation Officer

- Rare Earth Metals Investment – A $2.6 billion initiative is underway to develop Uzbekistan's rare earth supply chain.

> Among notable projects in critical minerals exploration and development is the collaboration with France's Geological Service for geological and technical studies of critical minerals and the development of the Uzbekistan Technological Metals Complex (UZTMK) to process essential minerals. Also, Orano (France) signed an agreement for a uranium mining project.
>
> **Arthur Poliakov**, Executive Chairman, MINEX Forum

34

ongoing investment projects worth

$18.2

billion

- Expansion of Copper Processing – The Almalyk Mining and Metallurgical Complex is developing new copper deposits and constructing a state-of-the-art processing plant.
- New Mining Projects – The Chinese-owned Surenata mining complex has begun construction, further expanding Uzbekistan's mining sector.
- With 34 ongoing investment projects worth $18.2 billion, Uzbekistan's energy and mining sectors continue to drive foreign direct investment and economic diversification.

Agriculture & ICT

Agriculture – Uzbekistan exported 2 million tons of fruit and vegetables in 2024, generating $1.5 billion, a 68% increase from 2023.

ICT – One of Uzbekistan's fastest-growing sectors, with IT service exports tripling from $344 million (2023) to $900 million (2024). The ICT industry expanded by 125%.

Tourism & Services

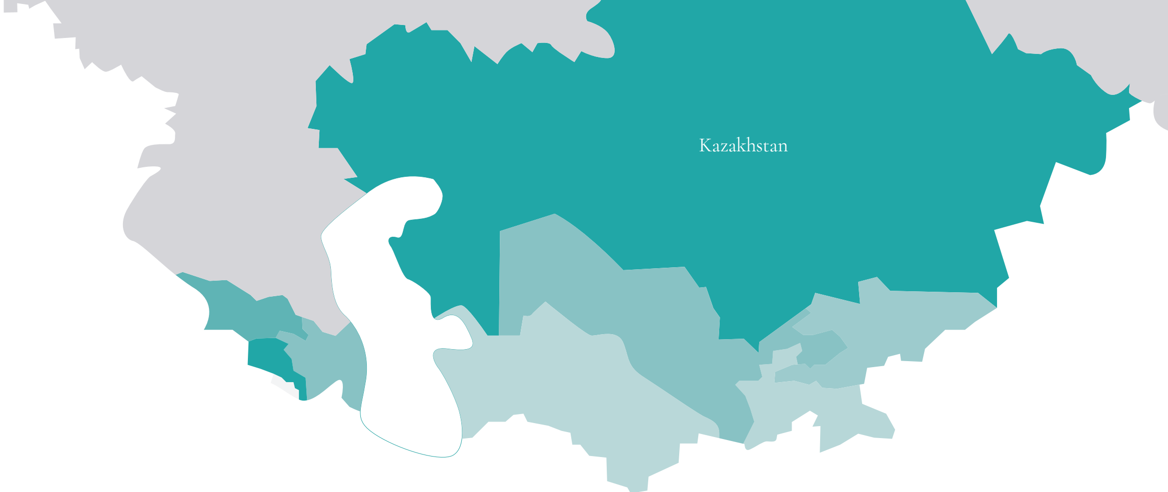
Tourism has emerged as a major economic driver, growing 24% in 2024, further diversifying the country's economic base and solidifying Uzbekistan's position as a regional hub for trade, technology, and services.

The industries in Uzbekistan that present the best opportunities for first-mover investors are infrastructure projects, such as toll roads, electricity, gas, water distribution, under PPP. Also, among projects of interest for FDI are retail banking, construction materials, tourism, fintech, transportation services and others.

Odilbek Isakov, CEO and Co-founder, Infrasia Capital

With unprecedented global interest in the region, Uzbekistan has earned a status of a truly go-to frontier market with investors of various sizes and formats competing for early market accession. While this is great news of Uzbekistan's economic development agenda, it also challenges us in a healthy way, expediting reforms. Institutional investors are actively engaging the government to explore various investment opportunities, ranging from PE and fixed income to VC and alternative investment. This trend exposes Uzbekistan to major capital market from UK and USA, enabling us to capture capital flows fueling growth of private sector across all sectors.

Mansurjon D. Rasulev, Acting Director, Investment Promotion Agency under the Ministry of Investment, Industry and Trade of the Republic of Uzbekistan



Kazakhstan

Kazakhstan has long been the leading economic powerhouse in Central Asia and the Caucasus, consistently demonstrating high levels of economic growth and foreign direct investment (FDI). It remains the largest economy in Central Asia, with a GDP significantly surpassing its neighbors and a GDP per capita of $14,780 - five to seven times higher than that of other Central Asian nations. The wider economy is projected to expand by 5.5% in 2024, driven by ambitious public infrastructure spending and the expansion of the Tengiz oil field.

Investment Climate & Market Maturity

Kazakhstan continues to be the top FDI destination in Central Asia, securing over 60% of regional totaling $130bn over the past six years. It ranked as the preferred investment destination for approximately 11% of investors in 2024. This leading position is reinforced by its favorable investment climate, with investor polling highlighting key drivers:

71.7%	of investors cite high standards of corporate governance as a decisive factor.
64.2%	point to ease of market entry as a key advantage.
43.1%	consider pre-existing trade links a major attraction.
72.0%	Additionally, Kazakhstan ranks highest among Central Asian countries for investor confidence market stability.

The country has actively improved its business environment through WTO membership, streamlined visa regulations, and the development of the Astana International Financial Centre (AIFC), a financial hub facilitating capital access in the region.

Kazakhstan aims to secure at least

$150

billion in additional FDI this decade

Economic Expansion & Sectoral Investment

The government has set ambitious economic targets, aiming to double the national economy to $450 billion by 2029 and secure **at least $150 billion in additional FDI.** Currently, most FDI is concentrated in the raw materials sector, metals industry, and services. However, Kazakhstan seeks to diversify its investment landscape, targeting agriculture, logistics, and infrastructure.

A notable step in this direction was the approval of the National Infrastructure Plan in the summer of 2024. Covering the years through 2029, the NIP outlines over 200 projects in energy, transport, digitalization, and water infrastructure, with a total investment exceeding $80 billion.

We believe infrastructure investments deliver the most lasting value to Central Asian and Caucasian countries by laying the foundation for sustainable economic growth and deeper regional integration. Infrastructure is not just about construction—it's about creating access, enabling trade, and connecting people to services and opportunities. The infrastructure of the future must be resilient, adaptable, and aligned with long-term development goals.

At AIIB, we work in close partnership with peer multilateral development banks, commercial lenders, and asset managers to deliver infrastructure that is both economically viable and environmentally sustainable. These collaborations help attract the right capital and expertise, support inclusive growth, and enhance the region's global connectivity.

One example is the Jezkazgan–Karagandy section of the Middle Corridor, co-financed by AIIB and the World Bank. This $1.3 billion project will upgrade nearly 500 kilometers of highway, improving regional connectivity and enabling Kazakhstan to integrate more deeply into global value chains.

Igor Popkov, Senior Investment Officer, Project and Corporate Finance Clients Department, Global, AIIB

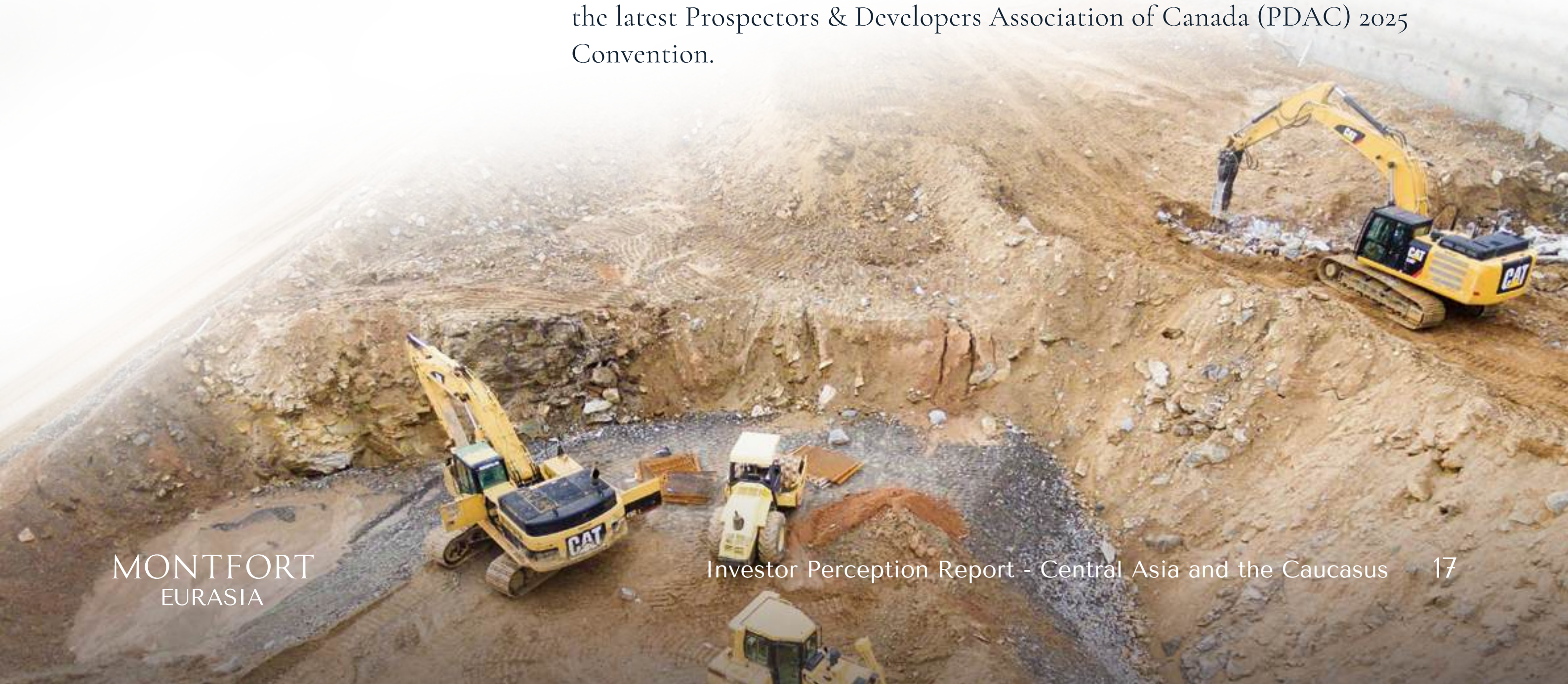
Dominance of the Commodities Sector

Kazakhstan ranks among the top 10 countries globally in terms of commodity deposits and production across several raw materials, and it is the world leader in uranium production. The natural resources sector dominates the country's economy, with oil alone generating nearly 60% of export revenues and oil production expected to increase to more than 100 million tonnes per year in 2025. When combined with natural gas, metals, and ore mining, the sector accounts for approximately 85% of total exports. The mining industry alone comprises over 35% of total FDI investment.

The country's major extractive industries include:

- Oil and gas production (Tengiz, Kashagan, Karachaganak projects)
- Natural gas extraction
- Metal and ore mining, including critical minerals and rare earth elements
- Production of semi-finished metal products

The government is also making strides to promote natural resources exploration like rare earth metals, holding events for investors like "Meet Kazakhstan: The Power of Geology in the Ninth Largest Nation" forum at the latest Prospectors & Developers Association of Canada (PDAC) 2025 Convention.



However, this heavy reliance on commodities also makes Kazakhstan vulnerable to external economic shocks. The COVID-19 pandemic underscored this risk when global commodity prices collapsed in early 2020, leading to a sharp drop in Kazakhstan's export revenues.

Government Efforts to Reduce Resource Dependence

To mitigate this dependency, the government has launched extensive industrialization programs aimed at increasing the local processing of raw materials and expanding value-added production. These efforts include:

- Long-term development programs worth billions in key industries
- Cross-sectoral strategies for regional economic development
- Public investment programs to support local production and industrial diversification

Despite its resource-heavy economy, Kazakhstan maintains a moderate level of public debt and has substantial financial reserves. The National Oil Fund, fueled by petroleum revenues, held nearly $58 billion as of January 2023, providing significant fiscal flexibility. In the past, Kazakhstan has used this reserve strategically to stabilize the economy during crises.

The mining sector accounts for over

35%

of total FDI

Sectoral Growth & Future Prospects

- Natural resources & Energy: The resources sector accounts for over 35% of total FDI, with oil and gas production taking the largest share. The Tengiz, Kashagan, and Karachaganak projects together make up nearly two-thirds of Kazakhstan's total oil production. With ongoing expansion, oil output is expected to exceed 100 million tonnes per year by 2025.
- Manufacturing: As Kazakhstan's second economic pillar, the manufacturing sector contributes 13,5% to national GDP. With $2.2 billion in planned investments for 2025, growth is expected in mechanical engineering, metallurgy, and automotive production. A major example is Astana-Motors' multi-brand car production plant in Almaty, which will have an annual capacity of 90,000 cars and create 2,200 new jobs.
- Agriculture: The agricultural sector has seen a 52% increase in FDI in 2024, largely due to government incentives and policy support. Notably, Turkish firm Tiryaki Agro is investing $332 million in a wheat processing complex in Astana, focused on deep processing for high-value exports. In 2025, the government allocated $2.96 billion to agro-industrial projects, with investments aimed at processing, irrigation, greenhouses, and infrastructure to boost domestic production and reduce food inflation.

the AIFC has facilitated a total of

$14

billion in investments

- Professional Services and Tech: The financial and professional services sector continues to expand, driven by Kazakhstan's Astana International Financial Centre (AIFC). In 2024 alone, the AIFC attracted $3.1 billion in investments, including $2.1 billion in portfolio investments on the Astana International Exchange (AIX) and $1 billion from AIFC participants. Since its inception, the AIFC has facilitated a total of $14 billion in investments, reinforcing its role as a key financial hub in the region. The AIFC also saw a record number of new company registrations in 2024, with more than 1,100 new participants. To date, over **3,500** companies from 85 countries (including the USA, UK, China, Turkiye, and Singapore) are registered within the AIFC.
- Trade & Logistics: Trade remains the most significant segment of the service sector, attracting **22.6%** of FDI in 2023. The Middle Corridor, a key overland trade route connecting China, Europe, and the Middle East, is increasingly critical, with the Europe-China corridor handling over one million tonnes of cargo annually. The EU is also evaluating its inclusion in the Global Gateway strategy, which aims to finance extensive global infrastructure projects.
- Renewable Energy & Green Hydrogen: Kazakhstan is prioritizing renewable energy production, with an emphasis on green hydrogen development. A flagship initiative is Hyrasia One, a German-Swedish project by Svevind, which integrates large-scale solar and wind farms to power hydrogen production.

only

8.5%

of USA respondents and

13.5%

of UK respondents identified Kazakhstan as the most business-friendly country in the region

Opportunities and Challenges

- Despite Kazakhstan's strong economic fundamentals, investor perceptions highlight both opportunities and challenges. According to our polling, only 8.5% of USA respondents and 13.5% of UK respondents identified Kazakhstan as the most business-friendly country in the region. Among USA investors, USA 27.3% cited preexisting trade links as a key reason for favorability, compared to a **58.5%** in the UK—indicating low existing trade integration but growing recognition of Kazakhstan's business environment across both markets.
- This suggests an opportunity to capitalize on increasing awareness and positive investor sentiment by expanding trade partnerships and reinforcing Kazakhstan's position as a strategic investment hub. The UK respondents placed a strong emphasis on Kazakhstan's corporate governance (**70.6%**), while USA respondents highlighted its stable political and commercial environment (**72.7%**)—demonstrating that Kazakhstan's improving regulatory framework and stability are key attractions for foreign investors.
- As the government pursues economic diversification, these insights underscore the need to translate interest into actionable investment. By addressing gaps in trade relationships and investor engagement, Kazakhstan can further attract FDI across manufacturing, agriculture, and renewable energy, strengthening its role as the leading investment destination in Central Asia.

Azerbaijan

Azerbaijan is a traditionally oil-reliant economy with strong growth potential in non-oil sectors such as manufacturing, agriculture, services, and construction. In 2024, FDI in Azerbaijan reached $7.04 billion, marking a 5.83% increase from the previous year, with the UK, Türkiye and Hungary being the key contributors. In 2025, Azerbaijan expects a moderate 2.6% GDP increase, supported by rising oil prices, diversification into non-oil sectors, and a boost in tourism.

In 2024, the key sectors receiving the most FDI in Azerbaijan included the oil and gas sector (87.6% of all FDI), followed by non-oil sectors such as manufacturing and infrastructure. The non-oil sector sector doubled its growth in 2024 to 6.2%, compared with 3.7% in 2023.

One of the new industries that is showing good dynamics is renewable energy. This trend is set to continue, as the country hosted COP29 in 2024 and sought to contribute to the global energy transition, committing to have 2 GW of solar and wind electricity by 2027, and by 2030 – 6 GW. One of the examples are two major solar projects scheduled for completion by 2026: the 445 MW Bilasuvar and 315 MW Neftchala solar power plants, funded by Masdar, a leading clean energy company from the UAE, alongside the EBRD, ADB and AIIB.

Thanks to new opportunities and the proactive position of Azerbaijan government, investors chose Azerbaijan as their **No 3 investment destination** in the region, with UK investors seeing more potential (11.1%) than their USA counterparts (6.2%). Both pointed to the stable stable political and commercial environment (63.4%) and ease of market entry (57.15%) as key factors for investing in Azerbaijan.

The Baku Stock Exchange continues to create a more attractive and accessible investment environment for both institutional and retail investors in Azerbaijan. Several important developments have contributed to this progress:

- Tax incentives for retail investors: As of 2023, physical (retail) investors benefit from tax exemptions on dividends, discounts, and interest income earned from publicly listed securities.
- Enhanced market infrastructure: Efforts to modernize trading and post-trade systems are well underway. A major milestone is the enablement of mobile trading.
- Improved investor engagement and financial literacy: The BSE is actively investing in financial literacy programs to empower investors with the tools and knowledge they need to make informed, responsible decisions. This includes educational seminars, publications, and interactive platforms.

As of now, there is no significant portfolio investment trend from foreign partners observed in Azerbaijan's capital market. However, strategic work is ongoing to increase international integration and position Azerbaijan as a regional investment hub. Notable initiatives include:

- Partnership with the Abu Dhabi Securities Exchange (ADX) through the Tabadul Exchange Hub, aimed at expanding cross-border access, improving market depth, and attracting foreign capital to the Azerbaijani market.
- Ongoing collaboration with international stock exchanges such as the London Stock Exchange Group (LSEG), Euronext, Kazakhstan Stock Exchange, and Pakistan Stock Exchange, focusing on knowledge sharing, dual listing potential, and data vendorship for greater global visibility

Ruslan Khalilov, CEO, Baku Stock Exchange

Business leaders note that among key foreign investor incentives are tax exemptions and enhanced market infrastructure in financial sphere and industrial zones and Middle Corridor development in real sector.

Azerbaijan passed some critical reforms 10 years ago or so and continues its reform process. It has also created structures aimed to attract foreign investors. These include:

Industrial zones

Nine industrial zones serve as critical platforms for such cooperation with foreign entities. In total, more than 1500 hectares are developed, with over $4.7 billion invested, creating more than 21,000 jobs. Businesses within these industrial zones enjoy a range of benefits, including exemptions on corporate income tax, property tax, land tax, VAT for imported machinery and equipment, and customs duties on imported machinery and equipment, all spanning a decade

Moreover, there are other areas such as:

Alat Free Economic Zone

A key pillar of the government's investment-supporting infrastructure is the Alat Free Economic Zone (AFEZ), a regional hub located near the Baku International Sea Trade Port. Designed to foster knowledge-based industries and innovation-driven businesses, AFEZ was established in 2021 and spans 6,500 hectares, with a planned expansion of an additional 1,000 hectares. It offers tax exemptions and full profit repatriation for investors engaged in the production of high-value export goods. The Alat Free Economic Zone is also a key element in the development of the Middle Corridor.

The "Silk Way Cargo Village" project is currently underway within the AFEZ territory. Its successful implementation will further accelerate the Alat Free Economic Zone's transformation into a strategic industrial hub, seamlessly integrating multimodal transportation and reinforcing Azerbaijan's important position in Europe-Asia logistics chains.

Middle Corridor

The Middle Corridor is one of the strategic transportation routes connecting Europe and Asia. Azerbaijan, which positioned itself as a crucial hub in international transport corridors, played a crucial role in the emergence of the Middle Corridor as a viable trade route connecting the East and the West.

In fact, by initiating the construction of the Baku-Tbilisi-Kars railway, Azerbaijan laid the foundation for the Middle Corridor. In May 2024, the railway's annual freight capacity was increased to 5 million tons. In 2024, freight volume through the seaports of Kazakhstan and Azerbaijan totalled 3.3 million tons, marking a 20% rise compared to 2023. The volume of container transportation amounted to 56,500 TEUs, showing a 176% surge from 2023.

As you can see – the economic potential for Azerbaijan utilizing foreign investment is very attractive and with the use of Azpromo and the Azerbaijan Investment Company as well as utilizing the services of the British Chamber of Commerce Azerbaijan and engaging with long term stakeholders similar to myself then the future could be very bright.

John Patterson, Founder and Board member, the British Chamber of Commerce Azerbaijan

Armenia

Armenia is a diversified economy with strong growth potential for the services, construction, trade and manufacturing and mining and quarrying sectors.

Armenia's GDP grew by

5.9%

in 2024

The country forecasts a 5.6% growth rate in 2025, driven by infrastructure investments, export market diversification, and robust performance in the construction and services sectors. In 2023, FDI in Armenia reached approximately $580 million, which was a significant drop compared to 2022's $998 million. This drop in investment might be attributable to the migration of multinationals with operations in Russia following the conflict in Ukraine. For example, 70% of investment in 2022 was attributed to Russia, but in 2023 the major investment source became the UAE. The country remains strongly dependent on the economic health of the Russian and EU economies for FDI at, it has a small domestic market.

The most promising sectors that showed the most growth in 2024 are real estate (**19%**), finance and insurance (**18.1%**), and professional, scientific, and technical activities (**17.2%**). The industrial production increased only by **4.7%** compared to the same period last year. The manufacturing industry grew by 6.5% and the mining industry showed a decline of **8.6%**. Agriculture grew only by **1.9%** but the government heavily promotes this sector for investment, offering incentives like VAT exemption, leasing and subsidies.

Compared to Georgia or Azerbaijan, there's less FDI analysis and fewer success cases in Armenia despite the six-year existence of a specialized agency called Enterprise Armenia, with a network of representatives in 11 countries. This creates a lot of opportunities for **building a success story** of investing in Armenia.

Despite lack of information, the American investors have a strong belief in Armenia, naming it second (after Georgia) most interesting country for investment with USA investors showing strong **14.7%** as opposed to UK ones with **6.3%**. The former attributed their choice to ease of market entry (52.6%) and high standards of corporate governance (47.4%), the latter – to stable political and commercial environment (87.5%) and high standards of corporate governance (75%).

Georgia

Georgia is a diversified non-commodity reliant economy with consistently high GDP growth across the last decade.
It forecasts a 5.5% growth rate in 2025, driven by surging tourism, foreign investment inflows, and infrastructure projects.

In 2024, FDI in Georgia reached

$1.33 bn

In 2024, FDI in Georgia reached **$1.33 bn** with three major economic sectors in FDI reaching **66.5%**. The largest share of FDI was registered in the finance and insurance sector, totalling $ 526.5m (39.5%). Manufacturing was second (12.8%), followed by the real estate sector (11,6). Rising investment destinations are energy (9.5% of total FDI), transport (7.3) and IT and Fintech (4.3%). For example, its the IT Virtual Zone has positioned the country as **a rising hub for IT and fintech industries.**

One of the key investors in Georgia is the UK with **33.6%** and among others, it includes **Georgia Capital**, a private equity and investment company focused on developing and scaling businesses in Georgia, from medical and education facilities to large, listed finance groups. For example, Georgia Capital invested nearly $320 million over a decade to upgrade Soviet-era hospital infrastructure and build new, state-of-the-art facilities.

Georgia was ranked the highest as an **investor-friendly country** by investors both in the UK (**47.6%**) and in the USA (**34.1%**). These numbers reflect significant efforts made by both public and private investment agencies and companies like Enterprise Georgia and Georgia Capital. Georgia's investment figures grew for the second year in a row (**24%** in 2023 and **29.9%** in 2024), but it faces mounting pressure to facilitate a more welcoming environment for foreign investors in light of recent political turbulence.

Despite these high expectations, investors demonstrate **low levels of understanding of current dynamics** which may be a source of hesitance: 61.25% of investors chose stable political and commercial environment as a key reason for doing business in Georgia despite political unrest in 2024 and the suspension of EU accession talks. This provides ample opportunities for further promotion of Georgia's favorable investment climate.

Kyrgyzstan

Investor interest in Kyrgyzstan has declined significantly, dropping from 5.65% in 2023 to just 1.2% in 2024. This downward trend is largely attributed to the dominance of foreign state-owned enterprises in major investment projects, limiting private sector opportunities. For example, the At-Bashy Trade and Logistics Centre—one of the largest Chinese investments in Kyrgyzstan—is being developed by the state-owned Hunan Construction Investment Group.

Despite the decline in investor interest, Kyrgyzstan's economy is expected to grow by **5.8% in 2024**, driven by industrial expansion, resilient domestic demand, and increasing investment activity. Services remain the dominant sector, contributing **50.8% of GDP in 2023**, with half of that coming from remittances, primarily from Russia. Industry (22.6%) and agriculture (9.7%) also play key roles.

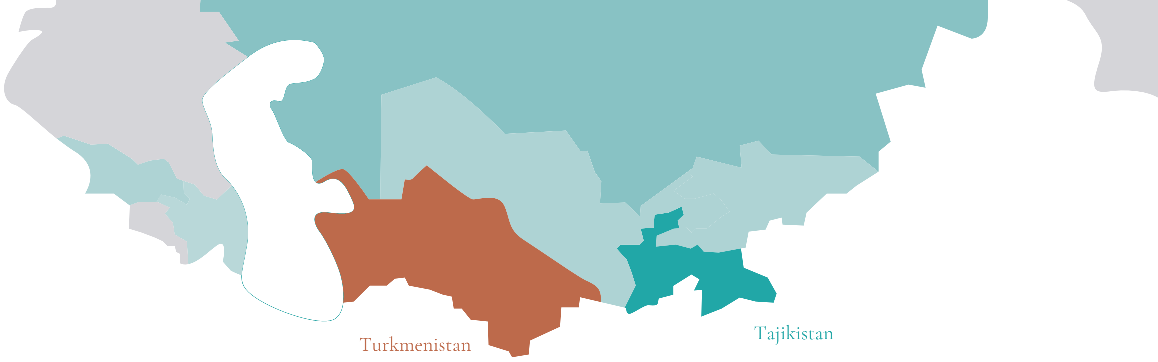
FDI inflows fell by 30% in 2023, totaling $845 million, but showed signs of recovery in 2024, reaching **$746.9 million** in the first nine months of the year. China remains the largest investor (29.7%), focusing on mining and infrastructure under the Belt and Road Initiative, followed by Russia and Türkiye (9.6%).

Key sectors attracting investment include **hydropower and renewable energy, mining, and eco-friendly agriculture.** Tourism - particularly ecological and cultural tourism - is also on the rise.

Despite the drop in investor sentiment, Kyrgyzstan maintains an **open FDI regime** with no restrictions on foreign ownership in most sectors. The government continues to promote market access through simplified business registration and an active Investment Promotion Agency focused on agriculture, textiles, tourism, and mining. Both UK and USA investors cited ease of market access as the most important factor in considering investment in the country (100%).

Kyrgyzstan has been able to significantly increase public sector salaries (contributing to quality of bureaucracy) and public investment in infrastructure. The government's borrowing capacity has also significantly improved, as evidenced by Kyrgyzstan's successful Eurobond placement in late May 2025 (700mln Euro at 8% yield and 7.75% coupon). Moreover, all the while, Kyrgyzstan's economy has been expanding at a near double-digit rate.

Eric Livny, Head of Office, EBRD in Turkmenistan.



Tajikistan

Tajikistan's economy is heavily reliant on remittances – they constituted 45% of GDP in 2024 —the highest in the world in relative terms. However, this trend allows for additional GDP growth in the past few years – from 4.4% in 2020 to 8.4% in 2024.

In 2023, total Foreign Direct Investment (FDI) inflows to Tajikistan were reported to be **$221.4 million**. Mining received the largest share of FDI, with a focus on the extraction of mineral resources such as gold, silver, and other metals. Additionally, investments were directed towards sectors like processing industries, banking, and construction.

UK investors did not rank Tajikistan among favorable investment destinations at all in 2024, as compared to 2023 (4.5%), but USA investors see some potential in the country, with 4.7% of them choosing it as a primary destination and citing ease of market access and high standards of corporate governance as key factors for it.

In 2025, a projected 8.4% growth in GDP will reflect remittances, exports of semi-precious and precious metals, large-scale infrastructure investments, and rising wages.

Turkmenistan

Turkmenistan anticipates steady growth of 6.3% in 2025, fueled by government-led investments and increased transportation activities. Turkmenistan's economic strategy places strong emphasis on private sector development. Forecasts indicate that by 2025, the share of the non-governmental sector in GDP (excluding the fuel and energy complex) will reach 71.6%.

Foreign investment in Turkmenistan grew by **10%** in 2024, reaching **$1.5 bln** as compared to 2023's **$1.38 bln**. To facilitate investment growth, Turkmenistan has concluded **67 international agreements** regulating investment activities. These include 28 agreements on mutual promotion and protection of investments and 39 agreements to prevent double taxation.

The oil and gas sector is the main recipient of FDI, with companies like Petronas (Malaysia) and Dragon Oil (UAE) operating under production-sharing agreements. China is also a significant investor in the gas sector, co-financing pipelines and refineries. **Infrastructure projects**, including construction, receive substantial investment, often linked to broader economic development initiatives. Agriculture is another important area for investment, with a focus on crops like wheat and cotton. There is growing interest in manufacturing, particularly in sectors related to the agro-industrial complex and textiles.

Investors show moderate interest in Turkmenistan, only 3.95% of them choosing it as a primary destination. UK investors show more enthusiasm with 5.6% of them finding it attractive as opposed to US investors (2.3%). Both groups cite ease of market access and stable political and commercial environment as key factors for investing.

Industry highlights

Our polling sought to understand where investors see opportunities across Central Asia and the Caucasus. Across the region, investors understand the substantial opportunities on offer as a result of the region's abundant resources and industrial and manufacturing capabilities, with 63.5 seeing the most potential in industrial and manufacturing, 57.9% in oil and gas and 49.2 % in mining and natural resources.

Natural Resources

about

4.9%

of the world's oil and gas resources

Investors and industry players are focusing on four key countries in the region—Kazakhstan, Uzbekistan, Tajikistan, and Azerbaijan—which represent different stages of oil and gas sector development.

Oil and Gas

Central Asia is as a key player in the global oil and gas industry, boasting some of the world's most prolific hydrocarbon basins. The region is home to vast, untapped reserves that offer significant opportunities for exploration and development. Industry experts believe that Central Asia has all the necessary components to fulfill its potential as an energy hub, likening its remaining reserves to those of the Gulf. Currently, about 4.9% of the world's oil and gas resources are distributed across Central Asia, highlighting the region's significance in the global energy landscape.

Among the Central Asian countries and Azerbaijan, there are very important global producers of oil and natural gas. The four biggest producers **- Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan -** accounted for **3.5%** of the total world oil production and **4.7%** of total world natural gas production as far back as 2012 (BP, 2013). In terms of total energy production, the region contributed **2.6%** of the world's energy supply that year (World Bank), reinforcing its long held status as a critical energy hub.

The region's strategic location enhances its appeal, with major energy-hungry markets surrounding it. Europe lies to the west, China borders Central Asia to the east, and the Indian subcontinent is positioned to the south. These geographic advantages, coupled with land-based transportation infrastructure, make it easier and more cost-effective to export oil and gas securely compared to sea routes. As a result, Central Asia is positioning itself as a power hub for the entire surrounding region.

1 mln

barrels per day through the Future Growth Project

Kazakhstan:
A Major Oil Producer with Significant Reserves

Kazakhstan is one of the largest oil producers in the region, home to the supergiant **Tengiz, Kashagan, and Karachaganak fields**. The country has long been a focal point for international investors, with significant development in its oil and gas sector since the 1990s. The Tengiz oil field has already expanded to a production capacity of 1 million barrels per day through the Future Growth Project, further solidifying Kazakhstan's role as a leading energy supplier. Despite extensive development, Kazakhstan still holds vast unexplored areas that can be assessed using modern exploration technology. Additionally, the country serves as a **key transit route for energy exports to Europe and China**, ensuring its strategic importance in the region.

Uzbekistan:
Emerging Opportunities in Underexplored Basins

While Uzbekistan was partially explored during the Soviet era, it has not received the same level of foreign investment as Kazakhstan. However, this presents **significant opportunities** for discovering and developing large oil and gas fields within Central Asia's prolific basins.

Independent operators and international energy companies have been making inroads into Uzbekistan's oil and gas sector. Some of the most promising activities are concentrated in the **underexplored basins in central and western Uzbekistan**, while modern technology is being leveraged to revitalize older oil-producing regions in the east. Furthermore, Uzbekistan plays a vital role in gas exports, serving as a transit country for Turkmenistan's gas to both European and Chinese markets.

Azerbaijan:
A Strategic Energy Hub

Azerbaijan has established itself as a significant oil and gas producer, playing a pivotal role in the regional energy landscape. With **extensive reserves in the Caspian Sea**, Azerbaijan is home to major projects such as the **Azeri-Chirag-Gunashli (ACG)** oil fields and the Shah Deniz gas field, both of which contribute to European and global energy security.

The country's strategic position has enabled the development of key export routes, including the **Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Southern Gas Corridor, which supply energy to European markets**. Ongoing investment and technological advancements continue to drive exploration and production, ensuring Azerbaijan remains a cornerstone of the region's energy future.

Tajikistan:
Undiscovered opportunity

Tajikistan remains largely undeveloped in terms of oil and gas exploration. Historically, the sector was not a priority during Soviet times, despite the presence of the **highly prolific Amu Darya Basin** in the southwest of the country.

Recent investments and agreements with international energy partners are pushing Tajikistan toward realizing its potential. The country's geological characteristics resemble those of nearby Turkmenistan, where deep reserves have already been exploited. Additionally, **a planned gas pipeline through Tajikistan to China** is expected to enhance the country's role as a regional gas supplier.

Turkmenistan:
A Natural Gas Powerhouse

Turkmenistan holds **the world's fourth-largest natural gas reserves**, particularly in the Dauletabad and Yolotan-Osman fields. The country has been expanding its gas exports, with pipelines connecting it to China and Russia. As demand for natural gas continues to rise, Turkmenistan remains a **critical supplier**, particularly for energy-hungry Asian markets.

Investor Sentiment

Investor confidence in Central Asia's oil and gas sector remains strong. Montfort's investor polling indicates that **57.9%** of UK investors and **52.7%** of USA investors see oil and gas as the sector with the most growth potential in Central Asia and the Caucasus. This broad investor interest highlights the region's appeal for foreign investment and long-term development, reinforcing its strategic importance in the global energy market.

Balancing Exploration and Production

Energy companies in Central Asia are focusing on identifying and exploring new frontier areas at an early stage, securing a competitive advantage before bringing in strategic partners. Many operators are also employing local specialists, ensuring knowledge transfer and operational efficiency.

By maintaining this balance, Central Asian markets are securing their roles as major players in the regional energy sector, leveraging technical expertise, strong local relationships, and strategic risk-taking. Future expansion opportunities, such as unconventional exploration and infrastructure development, are also attracting attention from international investors.

As Central Asia continues to unlock its oil and gas potential, it stands as one of the world's most promising energy frontiers. With its vast reserves, strategic location, and growing international investment, the region is poised to play an increasingly significant role in global energy markets. Investors looking for growth opportunities in the oil and gas sector should closely watch developments in Kazakhstan, Uzbekistan, and Tajikistan, where emerging exploration and production projects could reshape the landscape of the industry.

Mining and metals

49.4%

of investors ranking it among the top industries for 2025

The region is also emerging as a key player in the supply of critical minerals such as rare earth metals. Uzbekistan is leading this effort, committing $500 million to mining and processing projects and securing agreements with the EU and the USA to diversify supply chains. Kazakhstan has signed similar agreements with the UK and the EU, while Denmark's FLSmidth has partnered with Tajikistan's government on mineral exploration and value-added processing.

Mining remains one of the most promising sectors for investment, with 49.4% of investors ranking it among the top industries for 2025. However, this marks a step down from its second-place position last year, as industrial development overtakes it in investor interest. This shift reflects both the sector's **historical significance and a potential gap in investor awareness of recent developments**.

Mining continue to be a cornerstone of the Central Asian economy, with the sector's share of GDP steadily increasing. In Uzbekistan, for example, the industry's Gross Value Added rose by 1.9% in 2024, driven by strong global demand for gold and for critical minerals such as copper, uranium and rare earth metals.

Kazakhstan leads the region in mining investment, attracting significant FDI into its uranium and copper projects. Uzbekistan and Kyrgyzstan, meanwhile, are heavily reliant on **gold production**. The Muruntau Gold Mine, operated by NMMC, is one of the world's largest and the company plays a crucial role in Uzbekistan's economy, contributing over 16% of state budget revenue. **Similarly, Kazakhstan's Inkai Uranium Mine** - a joint venture between Kazatomprom and Canada's Cameco - is a major uranium production site.

In the Caucasus, mining remains a stable contributor to economic output. Armenia stands out for its base metal reserves, with the **Zangezur Copper-Molybdenum Combine (ZCMC)** producing an expected 220,000 tons of copper concentrate and 30,000 tons of molybdenum concentrate in 2024. Additionally, Armenia is set to restart operations at the **Amulsar Gold Mine**, backed by $150 million in loan guarantees to support Lydian Canada Ventures.

The opportunities for Central Asia in critical minerals given the current environment are:

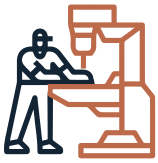
- **Well-established mining sector:** Countries in Greater Central Asia, including Kazakhstan and Uzbekistan, have developed mining sectors specializing in core mineral commodities such as copper, uranium, titanium, cobalt, and zinc, and more specialized mineral commodities such as antimony.
- **Challenges with processing:** With some exceptions, most of the region's mined output is sent to China for processing before being exported to global markets. Countries in the region seek to capture more of the value associated with the downstream processing of these minerals, but in many cases, lack the technical expertise that Western companies possess, which is needed to develop such capacity domestically.
- **Expanding supply and reducing dependency on Western adversaries:** From the USA standpoint, enabling greater access to these resources through expanded investment and the growth of transportation infrastructure would allow the USA to: **(1)** address projected future supply gaps for certain minerals, for which future demand is expected to be the greatest, such as copper; and **(2)** to reduce USA reliance on its adversarial sources for other minerals, such as uranium, titanium, and antimony.
- **Undeveloped resources:** The larger region also possesses deposits of numerous other critical minerals and rare earth elements that USA manufacturers seek. In some instances, these deposits offer greater quantities and higher grades than those available in the USA.

To further the development of the sector, regional leaders should (1) seek to modernize their mining sectors along the lines of reforms implemented by Kazakhstan and Uzbekistan; (2) encourage countries, particularly those in the South Caucasus, to explore opportunities to attract Western partners to invest in the development of mineral processing and other downstream industries; (3), direct more of the regional mineral producers to explore opportunities to ship more of their mined output to other regional countries, such as Türkiye or the Gulf states instead of China; (4), encourage more private-public partnerships; (5), incentivize greater enrollment of students in mining engineering and related fields as well as pursuing expanded partnerships with Western mining engineering universities to allow students from the region to study in the West; and, (6) find ways to reduce trade barriers through the expansion of customs free-agreements and continued exploration of the long-term prospects for establishing an independent regional customs union encompassing all countries in Central Asia and the South Caucasus.

William Kinsman, Senior Associate, Blue Star Strategies

As global demand for responsibly sourced minerals grows, there's increasing pressure on mining companies to adhere to high ESG standards. Partnerships are emerging (e.g., Minespider and TETHYS) to digitalize supply chains, ensure traceability, and address issues like illegal mining and human rights violations. This aligns with international regulations like the EU Critical Raw Materials Act and the EU Corporate Sustainability Due Diligence Directive, making ESG compliance a key factor for attracting European and Western investment.

Arthur Poliakov, Executive Chairman, MINEX Forum



63.5%

of investors chose the sector

Industries and Manufacturing

Industrials and manufacturing was the most selected industry for investment, with 63.5% of investors choosing it as the sector with the greatest growth potential in Central Asia and the Caucasus.

The industrial sector in Central Asia and the Caucasus has undergone significant transformation over the last decade, thanks to **infrastructure modernization, manufacturing expansion, and structural reforms**. The region's strategic location between Europe and Asia has bolstered its industrial sector by facilitating trade and attracting FDI. However, in the past two years, the region has shown varied growth patterns.

Kazakhstan, the region's largest economy, has consistently invested in infrastructure and housing projects, contributing to industrial growth rates of 7.5% in 2024. This trend is long-term - manufacturing output saw a 31.4% increase between 2019 and 2024. The same applies to housing construction - last year, 19 million square meters of housing were commissioned - a 51.4% increase from 2018.

The focus of government policy is now infrastructure projects. For example, years of neglect had left Kazakhstan's thermal power sector with aging Soviet-era networks, where depreciation levels reached 65% nationally and 90% in some regions. Since 2019, the government has reduced infrastructure wear from 71% to 61% and launched a National Project to modernize 86,000 kilometers of utility networks, introduce new generation capacities, and increase electricity generation by over 7 GW. Samruk Energy, a publicly-listed state-owned enterprise, offers several projects within this sphere for foreign investors: renewable energy like solar and wind, as well as thermal and hydropower. In total, it plans to introduce over 12 GW of new power generation capacity by 2035.

Uzbekistan has emerged as a regional leader in manufacturing, with sectors like textiles and automotive growing rapidly due to foreign investment and government reforms. Manufacturing enterprises produced goods worth 85.1% of total industrial production.

Armenia has seen an uptick in industrial production, showing growth in coke and oil refining products, the metallurgical industry, electrical equipment, and the woodworking industry. The leader in the industrial sector in terms of volume is the food industry, with an annual growth of 5.6%. The biggest decline was in jewelry manufacturing, which saw 4.9% growth in 2023 but then a 32.2% decrease in 2024.

Azerbaijan has struggled with lower oil production but maintained industrial activity through **public infrastructure investments**.

Meanwhile, Georgia's **transport and logistics** industries have supported industrial expansion.

Textiles

49.4%

of investors ranking it among the top industries for 2025

Textiles emerged as a key sector of interest, with **34.1%** of investors selecting it as a priority for investment in Central Asia and the Caucasus.

Uzbekistan has been one of the world's largest cotton producers and exporters since the Soviet era. Cotton still accounts for approximately 30% of total agricultural land, with around 1 million hectares dedicated to cultivation. In 2017, the government launched a privatization initiative, transferring cotton production entirely to the private sector, which is now represented by 142 clusters.

As a result, Uzbekistan's textile industry has expanded significantly, with over **7,000 textile and apparel** enterprises operating today. The country has shifted toward higher value-added production, eliminating raw cotton exports and converting 100% of its cotton into yarn as of 2023. Major investments in integrated manufacturing facilities have further strengthened Uzbekistan's position as a regional textile hub.

This transition enhances the country's appeal for investors looking to capitalize on a **vertically integrated textile industry**, offering opportunities across the supply chain—from raw material processing to finished apparel production.

Uzbekistan is making a lot of effort to promote its cotton globally, inviting investors, industry professionals and media and holding international events. One of the highlights of 2024 was Uzbekistan Textile and Garment Industry Association (Uztextileprom) **global joint event in Samarkand,** Uzbekistan: The International Textile Manufacturers Federation's Annual Conference & The International Apparel Federation's World Fashion Convention 2024. Attracting such high-level events brought much-needed spotlight to Uzbekistan as the 'white gold' destination No 1.

Professional Services and Technology

39.7%

selecting it as a priority sector in Central Asia and the Caucasus

Professional services and technology remain a key focus for investors, with **39.7%** selecting it as a priority sector in Central Asia and the Caucasus.

The rise of professional services and tech in Central Asia is reshaping the region's economic landscape, with **digital adoption, startup growth, and foreign investment positioning it as an increasingly attractive destination for investors**. This growing trend is emphasized by the presence of international consultancies and law firms, companies like PwC, McKinsey, Deloitte and Ernst & Young that have established multiple offices in the region.

> **Professional services are bridging the local companies with international investors bringing good international standards, global perspective and audience.**
>
> **Odilbek Isakov,** CEO and Co-founder, Infrasia Capital

One of the key points of growth is technological sector. Recently, the largest tech hubs in Uzbekistan and Kazakhstan, IT Park Uzbekistan and Astana Hub, joined forces under the brand **Central Asian Innovation Hubs** with aim to promote Central Asian startups globally, create over 8 unicorns and grow IT exports to $10 bln by 2030. In 2024, VC deal volume rose by 7% versus 2023, up to $95 mln.

Kazakhstan is undergoing a digital transformation, driven by infrastructure modernization and regulatory reforms. The nearing completion of the **Kazakhstan National Development Plan (2019–2025) and the Digital Kazakhstan State Program highlight the country's shift toward a tech-driven economy.** The retail e-commerce market size increased from $1.4 bn to **$5.3** bn between 2019 and 2023. E-commerce penetration was **12.6%** of total retail trade in 2023

A significant indicator of this shift is the rapid expansion of digital finance, with over 50% of all transactions in Kazakhstan now digital as of 2023. The country's active digital user base has surged 4.6 times. Additionally, foreign direct investment in Kazakhstan's fintech sector has increased **40%** in the past three years, demonstrating growing confidence in its regulatory and innovation ecosystem.

50%

of all transactions in Kazakhstan now digital as of 2023

Uzbekistan's startup ecosystem is expanding rapidly, growing over **20%** annually. In 2024, the country climbed 88 places in global rankings to 110th, reflecting improved market access and government-backed initiatives. Key support measures include funding **incentives, international accelerator programs, and the President Tech Award, which attracted 550 startups in its second wave, awarding $1 million in prizes.**

Fintech, edtech, AI, and e-commerce are driving innovation, with notable advances in **digital payments, BNPL solutions, AI-driven learning, and automated business tools**. The rise of innovation hubs like Start Up Garage is further strengthening the ecosystem, providing critical support for scaling early-stage companies.

Startup ecosystem grows over

20%

annually

Conclusion

Central Asia and the Caucasus are rapidly emerging as one of the most dynamic investment frontiers, driven by **strong economic growth, abundant natural resources, and strategic positioning between East and West.** Investor interest in the region has surged, with understanding and confidence among UK and USA investors tripling over the past year. This shift underscores the region's growing appeal as an investment destination, fueled by robust GDP growth, expanding industrial and manufacturing sectors, and increasing foreign direct investment.

However, despite this momentum, **significant barriers** remain. Security concerns, political stability, and limited market understanding continue to hinder deeper investor engagement. Investors in both the UK and USA acknowledge the region's potential but require **clearer insights** into regulatory environments, business conditions, and long-term stability. Addressing these concerns through transparent communication, policy reforms, and proactive investor engagement will be essential to unlocking the region's full potential.

Governments and businesses in Central Asia and the Caucasus must focus on **strengthening ties with international investors, leveraging global financial media, and showcasing the region's economic transformation**. Enhanced diplomatic efforts, such as growing EU partnerships and WTO accession processes, will also play a critical role in reinforcing investor confidence.

As investor interest continues to rise, now is the time for regional governments, businesses, and stakeholders to bridge the remaining gaps in market understanding and ensure that Central Asia and the Caucasus are positioned as **attractive, secure, and profitable investment destinations.**

By fostering **greater transparency and engagement,** the region can fully capitalize on its economic strengths and unlock long-term investment opportunities from the UK, USA, and beyond.

Appendix - Methodology

To gain deeper insights into investor sentiment and decision-making patterns, Montfort Eurasia conducted a comprehensive survey targeting 255 investors and business decision-makers across the UK and the USA. The survey aimed to evaluate perceptions of Central Asia and the Caucasus as an investment destination, identifying key opportunities, barriers, and sources of market intelligence.

Survey Design and Sample

The investor perception survey was designed as a quantitative study supplemented by qualitative insights, ensuring a well-rounded analysis of investor sentiment.

Respondents

- All participants held high-level decision-making corporate roles.
- Balanced representation from the UK and the USA ensured regional perspectives were accurately captured.

Key Areas of Exploration

The survey assessed multiple dimensions of investment sentiment, including:

1. **Business-Friendly Perceptions**
   a. Which country in the region is perceived as the most business-friendly?
   b. Why did investors select each country? (e.g., regulatory environment, infrastructure, ease of doing business).
2. **Understanding of Central Asia & the Caucasus as an Investment Destination**
   a. Investors were asked to rate their self-assessed knowledge of the region.
   b. How has their understanding changed over time?
3. **Levels of Investment Interest**
   a. Current and future interest in investing in the region (compared year-over-year).
   b. Sectors attracting the most interest, such as oil & gas, energy, technology, and infrastructure.
4. **Interest Beyond Europe & North America**
   a. How does investor interest in Central Asia compare to other frontier markets?
   b. What factors influence global investment diversification?
5. **Sources of Market Intelligence**
   a. How do investors stay informed about frontier markets?
   b. Which sources are most trusted? (e.g., financial media, industry reports, government briefings).

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Our geographic coverage

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Local Expertise

Montfort has unparalleled experience in the region and across the world.
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Clients include:

MONTFORT
EURASIA

MONTFORT CA, LLC

405 Platform Business Center,
12A Turkiston Street, Tashkent

+99890 968 79 97

kramers@montfort.london

www.montforteurasia.com