Investment in Energy – Trends and Considerations

Introduction

Over the past two decades, the global investment landscape has been fundamentally reshaped. The emergence of the information technology sector, with its asset-light business models and exponential scalability, has provided investors with opportunities for extraordinary returns. Companies like Apple, Microsoft, and Nvidia now dominate global equity markets. In contrast, traditional energy giants have seen their relative market weight diminish. In 2008, ExxonMobil stood as the world's largest company by market capitalization and Chevron among the top 10. Today, Exxon barely ranks in the top 20 and Chevron is far outside the top 30.

##	As of the end of 1Q2008		As of the end of late May, 2025	
	Company name	Market cap, $ bln	Company name	Market cap, $ bln
1	Exxon Mobil	456	Microsoft	3 346
2	General Electric	366	Nvidia	3 202
3	Microsoft	260	Apple	2 917
4	AT&T	227	Amazon	2 134
5	Procter & Gamble	214	Alphabet [Google]	2 051
6	Walmart	209	Meta	1 577
7	Berkshire Hathaway	207	Tesla	1 092
8	Johnson & Johnson	182	Berkshire Hathaway	1 086
9	Chevron	176	Broadcom	1 075
10	Bank of America	169	Taiwan Semiconductor	996
20			**Exxon Mobil**	**444**
40			**Chevron**	**239**

Source: compiled by ENERGY Insights & Analytics based on public information

This shift underscores a broader challenge for the global oil and gas industry: attracting new capital in an environment where investor attention is often focused elsewhere. With lower return expectations compared to tech and long payback periods for capital-intensive projects, oil and gas investments may seem less attractive on the surface. Yet, the sector remains a cornerstone of global energy security and continues to offer its own set of compelling advantages.

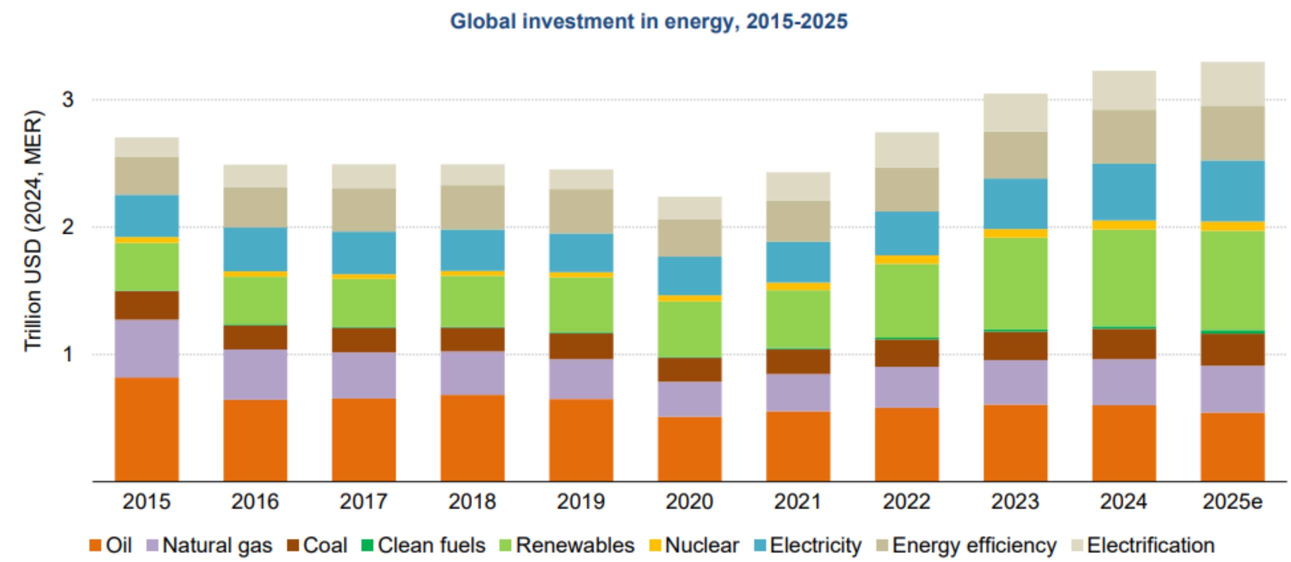
The oil and gas industry is a mature, globally integrated sector with a track record of delivering value over decades. Unlike high-growth sectors that are prone to volatility, energy companies offer investors more stable, predictable returns. Dividend payments, often substantial and consistent, have become one of the sector's hallmarks. While tech firms tend to reinvest profits into risky growth initiatives, oil majors prioritize shareholder returns through dividends and buybacks.

With the oil and gas industry being the cornerstone of Kazakhstan's economy, it is crucial to adapt to the evolving landscape of capital markets. Many of our country's largest oil and gas projects are now in their mature stages, implying limited remaining upside for the national economy. This situation underscores the necessity of initiating new, large-scale oil and gas ventures, which are unfeasible without significant capital commitments and advanced technologies from major global players. While Kazakhstan possesses considerable strategic advantages, there is substantial room for improvement. We must demonstrate to the world that we have learned from past experiences, some of which were financially and reputationally damaging. Kazakhstan holds vast potential, but it risks remaining untapped if an attractive and stable investment environment is not actively fostered and ensured.

Moreover, the energy sector provides a degree of security that is becoming increasingly valued amid macroeconomic uncertainty, geopolitical disruptions, and inflationary pressures. For the largest investors including global oil and gas conglomerates, institutional investors with long-term horizons such as pension funds, sovereign wealth funds, and insurance companies, the risk-return profile of oil and gas remains attractive, especially when balanced by stable fiscal regimes and favorable project economics.

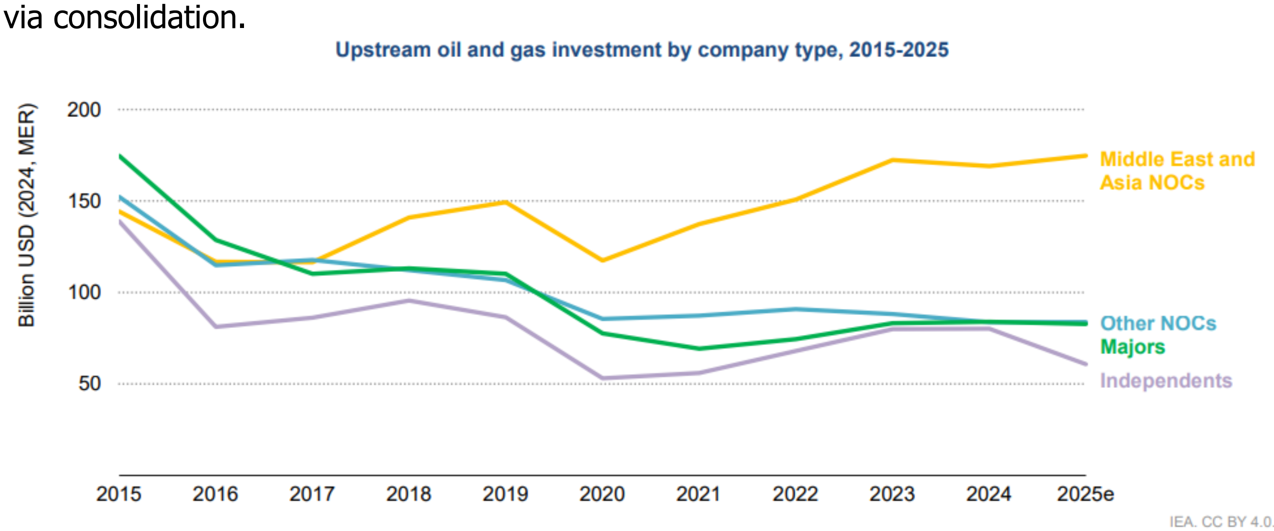
Global Energy Investing Landscape

Global investment in oil and gas remains a significant component of overall energy sector financing, though its share is evolving in the context of the accelerating clean energy transition. According to the International Energy Agency's [IEA] World Energy Investment 2025 report, total global energy investment is projected to reach $3.3 trillion for the first time in 2025. Of this, investment in clean energy technologies and infrastructure is expected to reach $2.2 trillion, which is twice the amount allocated to fossil fuels.



Source: IEA, World Energy Investment 2025 [June 2025]

Upstream oil and gas investment is forecast to decline by 6% in 2025, to approximately $900 billion, following $953 billion and $960 billion in 2023 and 2024 accordingly. The expected decline is due to falling oil prices and ongoing market uncertainty that led several companies to cut back on upstream investment in 2025. Costs have also risen, although the impact on resource development has been offset by technological advances and capital efficiency improvements. Middle Eastern and Asian national oil companies account for about 40% of upstream investment. Investment by independent producers (the US shale sector) is set to fall due to lower oil prices and higher costs, despite recent M&A moves that cut expenses via consolidation.



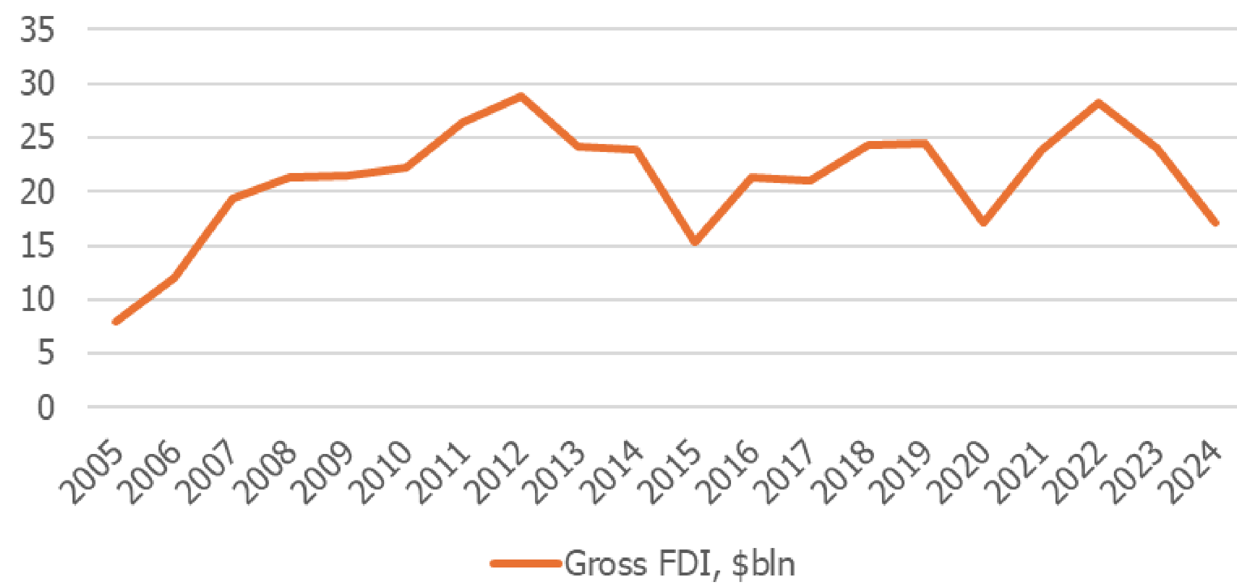
Source: IEA, World Energy Investment 2025 [June 2025]

The IEA also notes that, for the first time in 2023, cumulative investment in renewable power and grids surpassed the amount spent on fossil fuels. This marks a significant shift in the global energy investment landscape, with solar photovoltaic [PV] and other renewables leading the way. Nevertheless, oil and gas remain indispensable for meeting current global energy demand, especially in emerging economies and regions facing energy security challenges. The IEA emphasizes that robust investment in oil and gas infrastructure is still necessary to maintain energy security and support economic growth, even as the world transitions toward cleaner energy sources.

In summary, while the absolute value of oil and gas investment continues to be substantial, its share of total energy investment is gradually decreasing as clean energy technologies attract more capital. This dynamic reflects both the ongoing importance of oil and gas in the global energy mix and the accelerating momentum behind the clean energy transition.

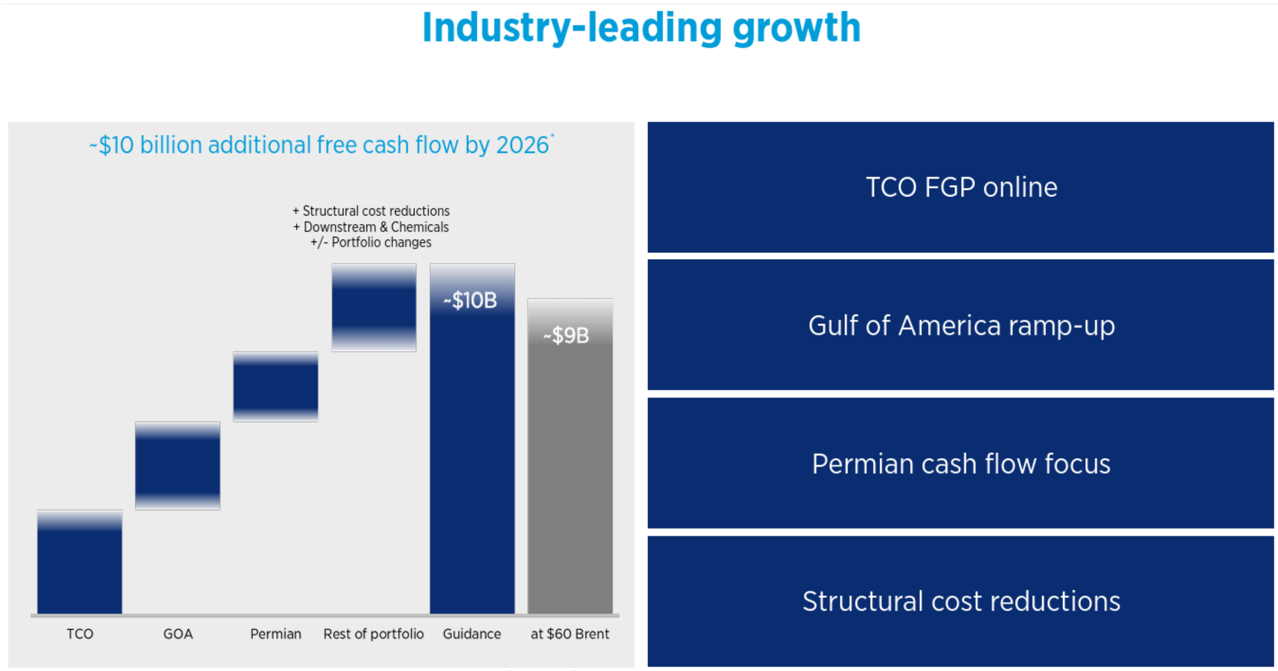
Kazakhstan's Strengths in Attracting Investors

Kazakhstan has long been recognized as a leading destination for foreign direct investment [FDI] in Central Asia, with hundreds of billion dollars FDI attracted since its independence in 1991. In addition, there is a very ambitious goal to add $150 billion more by 2029. However, data from the National Bank of Kazakhstan [NBK] reveals a significant slowdown in FDI inflows. In 2024, the gross inflow of direct investment from foreign investors amounted to $17.2 billion, a substantial decrease compared to previous years and far below the record of $28.8 billion set in 2012. This negative trend is particularly pronounced in the oil and gas sector, which has traditionally been the main driver of FDI. In 2024, the gross inflow into crude oil and natural gas extraction was just $3.1 billion, down sharply from $5.8 billion in 2023.



Source: compiled by ENERGY Insights & Analytics based on data from NBK

The slowdown in FDI is not unique to Kazakhstan, but it is especially concerning given the country's reliance on large, capital-intensive projects to sustain economic growth. Most of the major ventures that once attracted billions are now in mature phases or have completed their largest investment cycles. While these projects have delivered significant economic benefits, including technology transfer, job creation, and broader development, the experience of the past decade shows that Kazakhstan's investment model is heavily dependent on the continuous launch of new, large-scale projects. Without a new wave of such initiatives, the country risks a prolonged period of stagnation in FDI inflows.



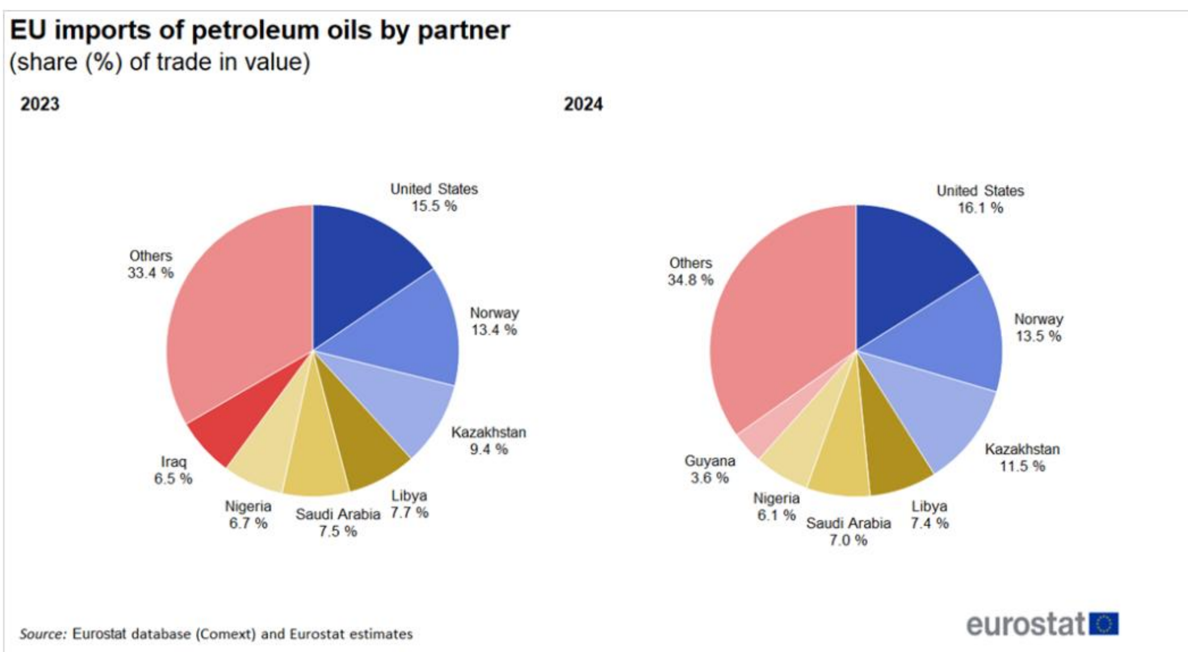
Source: Chevron's 1Q2025 earnings presentation

Despite the recent stagnation in our country's FDI, there are a few robust positive factors that are highly likely to help Kazakhstan in attracting more foreign investments to drive new large-scale projects, provided that the problematic issues outlined in this article are resolved. The notable positive catalyst is, of course, the proven impressive success record in attracting and expanding relationships with foreign investors. The Tengizchevroil [TCO] joint venture, led by Chevron, is a prime example. Operating since the early 1990s, TCO has not only delivered massive returns to its stakeholders but also catalyzed broader economic development, created thousands of jobs, and facilitated the transfer of modern technologies and management practices. In addition, the project continues thriving and Chevron's latest earnings release revealed that TCO remains the main growth driver for the U.S. oil giant's free cash flow. And TCO is not the only large successful project executed by consortiums of foreign investors as there are also Kashagan and Karachaganak. These precedents serve as powerful signals to potential investors: Kazakhstan can host and support multibillion-dollar, technically complex ventures over the long haul.

In addition, there are large ongoing projects involving foreign investments. Kazakhstan is actively expanding its cooperation with Middle Eastern countries, which is a robust step to geographically diversify its strategic partnerships. In 2024, a series of landmark agreements were reached between Kazakhstan and Qatar, paving the way for the construction of two major gas processing plants in partnership with Qatari UCC Holding. These plants, with capacities of 1 billion and 2.5 billion cubic meters per year, are part of a broader initiative that also includes the development of a new compressor station [CS-14], the main gas pipeline "Aktobe-Kostanai" and the second string of the Beineu-Bozoi-Shymkent gas trunkline. These projects are designed to enhance Kazakhstan's gas processing capacity, ensure energy security for the country's southern, central, and northern regions, and maintain stable export volumes.

The United Arab Emirates [UAE] is another key Middle Eastern partner, [with growing investments in Kazakhstan's renewable energy and high-tech sectors](). Notably, joint projects are underway to build three wind power plants with a total capacity of 3 GW, involving the UAE, Total Energies, and China Power International Holding. These initiatives are part of Kazakhstan's broader strategy to diversify its energy mix and accelerate the adoption of renewable energy sources. Furthermore, the UAE is showing interest in the development of AI and digital technologies in Kazakhstan, opening new avenues for cooperation in the fields of innovation and sustainable development

Apart from Kazakhstan's reputation of a trusted partner, there are political and geopolitical tailwinds. Kazakhstan's multi-vector foreign policy of balancing relations with Russia, China, the European Union, and the United States positions it as a trusted partner in an increasingly fragmented world. Its membership in international institutions and alignment with global investment norms enhances its credibility. As global tensions have sidelined some traditional energy exporters [like Iran and Russia], Kazakhstan has emerged as a stable and neutral alternative. Russia, despite holding one of the world's largest oil and gas reserves, is now heavily sanctioned and largely off-limits to Western capital and technology. Another positive geopolitical factor for Kazakhstan is the fact that foreign [investors are fleeing from U.S. assets]() due to a quite controversial rhetoric of President Trump's administration on global trade and tariffs.



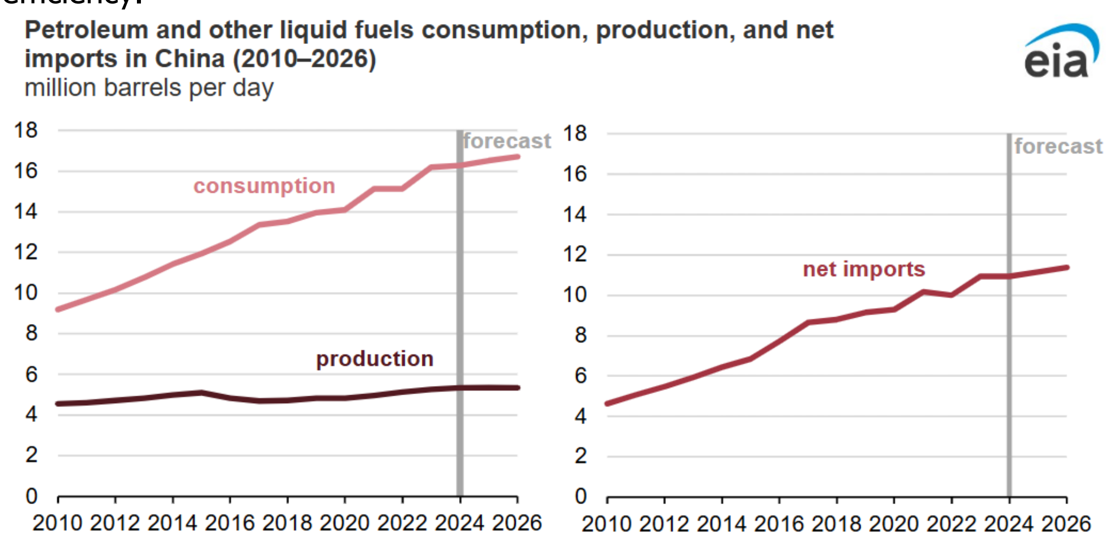
Source: Eurostat

According to the recent update from the World Economic Forum [WEF], major European oil and gas conglomerates are likely to work on optimizing their portfolios through 2025 [selling non-core assets] in order to prepare themselves for deal-making in 2026. This opens a window of opportunity for Kazakhstan to attract new foreign investors. As we can see in the summary below, the net trailing twelve months [TTM] capital spending of five large European oil and gas conglomerates totaled $64 billion, which indicates a quite large addressable market for Kazakhstan's prospective projects in oil and gas. We are emphasizing potential investments from European giants because of the strong bond with Kazakhstan in energy as our country is the EU's third largest oil supplier, trailing only the U.S. and Norway.

Company name	Net TTM CAPEX, $bln
Shell plc	17.5
BP plc	14.4
TotalEnergies SE	13.6
Equinor ASA	11.2
Eni S.p.A.	7.3
Total	**64.0**

Source: compiled by ENERGY Insights & Analytics based on public information

Kazakhstan's vast hydrocarbon reserves remain underdeveloped in many regions. While the state possesses significant financial resources through its sovereign wealth fund, the size and scale of modern upstream, midstream, and downstream projects require both capital and technical expertise that go beyond domestic capacity. Foreign investors not only bring financing but also help mitigate project risk through shared ownership structures. Equally important is the transfer of specialized knowledge. Global oil majors possess decades of experience operating in high-pressure and geologically complex environments. Their participation helps de-risk projects from a technological standpoint and promotes operational efficiency.



Source: U.S. Energy Information Administration

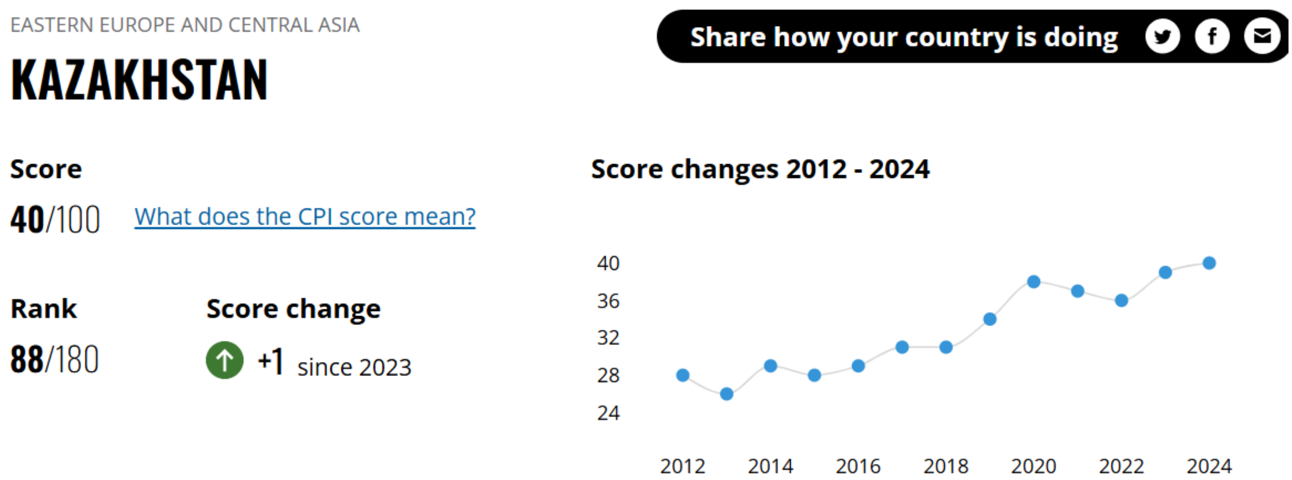
Kazakhstan's proximity to China, the world's second-largest economy and the largest importer of hydrocarbons, is a major logistical advantage. While much of Kazakhstan's oil currently flows westward via Russian territory, the potential expansion of eastbound export capacity looks like a sound step in executing on the long-term growth strategy. Russia is by far China's largest oil supplier, which is reasonable given historically close relationships together with comprehensive midstream infrastructure. On the other hand, the mix of China's smaller oil suppliers includes several quite geographically distant African countries like Angola and Congo. Thus, we believe that there is a solid potential to attract Chinese investors not only in upstream but also in midstream infrastructure such as pipelines, storage facilities, and transshipment terminals.

Kazakhstan is not starting from scratch. The country has a long-standing tradition in oil and gas, dating back to the Soviet era. Over the years, a domestic ecosystem has developed: experienced private oil companies, service providers, and engineering firms that understand local conditions and regulatory frameworks. Importantly, Kazakhstan boasts a highly educated workforce [100% literacy rate with almost 20% of graduates from tertiary education graduating from Engineering, Manufacturing and Construction programs]. As industry embraces digitalization, automation, and decarbonization, the availability of trainable and skilled human capital will become even more important.

Another crucial development to increase Kazakhstan's attractiveness for investors is the transition to a more balanced political system. In recent years, Kazakhstan has taken tangible steps toward political modernization. Since 2022, Kazakhstan has moved from a super-presidential system to a presidential-parliamentary model. This transition was formalized through a national referendum that amended 33 articles of the Constitution, significantly reducing presidential powers and enhancing the authority of Parliament and local representative bodies. The introduction of a mixed electoral system for the Mazhilis [lower house] and regional assemblies has increased political pluralism and representation. Kazakhstan has also made notable advances in judicial reform. As of July 2025, the country will establish three independent courts of cassation for civil, administrative, and criminal matters, further separating powers and providing citizens with greater legal recourse against state actions. The reinstatement of the Constitutional Court in 2023 has already led to thousands of appeals and decisions aimed at improving legislative quality and protecting constitutional rights. Thanks to these reforms, Kazakhstan demonstrates improvements in some reputable international indices. For example, according to the World Justice Project Rule of Law Index 2024, Kazakhstan's score increased, ranking 65th out of 142 countries globally and 5th out of 15 in Eastern Europe and Central Asia. While global rule of law has declined, Kazakhstan is among the minority of countries showing positive movement, particularly in civil justice and regulatory enforcement.

Kazakhstan Needs to Avoid Past Missteps and Balance Priorities

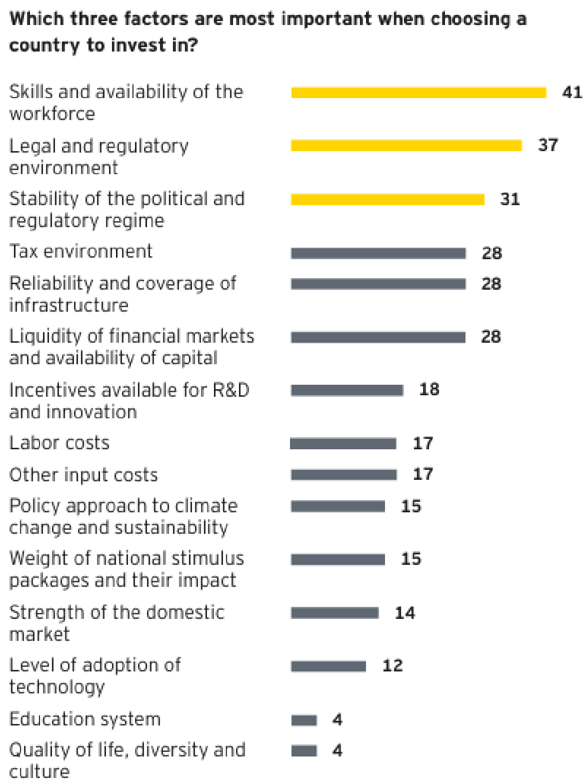
While Kazakhstan offers many advantages, the overall picture is not flawless. The country must also reckon with past missteps that could weigh on foreign investors' confidence. One of the most well-known cautionary tales is the Stati case, which was a long and unpleasant saga for our country. For investors this case is likely to raise concerns about the country's commitment to honoring investor rights and adhering to international legal standards. Although the case is complex and politically charged, it has been cited by experts as a red flag.



Source: Transparency International

Corruption remains a concern in many emerging markets, and Kazakhstan is no exception. Progress has been made in recent years as Kazakhstan slightly improved its positions in the Corruption Perceptions Index by Transparency International. Kazakhstan's score in the index is one of the best among the post-Soviet countries but the overall rank is still quite low, 88 of 180. Thus, there is still a lot to be done in this respect to ensure that licensing, procurement, and contract enforcement processes are free from undue influence. The fact that this index's leaders are mostly countries with the highest GDP per capital highlights that tackling corruption is not just a moral or political issue, it is a direct economic imperative. In addition, high perceived corruption increases the risk premium demanded by investors and limits Kazakhstan's ability to attract capital on competitive terms.

Additionally, policy unpredictability, especially regarding taxation, subsoil use rights, and local content requirements can deter investors. While it's reasonable for any host country to adjust fiscal terms to reflect changing economic realities, abrupt or retroactive changes breed uncertainty. A stable, transparent, and investor-friendly regulatory environment is critical for long-term project planning. This is supported by several major surveys. For example, the EY Kazakhstan Investment Attractiveness Survey 2024 found that regulatory and tax stability is among the top priorities for multinational investors. The survey, which included over 100 international investors, revealed that the most important factors in choosing an investment jurisdiction are the qualification and availability of the workforce, transparency and stability of the legal and tax environment, political stability, and regulatory predictability. However, investors also pointed out several areas for improvement, such as the need to streamline administrative procedures [especially for obtaining investment incentives], increase predictability in tax and customs legislation, and enhance communication with government bodies. Importantly, the survey noted that digitalization should reduce, not increase, administrative burdens for investors. These findings underscore the importance of ongoing reforms to address investor concerns and improve the overall investment climate in Kazakhstan.



Source: EY Kazakhstan, “Investments in the heart of Eurasia” [February 2025]

Furthermore, highly reputable analysts from S&P Global Commodity Insights explicitly shared their insights in the [Kazakhstan Energy Outlook 2024] by ENERGY Insights & Analytics that the multi-billion-dollar arbitration proceedings initiated by the Kazakhstan in 2023 against the Kashagan and Karachaganak consortia are likely to negatively affect the interest of large international investors in making further investments in the country’s exploration and production. Such disputes introduce a considerable degree of uncertainty into the investment landscape, which significantly undermines the risk-profile of our oil and gas industry from the investors’ point of view.

Another key challenge lies in striking a fair balance between investor profitability and national interest. Kazakhstan must ensure that its natural resources deliver tangible, long-term benefits to its population. This includes not only tax revenues but also infrastructure development, job creation, and capacity building. To achieve this balance, Kazakhstan's tax and subsoil use regimes must be not only competitive and predictable but also ensure an adequate share of value creation remains within the country. This includes aligning fiscal incentives with sustainability goals and environmental standards. Putting safety and sustainability at the center of project design is not just a regulatory requirement; it is a reputational necessity. Kazakhstan's long-term attractiveness to international capital depends on it being seen as a responsible steward of both investor capital and natural resources.

The Bottom Line

Kazakhstan has the opportunity to position itself as a preferred destination for foreign capital in oil and gas. The country brings to the table a compelling mix of advantages: a proven track record with major projects, access to untapped reserves, a skilled workforce, improving governance, and a strategically advantageous location. The current geopolitical climate further enhances Kazakhstan's appeal, especially for Western investors seeking alternatives to sanctioned jurisdictions. But opportunities must be matched with reforms. Legal certainty, transparency, and environmental responsibility must be at the forefront of Kazakhstan's energy investment strategy. Addressing legacy issues and reinforcing institutional credibility will go a long way toward unlocking the next wave of capital inflows. If the country can continue on its reform trajectory while effectively marketing its advantages and addressing its vulnerabilities Kazakhstan's energy sector can become a powerful engine of growth, innovation, and strategic partnership in the decades to come.

ENERGY Insights & Analytics

Analytical center "ENERGY" LLP (ENERGY Insight & Analytics) is a joint venture between the KAZENERGY Association and IT company AppStream. The company aims to become a priority source of data, analytical information, and recommendations for Kazakhstan's oil, gas, and electric power industries, allowing decision-makers to analyze and predict the most significant industry indicators with details on leading market players. Activities of ENERGY Insight & Analytics incorporate the whole analytics cycle with consequent stages: Descriptive, Diagnostic, Predictive, and Prescriptive analytics.

The key tool and product of ENERGY Insight & Analytics is internally developed software - the Analytical Platform EXia, aimed to identify, localize, format, and present data most efficiently for the specified use cases.

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Contact and Follow Us

www.exia.kz

info@exia.kz

https://www.linkedin.com/company/energy-insight/

10 D. Kunayev street, Astana, Kazakhstan