




Kazakhstan's new role in a changing world and what it means for Investments in Energy?

KIA Panel Session - Investment Economy: Public-Private Partnership
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02.10.2025

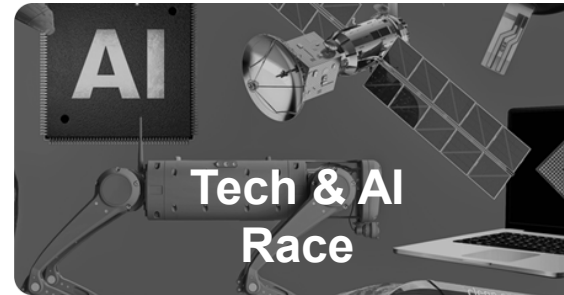


...However, trade is not the only dimension: security, stability, market sizes and access to technology & critical resources all play a role in the new order

 Unbalanced Multipolarity



 Economic Battlegrounds



 Global Shocks



Central Asia and Caspian (CCA) are a part of this process, commonly viewed by foreign investors, diplomats and businesses through a limited set of lenses

Why invest or do business in CCA?

5 common lenses



Stockpile

Sizeable, diverse and rare natural resources



Connector

Alternative East-West and potential North-South corridor



Key

Adjacency to a few geopolitical rivals: Russia, China, Iran, Turkey



Market

70-80 M pop consumer market with nearly 10% growth rate & significant competitive moats

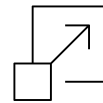


Factory

Comparatively educated workforce & weak labor negotiating power: 7+ M higher-ed, 13.5+ M vocational

Why investment is not yet fully there?

Scale



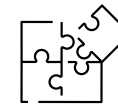
- On global scale, CCA is a small, fragmented and isolated market
- No clear hub: entering one country does not guarantee effective access to others

Growth model



- Reliant on “deal of the century” model: large projects with strong top-down support
- Very high political cost for subscale foreign business

Fit & Risk



- No clear preference or “rules of engagement” for foreign investors, while not perceived as geopolitically impartial
- Often considered a compliance risk & need special approval

Power



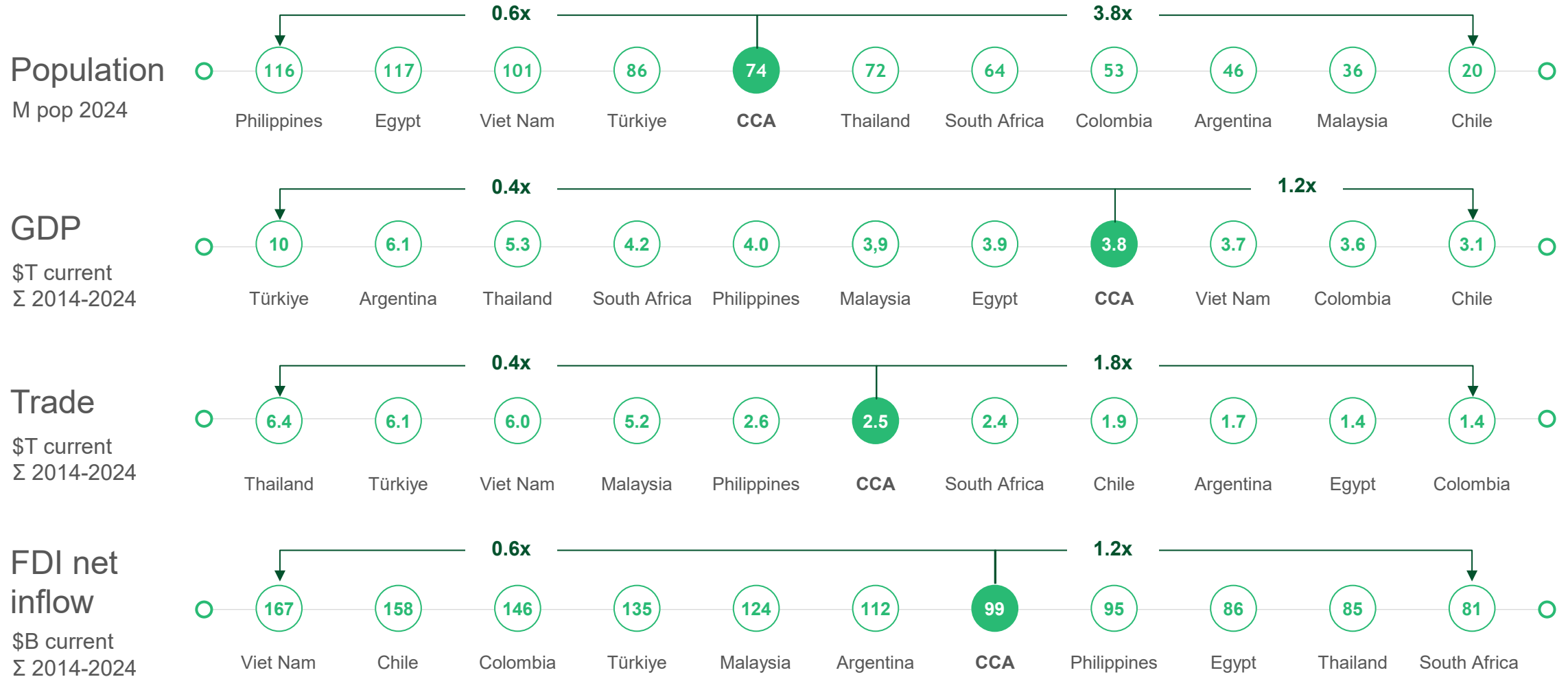
- Hyper-centralized decision-making, unfair competition with state-owned entities
- Limited regional cooperation limits scale and allows MNC's to pitch countries against each other

Macro



- Persistent trade & fiscal deficits, high inflation & rates
- High hidden unemployment and social support burden
- Skilled Labor pool is mismatched with business needs

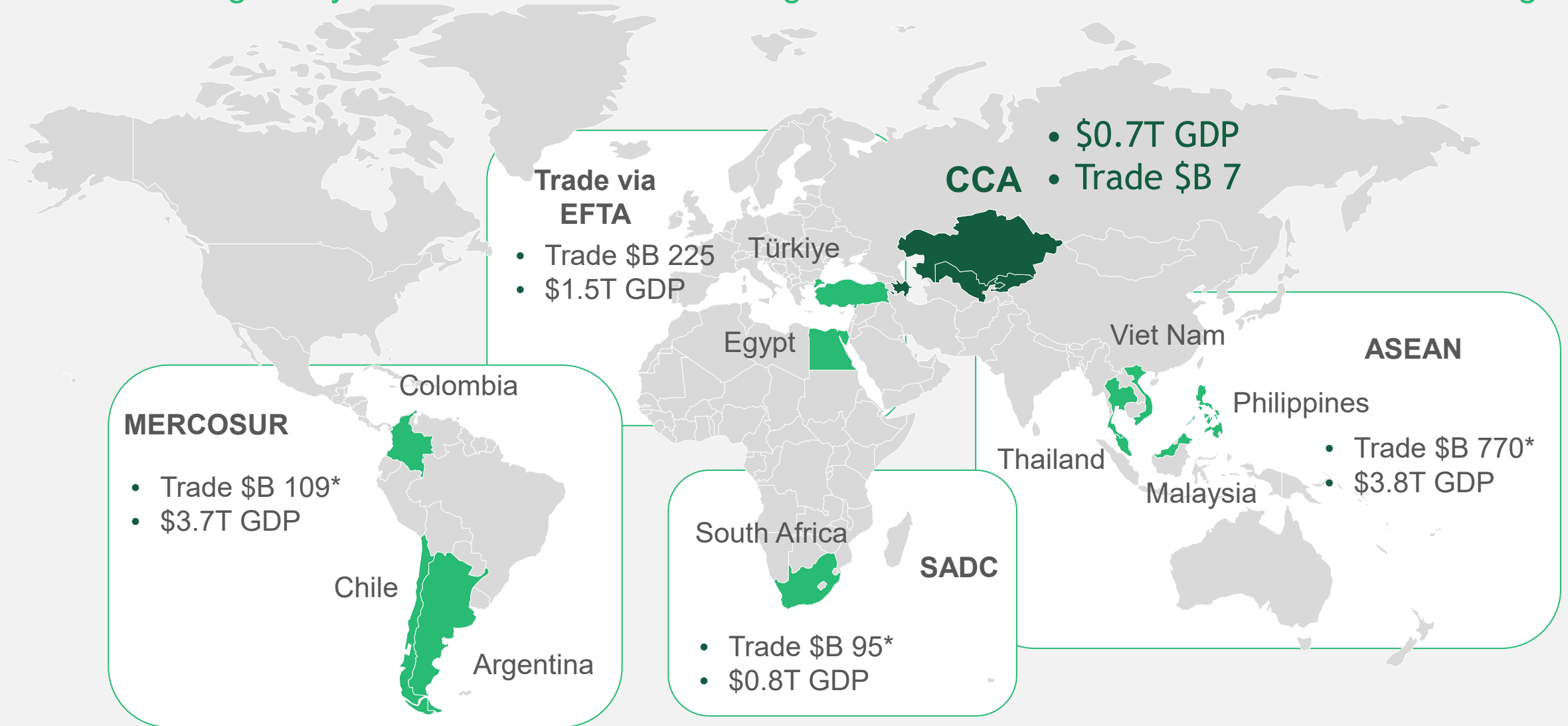
CCA taken together is comparable to a variety of single country alternatives...



CCA approximate numbers per country in the region:
 Population (M): KZ – 21; AZ – 10; UZ – 36; KR – 7; GDP (\$T): KZ – 2.2.; AZ – 0.6; UZ – 0.9; KR – 0.1;
 Trade (\$T): KZ – 1.4; AZ – 0.5; UZ – 0.5; KR – 0.1; FDI (\$B): KZ – 61.9; AZ – 13.6; UZ – 19.9; KR – 3.4;

Sources: World Bank; BCG analysis

... While being vastly subscale vs trade within large bloc markets to which these countries belong



Note: Chile and Colombia are MERCOSUR (Sothern Common Market) Associate States & members of Pacific Alliance; South Africa along with other SADC (Southern African Development Community) members is integrated into AFTCA (African Continental Free Trade Area), Türkiye is also part of EUCU (European Union Customs Union) & EFTA (European Free Trade Association), Egypt & South Africa, Vietnam also have FTA's with EU *MERCOSUR internal trade + Pacific Alliance internal trade ex Mexico

Source: BCG analysis based on trade bloc websites & end-year press releases

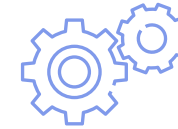
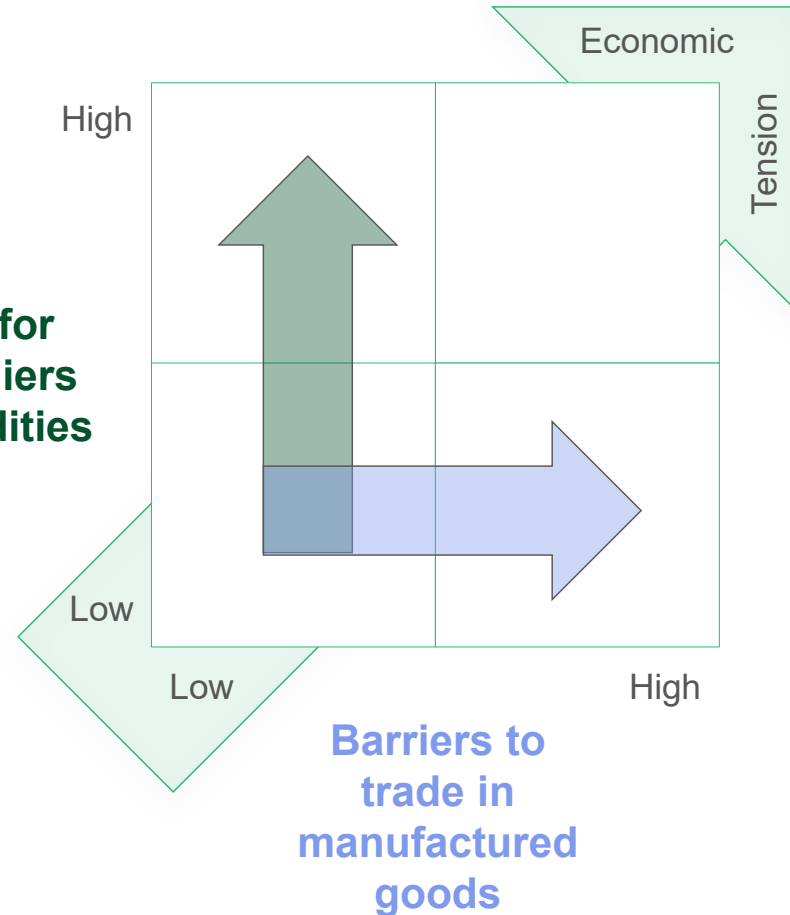
The issue of scale could be offset by new sources of CCA's value for the world, stemming from the current trade realignment



Unimpeded access to critical resources and their immediate derivatives is no longer a given

New geopolitical blocs reduce rivals' supply, introduce surcharges and sanctions, invest in duplicating supply chains (e.g. REM's, cobalt, lithium, hydrocarbons)

Demand for new suppliers of commodities



New protectionism requires reducing value chain exposure to rivals

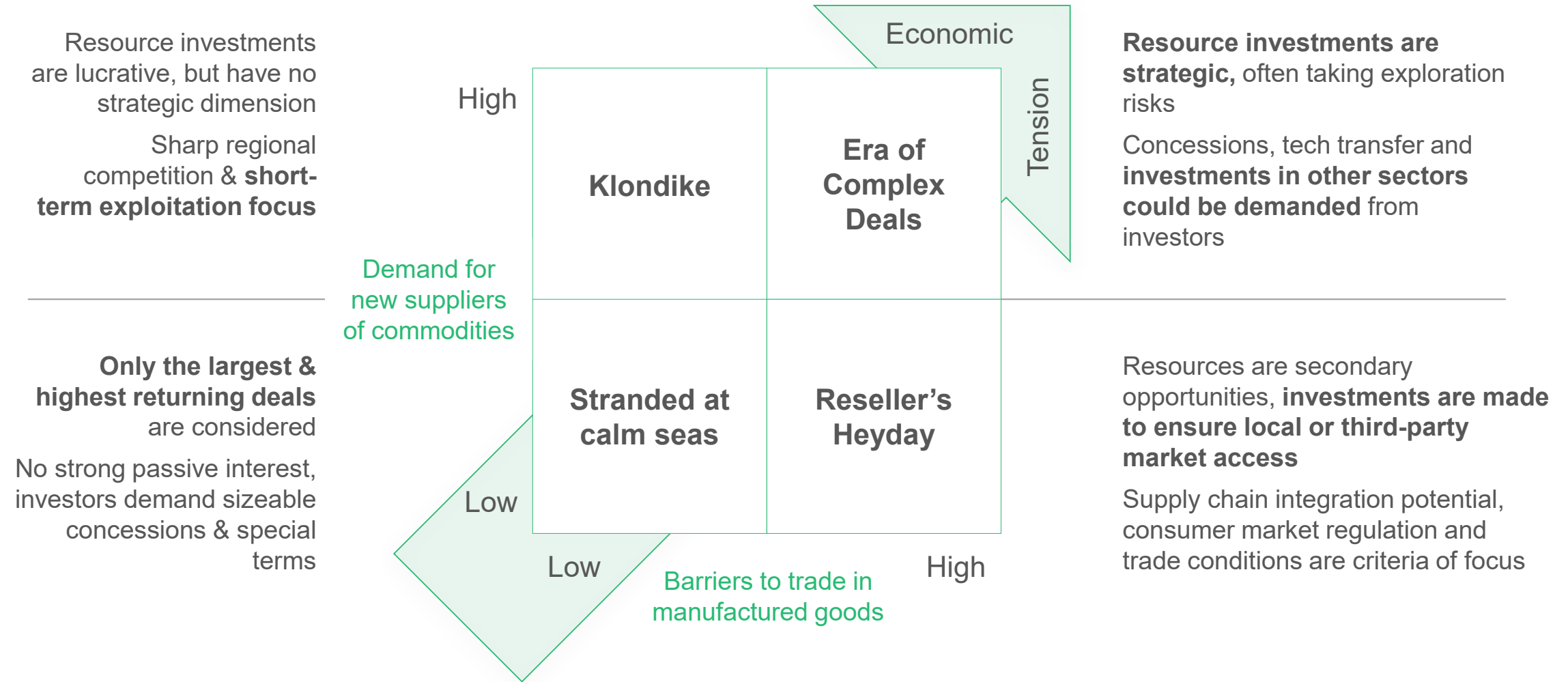
Limits of complex tariffs based on parts origin are to be tested

Countries will need new markets to supply to maintain output, new markets to transit through and new markets to manufacture

Note: Disruption of commodities markets is defined by aggregate \$ value of trade supply displaced due to geopolitical reasons (assuming constant position of suppliers on the cost curve), while Disruption of intermediate goods refers to the same figure (direct supply only) regarding all intermediate goods (simple processed products, components, etc.)

Source: BCG analysis

Our geopolitical & trade scenarios for CCA region | For the 2025-2035 period



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Source: BCG analysis



Implications for Investments in Energy



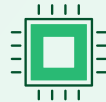
Shift from Mega-Deals to Complex, Bundled Partnerships

- From one-off mega projects to multi-sector PPP structures.
- Integration of oil & gas, renewables, grids, and digital/AI components.



Integration into Regional Energy Systems

- Investors see Central Asia as one energy space.
- Kazakhstan could benefit from aligning master plans with neighbors to build cross-border energy systems.



Digitalization and AI as Investment Multipliers

- AI boosts efficiency in exploration, production and refining
- New partnerships with global tech and green IT investors are emerging.



Need for Predictable and Transparent PPP Frameworks

- Regulatory stability and contract reliability are top investor demands.
- Risk-sharing, clear and sustainable governance critical for long-term energy projects.



Time-Sensitive Window to Capture Investor Interest

- Next 5 - 10 years are critical to secure capital flows.
- Accelerating reforms will position Kazakhstan as a regional energy hub.

Why Investors Are Turning to Central Asia and Caspian



Download The Study by
The Boston Consulting Group

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