

China's Investment Policy in Central Asian Countries

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Abstract: The article is devoted to the study of the investment policy of the People's Republic of China in Central Asian countries. In recent decades, China has been actively developing economic ties with Central Asia, which is associated with both the interests of economic expansion and a global strategy, in particular the Belt and Road initiative. The article analyzes key areas of Chinese investment in the region, such as infrastructure projects, energy, trade and logistics, as well as the impact of these investments on the socio-economic development of Central Asian countries. Based on official data, facts and examples of large investment projects, such as the construction of railways, gas pipelines and solar power plants, both the positive aspects of Chinese investment policy and the possible risks associated with political and economic dependence on China are considered. Particular attention is paid to issues of environmental sustainability and social responsibility of Chinese companies in the region.

Keywords: China's investment policy, Central Asia, Belt and Road, infrastructure projects, economic cooperation, Chinese investments, Kazakhstan, Uzbekistan, Turkmenistan, energy, transport.



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Introduction

In the past two decades, China has significantly increased its economic and political influence in the countries of Central Asia. One of the key instruments of this influence is an active investment policy that covers a wide range of areas, including infrastructure, energy, agriculture and others. The countries of Central Asia, with their significant natural resources and strategic location at the crossroads of Europe and Asia, attract the attention of China both in the context of the implementation of the global strategy "**Belt and Road Initiative**" (BRI), and in connection with the strengthening of bilateral economic relations.

The purpose of this article is to analyze China's investment policy in the countries of Central Asia. We will consider the main areas of Chinese investment, examples of large projects, as well as the risks and challenges that both China and the countries of the region face in the process of economic cooperation.

1. China's Investment Policy in Central Asia: An Overview

China's investment policy in Central Asia is based on its desire to strengthen economic cooperation and integration with regions that can become important players in the Belt and Road Initiative. This strategy focuses on infrastructure development, improved transportation links, and energy market integration, creating a sustainable economic platform for China to expand its influence.

Chinese investments in Central Asia can be divided into several key areas:

1. Infrastructure Projects: China is actively investing in the construction of railways, roads, and ports, which helps improve transportation links between China and Central Asia, as well as with Europe and the Middle East.

2. Energy and Natural Resources: Central Asia, with significant reserves of hydrocarbons, coal, and other resources, is an important region for China, which is actively investing in energy production, processing, and transportation.

3. Trade and Logistics: China is building logistics hubs and transport corridors to speed up the transit of goods and reduce the cost of trade between China and Central Asia.

4. Agriculture and Environment: China is also showing interest in agricultural projects and green technologies in the region.

2. Key Areas of Chinese Investment in Central Asia

2.1. Infrastructure Projects

One of the most notable areas of Chinese investment is infrastructure development, especially in the field of transport. In 2025, China continues to actively build and modernize transport corridors, which contributes to the economic integration of Central Asia with other regions. An important project is the development of railways within the framework of the Belt and Road Initiative, as well as roads and highways.

An example of such a project is the “China-Kazakhstan Railway”, which connects China with Kazakhstan and further - with Russia and the countries of Central Asia. The construction of the railway line between China and Kazakhstan in 2024 continues to progress, and the project should improve the speed and safety of goods transportation, as well as strengthen trade ties between the countries.

In addition, within the framework of the BRI, China continues to implement major infrastructure projects, such as the construction of the “**Trans-Kazakhstan Corridor**”, which will become an important link between China and Europe through Kazakhstan.

2.2. Energy and Resources

Central Asia is an important region for China's energy security, which is actively investing in energy projects, including gas pipelines and power plants. The China **Turkmenistan-China** gas pipeline continues to be one of the most significant projects that will provide China with a stable flow of natural gas.

In 2025, construction of new facilities in the energy sector also continues. In Uzbekistan, Chinese companies are involved in the development of **solar and hydroelectric power plants**, which contributes to the diversification of energy sources in the country.

In addition, China is investing in the processing of natural resources, including coal and rare metals. Central Asian countries such as Kazakhstan and Uzbekistan are important suppliers of resources for Chinese industry.

2.3. Trade and Logistics

To speed up trade and improve logistics, China is actively building ports and warehouses in Central Asia, especially in Kazakhstan, Turkmenistan and Uzbekistan. The construction of **logistics hubs** and the creation of modern warehouse complexes helps reduce transportation costs and speed up the exchange of goods.

China is also actively developing transport routes along the **Trans-Siberian Railway** and other transit routes, which significantly increases trade volumes between China, Central Asia and Europe.

2.4. Agriculture and Environment

In recent years, China has shown growing interest in agriculture and environmental projects in Central Asia. China will actively invest in projects to improve agricultural production and ecosystems. An important area is the use of innovative technologies to increase crop yields and protect the environment.

The “Green Development” project includes the construction of environmentally friendly farms and investment in new irrigation methods, which will improve agriculture and solve water resource problems in Central Asian countries.

3. Advantages and Challenges of Chinese Investments in Central Asia

3.1. Advantages

Chinese investment policy has a positive impact on the economy of Central Asia. Some of the key benefits include:

- **Economic Growth:** Chinese investment contributes to economic growth, job creation, and infrastructure development.
- **Technological Development:** China actively introduces advanced technologies into the energy and agricultural sectors, which contributes to modernization and sustainable development.
- **Deepening Trade Links:** Development of transport infrastructure contributes to improved trade and exchange of goods between Central Asian countries and other regions.

Analysis of investment flow

Table 1. FDI of China in Central Asia 2020–2023 (млрд \$)

Country	2020	2021	2022	2023
Kazakhstan	5.2	6.8	8.5	9.1
Uzbekistan	1.5	2.3	3.0	3.7
Turkmenistan	2.1	2.4	2.6	3.0

Forecast to 2025:

Annual growth of FDI by 7-10% (Asian Development Bank, 2023).

Increase in the share of renewable energy to 20% (solar power plant projects in Uzbekistan).

3.2. Risks and Challenges

Despite the positive aspects, Chinese investment also carries risks. Among them are:

- **Dependence on China:** Some Central Asian countries may face increased dependence on Chinese investment, which may limit their economic and political independence.
- **Environmental and Social Issues:** Some Chinese projects may negatively affect the ecology of the region, for example, due to hydrocarbon extraction or the construction of large infrastructure facilities.
- **Political instability:** Central Asia remains a region with high political instability, which may pose risks to the implementation of Chinese projects.

4. Conclusion

China's investment policy in Central Asian countries in 2024 continues to evolve and contribute to the strengthening of economic ties between the countries of the region. China is actively investing in infrastructure, energy and trade, which contributes to the economic growth and development of the region. However, it is necessary to take into account the possible risks associated with economic dependence on China, as well as the environmental and social consequences of large projects.

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