

The Role of FDI in Strengthening Regional and Global Economic Integration: Evidence from Kazakhstan and Kyrgyzstan

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Abstract: This article explores the dynamics of Foreign Direct Investment (FDI) in Kazakhstan and Kyrgyzstan, focusing on their roles in fostering regional and global economic integration. Drawing on data from 1991 to 2024, the study highlights how Kazakhstan's resource-driven economy and proactive investment policies have positioned it as the leading FDI destination in Central Asia, attracting over USD 370 billion since independence. The research also analyzes Kyrgyzstan's recent recovery in FDI inflows, reaching USD 845 million in 2023 (3.51% of GDP), after periods of volatility caused by global and domestic factors. The findings reveal that Kazakhstan's strategic initiatives such as participation in the Eurasian Economic Union (EEU), the Belt and Road Initiative (BRI), and WTO membership have significantly enhanced its investment climate. Meanwhile, Kyrgyzstan's growing engagement in projects like CASA-1000 and the China-Kyrgyzstan-Uzbekistan railway demonstrates its emerging role in regional connectivity and trade facilitation. Despite differences in scale and structure, both countries use FDI as a mechanism for economic modernization, infrastructure development, and regional integration. The paper concludes that maintaining political stability, improving governance, and diversifying investment sectors remain crucial for sustaining long-term FDI-led growth across Central Asia.

Key words: Foreign Direct Investment (FDI), Kazakhstan, Kyrgyzstan, economic integration, regional development, belt and road Initiative (BRI), Eurasian Economic Union (EEU), WTO, Investment Policy, Central Asia.

Introduction

The United Nations Conference on Trade and Development (UNCTAD) defines Foreign Direct Investment (FDI) as an investment expressing a long-term interest and control by a foreign direct investor based in one economy in an enterprise based in another. FDI is a critical tool for economic modernization and integration, facilitating financial inflows, technical improvement, and the development of managerial skills.¹

Since gaining independence in 1991, Kazakhstan has undergone a dramatic transition from a centrally planned to a market-oriented economy. Kazakhstan is strategically positioned between key global players China to the east, Russia to the north, and the European Union to the west forming a critical geopolitical nexus that connects Europe and Asia. The country is endowed with an abundance of natural resources, including significant quantities of oil, natural gas, uranium, and other minerals.² Notably, as of January 2025, Kazakhstan's proven oil reserves

¹ UNCTAD. (2022). *World Investment Report 2022: International tax reforms and sustainable investment*. United Nations Conference on Trade and Development. Retrieved from https://unctad.org/system/files/official-document/tdstat47_FS09_en.pdf

² The Astana Times. (2025, February). *Kazakhstan's proved oil reserves reach 30 billion barrels*. Retrieved from <https://astanatimes.com/2025/02/kazakhstans-proved-oil-reserves-reach-30-billion-barrels/>

were expected to be 30 billion barrels, and the country accounts for around 14% of the world's uranium resources. These resources have established Kazakhstan as a key role in Central Asia's economic development, attracting significant foreign investment.³

The purpose of this study is to examine foreign direct investment inflows into Kazakhstan and assess how they contribute to the country's economic integration on a regional and global scale. The focus will be on Kazakhstan's participation in regional frameworks such as the Eurasian Economic Union (EAEU), as well as global initiatives such as the World Trade Organization (WTO), the Belt and Road Initiative (BRI), and collaboration with the Organisation for Economic Cooperation and Development (OECD).

LITERATURE REVIEW AND METHODOLOGY.

Kazakhstan uses FDI not just to modernize its economy, but also to strengthen its integration into regional and global economic systems. This dual approach offers both opportunities and concerns, such as increased economic diversity and strengthened international alliances, as well as potential over-reliance on foreign money and exposure to global market swings. A thorough assessment of FDI patterns and their ramifications will provide valuable insights into Kazakhstan's strategic position in the global economic environment.

The following graph presents an overview of Kazakhstan's FDI inflows over recent years:⁴

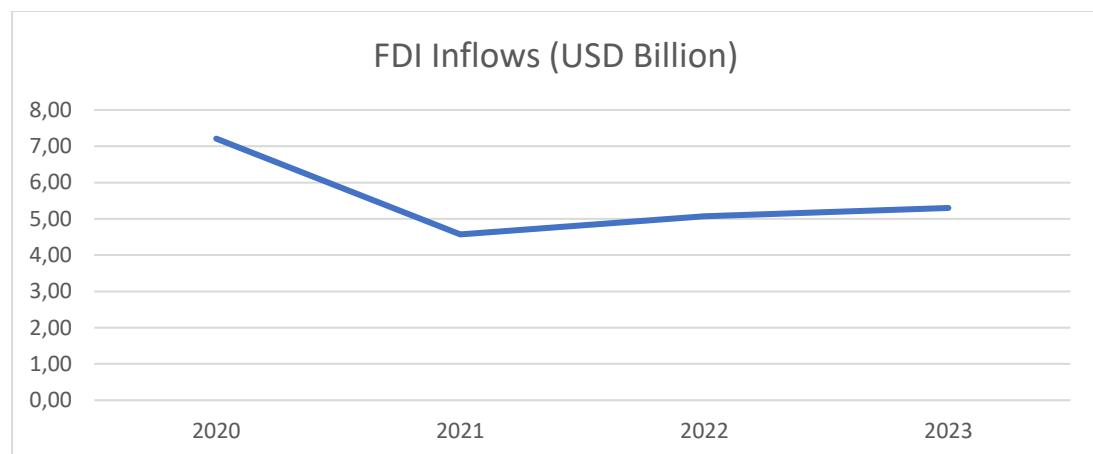


Figure 1. Kazakhstan's FDI inflows

These figures illustrate the fluctuations in FDI inflows, highlighting the dynamic nature of foreign investment in Kazakhstan and underscoring the importance of strategic policies to attract and sustain FDI.

Table 1.

Dynamic nature of foreign investment in Kazakhstan

Period	Net FDI Flow (USD bn)
Jan–Sep 2023	+0.7015
Jan–Sep 2024	-1.5000 (net outflow)
Net Position End-Sep 2024	-1.6

³ World Nuclear Association. (2024). Nuclear power in Kazakhstan. Retrieved from <https://world-nuclear.org/information-library/country-profiles/countries-g-n/kazakhstan.aspx>

⁴ Macrotrends. (2024). Kazakhstan foreign direct investment 1994–2024. Retrieved from <https://www.macrotrends.net/global-metrics/countries/KAZ/kazakhstan/foreign-direct-investment>

Since achieving independence in 1991, Kazakhstan has emerged as a major destination for foreign direct investment (FDI), with over \$370 billion expected by 2021. The country's huge natural resources, particularly oil and gas, have proved critical in attracting significant foreign investment.⁵

Major sectors attracting FDI:

1. Oil and gas: This sector has attracted the most foreign direct investment. Notable projects include the Tengizchevroil joint venture, which includes Chevron (50%), ExxonMobil (25%), KazMunayGas (20%), and LukArco (5%).⁶
2. Mining: Kazakhstan's abundant mineral deposits, including uranium, copper, and zinc, have attracted major foreign investment, cementing its position as a top worldwide producer.
3. Infrastructure: Foreign participation has expanded in strategic projects to improve transportation and logistics infrastructure, which aligns with Kazakhstan's ambition of becoming Eurasia's key transit hub.
4. Telecommunications: The deregulation of the telecom sector has created opportunities for international investors, resulting in developments in connection and digital services.

The European Union (EU) is Kazakhstan's major trading partner, accounting for roughly 30% of overall commerce in goods and receiving 41% of Kazakhstan's exports.⁷

United States: US businesses are among the top investors, particularly in the oil and gas sector. As of 2019, US FDI in Kazakhstan totaled \$5.5 billion, accounting for 23% of the country's total FDI.⁸

China: Chinese investment has been significant, especially in energy projects. The acquisition of PetroKazakhstan by China National Petroleum Corporation (CNPC) for \$4.18 billion demonstrates China's commitment to Kazakhstan's oil sector.⁹

Russia: Due to historical ties and physical proximity, Russian firms have maintained a sustained investment presence in a variety of sectors.

In 2024, Kazakhstan had a tremendous spike in FDI inflows, reaching \$15.7 billion, an 88% increase over the previous year and the most in a decade. This expansion reflects restored investor confidence and the success of economic reforms.¹⁰

Table 2.

⁵Astana Times. (2021, December 13). *Kazakhstan attracts over US\$370 billion in FDI since independence*. Retrieved from <https://astanatimes.com/2021/12/kazakhstan-attracts-over-us370-billion-in-fdi-since-independence/>

⁶Wikipedia contributors. (n.d.). *Tengizchevroil*. Wikipedia. Retrieved June 6, 2025, from <https://en.wikipedia.org/wiki/Tengizchevroil>

⁷Wikipedia contributors. (n.d.). *Kazakhstan–European Union relations*. Wikipedia. Retrieved June 6, 2025, from <https://en.wikipedia.org/wiki/Kazakhstan%20%93European%20Union%20relations>

⁸ Wikipedia contributors. (n.d.). *Kazakhstan–United States relations*. Wikipedia. Retrieved June 6, 2025, from <https://en.wikipedia.org/wiki/Kazakhstan%20%93United%20States%20relations>

⁹ Wikipedia contributors. (n.d.). *PetroKazakhstan*. Wikipedia. Retrieved June 6, 2025, from <https://en.wikipedia.org/wiki/PetroKazakhstan>

¹⁰ Special Eurasia. (2025, May 4). *Kazakhstan: Foreign investments boost Astana's economic growth*. Retrieved from <https://www.specialeurasia.com/2025/05/04/kazakhstan-fdi-economy/>

Kazakhstan's FDI inflows during the last five years¹¹

Year	FDI Inflows (USD Billion)	Year-on-Year Change (%)
2020	3.22	-50.8
2021	4.06	+26.1
2022	6.54	+61.1
2023	3.22	-50.8
2024	15.7	+88.0

These numbers demonstrate the volatility of FDI inflows, which are driven by global economic conditions, commodity prices, and domestic policy shifts. The considerable increase in 2024 indicates a promising trend, maybe driven by intentional attempts to diversify the economy and improve the investment climate.¹²

Kazakhstan's efforts to attract and retain FDI are critical to its continued economic development and integration into the global economy. Maintaining this momentum will need a continued commitment on fostering a favorable business environment and broadening investment across all sectors.

Kazakhstan has established a comprehensive framework to attract and facilitate foreign direct investment (FDI), which includes legal reforms, institutional assistance, and strategic efforts.¹³

Kazakhstan's investment legislation is based on Law on Investments No. 373-II, which was enacted in 2003. This law lays the legal and economic groundwork for investment operations, including protections for investor rights and measures of public assistance. Kazakhstan developed the National Digital Investment Platform in 2024, with the goal of streamlining investment procedures and lowering barriers for investors.¹⁴

Several significant entities play pivotal roles in the regulation and promotion of foreign direct investment: The Ministry of Foreign Affairs, through its Investment Committee, regulates inbound foreign investment, offers investment favors, and verifies contract compliance.¹⁵ Kazakh Invest: As Kazakhstan's national investment support business, Kazakh Invest helps develop investment proposals and encourages investor interaction in a variety of areas.¹⁶ National Bank of Kazakhstan: The National Bank, which is in charge of monetary policy and financial stability,

¹¹ Author's work

¹² United Nations Conference on Trade and Development (UNCTAD). (2024). *Kazakhstan country profile*. UNCTADstat. Retrieved from <https://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/398/index.html>

¹³ Charter Cities Institute. (2025). *Unlocking the potential of Kazakhstan's special economic zones* [PDF]. https://chartercitiesinstitute.org/wp-content/uploads/2025/03/Unlocking_The_Potential_KZ_Policy.pdf

¹⁴ Debevoise & Plimpton LLP. (2023). *The growing prominence of Kazakhstan as a destination for foreign direct investment* [PDF]. https://www.debevoise.com/-/media/files/insights/publications/2023/04/06_the-growing-prominence-of-kazakhstan.pdf

¹⁵ Lexology. (2023). *In brief: Regulation of inbound foreign investment in Kazakhstan*. <https://www.lexology.com/library/detail.aspx?g=a041ce4b-382e-4f79-9b1b-bea2668ff83f>

¹⁶ Morgan Lewis. (2025, March). *Investment opportunities and regulatory framework in Kazakhstan*. <https://www.morganlewis.com/pubs/2025/03/investment-opportunities-and-regulatory-framework-in-kazakhstan>

plays an important role in creating a favorable macroeconomic environment for investors. Special Economic Zones (SEZs), Tax Incentives, and Public-Private Partnerships (PPP)

Kazakhstan has established 15 Special Economic Zones (SEZs), each tailored to specific industries such as technology, construction, and manufacturing. These SEZs offer various incentives, including:

Corporate Income Tax (CIT) Reduction: A 100% reduction, subject to certain conditions. Value Added Tax (VAT): A 0% rate for goods consumed during priority activities. Land and Property Tax Exemptions: Full exemptions to reduce operational costs. These incentives are designed to attract immediate business activity and foster long-term commitments. Kazakhstan has imposed budgetary constraints on Public-Private Partnerships (PPP) to maintain fiscal accountability. Direct liabilities from PPPs are limited to 20% of state revenues, with similar restrictions imposed on regional authorities.

Kazakhstan's entrance to the World Trade Organization (WTO) in 2015 was a watershed moment in its economic integration. Following admission, the country experienced a significant increase in FDI inflows. For example, in 2024, Kazakhstan received \$15.7 billion in foreign direct investment, an 88% increase over the previous year and the most in a decade.¹⁷

RESULTS

In 2023, FDI inflows into Kyrgyzstan were roughly USD 845 million, amounting for approximately 3.51% of GDP.¹⁸ This was a notable turnaround from the negative inflows witnessed in 2020 (-USD 402 million), which were mostly linked to COVID-19-related disruptions and political instability. The cyclical nature of Kyrgyzstan's foreign direct investment performance highlights the country's vulnerability to external shocks and internal governance difficulties. Kyrgyzstan has the potential to become a key transit and investment hub in Central Asia due to its geographical location and membership in multiple regional economic initiatives, including the Eurasian Economic Union (EEU), the Shanghai Cooperation Organization (SCO), and the Central Asia Regional Economic Cooperation (CAREC) Program. FDI is crucial not only for national prosperity, but also for deeper regional economic integration via trade facilitation and cross-border collaboration.

Table 3.

FDI Inflows to Kyrgyzstan, 2010–2023 (USD Million)¹⁹

Year	FDI Inflows (USD million)
2010	437.6
2015	1,141.9
2020	-402.0
2021	226.0

¹⁷ Special Eurasia. (2025, May 4). *Kazakhstan: Foreign direct investments (FDIs) and economic outlook*. <https://www.specialeurasia.com/2025/05/04/kazakhstan-fdi-economy/>

¹⁸ TheGlobalEconomy.com. (2024). *Kyrgyzstan: Foreign direct investment, percent of GDP*. Retrieved from https://www.theglobaleconomy.com/Kyrgyzstan/Foreign_Direct_Investment/

¹⁹ UNCTAD World Investment Reports (2020–2023); Statista (2024); NSC-KG (2024).

Year	FDI Inflows (USD million)
2022	291.0
2023	845.0

The data show high volatility in FDI inflows, which reflect both global macroeconomic conditions and domestic policy developments. The severe decline in 2020, followed by a gradual recovery, demonstrates the susceptibility of investor mood to political stability and global problems. The recent increase in 2023 reflects a more favorable investment environment and increased regional prominence, notably in the energy, logistics, and digital industries. This dissertation uses empirical methodologies and real-world data to provide practical insights into how FDI might be used as a mechanism for Kyrgyzstan's regional integration strategy.

Foreign Direct Investment (FDI) has been an important part of Kyrgyzstan's economic landscape, with considerable variations over the last two decades. In 2023, FDI inflows totaled over USD 845 million, representing 3.51% of the country's GDP. This is a significant improvement over 2020, when FDI was minus USD 402 million, owing to global economic shocks and internal constraints.

Sectoral Distribution of FDI

The allocation of FDI across various industries highlights Kyrgyzstan's economic interests and potential for growth. In 2024, the manufacturing industry drew the most FDI, accounting for 37% of total FDI, representing a 129.4% increase over the prior year. The trade sector received 19% of FDI, representing a 113.1% gain, whereas the mining industry, despite its historical prominence, saw a 74.9% fall, accounting for only 15% of FDI.²⁰

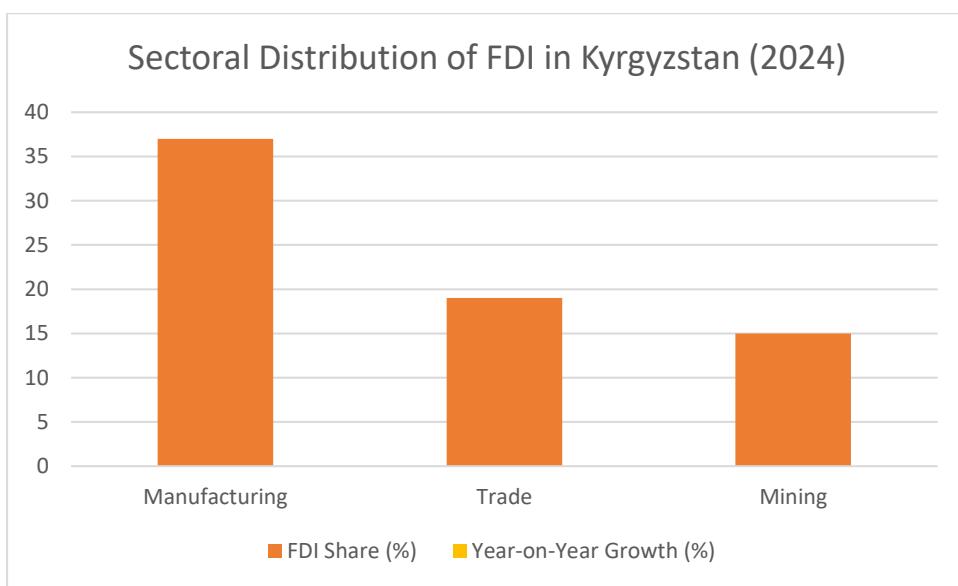


Figure 2. Sectoral Distribution of FDI in Kyrgyzstan (2024)²¹

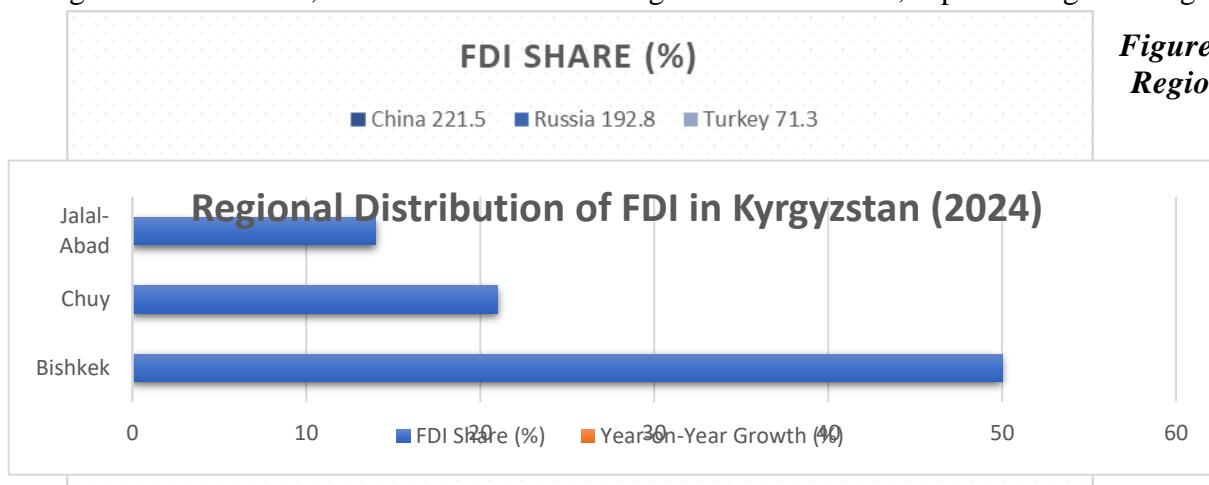
²⁰ Central Asian Light. (2024a, April 18). *Leading countries in direct investment in Kyrgyzstan identified*. Retrieved from <https://www.centralasianlight.org/news/leading-countries-in-direct-investment-in-kyrgyzstan-identified/>

²¹ Central Asian Light. (2024b, April 26). *Turkiye ahead of others in terms of investment growth in Kyrgyzstan*. Retrieved from <https://www.centralasianlight.org/news/turkiye-ahead-of-others-in-terms-of-investment-growth-in-kyrgyzstan/>

The breakdown of FDI by country of origin demonstrates Kyrgyzstan's worldwide economic ties. In 2023, China became the top investor, contributing USD 221.5 million (29.7% of total FDI). Russia followed with USD 192.8 million (25.8%), while Turkey invested USD 71.3 million (9.6%). Notably, in the first half of 2024, Turkey had the most significant gain among investor countries, with an 187.7% increase in FDI.²²

Figure 3. Leading Sources of FDI in Kyrgyzstan (2023)²³

FDI inflows have been regionally focused, with Bishkek, the capital city, getting 50% of total FDI in 2024, a 116.7% increase over the previous year. The Chuy Region received 21% of FDI, resulting in a 168.7% rise, while the Jalal-Abad Region received 14%, representing a 23% gain.



Distribution of FDI in Kyrgyzstan (2024)²⁴

When compared to neighboring Central Asian countries, Kyrgyzstan's FDI inflows are modest. In 2022, Kazakhstan attracted USD 6.1 billion in FDI, while Uzbekistan received USD 2.5 billion. Kyrgyzstan's FDI stock stood at USD 3.7 billion in 2022, representing 34.1% of its GDP, indicating a significant reliance on foreign investments relative to its economic size.

²² Central Asian Light. (2024b, April 26). *Türkiye ahead of others in terms of investment growth in Kyrgyzstan*. Retrieved from <https://www.centralasianlight.org/news/turkiye-ahead-of-others-in-terms-of-investment-growth-in-kyrgyzstan/>

²³ Central Asian Light. (2024b, April 26). *Türkiye ahead of others in terms of investment growth in Kyrgyzstan*. Retrieved from <https://www.centralasianlight.org/news/turkiye-ahead-of-others-in-terms-of-investment-growth-in-kyrgyzstan/>

²⁴ Central Asian Light (2024)

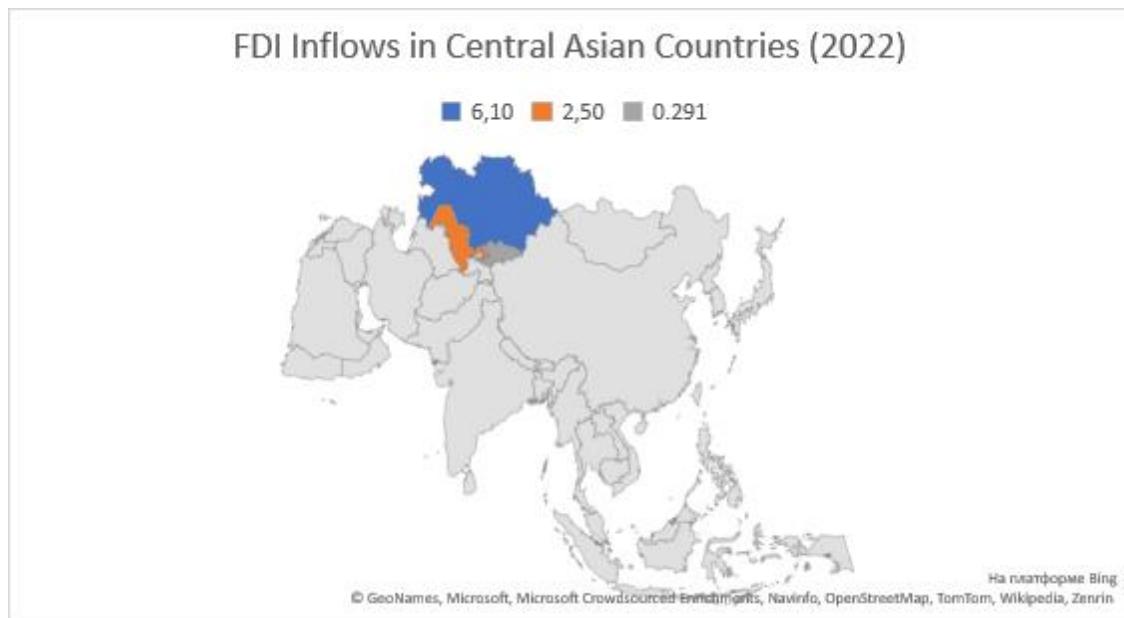


Figure 5. FDI Inflows in Central Asian Countries (2022)²⁵

The Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000) is a significant initiative aimed at transmitting surplus hydroelectric power from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. Kyrgyzstan is committed to supplying between 500 million and 1.5 billion kilowatt-hours of electricity annually during the summer months, accounting for 40% of the project's total capacity. This endeavor is projected to generate approximately USD 80 million in annual revenue for Kyrgyzstan, given the higher export tariffs compared to domestic rates²⁶.

Regional Transport Corridors: China-Kyrgyzstan-Uzbekistan Railway

The China-Kyrgyzstan-Uzbekistan (CKU) railway is poised to transform regional connectivity. Construction is slated to commence in 2025, with the railway designed to operate at speeds of up to 120 kilometers per hour. The route will originate in Kashgar, China, traverse Kyrgyzstan's mountainous terrain, and extend into Uzbekistan. This project is anticipated to reduce freight transport times between China and Europe by approximately one week and decrease transport costs by one-third. Kyrgyzstan has pledged an initial investment of USD 14 million, with a total commitment of USD 131 million over three years.²⁷

Impact of FDI on Kyrgyzstan's Exports and Imports

In 2024, Kyrgyzstan's total trade volume reached USD 16 billion, marking a 0.9% increase from the previous year. Exports rose by 13% to USD 3.8 billion, while imports declined by 2.4% to USD 12.2 billion. China remains Kyrgyzstan's largest trading partner, with a total trade turnover of USD 5.5 billion in 2024. Notably, Kyrgyzstan exported 14.9 tons of gold worth USD 1.2 billion to the United Kingdom, highlighting the diversification of its export markets.

²⁵TradeClub Standard Bank. (2024). *Foreign direct investment (FDI) in Kyrgyzstan*. Retrieved from <https://www.tradeclub.standardbank.com/portal/en/market-potential/kyrgyzstan/investing>

²⁶Mdpi.com. (2024). Energy Security of Hydropower Producing Countries—The Cases of Tajikistan and Kyrgyzstan. Retrieved from <https://www.mdpi.com/1996-1073/15/21/7822>

²⁷Kun.uz. (2024). China-Kyrgyzstan-Uzbekistan railway: Kyrgyzstan invests initial \$14 million, pledges \$131 million over three years. Retrieved from <https://kun.uz/en/news/2024/11/06/china-kyrgyzstan-uzbekistan-railway-kyrgyzstan-invests-initial-14-million-pledges-131-million-over-three-years>

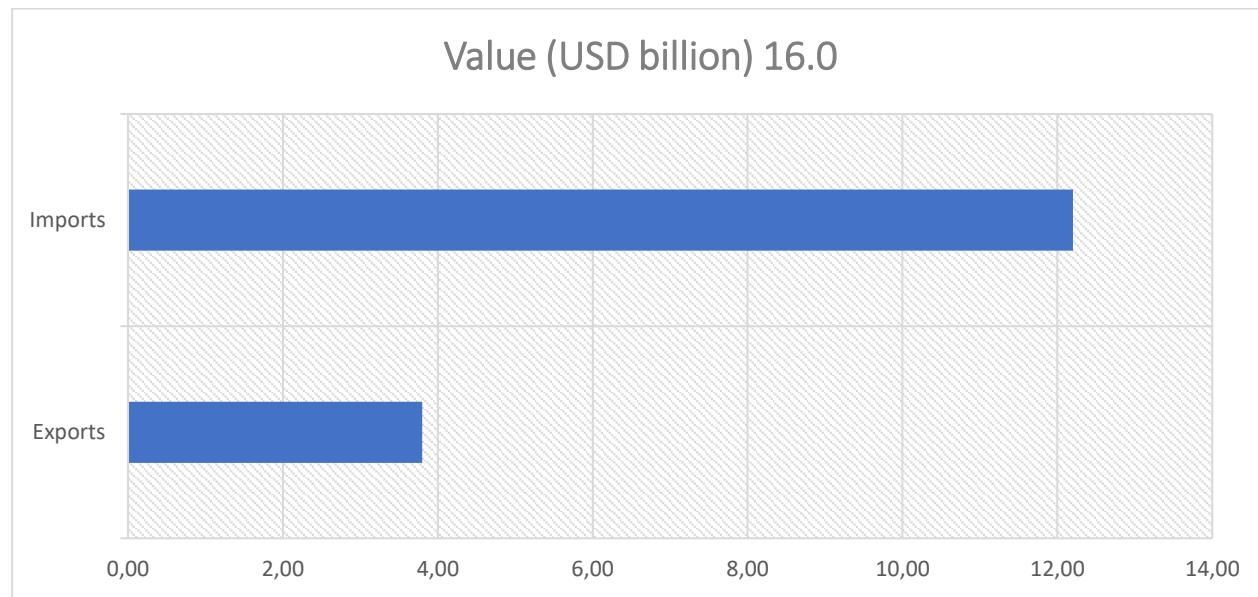


Figure 6. Kyrgyzstan's Key Trade Indicators (2024)

Role of the Eurasian Economic Union (EAEU)

As a member of the EAEU since 2015, Kyrgyzstan has benefited from tariff alignments and enhanced market access. In 2023, trade with EAEU member states accounted for 27.8% of Kyrgyzstan's total trade volume. This integration has facilitated the free movement of goods, services, capital, and labor among member countries, contributing to regional economic cohesion.²⁸

Job Creation and Regional Labor Flow

FDI projects have significantly influenced labor mobility in Kyrgyzstan. The Peng Sheng Industrial Park, established with Chinese investment, has become a major employment hub, attracting workers who might otherwise seek opportunities abroad. This trend indicates a shift in labor dynamics, with domestic opportunities reducing the need for migration.[wsj.com](https://www.wsj.com)

Indirect Effects on Labor Migration and Skill Exchange

While FDI has created local employment opportunities, remittances from Kyrgyz workers abroad continue to play a crucial role in the national economy. The diversification of employment opportunities through FDI may gradually reduce dependence on remittances, fostering a more self-reliant economic structure.

Foreign Direct Investment (FDI) inflows are pivotal for economic development, particularly in Central Asia. In 2022, Kazakhstan led the region with FDI inflows of \$6.1 billion, marking an 83% increase from the previous year. Uzbekistan followed with \$2.5 billion, while Kyrgyzstan and Tajikistan attracted \$291 million and \$174 million, respectively.²⁹

FDI Per Capita and as a Percentage of GDP

Assessing FDI per capita and as a percentage of GDP offers insights into the relative impact of foreign investments. In 2022, Kazakhstan's FDI per capita was approximately \$320, significantly higher than Uzbekistan's \$72, Kyrgyzstan's \$44, and Tajikistan's \$18. Regarding FDI as a percentage of GDP, Kazakhstan stood at 3.3%, Uzbekistan at 4.5%, Kyrgyzstan at 3.8%, and Tajikistan at 2.2%.

²⁸ TradeClub Standard Bank. (2024). Trade Profile - Kyrgyzstan. Retrieved from <https://www.lloydsbanktrade.com/en/market-potential/kyrgyzstan/trade-profile>

²⁹ <https://www.reddit.com/r/Kazakhstan/comments/14wnw94/>

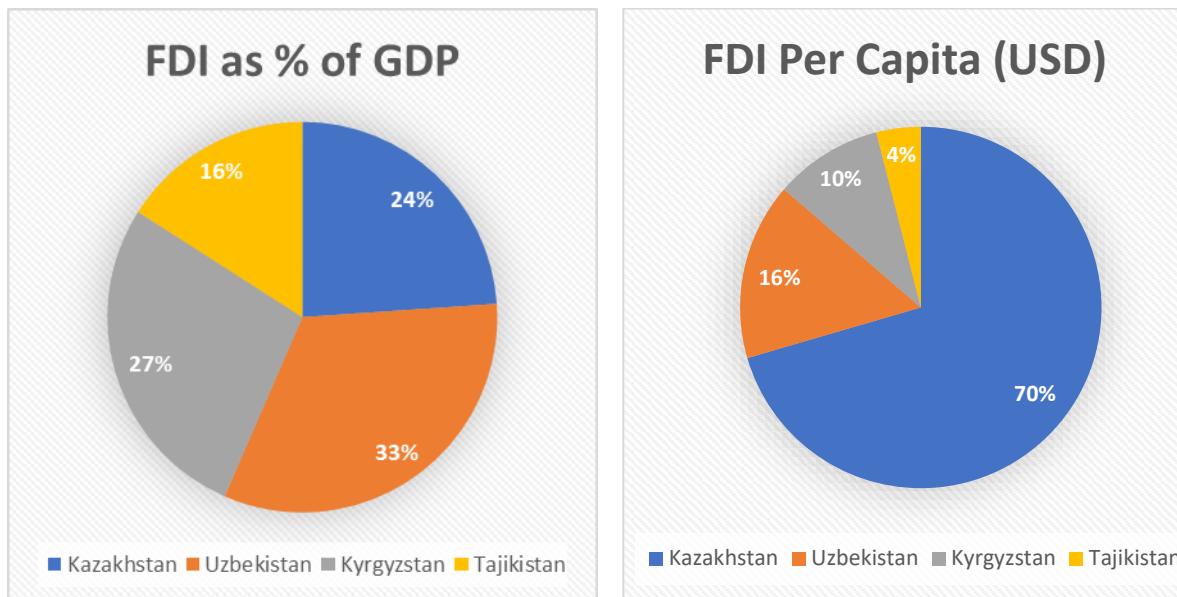


Figure 7. FDI Per Capita and as Percentage of GDP (2022)

Rankings: Doing Business and Corruption Perceptions Index

Investment competitiveness is influenced by factors such as ease of doing business and perceived corruption levels. In the World Bank's 2020 Doing Business report, Kazakhstan ranked 25th globally, indicating a favorable business environment. Uzbekistan and Kyrgyzstan were positioned at 69th and 80th, respectively, while Tajikistan ranked 106th.³⁰

In Transparency International's 2023 Corruption Perceptions Index (CPI), Kazakhstan scored 39/100, ranking 93rd out of 180 countries. Uzbekistan scored 33/100 (121st), Kyrgyzstan 26/100 (141st), and Tajikistan 20/100 (162nd). Higher scores indicate lower perceived corruption.

Table 3.

Investment Competitiveness Indicators

Country	Doing Business Rank (2020)	CPI Score (2023)	CPI Rank (2023)
Kazakhstan	25	39/100	93
Uzbekistan	69	33/100	121
Kyrgyzstan	80	26/100	141
Tajikistan	106	20/100	162

Sources: World Bank, 2020; Transparency International, 2023

Investor Sentiment and Ease of Conducting Business Comparison
 Kazakhstan's improving rankings indicate a more favorable climate for investors, thanks to reduced laws and anti-corruption initiatives. Uzbekistan's reforms have improved the economic climate, whilst Kyrgyzstan and Tajikistan suffer bureaucratic and corruption issues, affecting investor confidence.³¹

Strategic Sectors for Regional Complementarity.

³⁰ Transparency International. (2023). Corruption Perceptions Index 2023. Retrieved from <https://www.transparency.org/en/cpi/2023>

³¹ <https://timesca.com/kazakhstans-improving-corruption-score-leads-central-asian-peers/>

Agricultural Value Chains: Kyrgyzstan's agriculture industry, which contributes 18% of GDP and employs 48% of the labor force, offers prospects for regional integration. Collaborative ventures can strengthen value chains, increase efficiency, and create new markets.

Hydroelectric Potential: Kyrgyzstan has great potential for energy exports, as hydroelectric sources account for more than 90% of its electrical generation. Projects such as the CASA-1000 seek to carry surplus electricity to South Asia, promoting regional energy cooperation.³²

Time-series analysis: FDI inflows vs. GDP growth (2000-2024)
Foreign Direct Investment (FDI) has played a critical role in Kyrgyzstan's economic development during the last 20 years. The link between FDI inflows and GDP growth from 2000 to 2024 provides valuable insights into this relationship.

CONCLUSION

This study examined the patterns, determinants, and implications of Foreign Direct Investment (FDI) inflows in Kazakhstan and Kyrgyzstan, emphasizing their importance for economic modernization, diversification, and regional integration. The findings reveal that Kazakhstan has successfully positioned itself as the leading FDI hub in Central Asia through its resource endowment, stable macroeconomic policies, and active participation in international initiatives such as the Eurasian Economic Union (EAEU), the World Trade Organization (WTO), and the Belt and Road Initiative (BRI). These frameworks have enhanced its global connectivity and attracted large-scale investments in energy, mining, transport, and telecommunications sectors.

In contrast, Kyrgyzstan's FDI performance remains modest but shows significant improvement in recent years. The country has benefited from increased Chinese, Russian, and Turkish investments, particularly in manufacturing, trade, and hydropower. Projects like CASA-1000 and the China-Kyrgyzstan-Uzbekistan railway highlight Kyrgyzstan's growing role as a regional connector and energy exporter. However, FDI inflows in Kyrgyzstan remain vulnerable to political instability, governance challenges, and limited infrastructure capacity.

The comparative analysis suggests that while both countries rely on FDI as a driver of economic growth and integration, their outcomes differ due to institutional quality, investment policy efficiency, and sectoral focus. To sustain long-term development, both Kazakhstan and Kyrgyzstan should continue improving investment transparency, regulatory consistency, and infrastructure quality, while diversifying investment beyond extractive industries. Strengthening regional cooperation under the EAEU and BRI can further enhance cross-border trade, connectivity, and financial stability across Central Asia.

In conclusion, FDI serves not only as a source of capital but also as a mechanism for knowledge transfer, innovation, and institutional strengthening. For both Kazakhstan and Kyrgyzstan, the challenge ahead is to translate inflows into sustainable, inclusive, and innovation-driven economic growth that supports deeper regional integration.

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³² https://en.wikipedia.org/wiki/Economy_of_Kyrgyzstan

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