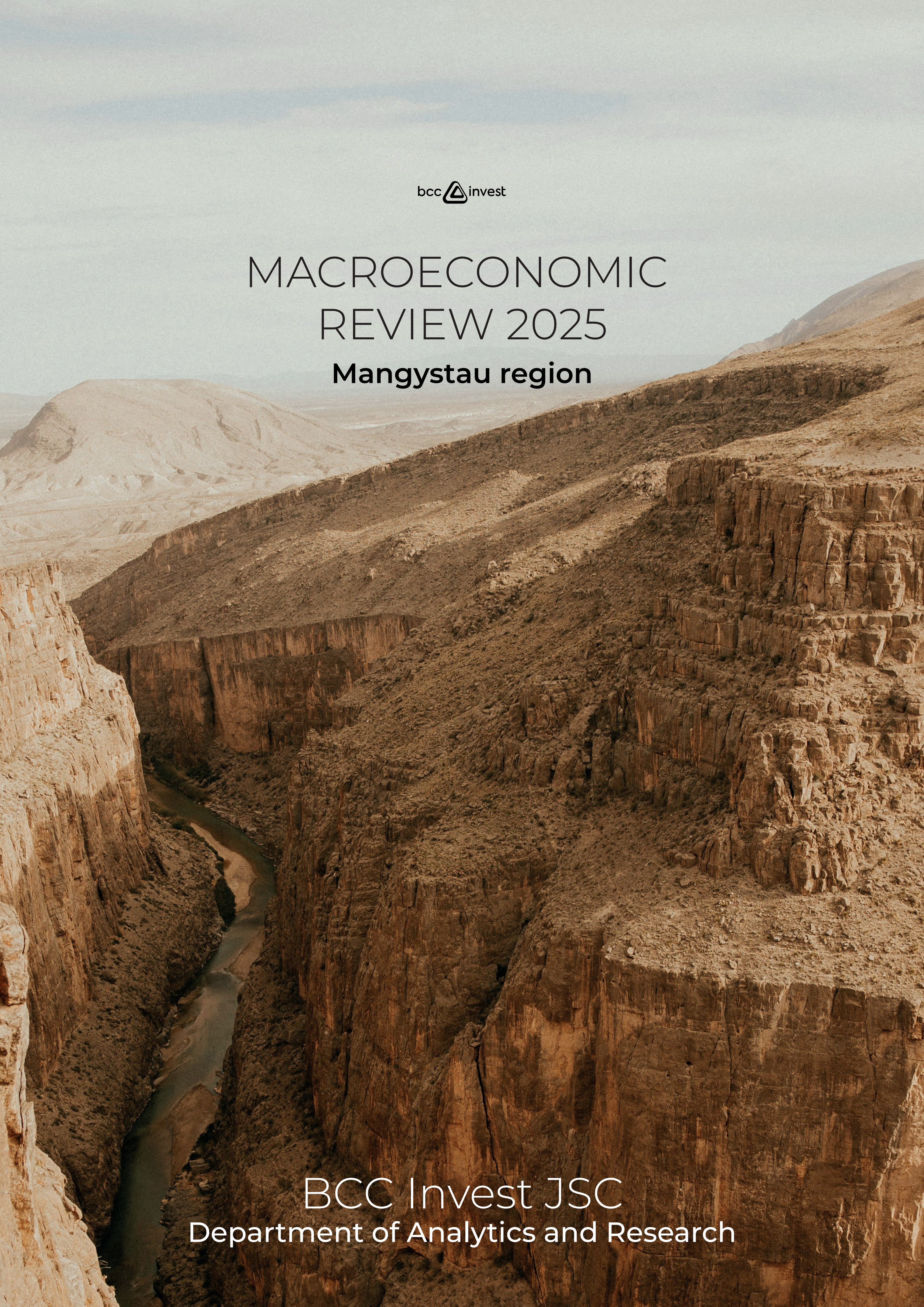

bcc invest

MACROECONOMIC REVIEW 2025

Mangystau region

BCC Invest JSC
Department of Analytics and Research

Foreword

Dear partners and stakeholders!

We are pleased to present to your attention a macroeconomic review of the Mangystau region. This region has traditionally played a key role in the economy of Kazakhstan due to its natural resources, strategic location and developing industrial potential.

The past year was a time of steady growth and new opportunities for the region. Despite external challenges, the region's economy demonstrates adaptability and potential for further development, including through the expansion of industrial production, modernization of infrastructure and improvement of the investment climate.

The Mangystau region remains one of the most attractive areas for investment in Kazakhstan. The development of the oil and gas sector, the diversification of the economy, as well as active government programs to support business create favorable conditions for long-term growth.

We are confident that this review will allow you to get an objective picture of the current state of the region, identify promising areas for cooperation and make informed investment decisions.

Sincerely,

BCC Invest
Chairman of the Board
D.N. Shayakhmetov

BCC Invest
Deputy Chairman of the Board
A.N. Urazakov

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Retrospective analysis of GDP macroeconomic data GDP

According to the results of the first nine months of 2024, the economy of the Republic of Kazakhstan (*hereinafter referred to as the RK*) in nominal terms amounted to 85 trillion tenge, whereas in real terms the country grew by 4.1%. The main drivers of real growth were the following industries:

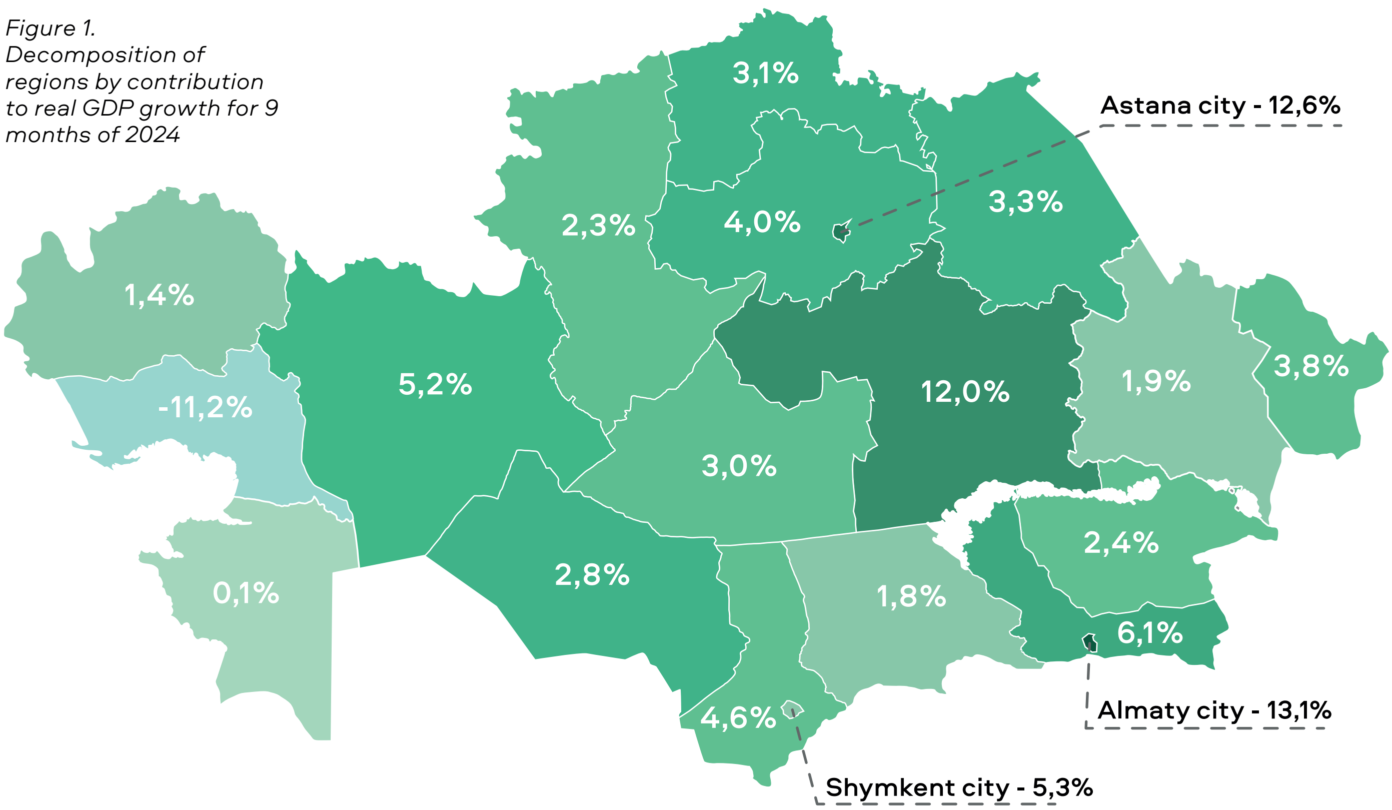
Note: Industries are sorted by contribution to real growth from the highest

I **"Wholesale and retail trade**; repair of cars and motorcycles" *(hereinafter referred to as "Trade")* – 6.5%;
II **"Manufacturing industry"** – 4.9%;
III **"Construction"** – 10.1%;
IV **"Agriculture, forestry and fisheries"** (*hereinafter referred to as "Agriculture"*) – 10,8%;
V **"Transport and warehousing"** (*hereinafter referred to as "Transport"*) – 8.0%.

At the end of 2024, there are 17 regions and 3 cities of republican purpose in the country. The share of the Mangystau region in nominal terms ranks sixth in terms of contribution in the country and fourth among the regions.

The Mangystau region occupies a key place in the country's economy due to its rich hydrocarbon resources. The share of the gross regional product (GRP) of the region in the structure of the gross domestic product (hereinafter referred to as GDP) of the Republic of Kazakhstan over the past five years in value terms averaged about 4.3%.

Figure 1. Decomposition of regions by contribution to real GDP growth for 9 months of 2024



Source: BNS data, BCC Invest analysis

Figure 1 shows that the contribution of the western region (*including: West Kazakhstan region, Atyrau region, Aktobe region and Mangystau region*) to the real growth of the country amounted to -4.6% in total, where the main negative effect was given by the Atyrau region.

Based on the results of 2024, the industrial physical volume index (*hereinafter referred to as PVI*) of the Atyrau region amounted to 96.3. This result is largely due to lower oil production. In 2024, 50.1 million tons of oil were produced in the Atyrau region, which is 2.6 million tons or 4.9% lower compared to the results of 2023.

In addition, in Figure 1, it can be observed that the contribution of the Mangystau region is relatively low compared to other regions, but remains positive.

According to the results of the first nine months of 2024, the GRP of the Mangystau region reached 3.7 trillion tenge, which is 4.3% of the GDP of the Republic of Kazakhstan. Half of the structure of the region's economy consists of the industrial sector.

Table 1.
The structure of the economy of the Mangystau region for 9 months of 2024

№	Branch	Amount (KZT billion)	Share of GRP	Share of industry
1	GRP	3 654,8	100%	-
2	Production of goods	2 035,9	55,7%	-
3	Agriculture, forestry and fisheries	19,0	0,5%	-
4	Industry	1 828,5	50,0%	100%
	▲ Mining & Quarrying	1 604,3	43,9%	87,7%
	▲ Manufacturing	134,0	3,7%	7,3%
	▲ Power supply	78,6	2,2%	4,3%
	▲ Water supply	11,6	0,3%	0,6%
5	Construction	188,5	5,2%	-
6	Production of services	1 341,4	36,7%	-
7	Wholesale and retail trade	208,6	5,7%	-
8	Transport and warehousing	271,3	7,4%	-
9	Real Estate Transactions	282,0	7,7%	-
10	Other 10 industries	579,4	15,9%	-
11	Taxes on products	277,4	7,6%	-

Source: BNS data, BCC Invest analysis

The economy of both a country and any industry consists of the production of goods, the production of services and net taxes. Table 1 shows that the Mangystau region consists of 55.7% of the production of goods, 43.9% of which is the "Mining and quarrying" industry.

According to the General Classifier of Economic Activities (*hereinafter referred to as the CCEA*), the Mining and Quarrying industry consists of five main sub-sectors:

1. **Coal and lignite mining** – 0 tenge or 0% of the industry;
2. **Crude oil and natural gas production** – 1.5 trillion tenge or 93.4%;
3. **Mining of metal ores** – 0 tenge or 0% of the industry;
4. **Other mining industries** – 2.2 billion tenge or 0.1%;
5. **Technical services in the field of mining industry** – 104.2 billion tenge or 6.5%.

Thus, the largest part of the region's economy is oil production. In 2024, the volume of oil produced amounted to 17.1 million tons, which is 516.2 thousand tons or 3.1% more compared to the results of 2023.

At the beginning of 2025, there are 340 legal entities in the region, whose main activity is the production of crude oil and associated gas. Of these, only 7 enterprises have the status of large businesses with more than 1000 employees (*see Table 2*).

Table 2. Large enterprises in oil production for 2024

№	Form of organization	Name of the company	Tax deductions, billion tenge	Annual growth of TP
1	JSC	Mangystaumunaigas	304,5	-4,7%
2	JSC	Ozenmunaigas	182,5	-7,9%
3	JSC	Karazhanbasmunai	163,5	+29,4%
4	LLP	Oil Services Company	15,6	+19,4%
5	LLP	Burgylau	14,6	+12,3%
6	LLP	OzenMunayService	8,0	-5,8%
7	LLP	KEZBI	1,7	-22,8%

Source: BNS and SRC data

Then, with a significant difference in the structure of the economy, the regions are occupied by the following industries:

- **Real estate transactions** amounted to 282.0 billion tenge or 7.7% of GRP. The annual growth amounted to 4.7 billion tenge or 1.7%. The reason for this may be the high business activity in the region, which creates demand for commercial and residential real estate.
- **Transport and warehousing:** 271.3 billion tenge or 7.4% of GRP. The annual increase was -18.0 billion tenge or -6.2%. The reason for this result may be a decrease in the volume of transportation through rail transport. Thus, the volume of cargo turnover at the end of 2024 amounted to 14.6 billion tkm, which is 1.9 billion tkm or 11.7% less compared to the results of 2023.
- **Wholesale and retail trade:** 208.6 billion tenge or 5.7% of GRP. Annual growth amounted to 30.7 billion tenge or 17.2%. Such growth can be largely due to the growth of retail trade by 11.4%. Mainly, the growth in trade was in the city of Aktau (*+13.1%*) and in the city of Zhanaozen (*+14.3%*), which may be the result of urbanization of the region.
- **Construction:** 188.5 billion tenge or 5.2% of GRP. Annual growth amounted to -16.8 billion tenge or -8.2%. This is due to a decrease in the volume of work performed in the first nine months of 2024. At the same time, an increase in the indicator is expected, since according to statistics for 12 months of 2024, the volume of work performed exceeds the volume of 2023 by 11.6%. The main growth was due to construction and installation work (*+94.4%*) and overhaul (*+185.3%*).
- **Manufacturing industry:** 134.0 billion tenge or 3.7% of GRP. Annual growth amounted to 18.5 billion tenge or 16.0%. The main growth of the industry is associated with an increase in the production of the metallurgical industry (*+18.7%*) and the production of chemical products (*+158.7%*).

In his speech on January 28, 2025, at the extended meeting of the Government of the Republic of Kazakhstan on the results of 2024, Head of State Kassym-Jomart Tokayev noted a record real growth of 6% in the manufacturing industry and instructed to maintain this positive trend.

In the Mangystau region, at the end of 2024, the industrial production index (*hereinafter referred to as the IPI*) of industry reached 103.3. At the same time, the IPI of the manufacturing industry amounted to 112.8 with a total industrial output of 279.8 billion tenge. It should be noted that according to the methodology for calculating gross value added (*hereinafter referred to as GVA*), in the GRP structure, the volume of production will be taken into account minus intermediate consumption.

For reference: Intermediate consumption is the value of goods and services that were used in the production of other goods and services during the reporting period.

Gross Value Added = Gross Output − Intermediate Consumption

So, according to the results of the first nine months of 2024, the volume of industrial production or gross output of the manufacturing industry amounted to 198.4 billion tenge. Consequently, intermediate consumption in the manufacturing industry is 64.4 billion tenge, or 32.5% of gross output. The annual increase in intermediate consumption amounted to 16.9 billion tenge or 35.5%, while the share of intermediate consumption from gross output increased by 3.3 percentage points.

This indicates an increase in production costs, which may be due to several factors. First, the increase in prices for raw materials, materials and energy resources has led to an increase in the cost of intermediate consumption.

Secondly, the expansion of production and the modernization of enterprises required the purchase of additional components and services.

Third, a change in the structure of output in favor of more technologically complex products requiring more intermediate costs could also play a role.

According to the CCEA, the "Manufacturing Industry" industry consists of 24 main sub-sectors, which can be grouped into 16 sub-sectors.

Table 3.
Structure of the manufacturing industry of the Mangystau region for 9 months of 2024

№	Name	Amount, million tenge	Share of industry	Annual growth, %
	Manufacturing	134 004,4	100%	16,0%
1	Food production	9 251,8	6,9%	174,5%
2	Beverage Manufacturing	338,9	0,3%	37,7%
3	Production of tobacco products	-	-	-
4	Light industry	683,0	0,5%	69,2%
▲	Textile Manufacturing	42,4	0,0%	271,9%
▲	Clothing production	349,1	0,3%	13,2%
▲	Production of leather and related products	291,5	0,2%	247,4%
5	Manufacture of wood and cork products, except furniture; Production of straw products and weaving materials	7,4	0,0%	-33,3%
6	Production of paper and paper products	6,9	0,0%	72,5%
7	Printing and reproduction of recorded materials	489,7	0,4%	69,4%
8	Production of coke and refined petroleum products	23 516,0	17,5%	6,6%
9	Production of chemical products	28 812,6	21,5%	18,7%
10	Production of Basic Pharmaceutical Products	238,0	0,2%	47,2%
11	Rubber & Plastic Products	4 604,5	3,4%	41,1%
12	Manufacture of other non-metallic mineral products	17 328,5	12,9%	-8,7%
13	Metallurgical industry	17 009,6	12,7%	50,1%
	Metallurgical industry	7 419,2	5,5%	158,7%
	Manufacture of finished metal products, except machinery and equipment	9 590,4	7,2%	13,3%
14	Engineering	31 285,8	23,3%	1,1%
	Production of computers, electronic and optical products	9,7	0,0%	-
	Electrical Equipment Manufacturing	24,3	0,0%	341,8%
	Manufacture of machinery and equipment not elsewhere classified	14 167,1	10,6%	-2,7%
	Production of motor vehicles, trailers and semi-trailers	0,7	0,0%	-61,1%
	Production of other vehicles	-	-	-
	Repair and installation of machinery and equipment	17 084,0	12,7%	4,2%
15	Furniture production	329,4	0,2%	51,4%
16	Manufacture of other finished products	102,3	0,1%	25.5 times

Source: BNS data, BCC Invest analysis

The development of the manufacturing industry is a key factor for the qualitative growth of the Mangystau region. Raw materials are exhaustible, and their cost is subject to strong fluctuations.

Diversification of the economy through the manufacturing industry will allow:

- To increase the level of GRP by creating new value within the region, and not only through the extraction and export of raw materials.
- To develop small and medium-sized businesses, as processing enterprises create demand for local suppliers of components, services and logistics.
- To create sustainable jobs, whereas the oil sector is highly automated and requires a limited number of specialists.
- Increase budget revenues by taxing processing enterprises, which make a higher contribution to the economy than raw material exports.

Table 3 shows that mechanical engineering occupies a leading share in the manufacturing industry of the Mangystau region, which is a positive effect, but upon closer examination, the main part consists of the sub-industry "Repair and installation of machinery and equipment". This suggests that the contribution of mechanical engineering is distorted in the structure of GVA, since the sub-industry is not related to the creation of new products, but is the maintenance and support of existing equipment.

Another actively developing sector in the manufacturing industry is the production of chemical products. While the year-on-year growth in mechanical engineering increased by only 1.1%, the production of chemical products rose by 18.7%. As of the beginning of 2025, there are 50 active legal entities (*hereinafter referred to as ALE*) in the region whose main activity is related to the chemical industry.

Table 4.
The number of ALEs of the Mangystau region in the sub-industry "Production of chemical products" at the beginning of 2025

№	Name	Number of ALE	Number of Large ALEs
1	Production of other chemical products	13	0
2	Production of soaps and detergents, cleaning and polishing agents	12	0
3	Production of industrial gases	7	0
4	Fertilizer production	7	1
5	Production of other basic inorganic chemicals	3	0
6	Production of other basic organic chemicals not elsewhere classified	3	0
7	Production of paints, varnishes, enamels and mineral pigments for them	2	0
8	Production of polymers in primary forms from hydrocarbon raw materials	2	0
9	Manufacture of explosives and other pyrotechnic articles	1	0

Source: BNS data

Table 4 clearly demonstrates that there is only one large company in the region, and all the rest belong to small businesses, where the maximum number of employees does not exceed 20 people. The only large enterprise is KazAzot JSC, which employs more than 1000 people.

*Table 3.
Structure of the manufacturing industry of the Mangystau region for 9 months of 2024*

The next most important sub-industry is the production of coke and refined petroleum products. Based on the specifics of its activities, the sub-industry is directly related to the oil industry. The annual growth of the sub-industry was 6.6%, and the annual growth of the Mining and Quarrying industry was 8.2%. This suggests that a sub-industry can correlate well with the main industry. Accordingly, with the risks of a decrease in oil production or price instability in world markets, the production of coke and petroleum products may also experience a slowdown in growth or even a reduction. This is due to the fact that this sub-industry directly depends on the supply of raw materials, as well as on the demand for petroleum products both in the domestic and foreign markets.

In the structure of the GRP of the region, there is also an indicator "taxes on products", which occupies a significant share. The annual increase in the indicator is negative and amounts to -41.0 billion tenge or -12.9%. The reduction in tax revenues may be associated with a decrease in the volume of sales of goods and services in the region, which may reflect a slowdown in economic activity in key industries.
Analysis of the nominal value of industries allows us to see the situation in the most detailed form, but does not give a complete picture of reality. To do this, it is also necessary to consider the results of the region in the context of contribution to the real growth of the economy. This is most relevant given the fact that the Mangystau region has the smallest contribution to the real growth of the country in comparison with other regions (*see Figure 1*).

*Table 5.
Quantum index and contribution of industries of the Mangystau region for 9 months of 2024*

№	Name	Quantum index	Contri-bution	Contri-bution Share
1	**Mangystau region**	**100,1**	**0,1**	
2	**Production of goods**	**102,5**	**1,3**	**11,4%**
3	Agriculture, forestry and fisheries	102,7	0,0	0,1%
4	Industry	104,6	2,2	18,8%
4.1	*Mining & Quarrying*	*104,0*	*1,7*	*14,4%*
4.2	*Manufacturing*	*118,5*	*0,6*	*5,2%*
4.3	*Supply of electricity, gas, steam, hot water and air conditioning*	*94,8*	*-0,1*	*0,8%*
4.4	*Water supply; Wastewater; Collection, treatment and disposal of waste, pollution elimination activities*	*102,7*	*0,0*	*0,1%*
5	Construction	84,8	-0,9	-7,6%
6	**Production of services**	**106,5**	**2,4**	**20,6%**
7	Wholesale and retail trade	104,9	0,2	2,1%
8	Transport and warehousing	85,8	-1,2	-10,0%
9	Information and communication	108,4	0,0	0,2%
10	Other industries	114,0	3,3	28,2%
11	**GVA**	**104,1**	**3,7**	**32,0%**
12	Taxes on products	59,8	-3,6	-31,1%

Source: BNS data, BCC Invest analysis

According to the results of the first nine months of 2024, the PVI of the Mangystau region amounted to 100.1, that is, the region's economy in real terms grew by only 0.1%. The growth of the region consists of the sum of the growth of GVA and taxes on products, and the real growth of GVA consists of the growth of production of goods and services. So, according to the results of the first nine months of 2024, the growth of the Mangystau region can be expressed as:

- **Production of goods –** +2.5%;
- **Production of services –** +6.5%;
- **Taxes on products –** -40.2%.

Thus, the positive results of the region in the production of goods and services are actually leveled by a significant slowdown in taxes on products. The main reason for this drop may be a decrease in tax revenues from key industries, including mining and trade. This is probably due to either tax breaks or a reduction in production and consumption.

At the same time, despite the overall weak growth, the positive contribution of the manufacturing and services sectors indicates the region's continued potential. Steady growth in manufacturing (*+18.5%*) and other industries (*+14.0%*) indicates the diversification of the economy and the development of new areas. However, a serious decline in construction (-15.8%) and transport (*-14.2%*) may indicate temporary difficulties, such as a decrease in investment activity or problems with logistics.

The reduction of taxes on products has not only a negative impact on the overall growth of the region's economy, but also directly affects the budget of the region. Falling tax revenues can lead to a reduction in budget revenues, which, in turn, limits the ability to finance social programs, infrastructure projects and other government obligations.

Local budget

According to data for 2024, budget revenues of the Mangystau region amounted to 565.4 billion tenge, which is 90.4 billion tenge or 19.0% more than last year. In comparison with state budget revenues, the Mangystau region occupies only 2.1%.

Table 6. Structure of budget revenues of the Mangystau region for 2024

№	Name	Amount, billion KZT	Revenue share	Share of taxes	Annual growth, %
	Revenues	565,4	100%	-	19,0%
1	Tax revenues	290,1	51,3%	100%	16,1%
1.1	Corporate Income Tax (CIT)	31,7	5,6%	10,9%	5,1%
1.2	Individual Income Tax (IIT)	117,4	20,8%	40,5%	22,6%
1.3	Social Taxes (ST)	85,4	15,1%	29,4%	18,1%
1.4	Excise Taxes	1,5	0,3%	0,5%	-7,6%
2	Non-tax revenues	11,1	2,0%	-	24,1%
3	Proceeds from sale of fixed assets	4,7	0,8%	-	-21,6%
4	Transfer receipts	259,4	45,9%	-	23,5%

Source: MoF data, BCC Invest analysis

When analyzing Table 6 from the positive, it can be noted that tax revenues in budget revenues prevail. At the same time, the growth of tax revenues was largely achieved due to the growth of individual income tax (*hereinafter referred to as IIT*) and social tax (*hereinafter referred to as ST*) 3.7 times, which indicates the underdevelopment of the non-oil sector of the region's economy.

Despite the increase in tax revenues, the budget structure shows that the region is still heavily dependent on transfers. Almost half of the region's budget revenues were transfers. Accordingly, in the event of a decrease in transfers in the country, there is a risk of a shortage of financing for key social and strategic programs. Considering budget expenditures, in 2024 they amounted to 554.5 billion tenge, which is 104.0 billion tenge or 23.1% more than in 2023. In fact, 99.0% of budget expenditures consist of budget expenditures, which, in turn, consist of 44.5% of expenditures on education and 16.7% of expenditures on housing and communal services (*"Education", "Healthcare", "Social Assistance and Social Security", "Housing and Communal Services"*), their total share in budget expenditures is 70.8%. This suggests that the regional budget expenditures largely consist of social support for the population.

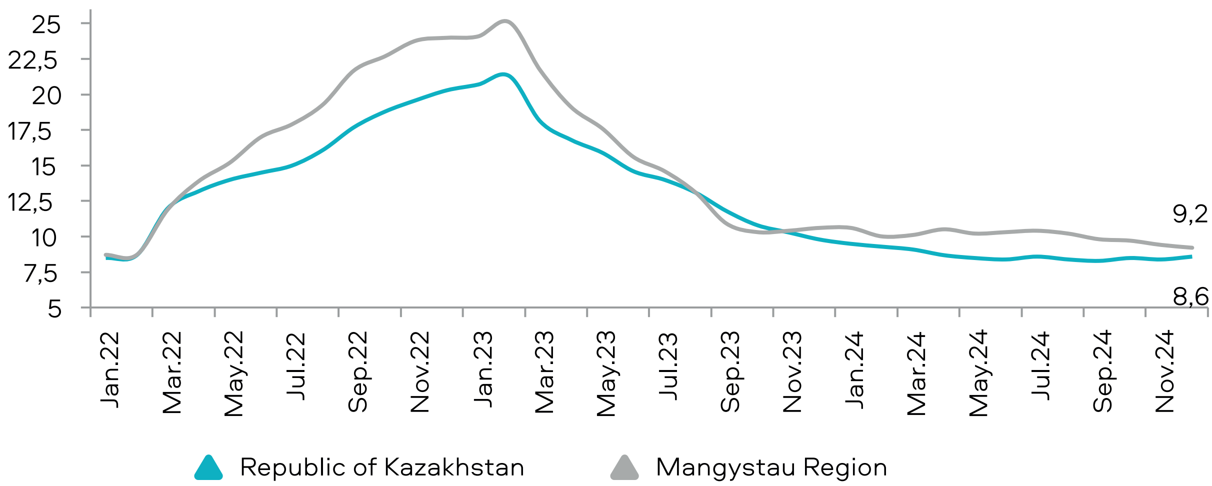
The excess of budget revenues over the expenditure side of the budget creates a budget surplus. Thus, during the analyzed period, the budget surplus amounted to 10.9 billion tenge, which is 13.6 billion tenge or 55.6% less than in 2023. However, if transfers are removed from budget revenues, then in this case the real result of the region will turn into a deficit and amount to 248.5 billion tenge, which, using the moving average method, may amount to 5.4% of GRP for 2024. According to the concept of public finance management, by the end of 2024, the budget deficit should not exceed 2.9% of the country's GDP, in general, the surplus of the region contributes to the achievement of this goal, but mainly due to significant transfers in the region's revenues.

Based on the data, there is a risk that a decrease in the volume of transfers may lead to a shortage of financing for key programs, especially in the social sphere, namely education. Given the general trends in the country regarding overcrowding of students in educational institutions, a decrease in funding for the cost of education may have a negative impact on the quality of services provided. As of November 2024, the volume of services provided by educational organizations reached 49.5 billion tenge, with 61.2% of this amount attributed to services in primary and general secondary education. The main risk here is that 97.5% of services in the field of basic and general secondary education were at the expense of budgetary funds. This emphasizes the risk that in the event of a decrease in transfers from the republican budget, the region will not be able to cope with the growing needs in the field of educational services on its own.

Inflation

As previously determined, the Mangystau region is highly dependent on the oil and gas sector, which creates certain risks against the influence of both internal and external factors on the dynamics of prices in the region.

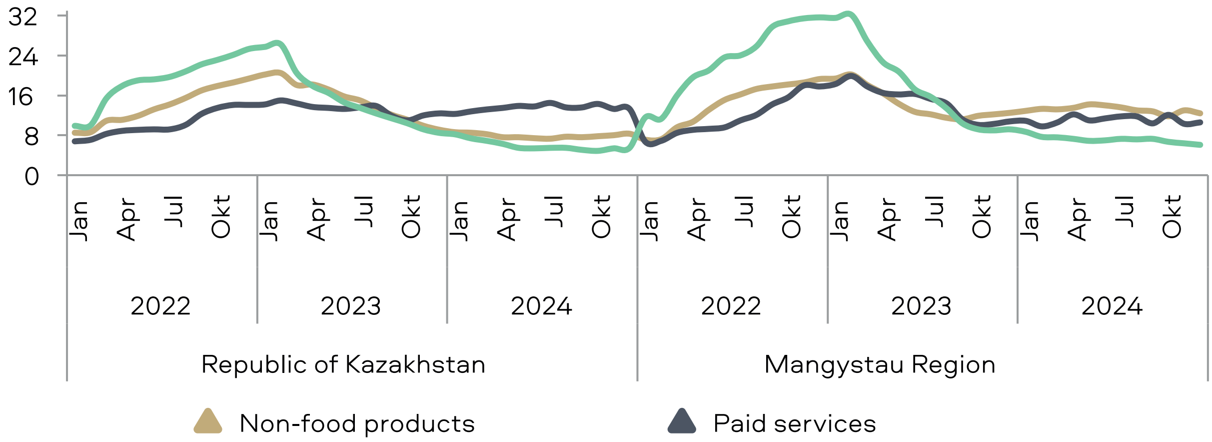
Figure 2.
Dynamics of annual inflation in the Mangystau region and in the country for the period from 2022 to 2024



Source: BNS data

Figure 2 shows that the dynamics of annual inflation in the Mangystau region is higher compared to the republican level. In order to understand the results of such dynamics in more detail, it is necessary to consider the inflation rate in the context of the main components.

Figure 3.
Dynamics of inflation components in comparison between the country level and the Mangystau region



Source: BNS data

Figure 3 shows that in the region, the price growth is outpacing the national average. The reasons for such dynamics may include:

1 Poor diversification of the region, in particular food production;
   a. As a result of poor diversification, the specificity of the labor market associated with a high share of rotational work;
   b. As a result of weak diversification, the region is dependent on imports.
2 High transportation costs and the specifics of the region's logistics;
3 Geographical location of the region.

Ultimately, the remoteness of the region and the active development of oil and gas projects lead to an increase in non-food products. So, at the end of 2024, inflation of non-food products amounted to 12.4%, which is 4.1 percentage points higher than the republican level.

High inflation has a significant impact on the standard of living of the region's population. With rising prices for goods and services, the purchasing power of the local population may decrease, in which case it is important that wage growth outpaces inflation. In practice, the annual real wage index for 9 months of 2024 was 99.6, in other words, the 2024 salary is 0.4% lower than the 2023 wage. In 2023, the real wage index was 100.6, indicating stagnation in wages.

For the period from 2022 to 2024, cumulative prices increased by an average of 49.6%. At the same time, the average monthly salary in the Mangystau region increased from 383,117 tenge in 2022 to 520,361 tenge in 2024, that is, in two years, the average salary increased by only 137,244 tenge or 35.8%. If we consider wages by industry, we get the following:

Table 7.
Average monthly salary in Mangystau region by industry (tenge)

№	Branch	2022	2024	Difference (tenge)	Growth %
	Mangystau region	**383 117**	**520 361**	**137 244**	**35,8%**
1	Agriculture	-	-	-	-
2	Industry	702 291	918 443	216 152	30,8%
2.1	Mining industry	828 201	1 100 568	272 367	32,9%
2.2	Processing industry	513 550	633 352	119 802	23,3%
2.3	Electric power supply	273 344	411 856	138 512	50,7%
2.4	Water supply	195 133	343 201	148 068	75,9%
3	Construction	474 485	566 152	91 667	19,3%
4	Trade	140 245	244 736	104 491	74,5%
5	Transport and warehousing	399 257	508 454	109 197	27,4%
6	Accommodation and catering services	317 724	325 372	7 648	2,4%
7	Information and communication	236 149	282 153	46 004	19,5%
8	Financial and insurance activities	454 167	860 945	406 778	89,6%
9	Real Estate Transactions	187 372	382 643	195 271	104,2%
10	Professional, scientific and technical activities	376 002	549 430	173 428	46,1%
11	Administrative and support services activities	265 214	298 668	33 454	12,6%
12	Public administration and defense	213 997	278 181	64 184	30,0%
13	Education	241 661	294 131	52 470	21,7%
14	Health care	206 009	307 110	101 101	49,1%
15	Arts, Entertainment & Recreation	171 403	209 631	38 228	22,3%
16	Provision of other services	415 991	486 188	70 197	16,9%

Source: BNS data, BCC Invest analysis

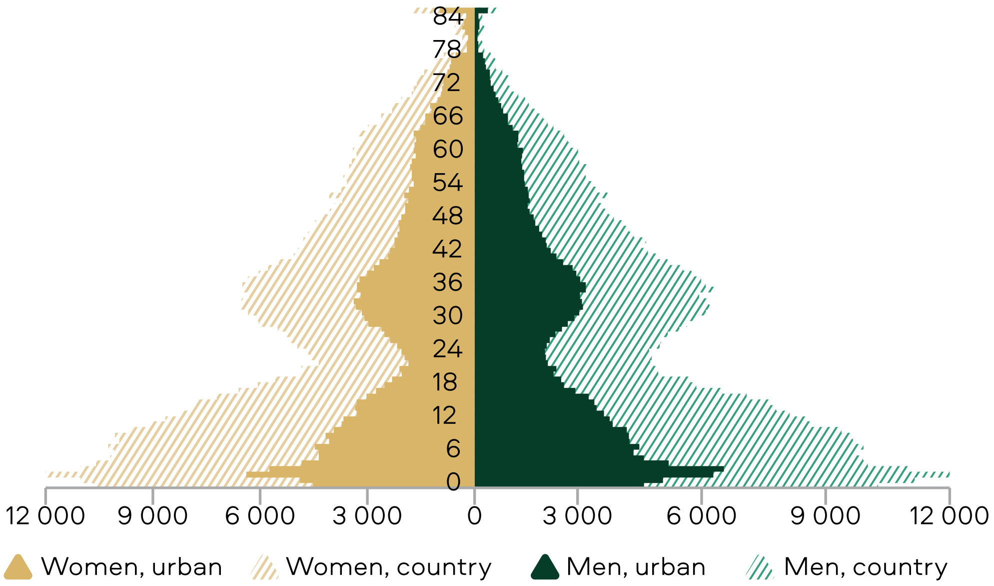
As can be seen in Table 7, most industries in the region have an increase in average monthly wages lower than the growth in prices for goods and services. The data shows that the highest-paid industry is "Mining and quarrying", which most likely leads to a shortage of personnel in other industries, explaining the weak diversification of the field.

According to the results of the 3rd quarter, 348,757 people were employed in the region, where the largest shares of the employed population are mainly concentrated in the "Education" industry (*49.2 thousand people or 14.1% of the total employed population*) and "Mining and quarrying" (*42.7 thousand people or 12.2%*). A significant number of employed people in the "Education" industry is due to the fact that in 2024 43.4% of the total population of the region are citizens aged 0 to 18 years old (*see Figure 4*). That is, almost half of the total population of the region are children who are still studying, which also explains the high costs of the local budget in support of educational services.

Demography

At the end of 2024, the average annual population in the Mangystau region was 786,837 people. Analyzing the demographic portrait of the region, it turns out that 49.7% of the total population of the region are men, and the remaining 50.3% are women.

Figure 4.
Age and sex demographic pyramid by type of area for 2024



Source: BNS data

As noted earlier, a significant part of the population of the region is the economically inactive population under the age of 18, the number of which has reached 341,114 people or 43.4% of the total population of the region. When counting the population over the retirement age (*According to the Family Code, paragraph 3 of Article 207, men over 63 years old and women over 61 years old*), it turns out that the economically inactive population in the region is 394,322 people or 50.1% of the total population of the region.

As can be seen in Figure 4, the number of children in the region is growing significantly, especially for children aged 2-4 years, which is due to the introduced anti-pandemic measures. The growing population is already exerting an increased demand for the social infrastructure of the region, which negatively affects the costs of the local budget.

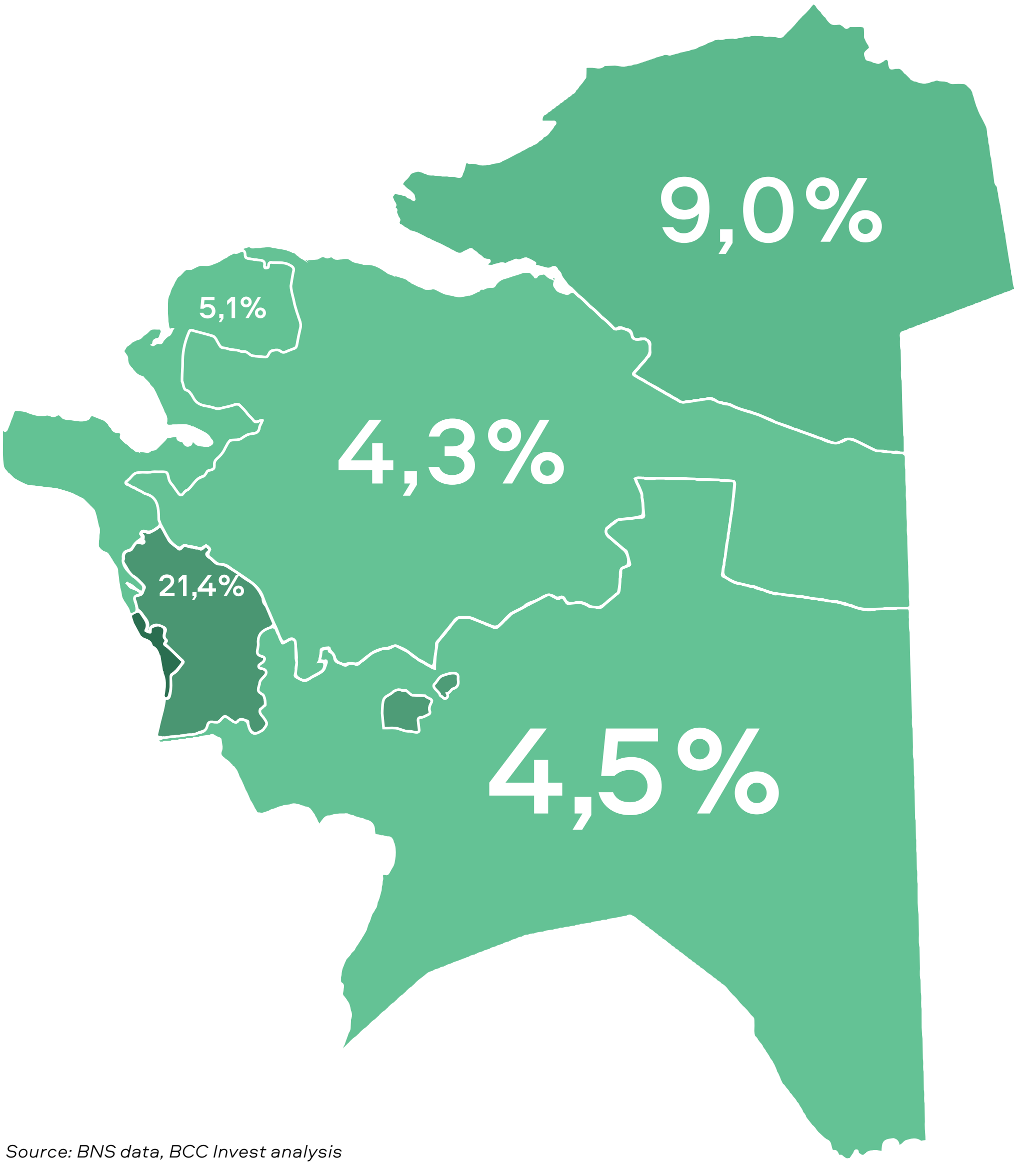
In the region, there are 5 main districts and 2 cities. The main population is concentrated in the city of Aktau, the Munaily district and the city of Zhanaozen.

Table 8.
Population of Mangystau region by districts as of January 1, 2025

№	Name	Population	Share (%)	Annual Growth (%)	Urbanization (%)
	Mangystau Region	**805 363**	**100%**	**2,3%**	**46,0%**
1	Aktau c.a.	293 555	36,5%	4,2%	97,3%
2	Zhanaozen c.a.	154 044	19,1%	1,6%	49,6%
3	Beineu District	72 842	9,0%	0,0%	-
4	Karakiyan District	36 474	4,5%	-0,3%	-
5	Mangystau District	34 850	4,3%	-1,0%	-
6	Munaili District	172 701	21,4%	2,2%	-
7	Tupkaragan District	40 887	5,1%	2,4%	21,4%

Source: BNS data, BCC Invest analysis

Figure 5. Administrative-territorial division of Mangystau region by population



Source: BNS data, BCC Invest analysis

As can be seen in Table 8 and Figure 5, the main population is concentrated in the west of the region. The west of the region is the center of the oil and gas industry, which makes it economically active and attractive for the workforce. The major cities of Aktau and Zhanaozen are also located near oil and gas fields, which explains the high population.

The eastern and southern regions of the region have an arid climate and fewer natural resources, which limits opportunities for agriculture and other economic activities. As a result, the population density in these areas remains low.

Thus, the concentration of the population in the west of the Mangystau region is due, first of all, to the presence of oil and gas enterprises, which provide a natural source of income for the region. However, such a concentration of industry and jobs creates an imbalance in territorial development. While the western part of the region is actively developing, significant areas in the central and eastern parts remain practically unused. This opens up opportunities for the creation of special industrial zones that can attract investment and stimulate the development of new sectors of the economy.

One of the most promising areas is the development of renewable energy sources (hereinafter referred to as RES). Large areas of steppes and deserts of the Mangystau region have a high potential for the placement of solar power plants. Given the climatic conditions of the region, such projects can not only meet domestic energy needs, but also create a basis for the export of "green" electricity to other regions and countries.

In this process, an important role can be played by the support of the Mayor's office, which is able to provide favorable conditions for business through the creation of transport and energy infrastructure, as well as the provision of administrative preferences. For example, the eastern districts of the region can become a logistics and processing center, using the proximity to railway routes and the opportunity to access international markets through the port of Aktau.

Foreign economic trade activity of the region

In 2024, the foreign trade turnover (*hereinafter referred to as the FTO*) of the region amounted to 4.6 billion US dollars, which is 3.2% of the country's FTO. In annual terms, the FTO of the region decreased by $236.0 million or 4.9%.

The region's exports amounted to $3,981.5 million or 87.0% of the region's FTO. In annual terms, exports decreased by $81.2 million or 2.0%.

Table 9.
Export structure of the Mangystau region for 2024

№	TRIEC Code	Name	Amount, million US dollars	Share of exports	Annual growth (%)
1		**Export**	**3 981,5**	**100%**	**-2,0%**
2	2709	Crude oil and crude oil products, obtained from bituminous minerals	3 827,5	96,1%	-0,3%
3	3102	Fertilizers, mineral or chemical, nitrogen	49,3	1,2%	-49,0%
4	2710	Petroleum and petroleum products obtained from bituminous rocks, other than crude	38,8	1,0%	182,7%
5		Other	66,0	1,7%	-41,8%

Source: BNS and SRC data, BCC Invest analysis

As a result of the weak level of diversification of the region's economy, exports are mostly represented by the sale of crude oil. The export of crude oil is one of the key sectors of the national economy, while the contribution of the Mangystau region to the total export of this resource amounted to 8.9% in value and 10.5% in physical terms.

In terms of countries, the main buyers of Mangystau oil are traditionally the countries of the European Union. Italy imported 33.9% in value terms and 34.8% in physical terms of the total volume of Mangystau oil. Other major buyers of oil are Switzerland (*23.7% of the value of oil exports*), Singapore (*21.4%*) and Romania (*18.9%*).

In turn, exports provide foreign exchange earnings of the region. The predominance of raw material exports makes the region's economy dependent on world oil prices, which can affect the level of income and the stability of the region's financial system.

Imports, on the contrary, represent a significant part of the region's expenses, including the purchase of equipment, technologies and consumer goods necessary to maintain economic activity and meet the domestic needs of the population.

The region's imports amounted to 593.0 million US dollars or 13.0% of the region's FTO. In annual terms, imports decreased by 154.8 million US dollars or 20.7%.

Table 10.
Import structure of the Mangystau region for 2024

№	Name	Amount (million US dollars)	Share of imports	Annual growth (%)
1	Import	593,0	100%	-20,7%
2	Commodities	48,0	8,1%	-6,5%
3	Foods (intermediate product)	213,8	36,1%	-8,6%
4	Finished Products (Final Product)	331,1	55,8%	-28,4%
5	Other Products	0,1	0,0%	-

Source: BNS and SRC data, BCC Invest analysis

Most of all, cars and other motor vehicles were imported to the region for a total of 71.3 million US dollars, which is 12.0% of the total imports of the region. The structure of imports can be represented as raw materials, semi-finished products, finished products and other goods. Table 10 shows that the main imports of the region are presented in the form of final and intermediate products.

The imbalance between the export-oriented commodity sector and dependence on imports in non-commodity sectors underscores the need to diversify the region's economy.

The region's net exports amounted to 3.4 billion US dollars or 15.5% of the country's net exports. In annual terms, net exports increased by 73.6 million US dollars or 2.2%. The growth in net exports in 2024 is due to a slight decrease in exports and a significant decrease in imports compared to 2023.

Thus, the foreign trade activity of the Mangystau region is characterized by a significant predominance of exports over imports, which ensures a positive trade balance and significant foreign exchange earnings in the region. The main driver of exports remains crude oil, which forms the basis of foreign economic relations of the region. At the same time, the reduction in imports, especially in the segment of finished products, indicates a decrease in external purchases of final products, which may be due to changes in consumer demand, optimization of procurement policy or internal economic factors. In general, the positive dynamics of net exports reflects the stable role of the region in the structure of the country's foreign trade and its contribution to the national economy.

Dynamics of investments in the region

Investment is the foundation of sustainable economic growth, as it builds productive capacity, contributes to infrastructure development, and increases the potential of the economy. Including investments in fixed assets, technology and human capital, investments determine the long-term GDP growth rate and the level of well-being of the population.

From a macroeconomic perspective, investment is a key component of aggregate supply and demand. They increase the amount of capital in the economy, which allows you to expand production and create new jobs. According to Solow model, capital growth combined with technological advances increases labor productivity, which is critical to improving a country's competitiveness.

In addition, investment plays an important role in the structural transformation of the economy. If capital is directed to high-tech and processing industries, this contributes to the diversification of production and reduces dependence on commodity exports. In the case of a lack of investment in innovation, the economy faces the effect of the "middle-income trap", in which growth rates slow down and competitive advantages are lost.

A stable flow of investments also affects the financial stability of the country. In countries with a high level of investment activity, the tax base increases, which allows the state to finance social programs and maintain macroeconomic stability. At the same time, a lack of investment leads to low economic growth, high unemployment and lower real incomes.

Thus, investments not only provide short-term stimulation of the economy, but also form the basis for long-term development, determining its structure, competitiveness and resistance to external shocks.

In his speech at an expanded meeting of the Government of the Republic of Kazakhstan dated January 28, 2025, the Head of State Kassym-Jomart Tokayev noted:

"It is obvious that the country needs high-quality investments. Projects based on advanced technologies and focused on foreign markets are usually offered by foreign investors. In the first nine months of last year, the volume of foreign direct investment amounted to $12.7 billion. It seems to be a good indicator, but it is 36% less than investments for the same period in 2023."

The largest contribution to the gross inflow of direct investment (*hereinafter referred to as the GIDI*) from foreign direct investors is occupied by the city of Almaty with a volume of $4.3 billion or 33.6% of the total volume of the GIDI.

*Table 11.
Structure of the GIDI by regions of the country for 9 months of 2024*

№	Name	Amount, mln $	Share of the country's GIDI	Share of the region's GIDI	Annual growth, %
	Kazakhstan	12 745,5	100%	-	- 35,7%
1	City	4 645,8	36,5%	-	- 37,7%
2	Western Kazakhstan	3 553,4	27,9%	100%	- 54,8%
2.1	Atyrau region	1 308,7	10,3%	36,8%	- 76,4%
2.2	West Kazakhstan region	995,5	7,8%	28,0%	+13,1%
2.3	Mangystau region	911,8	7,2%	25,7%	+10,1%
2.4	Aktobe region	337,4	2,6%	9,5%	- 44,2%
3	Southern Kazakhstan	1 507,1	11,8%	-	+19,1%
4	East Kazakhstan	1 329,8	10,4%	-	- 12,8%
5	Northern Kazakhstan	1 290,4	10,1%	-	18,6%
6	Central Kazakhstan	419,0	3,3%	-	+220,9%

** cities of Republican significance: Astana, Almaty and Shymkent
Source: NB data, BCC Invest analysis*

As can be seen in Table 11, the Mangystau region shows the opposite dynamics in comparison with the Republican level, so while the overall level of investment in the country is decreasing, the level of investment in the region is growing. In the first nine months of 2024, the volume of GIDI in the Mangystau region amounted to $911.8 million, which is $83.4 million or 10.1% more compared to the first nine months of 2023.

To correctly determine the quality of investments, it is also important to pay attention to the net inflow of direct investment (*hereinafter referred to as the NIDI*), which in the first nine months of 2024 in the country amounted to only $72.8 million, which is 0.6% of the country's GDP.

Net inflow of direct investment is the difference between gross inflow and capital outflow. It includes only those investments that remain in the region after deducting the withdrawal of profits, repayment of liabilities to investors and repatriation of capital.

During the analyzed period, the NIDI of the Mangystau region reached $492.3 million, which is 54.0% of the volume of the GIDI. In annual terms, NIDI increased by $106.7 million, or 27.7%. These data indicate the high investment attractiveness of the Mangystau region against the background of a general decrease in investment volumes in the country. The growth of NIDI and its high share in GIDI means that investments in the region are more stable and long-term, and investors are reinvesting profits or implementing new projects, which strengthens the multiplier effect.

It is worth noting that a significant part of the attracted funds remains in the region, contributing to the development of local production, creating jobs and strengthening the tax base of the region. Accordingly, it is important to consider the investments of the region in the context of their target direction by industry.

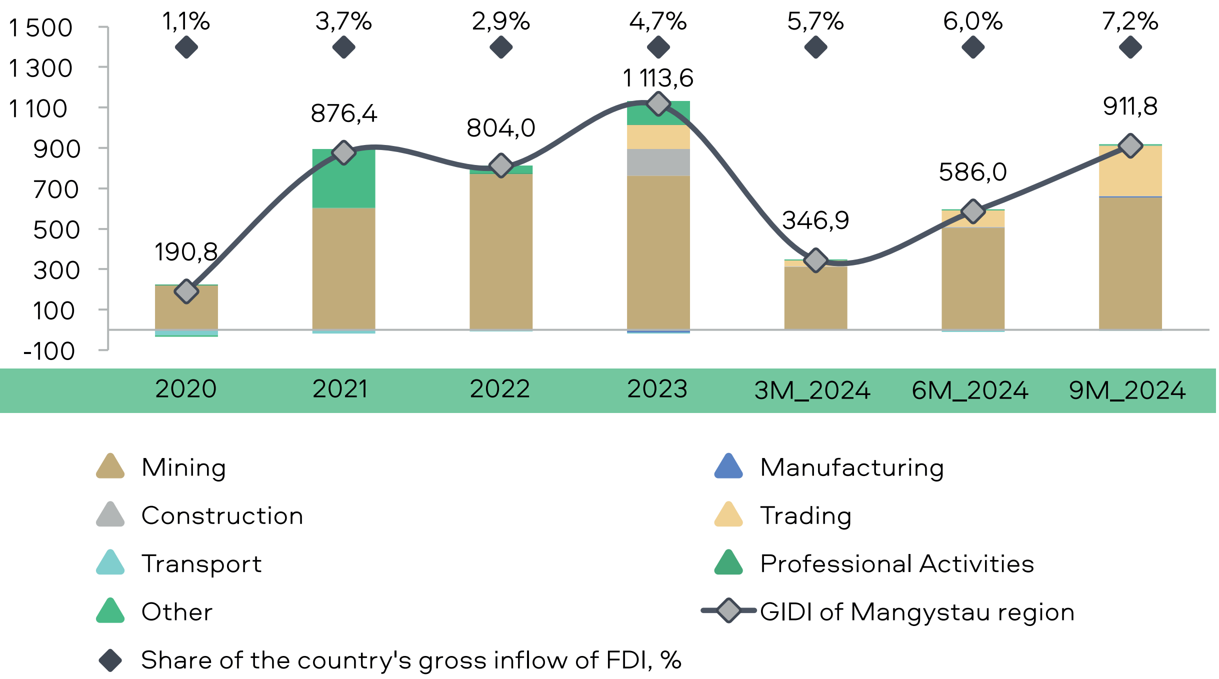
Table 12.
Structure of the region's GIDI by industry for 9 months of 2024

№	Industry	Amount ($ mln)	Share of the region's GIDI	Annual growth (%)
	Mangystau region	911,8	100%	+10,1%
1	Mining	653,4	71,7%	-7,9%
2	Manufacturing	6,4	0,7%	-187,9%
3	Construction	3,2	0,3%	-175,2%
4	Wholesale and retail trade	248,3	27,2%	+109,5%
5	Transport and warehousing	-6,3	-0,7%	-35,5%
6	Professional Activities	1,6	0,2%	-44,5%
7	Other industries	5,2	0,6%	-72,6%

Source: NB data, BCC Invest analysis

As can be seen in Table 12, the main volume of investments in the region comes from the "Mining " and "Wholesale and retail trade" industries. The positive result of the dynamics of investment volumes in the Mangystau region by 57.6% was provided by the growth of the GIDI of trade. The low level of GIDI of other industries also explains the low level of diversification of the region.

Figure 6.
Decomposition of the GIDI of the Mangystau region by industry over the past 5 years (US dollars million)



Source: NB data, BCC Invest analysis

Investments in the mining industry occupy a predominant share in the total volume of investments in the region. On average, for the period from 2020 to 9 months of 2024, the share of investments in the mining industry was 82.0%. In turn, this once again proves the region's focus on the mining industry.

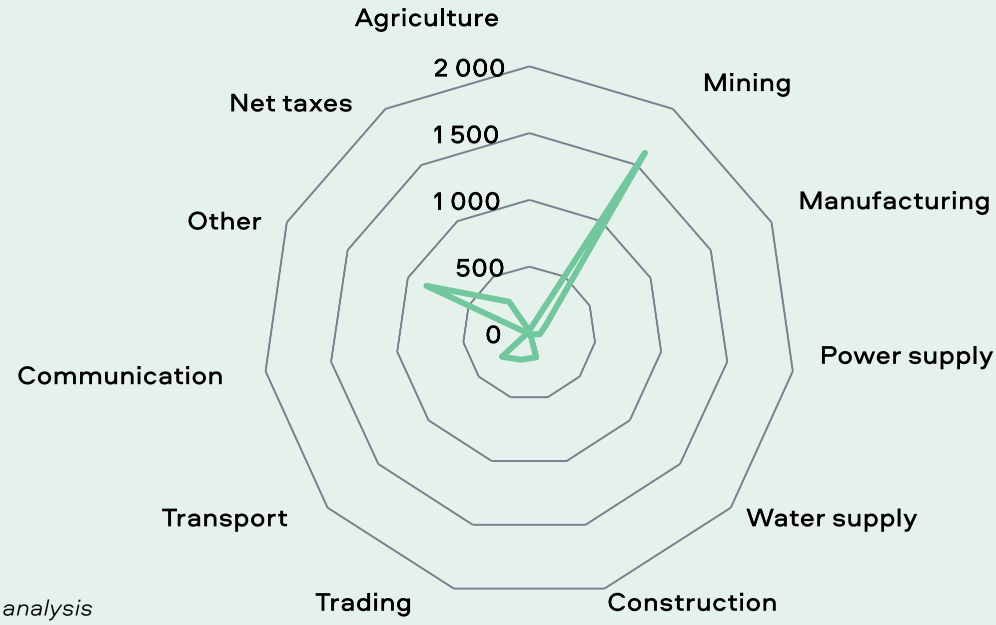
In general, the dynamics of investments in the Mangystau region indicates positive trends, but the key task remains to improve the quality of investments and their redistribution to sectors with high added value. Developing infrastructure, improving the investment climate, and supporting new industries can play a crucial role in ensuring sustainable economic growth in the region.

To increase the efficiency of investments, it is important to take into account the level of reinvestment of profits in the region. Despite the high GIDI, the key indicator remains NIDI, which reflects the extent to which the attracted funds are transformed into new production capacities and create long-term economic effects. In this regard, a special role is played by the development of industrial zones and attracting investors to non-resource industries, which will reduce dependence on the mining sector and ensure more sustainable economic growth in the region.

Macroeconomic risks

The Mangystau region is one of the largest oil-producing regions of Kazakhstan, providing 19.6% of the total oil production. However, a retrospective analysis showed that the region's economy is extremely poorly diversified: the GRP structure is dominated by the oil production industry, oil remains the main exported commodity, and a significant part of investments is also directed exclusively to the oil and gas sector. This creates a classic "Dutch disease" scenario, in which high revenues from the export of natural resources hinder the development of other industries and increase the region's dependence on the world oil market. The current structure of the economy gives rise to additional macroeconomic risks.

Figure 7.
The structure of the economy of the Mangystau region for 9 months of 2024

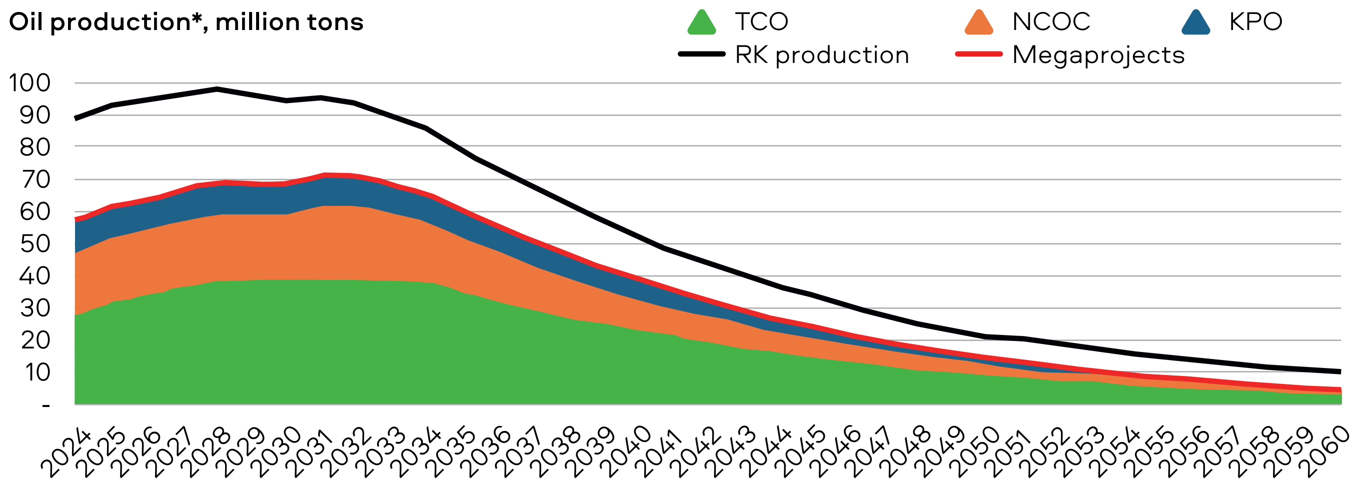


Source: BNS data, BCC Invest analysis

First, there is a growing demand for education and healthcare, but the lack of investment in these areas leads to limited access to quality services. In addition, the weak interest of external investors forces the local executive body to allocate a significant share of budget funds to maintain social facilities, in particular educational services.

Secondly, in the coming years, an active entry of a new workforce into the labor market is expected, and its number may significantly exceed the capabilities of the region, namely the oil and gas sector, in terms of employment. Unless alternative sources of employment are created, the region may face either increased poverty or an exodus of young people to other regions and countries, weakening its economic potential in the long term. In addition, as a result of mass refusals to hire, the region may face mass unrest among the population.

Figure 8.
Forecast of oil production volumes in Kazakhstan until 2060



Source: Energy Insight & Analytics "Kazakhstan Energy Outlook 2024" page 80

According to a study by Energy Insight & Analytics, starting in the 2030s, the oil sector will cease to be the main driver of growth for Kazakhstan. This is due to several factors:

- *A drop in oil production in the country due to the depletion of fields. Many fields being developed in the Mangystau region are at a mature stage, and the discovery of new ones requires significant investments and complex technologies.*
- *The global transition to a low-carbon economy and the reduction in demand for hydrocarbons. Leading countries are actively developing renewable energy sources, introducing carbon taxes and tightening environmental requirements, which reduces the attractiveness of the traditional oil and gas industry.*
- *The growing role of renewable energy sources, which makes traditional oil and gas projects less attractive for investment. Countries focused on long-term development are increasing investment in solar and wind energy, reducing their dependence on oil.*

The Mangystau region, despite the presence of a seaport and transport corridors, faces a number of serious problems that limit its economic development. The region is one of the driest in Kazakhstan, which complicates the development of agriculture and industry. Water scarcity also affects the quality of life of the population, increasing the cost of its transportation and treatment.

Most of the water supply, electricity and heat supply systems were built in Soviet times and require modernization. This increases the cost of doing business and reduces the investment attractiveness of the region.

 The development of roads and railways is concentrated near industrial centers, while remote settlements remain insufficiently integrated into the economic system of the region.

To clearly demonstrate the risks and opportunities of the region, it is necessary to systematize all the data and conclusions on them.

A SWOT analysis is a strategic tool that is used to assess the current state of a region, company, or project. It helps to identify internal strengths and weaknesses, as well as external opportunities and threats, which allows you to make more informed management decisions.

The use of SWOT analysis in the context of the Mangystau region allows you to assess its competitive advantages, identify key risks and identify areas that need development. This is an important tool for the formation of economic strategy and decision-making at the regional level.

Figure 9. SWOT analysis of the Mangystau region

Strengths

High level of oil production and availability of strategic hydrocarbon reserves.

High level of oil production and availability of strategic hydrocarbon reserves.

Geographical location providing logistical advantages.

Weaknesses

High dependence on the oil and gas sector and low level of economic diversification.

Limited access to water resources and infrastructure issues.

Insufficient development of alternative sectors such as manufacturing and agriculture.

Opportunities

Development of renewable energy sources and attracting investments in renewable energy.

Economic diversification through the development of logistics and processing industries.

Improvement in the quality of education and healthcare services, which may help retain young people.

Threats

Decline in global oil prices and reduction of regional revenues.

Depletion of oil fields and the global transition to green energy.

Increase in unemployment and the outflow of young people due to a lack of jobs in new sectors.

Source: BCC Invest analysis

As a result of the high dependence of the region on the oil industry in the short term (*up to 1 year*), there is a significant risk of dependence on the situation in world oil prices, in the medium term (*from 1 to 5 years*) the transition of young people to the labor force of the region and in the long term (*more than 5 years*) a decrease in oil production, which will lead to an increase in social tension. In the context of insufficient economic diversification, the region may face a wave of strikes, especially among workers in the oil and gas sector, who could lose stable jobs in the event of lower production and reduced investment. In turn, this can provoke a massive outflow of young people to other regions of the country or abroad, which will lead to a reduction in labor resources and a further weakening of the economic potential of the region.

Forecast for the development of the region

According to preliminary estimates, BCC Invest analysts, the GRP of the Mangystau region by the end of 2024 will amount to ₸4,653.3 billion, which is lower by ₸145.4 billion or 3.0% compared to the results of 2023.

Table 13. Forecast and assessment of GRP of the Mangystau region 2024-2025

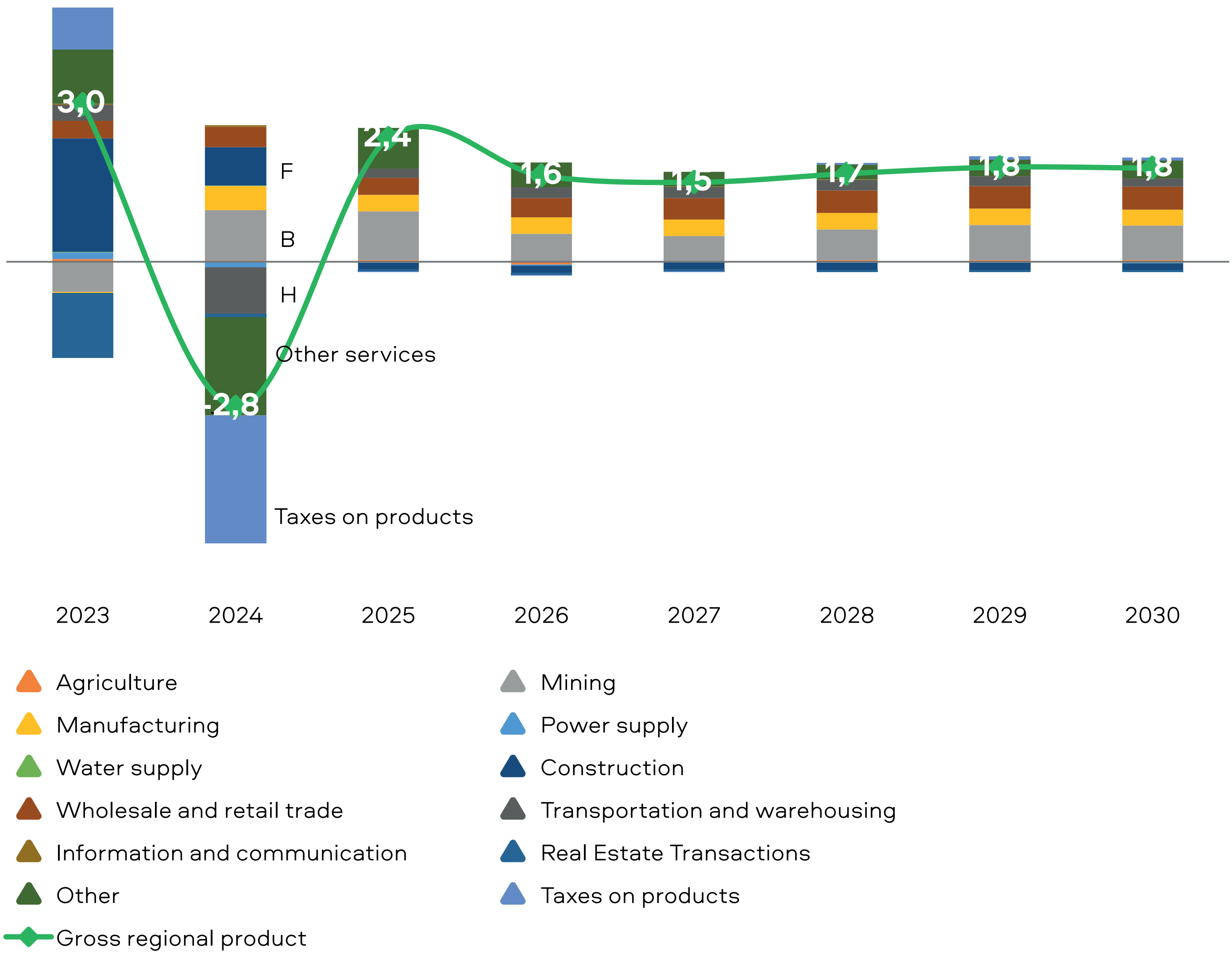
			2024		2025	
№	Section	Name	billion tenge	PVI	billion tenge	PVI
1		Production of goods	2 484	104,1	2 615	102,1
2	A	Agriculture	30	101,9	32	104,2
3		Industry	2 281	103,1	2 416	102,5
4	B	Mining industry	1 914	102,7	2 043	102,3
5	C	Processing industry	172	112,8	180	108,4
6	D	Power supply	182	96,8	180	99,5
7	E	Water supply	13	102,4	13	100,0
8	F	Construction	172	111,6	168	96,4
9		Production of services	1 803	93,4	1 892	103,2
10	G	Trade	318	106,8	336	104,7
11	H	Transport	321	87,9	331	102,6
12	J	Communication	21	105,8	21	101,5
13	L	Real Estate Transactions	294	99,0	353	99,3
14		Provision of other services	849	88,8	850	104,2
15		Gross value added	4 287	99,6	4 507	102,6
16		Taxes on products	367	80,8	376	100,0
17		Gross Regional Product	4 653	97,2	4 883	102,4

Source: BCC Invest analysis

According to preliminary estimates, the real growth of the region by the end of 2024 will be -2.8%, which is largely due to the high base of 2023. Most of all, the decrease was noted in taxes on products, which gave a 30.5% contribution to the negative result of the region, followed by other service industries, which also showed a negative growth of 11.2% or 23.5% of the contribution to the result of the region. In addition, a significant negative contribution was made by the Transport and Warehousing industry, whose negative growth reached 12.1% or 11.1% of the contribution to the result of the region.

Under the baseline scenario, all other things being equal and favorable external economic conditions, a stable average annual growth of 1.8% is projected from 2025 to 2030. Economic growth in 2025 is projected at 2.4% on the back of a low base in 2024 and rising crude oil production. Thus, the main driver will remain the "Mining" industry with economic growth of 2.3% and a contribution of 34.0% to the result of the region, followed by a positive contribution of 28.0% will be given by taxes on products. A significant contribution will also be from the industries "Wholesale and retail trade" in 11.7% and "Manufacturing " in 11.3%.

Figure 10.
Forecast of the dynamics of real growth of the region



Source: BCC Invest analysis, the graph shows some industry codes according to the CCEA

In nominal terms, the region's GRP is expected to reach approximately 4.6 trillion tenge in 2024 with a gradual increase to 4.9 trillion tenge in 2025, which indicates stable growth, despite some negative trends due to the high base of the previous period. This forecast reflects not only quantitative changes, but also qualitative transformations taking place in the region's economy, which is especially important given the specifics of the sectoral structure of the Mangystau region. It should be noted that the main share in the nominal GRP is still occupied by the mining industry, which is about 41-42%, which is due to the region's traditional specialization in the production of crude oil and associated gas. However, the further development of the region requires systematic diversification of the economy, which should be carried out through the active development of the processing sector, trade and services, as well as the formation of new areas that can ensure the stability of the economic system in the face of global market fluctuations.

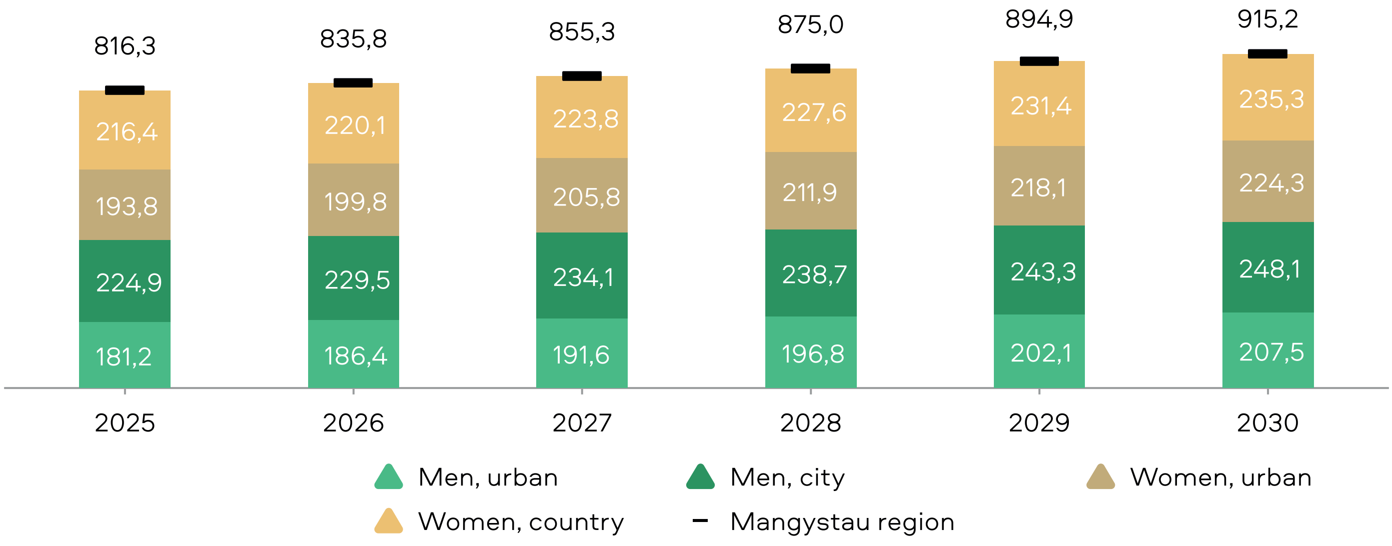
At the same time, the key factor in ensuring sustainable growth is the development of infrastructure projects and the modernization of traditional industries. Against the backdrop of global trends of declining demand for hydrocarbons and a gradual transition to a low-carbon economy, the transition to investment in high-tech and non-resource sectors seems promising. Strengthening the potential of the processing industry, increasing the volume of domestic production of goods and services, as well as the active development of logistics centers using the port capabilities of the Caspian Sea, can compensate for the temporary decline in the dynamics of traditional industries. An important aspect is that the projected growth in trade and services is due not only to an increase in demand due to an increase in the purchasing power of the population, but also to the strengthening of state support measures for small and medium-sized businesses, which creates favorable conditions for the emergence of new production and service initiatives. In addition, considerable attention is paid to the modernization of transport infrastructure, since reducing logistics costs is an important condition for increasing the competitiveness of the region in foreign markets.

Considering long-term prospects, BCC Invest analysts focus on the need for a systematic approach to the restructuring of the region's economy. In the context of limited natural resources and increasing environmental requirements for hydrocarbon production, the region faces the need to transition to production with higher added value. In this regard, it is proposed to actively introduce innovative technologies, develop industrial parks and technology parks, which will create additional jobs and ensure the redistribution of investments in non-resource industries. Such measures will contribute not only to economic growth, but also to social stability, since the growth in the production of goods and services directly affects the level of employment and the quality of life of the population. The analytical forecast also indicates that increased opportunities for private investment in social infrastructure, including in the education and health sectors, will have a positive impact on the resilience of the regional economy, as reducing dependence on government transfers will create a more competitive business environment.

It should be noted that the forecast for the development of the region is the result of a comprehensive analysis of macroeconomic indicators, the dynamics of investment flows, the state of social infrastructure and the level of inflationary processes. Given that in 2024 there was a significant slowdown in growth rates, which is largely due to a drop in tax revenues and a slowdown in the dynamics of the transport sector, further economic recovery is possible subject to the implementation of a set of measures aimed at diversifying and modernizing key industries. In particular, the growth of crude oil production in the future can be achieved by expanding the development of new fields and optimizing existing technological processes, which will maintain the leading role of the oil and gas sector in the region's economy. However, in order to mitigate the negative impact of fluctuations in world oil prices, regional policy should be aimed at stimulating the development of manufacturing and service industries that can provide additional value and reduce the economy's dependence on the commodity sector.

In addition, the forecast takes into account factors related to improving the efficiency of public finance management. The growth in the volume of foreign direct investment and the increase in net capital inflows, despite the general trends of declining investments in the country, indicate that the Mangystau region has a high investment attractiveness. This, in turn, creates prerequisites for the formation of a multiplier effect within the framework of regional development, when each invested monetary unit is able to generate additional economic activity. Together with measures to improve infrastructure, modernize the energy and transport sectors, this factor can become the basis for a sustainable average annual growth of 1.8% in the period from 2025 to 2030, which, despite a relatively low base, will ensure the long-term stability and competitiveness of the region.

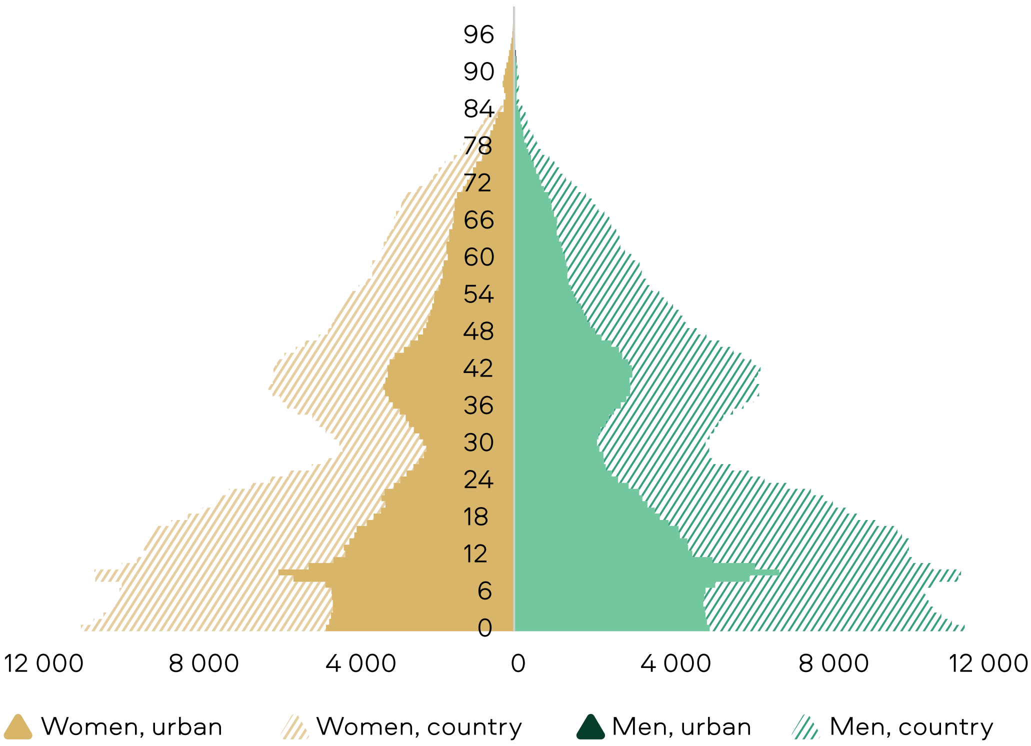
Figure 11.
Demographic forecast of the Mangystau region until 2030, thousand people



Source: BCC Invest analysis

It is impossible not to take into account the socio-demographic aspect of the region's development, which plays a key role in the formation of domestic demand and employment. Population growth, especially at the expense of young people, requires increased investment in education, health care and housing and communal services. At the same time, despite certain risks associated with the oversaturation of the labor market in traditional industries, the active development of new areas of economic activity can compensate for this factor. Improving the quality of social services and increasing the purchasing power of the population will contribute to the development of the domestic market and stimulate the growth of retail trade and services. It is important that the state policy in the field of budget planning and distribution of transfers is aimed at creating favorable conditions for private entrepreneurship, which will not only reduce the region's dependence on foreign investment, but also ensure a stable increase in the standard of living of the population.

Figure 12.
Forecast of the sex-age demographic pyramid for 2030, persons



Source: BCC Invest analysis

Thus, the forecast for the development of the Mangystau region is multifaceted and takes into account both traditional industries and new areas of economic growth. It assumes that if a set of measures is implemented to diversify the economy, modernize infrastructure and intensify private investment, the region will be able not only to maintain its current positions, but also to make significant progress in sustainable development. This strategy is aimed at reducing dependence on the commodity sector and creating conditions for the formation of a competitive, innovative economy that will be able to adapt to changing conditions of the global market. The implementation of the forecast indicators, despite short-term difficulties and risks, will ensure balanced growth of the region, contributing to the improvement of the investment climate and improving the quality of life of the local population. Taken together, all these measures represent a systematic approach to economic development, in which innovation, diversification and modernization become key elements, which, of course, is the basis for sustainable and dynamic economic growth in the future.

Recommendations from BCC Invest analysts

BCC Invest analysts offer a comprehensive set of recommendations aimed at ensuring the sustainable development of the Mangystau region, which implies the implementation of strategic measures to diversify the economy, modernize infrastructure and intensify investment activity. At the same time, special attention is paid to the development of the eastern part of the region, where significant untapped potential has been identified, which can become the basis for the formation of new areas of economic activity. At a time when the traditional oil and gas sector is gradually losing its dominant role, the emphasis is shifting to the creation of modern technology clusters capable of providing an influx of highly qualified specialists and investors. In this context, one of the key areas is the development of a project for the creation of underground data centers that can provide optimal conditions for the operation of server equipment through the use of natural cooling of underground premises. This approach will not only improve energy efficiency, but also create a favorable image of the region as an innovation center capable of competing in the global digital technology market.

The most important component of the development strategy is the support and expansion of social infrastructure, including educational and medical institutions, which should become the basis for improving the quality of life of the population. Given the fact that the Mangystau region is characterized by a high level of concentration of the economically inactive population, including a large number of children and youth, special attention should be paid to the modernization of the education and health care systems. Stimulating the creation of new private institutions, introducing modern educational programs and improving the quality of medical services can not only meet the growing needs of the population, but also create prerequisites for the formation of a highly qualified personnel reserve capable of supporting the innovative development of the region. In the context of limited budget resources, state support measures can be supplemented by public-private partnership initiatives, which will attract additional investments and ensure the sustainable development of social facilities.

Particular importance in the development strategy of the region is given to environmental and agrarian-innovative projects aimed at overcoming climate restrictions and optimizing the use of natural resources. In the conditions of an arid climate and limited water resources, it is proposed to consider the possibility of creating artificial irrigation systems to provide irrigation of desert areas. The development and implementation of such systems can be the basis for the development of the agricultural sector, improving food security and creating new jobs in rural areas. At the same time, it is proposed to use large areas of desert areas for the construction of solar power plants, which will not only reduce the region's energy dependence on traditional energy sources, but also create an additional source of income through the export of "green" electricity. The implementation of these projects requires an integrated approach, including technical modernization, state support and active participation of the private sector, which will create an effective mechanism for the use of natural resources and stimulate the development of renewable energy.

Another measure is the development of tourism infrastructure, which is based on the use of the unique natural, historical, cultural and recreational resources of the Mangystau region. This requires active investment in the modernization of accommodation facilities and the creation of modern tourist centers that can provide a comfortable stay for visitors. According to the Head of State, Kassym-Jomart Tokayev, during the expanded meeting of the Government of the Republic of Kazakhstan on January 28, 2025, paid special attention to the development of tourism in the country:

"The next task requires an urgent solution. Tourism should become a new point of economic growth. Here we are lagging behind, the results of the work are not good.

There are attractive tourist places in every region of the country. Foreign and domestic tourists want to visit unique reserves, so it is necessary to urgently engage in the construction of the necessary infrastructure, including with the involvement of private investors.

It is impossible to follow the lead of people who are hostile to any measures to strengthen the investment potential of the tourism sector, as happened with the famous Bozjyra tract in the Mangystau region.

The government and regional authorities should take more decisive measures to improve the business climate. It is no coincidence that I put the problem of attracting investment in the economy in the first place. This is a matter of strategic importance, its solution will largely predetermine the future of our economy and the place of Kazakhstan on the world map."

At the same time, the formation of integrated tourist clusters that unite natural parks, historical monuments and entertainment areas will achieve a synergistic effect through the coordination of efforts of local business, attracting investment and the formation of a single tourist brand that can significantly increase both domestic and international tourist flow, as well as stimulate the training of qualified personnel through specialized educational programs in the hospitality.

In the context of a general decrease in the volume of foreign direct investment in the country, the Mangystau region demonstrates positive dynamics, which indicates its high investment attractiveness. To further increase the efficiency of attracting capital, it is necessary to create special industrial zones equipped with modern infrastructure and providing a full range of administrative and tax preferences for investors. Such measures will not only stimulate the inflow of new investments, but will also ensure the redistribution of investment flows in favor of non-resource sectors of the economy, which in the long term will help reduce the region's dependence on the extractive sector. In addition, the modernization of transport and energy infrastructure, including the renewal of water supply, heat supply and power supply systems, will create favorable conditions for doing business, which will have a positive impact on economic activity and GRP growth in the region.

In addition, comprehensive infrastructure development in order to strengthen the logistics potential of the region. At the same time, the implementation of projects to modernize transport corridors connecting the interior regions with coastal zones with access to the Caspian Sea is of particular importance. The creation of modern logistics centers equipped with advanced technologies and management systems will optimize foreign trade operations, increase the efficiency of transportation and reduce the costs associated with the transportation of raw materials and finished products. This direction of development involves not only the renovation of existing infrastructure facilities, but also the creation of new industrial zones aimed at attracting investors from among large international companies, which, in turn, will contribute to the diversification of the economy and increased competition in the region.

During the expanded meeting, the President of the country also emphasized:

"Regarding another extremely important area - transport and logistics infrastructure. Transit is our huge advantage in international competition for the transportation of goods. This advantage should be fully and effectively exploited.

It is necessary to accelerate the development of the Trans-Kazakhstan railway corridor, which will become a key link in the Trans-Caspian route. Some important projects in this direction are being implemented, but we need to work further, for the future.

I instruct to start the construction of a new railway line "Moiynty - Kyzylzhar" and modernize especially busy sections of the highway from the Kyzylzhar station to the port of Aktau.

It is also necessary to expand the Altynkol-Zhetygen section, which will significantly strengthen the potential of the transport corridor between China and Central Asia. At the same time, it is important to complete projects for the digitalization of railway transportation in a timely manner."

Accordingly, the use of the strategic logistics potential of the region. In this direction, the emphasis is on the modernization of port infrastructure, equipping modern terminals and automating warehouse processes, which will significantly increase the throughput of sea hubs and reduce operating costs. The creation of intermodal hubs that combine the capabilities of sea, rail and road transport, as well as the introduction of digital technologies to optimize the planning and monitoring of logistics flows, will ensure prompt and effective interaction between the industrial sector and foreign trade operations, which in turn will increase the investment attractiveness of the region.

At the same time, a comprehensive modernization of the railway service is also envisaged. The renovation of existing lines, the overhaul of tracks, the introduction of modern signaling systems and the renewal of the technical fleet, as well as the construction of new railway corridors connecting key production and export zones, will significantly reduce transport costs and speed up cargo transportation. Attracting investment through public-private partnership mechanisms and integrating the railway network into international transport corridors will create a solid basis for intensifying foreign trade operations and increasing the competitiveness of the region at the global level.

Another important area is the creation of conditions for the formation of an innovative cluster in the region, which will bring together companies from the field of information technology, telecommunications and related industries. The implementation of this project involves active cooperation between government agencies, research institutes and private enterprises, which will not only accelerate the introduction of new technologies, but also create a sustainable ecosystem for the development of high-tech industries. Attracting international partners and investors, as well as actively using the best practices of foreign countries in the field of digitalization and innovative development, will become an important driver for the transformation of the region's economy and increasing its competitiveness in the global market.

In addition, BCC Invest analysts consider it important to implement ESG principles in the Mangystau region, namely, it is necessary to clean up areas of oil lakes. In the context of increasing requirements for environmental responsibility, the primary task is to conduct a comprehensive environmental audit to determine the extent of pollution and identify the main sources of leaks. Based on the data obtained, detailed programs for the reclamation and clean-up of contaminated areas are developed using advanced technologies such as bioremediation, chemical treatment and mechanical treatment, as well as innovative methods using nanomaterials and bioactive agents. The establishment of partnerships with international environmental funds, research institutes and private companies will attract additional financial and technological resources, which will not only improve the environmental situation and the quality of drinking water, but also create prerequisites for the development of ecotourism and other non-resource industries, contributing to the formation of a favorable investment climate and long-term sustainability of the region's economy.

The implementation of the proposed initiatives will create the basis for the formation of a modern, diversified economy, in which traditional industries, such as the oil and gas sector, will be harmoniously combined with innovative areas and non-resource industries. This approach will ensure sustainable growth of GRP, improve the quality of life of the population and create a favorable investment climate capable of attracting both domestic and foreign capital. In the context of global economic instability and a gradual transition to a low-carbon development model, the implementation of a set of measures to develop infrastructure, support social spheres, modernize production and stimulate innovative activity is not only a necessary, but also a vital task for the sustainable development of the region in the long term or after 2030. According to Energy Insight & Analytics, a noticeable decrease in oil production is predicted in the next decade, which, given the current state of the region, will have a significant negative economic and social effect.

To summarize, the proposed measures include:

1 Use of the vast territory of the region for:

a Creation of data centers;

b Expansion of agricultural potential with artificial irrigation;

c Construction of solar power plants;

d Development of the tourism industry.

2 Expansion of logistics potential:

a Modernization of existing seaports;

b Seabed development for large vessels;

c Improving cargo turnover along land and sea transport corridors by improving warehouse infrastructure and logistics chains;

d Technical renewal of railway tracks.

3 Expansion of private and public-private partnerships for:

a Increasing the number of private educational institutions;

b Expansion of the network of private medical institutions;

c Reconstruction and modernization of specialized industrial zones;

d Ensuring compliance with ESG principles of responsibility.

List of abbreviations

№	Abbreviation	Full name
1	Agriculture	Agriculture, forestry and fisheries
2	ALE	Active legal entities
3	BNS	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
4	C.A.	City Administration
5	CCEA	Common Classifier of Economic Activities
6	CIT	Corporate Income Tax
7	ESG	Environmental - Social - Governance
8	FTO	Foreign trade turnover
9	GDP	Gross domestic product
10	GIDI	Gross Direct Investment Inflows
11	GRP	Gross Regional Product
12	GVA	Gross value added
13	IIT	Individual Income Tax
14	IPI	Industrial Production Index
15	JSC	Joint Stock Company
16	LLP	Limited Liability Partnership
17	MF	Ministry of Finance of the Republic of Kazakhstan
18	NB	National Bank of the Republic of Kazakhstan
19	NIDI	Net inflows of direct investment
20	PVI	Physical Volume Index
21	RE	Renewable energy
22	RK	Republic of Kazakhstan
23	SC	Social Code of the Republic of Kazakhstan
24	SRC	State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan
25	ST	Social tax
26	SWOT	Strengths - Weaknesses - Opportunities - Threats
27	Tkm	Ton-kilometer
28	TP	Tax payments
29	Trading	Wholesale and retail trade; Car and motorcycle repair
30	Transport	Transport and warehousing
31	TRIEC	Trade Import and Export Classification