



CAREC Institute

Quarterly Economic Monitor

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Disclaimer

This fourth issue of the CAREC Institute Quarterly Economic Monitor looks at economic developments in the CAREC region based on latest available GDP, fiscal, monetary, and external economy data, along with some high-frequency data. It also updates the state of COVID-19 infections and the vaccination progress in the CAREC region and lists news about economic cooperation within the region.

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Abbreviations

CAREC	Central Asia Regional Economic Cooperation
COVID-19	Coronavirus disease 2019
CPI	Consumer Price Index
GDP	Gross Domestic Product
GNI	Gross national income
IMF	International Monetary Fund
pp	Percentage point
PPP	Purchasing power parity
PPE	Personal protective equipment
PRC	People's Republic of China
Q1	First quarter
Q2	Second quarter
Q3	Third quarter
Q4	Fourth quarter
QEM	Quarterly Economic Monitor
qoq	quarter-on-quarter
sa	seasonally adjusted
WB	World Bank
WHO	World Health Organization
yoy	year-on-year

RELATIVELY SPEEDY RECOVERY, WITH LARGE DIFFERENCES AMONG ECONOMIES AND WITH SUBSTANTIAL VOLATILITY THOUGH

GDP levels were already higher in the first half of 2021 than in the first half of 2019 on average in the CAREC region despite the economic crisis caused by the COVID-19 pandemic. Due to fast recovery from the deep recession caused by the pandemic in early 2020, GDP levels were 2.8% higher in the first and 2.2% higher in the second quarter of 2021 at constant prices than in the corresponding periods of 2019. Azerbaijan, the PRC, and Uzbekistan reached higher real GDP than two years before both in Q1 and Q2 2021, Georgia in Q2. For the other CAREC economies outcomes are still more volatile, but all of them reached positive seasonally adjusted quarter-on-quarter growth in Q1 and Q2 2021. The only exception was Mongolia in Q2, after very high growth in Q1 2021 though. The recovery has been led by agriculture, manufacturing, and services. The picture in mining is still more mixed, even though prices of oil and of most metals have risen strongly.

Industrial production and retail sales indicate that both production and consumption exceeded 2019 levels in several CAREC economies in 2021, consumption less consistently though. Industrial output was in most CAREC economies generally higher during the first half of 2021 than in 2019. Seasonal adjustment reveals that industrial output in most CAREC economies had a clear upward trend already since June 2020 or even before. However, the Kyrgyz Republic and Azerbaijan have not yet reached 2019 levels. In June and July, industrial output remained below two years before also in Kazakhstan. The other CAREC economies were in plus, and the largest gains were achieved by Mongolia and Tajikistan. Retail sale volumes in the PRC have been significantly above 2019 levels during the whole of 2021, and in Azerbaijan since June. The results for other CAREC economies are less convincing. Kazakhstan surpassed the 2019 level in June but fell below again in July. The Kyrgyz Republic remained below 2019 levels during all of 2021, Mongolia during the whole of Q2, although in June only marginally.

Inflation, hotly debated internationally, substantially accelerated also in several CAREC economies, but doesn't look too worrisome. Average CAREC inflation increased to 8.6% by July 2021, a level not seen since 2011. Reasons are probably higher costs of imported goods due to weaker exchange rates, higher freight rates, and relatively low inventories that could not satisfy consumption spikes during the first months of recovery. However, the high inflation is likely transitory given rather moderate food price inflation, and rather slow recovery in wages and household incomes.

Social and economic mobility has not fully recovered yet from the COVID-19 pandemic, but the correlation between mobility and economic performance appears broken. Reasons could be that societies have begun to better adapt to the new circumstances and that digitalization has progressed. However, even if the correlation has become weak, societies must overcome the pandemic to sustain the revival of their economies. A drastic resurgence of the pandemic would certainly again affect both consumption and production. Such danger persists until herd immunity is reached through a high share of vaccinated populations. The renewed increase in infections since June 2021 in most CAREC economies poses new threats to health and the economy. Governments have updated their vaccination and procurement policies in response.

Recent events in Afghanistan will have a profound impact on CAREC economic cooperation. The QEM will comment on economic trends emerging in Afghanistan after recent momentous events once economic programs and policies become clearer. Any successful engagement will have to address the huge poverty issue in the country with about one-half of the population already reported below the national poverty line in 2020. Poverty will be further aggravated by the freezing of official transfers and foreign exchange reserves, the need for new administrations to gain experience, displacements, and the departure of women from a multitude of workplaces. Famines cannot be excluded despite the resumption of some international aid. Although a part of past transfers in the amount of about USD 6 billion, or one-

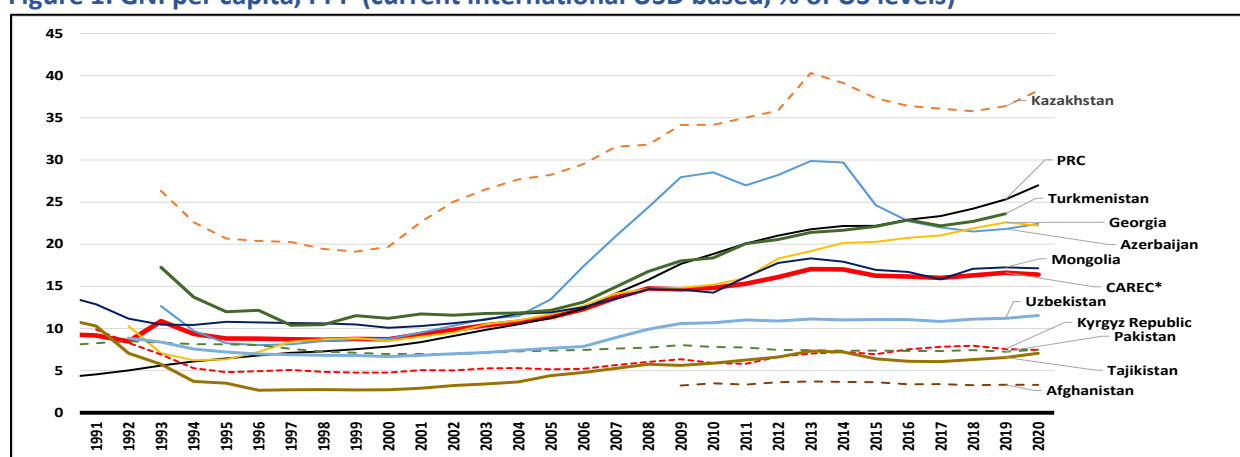
third of GDP, annually went to military spending and some part might have been lost in weak governance, still an abrupt shortfall in such magnitude of inflows will have drastic economic consequences for the country.

At the occasion of the 30th Anniversary of independence of Central Asian countries

Congratulations to the CAREC countries that celebrated 30 years of independence recently! After the dissolution of the Soviet Union in August 1991, the five countries of Central Asia, and Azerbaijan and Georgia became independent. For other CAREC economies, especially Mongolia, the international environment changed substantially too. Gross National Income (GNI) per capita is an important indicator for economic development and reflects achievements over this period of 30 years (Figure 1). Most CAREC economies had a difficult time in the 1990s. As a result, GNI per capita levels fell to a low of 8.7% of US GNI per capita in 1998, on average in the CAREC region. But thanks to their development efforts the CAREC economies caught up with the USA and other developed countries and the indicator reached 17.0% of the US level by 2013. Lower commodity prices, especially of mineral fuels, which strongly impacted the net exporters of commodities, subsequently reduced the GNI per capita to 16.0% of the US level by 2017. It re-increased to 16.6% in 2019, marginally decreasing again due to COVID-19 to an estimated 16.4% in 2020. The largest percentage point increases in GNI per capita between CAREC's GNI trough in 1998 and the peak in 2019 was achieved by the PRC (18.0 pp), Kazakhstan (16.9 pp), and Georgia (13.9 pp), interestingly very diverse countries in terms of natural endowments, economic policies, and size. The economy with the lowest GNI per capita and little improvement over time has been Afghanistan. As a result, almost one-half of the population, 47%, lived below the national poverty line by 2020, according to World Bank data. While there were many remarkable successes during the past 30 years, all CAREC economies still face serious challenges on the way to full prosperity, although different by nature and magnitude.

All the Best for the next 30 years of development, which certainly will deeply change, and hopefully improve, the World and the CAREC region!

Figure 1. GNI per capita, PPP (current international USD based, % of US levels)



*Refers to the simple average of CAREC economies where data are available.

Source: World Bank, World Development Indicators. Authors' estimates for 2020.

CAREC economies have recovered relatively fast from the sharp downturn in early 2020

Average real GDP growth in the CAREC region accelerated to 8.9% year-on-year in the second quarter of 2021 from 2.8% in the first. Year-on-year growth rates were strongly influenced by the course of the COVID-19 pandemic over time in different economies, and therefore different GDP levels in the various quarters of 2020. In Georgia, the upswing was very steep in Q2, with real GDP growth accelerating to

29.8% yoy from minus 4.2% yoy in Q1 2021 (Table 1, Figure 2). Kazakhstan and the Kyrgyz Republic both reached real GDP growth of 6.0% yoy in Q2 2021, up from minus 1.6% yoy and minus 9.4% yoy, respectively, in Q1 2021. Azerbaijan achieved 5.5% yoy, up from minus 1.3% yoy in Q1 2021, Uzbekistan 6.2% yoy in Q2 after 3.0% yoy in Q1. There was also some deceleration. The PRC's growth slowed from 18.3% yoy in Q1 2021 to still impressive 7.9% yoy in Q2. Mongolia experienced a deceleration to 0.6% yoy in Q2 from 14.8% yoy in Q1.

Table 1. Real GDP growth (% yoy)*

	2019	2020	2020				2021		2021/19**		2021*** % qoq sa		2015-19 % qoq sa
			Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q1	Q2	Average
Afghanistan	3.9	-1.9	-	-	-	-	-	-	-	-	-	-	-
Azerbaijan	2.5	-4.3	1.1	-5.0	-6.4	-6.7	-1.3	5.5	0.1	1.9	0.7	1.6	0.0
PRC	6.0	2.3	-6.8	3.2	4.9	6.5	18.3	7.9	10.3	11.4	1.7	2.1	1.6
Georgia	5.0	-6.2	2.3	-13.2	-5.6	-6.5	-4.2	29.8	-2.0	12.6	2.6	1.6	1.0
Kazakhstan	4.5	-2.6	2.4	-6.1	-5.2	-2.1	-1.6	6	0.6	-0.6	1.1	0.8	0.7
Kyrgyz Rep.	4.6	-8.6	-3.3	-14.2	-10.5	-6.2	-9.4	6	-12.4	-9.1	3.2	1.5	0.8
Mongolia	5.6	-4.5	-10.7	-9.1	-3.1	-0.3	14.8	0.6	3.2	-7.6	11.3	-13.1	2.9
Pakistan	1.0	0.5	1.1	-3.8	3.1	1.7	-	-	-	-	-	-	-
Tajikistan	7.5	4.5	7.0	0.0	5.6	5.4	7.5	-	15.0	-	1.2	0.5	1.6
Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	-
Uzbekistan	5.7	1.7	4.1	0.2	0.4	1.6	3.0	6.2	7.6	6.7	1.8	1.1	1.4
Average CAREC****	4.6	-1.9	-0.3	-5.3	-1.9	-0.7	2.9	8.9	2.8	2.2	1.8	1.3	1.3

* Some economies don't provide quarterly data, but publish only on longer periods, e.g. Jan-Sep; the figures in this table are rough estimates by the authors how these data translate into growth rates of separate quarters.

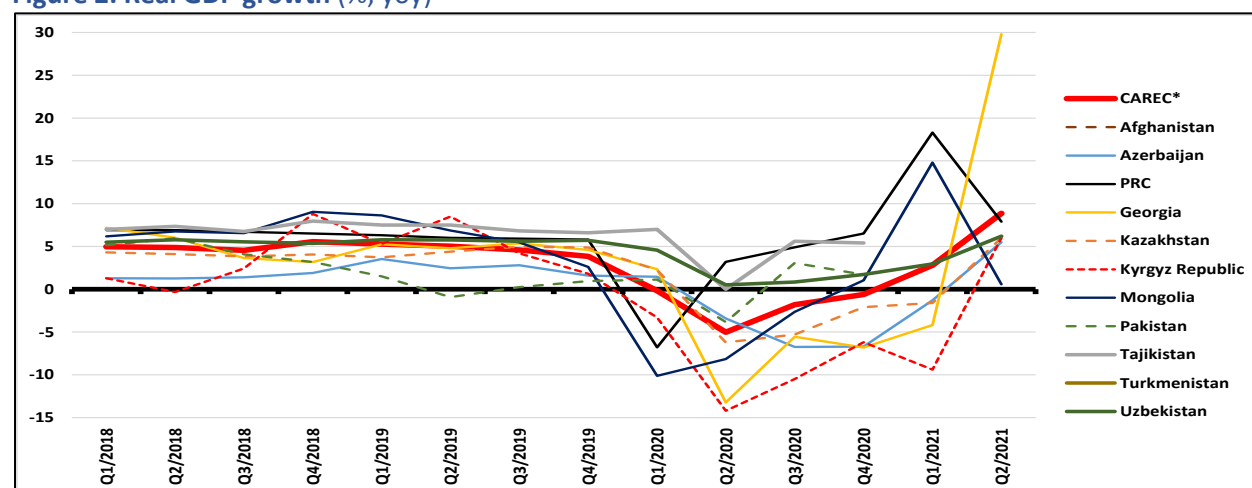
** Growth of Q1 2019 and Q1 2021 linked. Green indicates that 2021 values exceeded 2019 values.

*** Green indicates higher qoq sa growth rates than in 2015-19.

**** Simple average of CAREC economies where data are available.

Sources: CEIC, authors' calculations based on data from national statistical agencies and news.

Figure 2. Real GDP growth (% yoy)



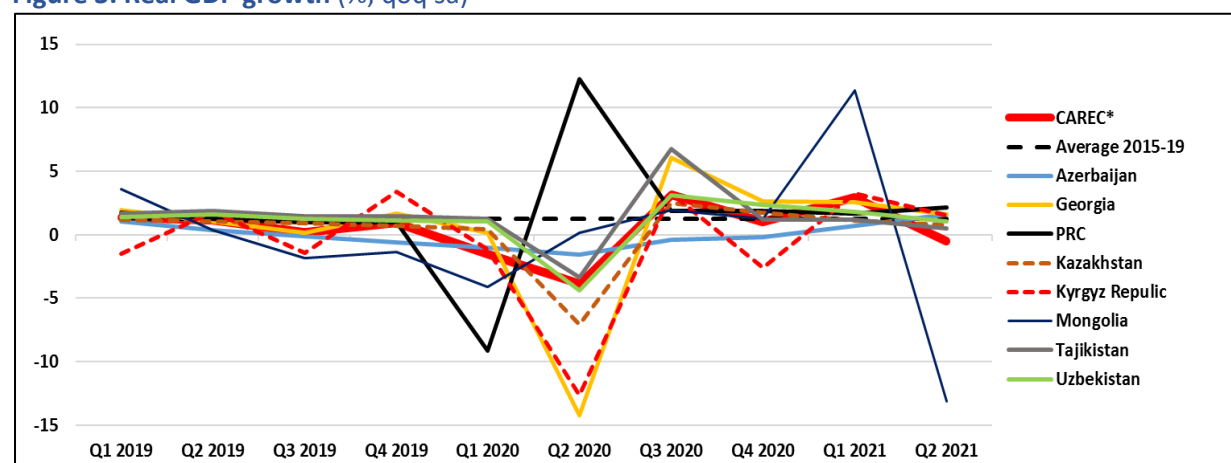
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, national statistical agencies, authors' calculations.

Seasonally adjusted quarter-on-quarter growth has been permanently positive in almost all CAREC economies already since the third quarter of 2020. Most CAREC economies have had their deepest

quarter-on-quarter GDP decline in Q2 2020, and the average contraction in the CAREC region was 3.9% qoq sa in Q2 (Figure 3). Average CAREC growth then recovered to plus 3.1%, 1.0%, and 3.0% qoq sa, respectively, in Q3, Q4 2020, and Q1 2021. In Q2 2021 there was a renewed slight decline of 0.5% qoq sa, but only due to the sharp slowdown in Mongolia. Without Mongolia, growth averaged 1.3% qoq sa in Q2 2021.

Figure 3. Real GDP growth (% , qoq sa)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, national statistical agencies, authors' Tramo-Seat calculations.

The PRC and Mongolia achieved positive qoq sa growth as early as in Q2 2020 because they had their deepest decline already in Q1 2020. The PRC's growth resumed to 12.3% qoq sa in Q2 2020 after a decrease of an estimated 9.1% qoq sa in Q1 2020. Thereafter the PRC's GDP grew 1.8%, 1.9%, 1.7%, and 2.1% qoq sa, respectively, in Q3, Q4 2020 and Q1, Q2 2021, indicating steady strong growth, though with slight volatility. Mongolia managed to return to marginally positive growth of 0.2% qoq sa in Q2 2020, not least thanks to its exports to the PRC, the country's main export destination. Mongolia's growth accelerated to 2.0%, 1.3% in Q3 and Q4 2020, and strong 11.3% qoq sa in Q1 2021. This was followed by a sharp decline of 13.1% qoq sa in Q2 2021, however. Obviously, value added in mining was affected by a slowdown in exports, even though data show that production still increased, and weak growth of value added in services as COVID-19 infections have begun to surge since April.

In a number of CAREC economies, qoq sa growth rates were higher in the first half of 2021 than long-term, and it remains to be seen whether these rates can be sustained. Average CAREC qoq sa growth was at 1.3% the same in Q2 2021 as in the five years before 2020, and in Q1 it was at 1.8% qoq sa somewhat higher (Table 1). Azerbaijan, the PRC, Georgia, Kazakhstan, and the Kyrgyz Republic achieved higher growth in Q2 2021 than in 2015-2019. Mongolia, Tajikistan, and Uzbekistan had lower growth. In Q1 2021, all economies had achieved higher growth rates than in 2015-2019, except Tajikistan. Growth rates in 2015-2019 differ for different economies, of course. Mongolia's rate was substantially above CAREC average in 2015-2019 thanks to its mining boom. However, oil exporters Azerbaijan and Kazakhstan were negatively impacted by low oil prices in 2015-2016, the Kyrgyz Republic by relatively low gold prices during 2015-2018. Their growth rates were below CAREC average.

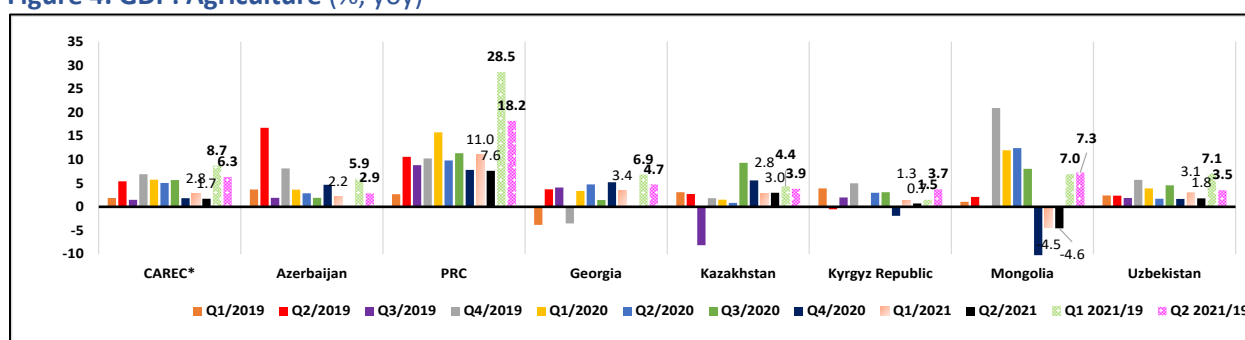
In the first half of 2021 real GDP already exceeded 2019 levels in the CAREC region on average. Linking the annual growth rates of 2021 and 2020 shows that real GDP was 2.8% higher in Q1 2021 and 2.2% higher in Q2 2021 than in the corresponding quarters of 2019 (Table 1). Azerbaijan, the PRC, and Uzbekistan reached higher real GDP levels than two years before both in Q1 and Q2 2021, Georgia in Q2. Kazakhstan's and Mongolia's GDP was above 2019 levels in Q1, but below in Q2 2021. The Kyrgyz Republic's GDP remained significantly below 2019 in both quarters.

Near future growth in the CAREC region will depend on how much the relatively high growth in H1 2021 has already narrowed the gap towards potential output. Given that most CAREC economies already exceeded 2019 levels, gaps don't look very large anymore. Longer-term development of the output potential itself will be key, of course, and how to best adapt to new realities, including accelerated digitalization and decarbonization.

The recovery is led by agriculture, manufacturing, and services, mining is still mixed

The combined growth rates of 2020 and 2021 were sufficient to bring value added in agriculture above 2019 levels in all CAREC economies, both in Q1 and in Q2 2021. On average in the CAREC region, constant price value added in agriculture exceeded levels in the same quarter of 2019 by 8.7% in Q1 2021 and by 6.3% in Q2 2021 (Figure 4). In the PRC, 2021 levels overtook 2019 ones by as much 28.5% and 18.2% in Q1 and Q2 2021, respectively. Average CAREC growth in agriculture reached 1.7% yoy in Q2 2021 after 2.8% yoy in Q1. Azerbaijan saw growth of 2.2% yoy, the PRC of 11.0%, Georgia of 3.4%, Kazakhstan of 2.8%, the Kyrgyz Republic of 1.3%, and Uzbekistan grew by 3.1% in Q1 2021. In Q2 2021, value added in agriculture increased by 7.6% yoy in the PRC, by 3.0% in Kazakhstan, by 0.7% in the Kyrgyz Republic and by 1.8% in Uzbekistan. However, Mongolia suffered a decline by 4.5% yoy in Q1, and by 4.6% yoy in Q2.

Figure 4. GDP: Agriculture (% yoy)

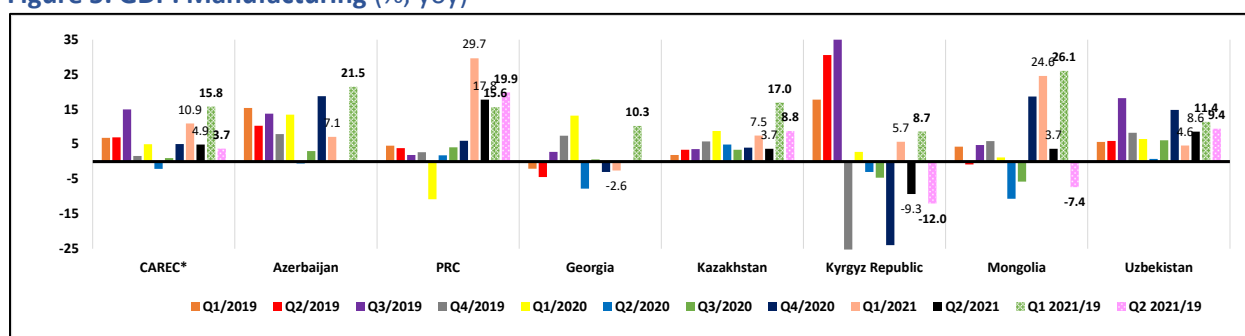


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

In manufacturing, value added also exceeded 2019 levels on average in CAREC. It was 15.8% higher in Q1 and 3.7% higher in Q2 2021 than two years before (Figure 5). Average yoy growth in manufacturing in the CAREC region was 10.9% in Q1 2021 and 4.9% yoy in Q2 2021. Growth rates were generally positive in all economies both in Q1 and in Q2. The PRC saw the highest growth at 17.8% yoy in Q2 2021, after 29.7% yoy in Q1. However, in the Kyrgyz Republic growth turned negative to 9.3% yoy in Q2 from plus 5.7% yoy in Q1, leaving manufacturing value added in the Kyrgyz Republic below 2019 levels in Q2. There was also a slight yoy decrease in Q1 in Georgia.

Figure 5. GDP: Manufacturing (% yoy)

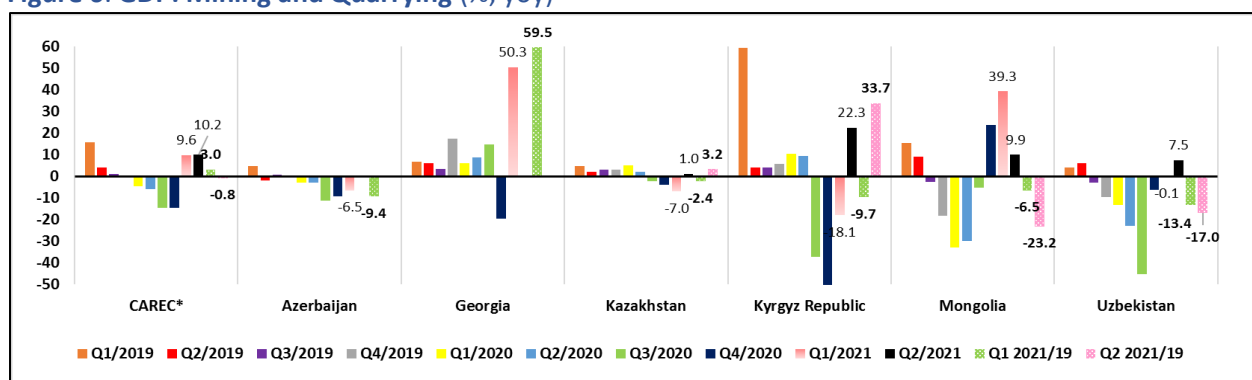


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

For mining the picture is more mixed. Value added was 3.0% higher in Q1 2021 than in Q1 2019 on average in the CAREC region, but by 0.8% lower in Q2 2019 (Figure 6). This was due to weak readings for Mongolia and Uzbekistan. Average growth in mining for the CAREC economies with data availability was positive both in Q1 and Q2 2021. However, the Kyrgyz Republic saw high growth of 22.3% yoy in Q2, but after a decline by 18.1% yoy in Q1. Kazakhstan recorded growth of 1.0% yoy in Q2, after minus 7.0% in Q1. Mongolia still experienced growth of 9.9% yoy in Q2, sharply lower though than the 39.3% yoy in Q1 2021, indicating a qoq sa decline.

Figure 6. GDP: Mining and Quarrying (% , yoy)

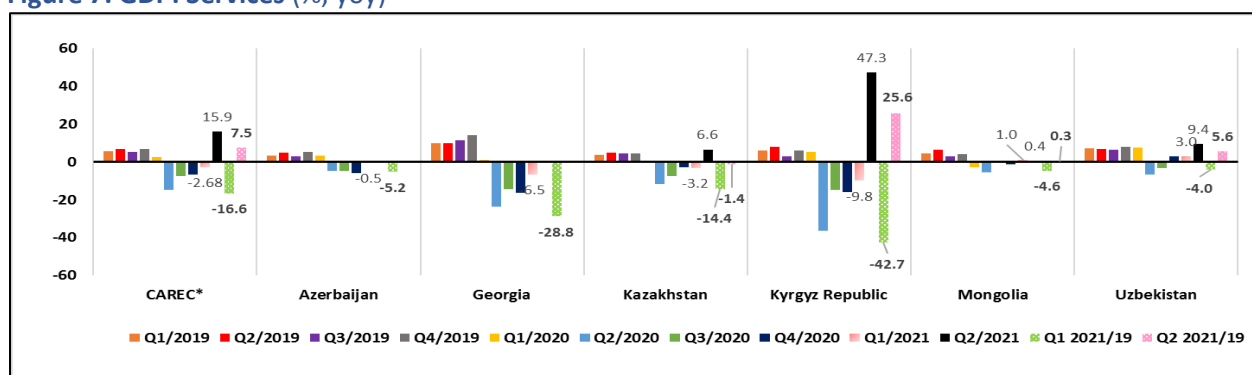


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Growth of value added in services finally took off in Q2 2021. On average in the CAREC region, value added remained 16.6% below 2019 levels in Q1 2021 but was 7.5% higher in Q2, at least for the economies with data availability (Figure 7). In Q2 2021, yoy growth in services turned positive, after continuous decline since Q2 2020. The Kyrgyz Republic experienced very high growth of 47.3% yoy in Q2, following a contraction by 9.8% yoy in Q1 2021. Kazakhstan saw growth of 6.6% yoy, and Uzbekistan of 9.4% in Q2 2021. However, Mongolia's yoy growth decelerated to 0.4% yoy in Q2 from 1.0% in Q1. Growth in services was due to domestic services. Tourism still needs more time to recover.

Figure 7. GDP: Services (% , yoy)



*Refers to the simple average of CAREC economies where data are available.

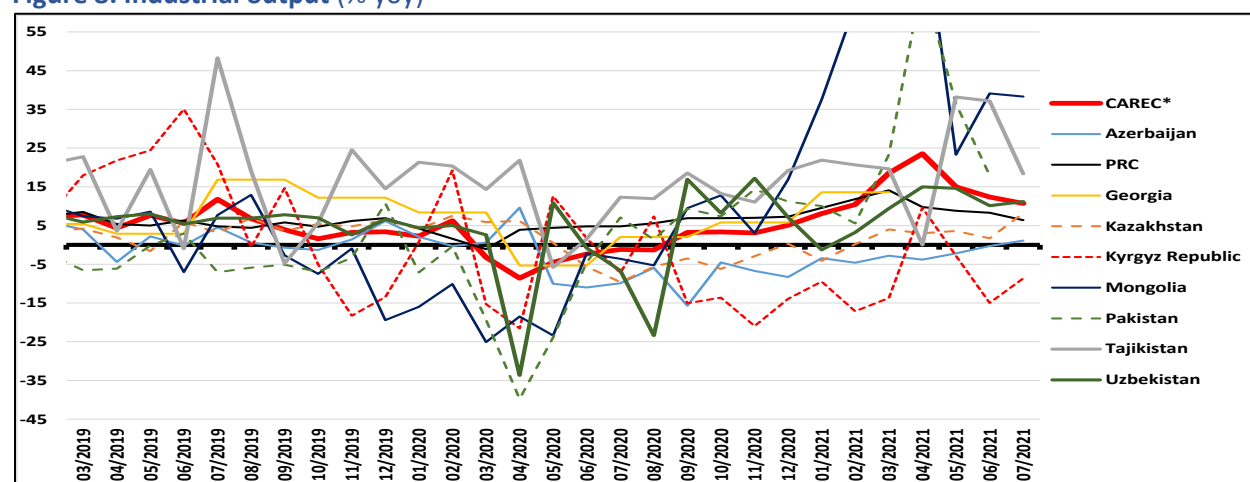
Source: CEIC, authors' calculations.

High frequency indicators: production exceeds 2019 levels, consumption less convincing

Industrial output growth reached 11% yoy by July 2021 on average in the CAREC region. Mongolia, Pakistan, and Tajikistan had very high growth rates in 2021 and achieved 39% , 18%, and 37% yoy , respectively, in June (Figure 8). In July, growth was 38% yoy for Mongolia, and 18% for Tajikistan. The PRC's growth was 6% yoy in July after continuous growth of industrial output of around 8% yoy during Q2

2021. Uzbekistan's industrial production growth accelerated further to 11.2% yoy in July 2021 after high readings already since March. Kazakhstan saw growth of 8.2% yoy in July 2021 after rather moderate growth rates before. In Azerbaijan industrial output growth also turned positive in July, to 1.1% yoy, after ongoing contractions since Q2 2020. However, the Kyrgyz Republic continued to experience a decline of 8.7% yoy in July.

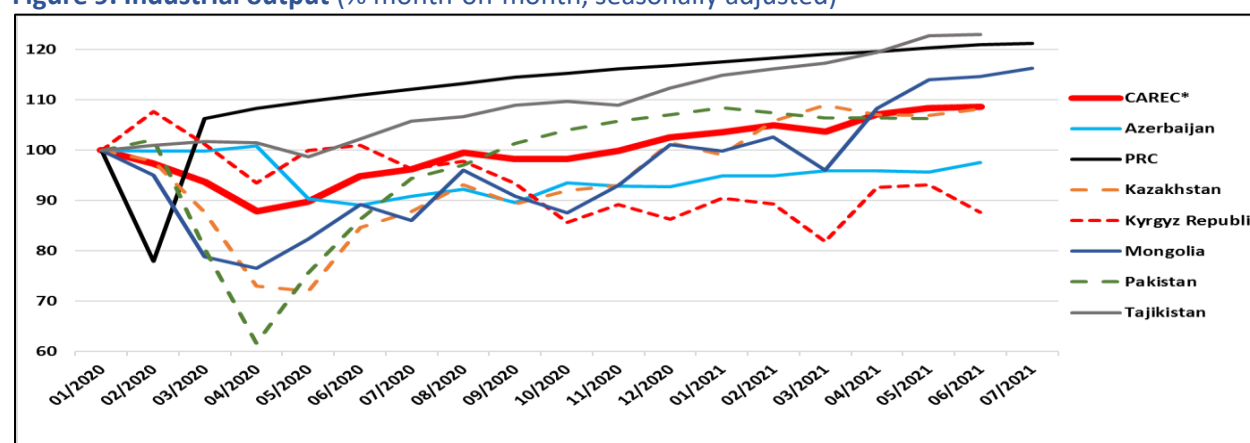
Figure 8. Industrial output (% yoy)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, national statistical agencies, authors' calculations.

Figure 9. Industrial output (% month-on-month, seasonally adjusted)



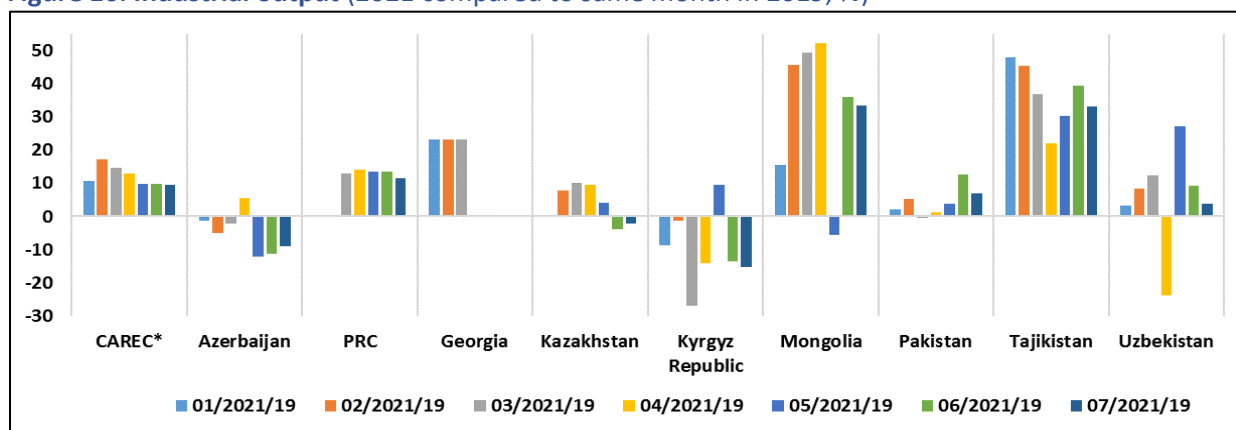
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, national statistical agencies, authors' calculations.

Seasonal adjustment indicates that industrial output in most CAREC economies had a clear upward trend since June 2020, at latest. The dynamic was earliest in the PRC, with the trough in February 2020 and recovery already in March 2020 (Figure 9). Then followed Mongolia, Pakistan, and Kazakhstan. Tajikistan recorded only a very moderate decline in May 2020, with output permanently growing afterwards. Azerbaijan showed a less pronounced recovery trend, but generally up since July 2020. However, for both Azerbaijan and the Kyrgyz Republic, industrial output remained below early 2020 volumes.

Industrial output generally exceeded 2019 levels in most CAREC economies in the first half of 2021. The Kyrgyz Republic and Azerbaijan have not reached previous levels yet, and in June and July output remained below two years before also in Kazakhstan (Figure 10). However, the other economies were in plus. The largest gains were achieved by Mongolia and Tajikistan.

Figure 10. Industrial output (2021 compared to same month in 2019, %)

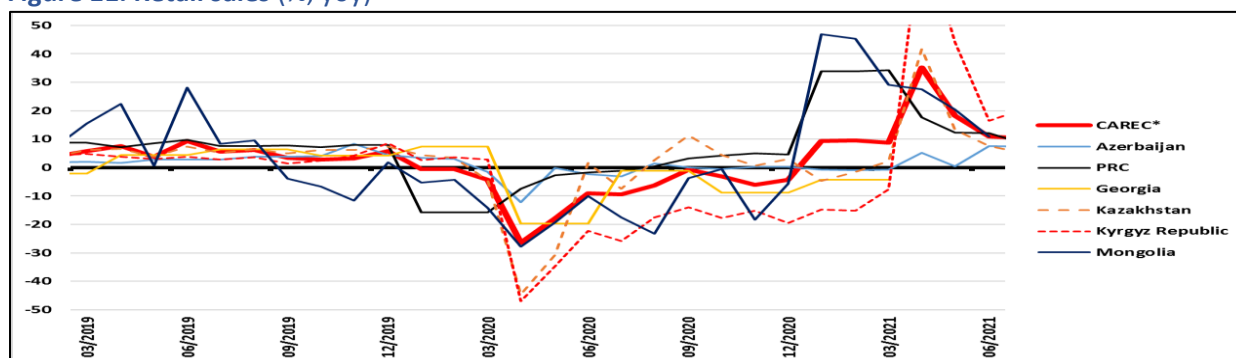


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Consumption as captured by retail sales partially showed very high growth rates in 2021, from a low base in 2020 though. Retail sales growth in the PRC was about 34% yoy in Q1 2021, subsequently slowing to 8.5% yoy until July 2021 as the 2020 base became higher (Figure 11). In Mongolia retail sales growth eased from 47% yoy in April to 11% yoy in June. Kazakhstan and the Kyrgyz Republic had their troughs in April 2020 and generated consequently high growth rates of 42% and 84% yoy, respectively, in April 2021, which decreased to 7.5% and 16.5% in June, however. In the Kyrgyz Republic growth then somewhat re-accelerated to 20% yoy in July, while in Kazakhstan it decreased further to 5.2%. Azerbaijan saw growth of retail sales reaching 7.4% yoy in July, after a contraction in Q1 2021 and moderate growth in Q2.

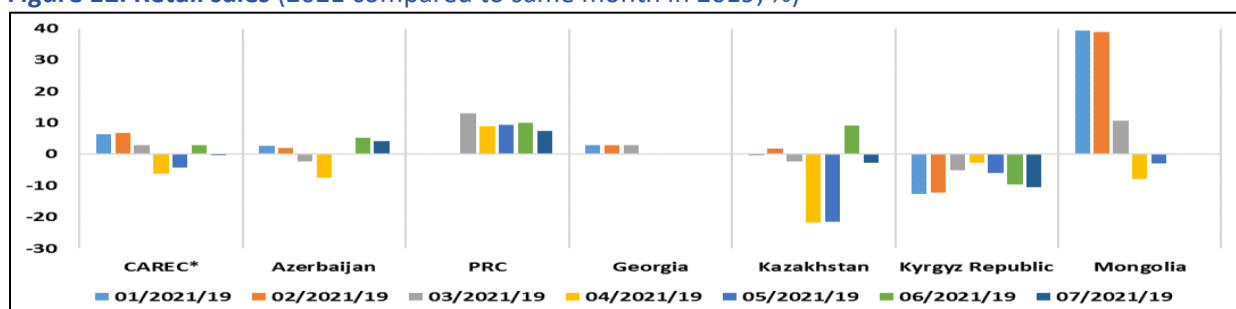
Figure 11. Retail sales (% yoy)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Figure 12. Retail sales (2021 compared to same month in 2019, %)

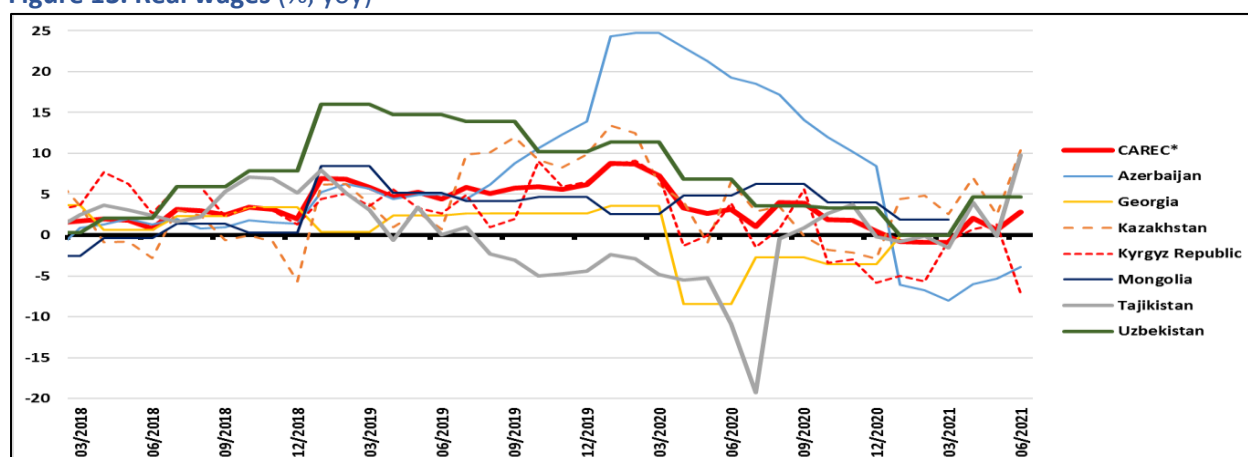


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

The combined growth rates of 2020 and 2021 elevated retail sales in the PRC significantly above 2019 levels in 2021 but results for other CAREC economies are less convincing. The PRC has been in plus during the whole of 2021, Azerbaijan since June. Kazakhstan surpassed the 2019 level in June but fell below again in July (Figure 12). The Kyrgyz Republic remained below 2019 level during all of 2021, Mongolia during the whole of Q2, although in June only marginally. The moderate recovery in consumption in many CAREC economies are likely related to rather slow real incomes growth. Real wages began only in Kazakhstan to recover before Q2 2021 (Figure 13), while in Azerbaijan and the Kyrgyz Republic they have remained below 2020 levels. Household income other than wages might also still be affected by the pandemic.

Figure 13. Real wages (% , yoy)



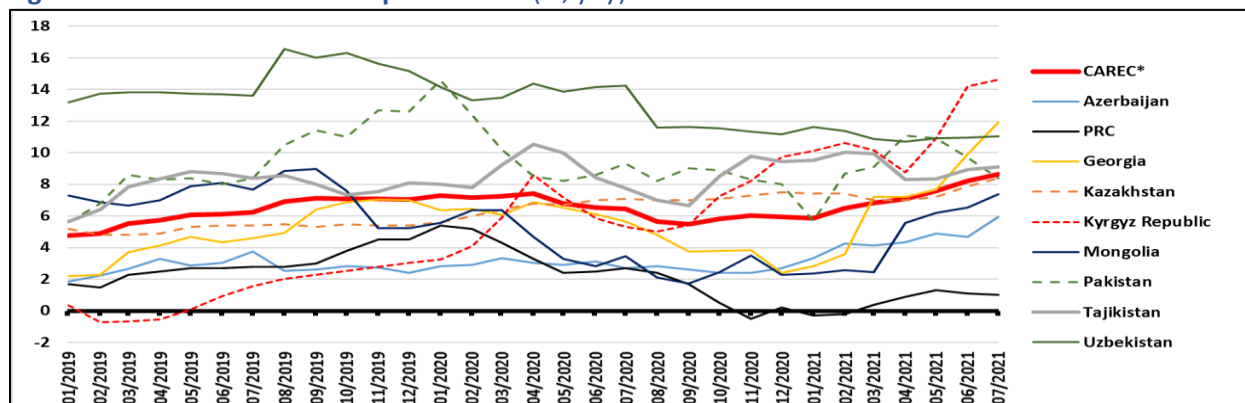
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Inflation substantially accelerated in several CAREC economies, but doesn't look too dramatic

Average CAREC annual consumer price inflation increased to 8.6% by July 2021, a level not seen since 2011. Most CAREC economies saw inflation accelerate since early 2021, though at different speed. Between January 2021 and July 2021, inflation rose from 3.3% to 5.2% in Azerbaijan, from 2.8% to 11.9% in Georgia, from 7.4% to 8.4% in Kazakhstan, from 10.1% to 14.6% in the Kyrgyz Republic, and from 2.4% to 7.4% in Mongolia (Figure 14). In Pakistan inflation was more volatile and fell to 8.4% by July from a peak of 11.1% in April, similar Tajikistan with 9.1% in July after a high of 10.0% in February. In Uzbekistan there was a slight decrease from 11.6% in January to 11.0% in July. Reasons for the inflation acceleration are likely higher costs of imported goods due to weaker exchange rates, higher freight rates, and inventories too low to cope with renewed consumption. Despite currently high readings inflation pressures do not look too dramatic, however, and are likely to be transitory given rather moderate food price inflation, consumption that spiked in some months but has remained largely below 2019 levels and rather slow wage and income growth.

Figure 14. Inflation: Consumer price index¹ (% , yoy)

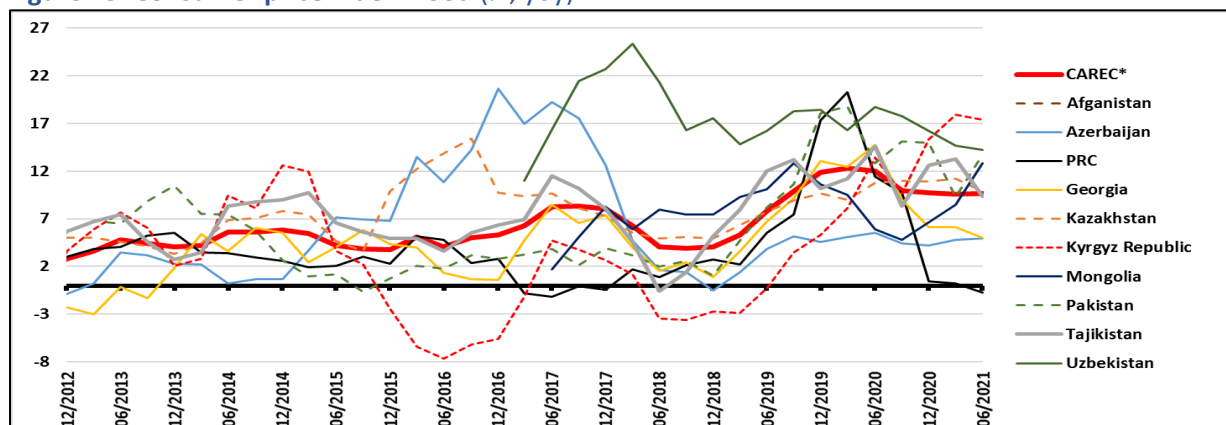


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC. Authors' calculations.

Food prices contributed relatively little to accelerating inflation in 2021 even though they play an important role for inflation in the CAREC region. Food prices drove inflation strongly in early 2020 when food supply chains were impacted by COVID-19. However, annual food price inflation slightly eased to 9.6% from 9.7% on average in the CAREC region between Q4 2020 and Q2 2021 (Figure 15). It moderated in Georgia from 6.1% to 5.0%, in Pakistan from 15.0% to 13.7%, in Kazakhstan from 10.9% to 9.9%, in Tajikistan from 12.6% to 9.4% and in Uzbekistan from 16.2% to 14.2%. The PRC saw a deceleration from 0.5% to 0.2% in Q1 2021, and even to a deflation of 0.7% in Q2 2021. However, between Q4 2020 and Q2 2021 annual food price increases accelerated in Azerbaijan from 4.2% to 4.9%, in the Kyrgyz Republic from 15.4% to 17.4%, and in Mongolia from 6.6% and to 12.8%.

Figure 15. Consumer price index: Food (% , yoy)



*Refers to the simple average of CAREC economies where data are available.

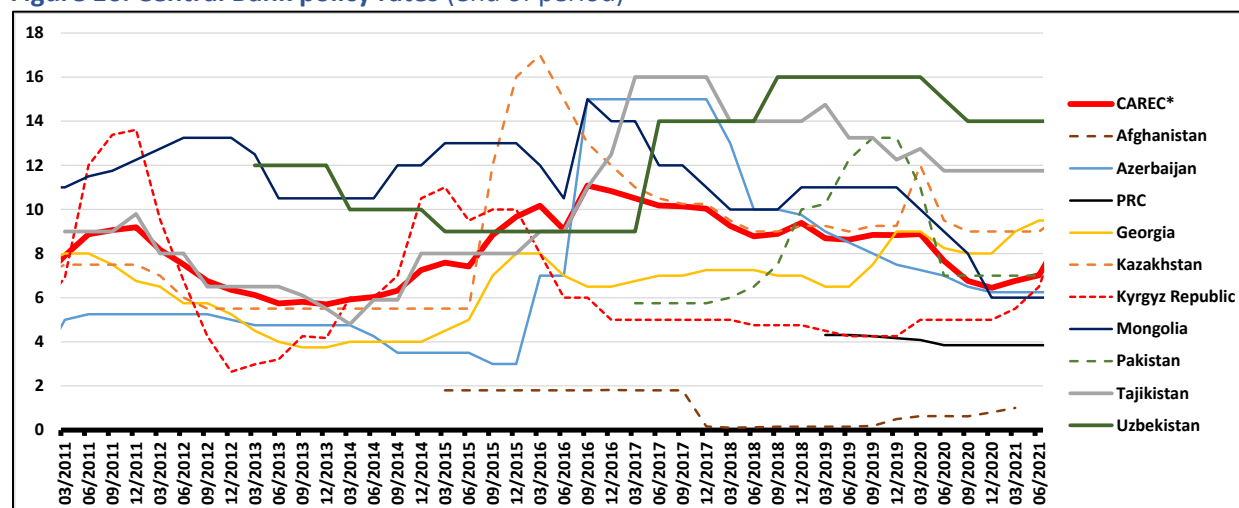
Source: CEIC. Authors' calculations.

Central bank policy rates were cut in 2020, but hiked or did not change in 2021

Inflationary pressures prompted some central banks to re-increase their policy rates in 2021 after stimulating economic growth by lowering interest rates in the early phases of the COVID-19 pandemic. The central bank of Georgia raised its policy rate between December 2020 and July 2021 from 8.00% to 9.50%, the one of Kazakhstan from 9.00% to 9.25%, and that of the Kyrgyz Republic from 5.00% to 7.50% (Figure 16). Other central banks did not change their rates, however.

¹ The consumer price index (CPI) measures the cost of goods and services in a basket reflecting the purchases of the average consumer.

Figure 16. Central Bank policy rates (end of period)



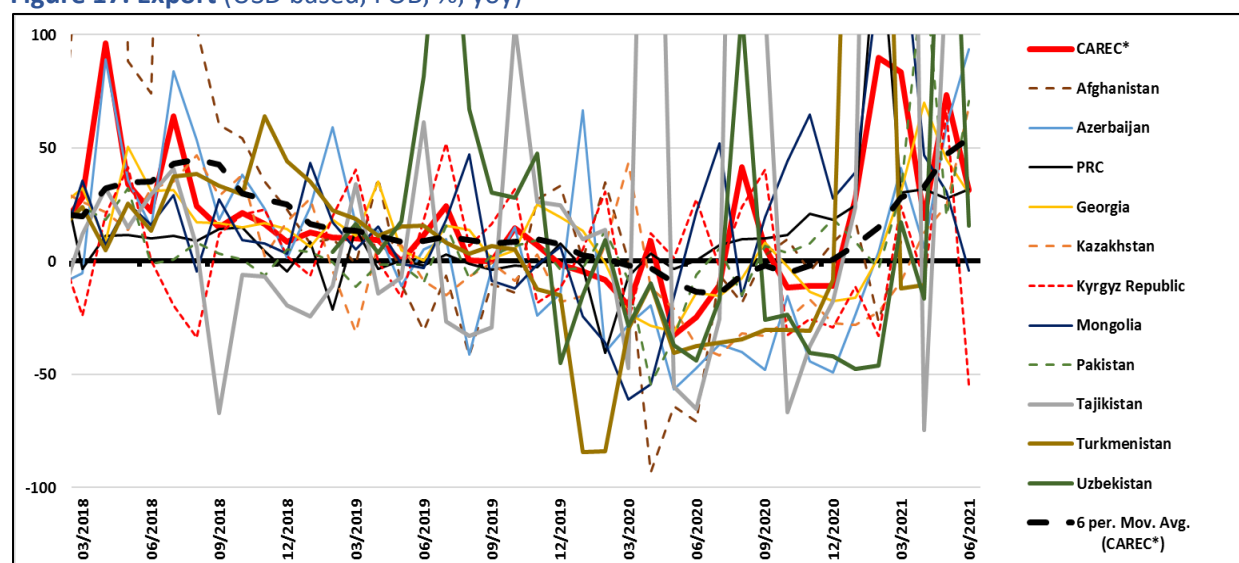
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC. Central Banks' information. Authors' calculations.

Higher exports, higher imports, but substantial volatility, and differences among economies

Export growth has turned positive in most CAREC economies in 2021. Exports were 31% higher in USD terms than the year before in June 2021 on average in the CAREC region (Figure 17). Exports of Mongolia, Tajikistan, and Turkmenistan increased temporarily by extraordinary high rates during March-May 2021 but levelled off later. Azerbaijan, the PRC, Georgia, and Pakistan secured relatively stable high export growth since March, Kazakhstan's since April 2021. However, in the Kyrgyz Republic and Mongolia export growth became negative again, and these economies recorded contractions of 55% yoy and 4% yoy, respectively, in June, and Mongolia also 34% in July.

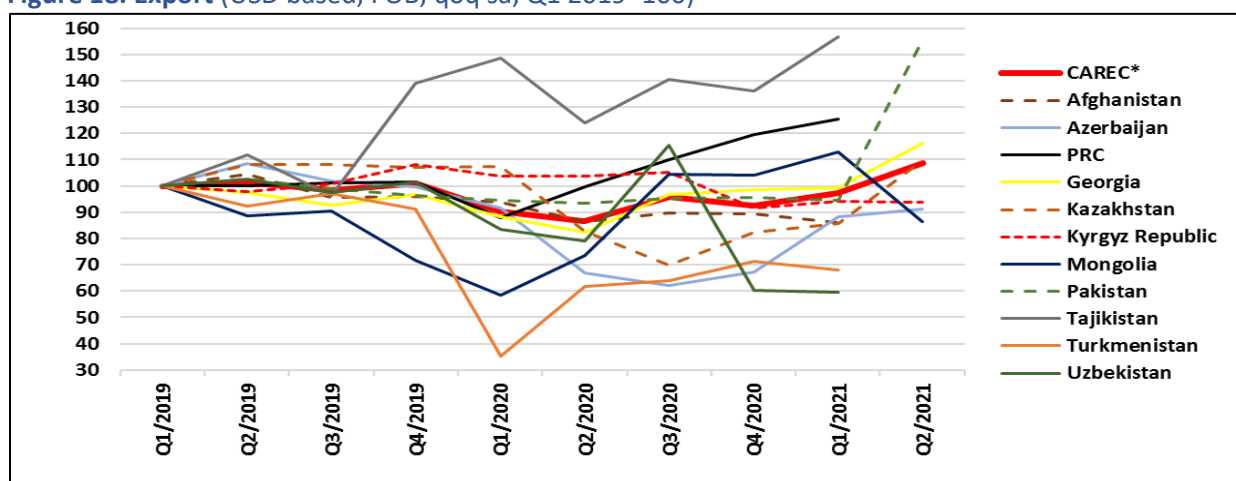
Figure 17. Export (USD based, FOB, %, yoy)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Figure 18. Export (USD based, FOB, qoq sa, Q1 2019=100)



*Refers to the simple average of CAREC economies where data are available.

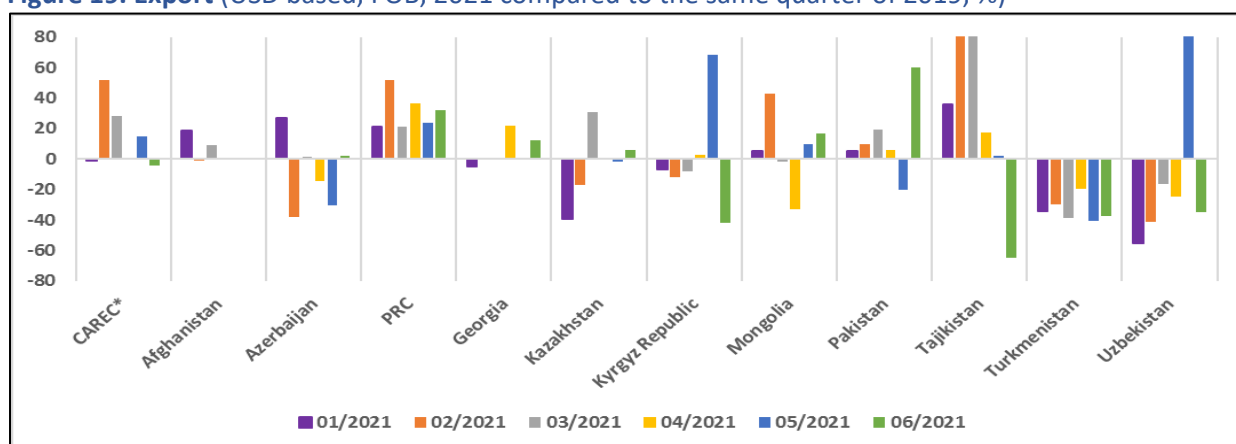
Source: CEIC, national statistical offices, authors' calculations.

Seasonal adjustment reveals diverging dates of export recovery depending on main export destinations.

The PRC, and Mongolia and Turkmenistan, the economies for which the PRC is the largest export destination by far, had their export lows in Q1 2020 (Figure 18). Afghanistan, Georgia, Pakistan, and Uzbekistan, with more mixed export destinations had their troughs in Q2 2020. Kazakhstan and Azerbaijan, with a strong export orientation towards the EU, Russia, and Turkey had their lowest export shipments as late as Q3 2020. Tajikistan's high data volatility makes seasonal adjustment rather challenging, but if estimates are correct, Tajikistan had a low already in Q3 2019, whereas the Kyrgyz Republic had it only in Q4 2020, both economies for reasons beyond the COVID-19 pandemic. As the result of diverging dates of troughs, also the recovery pattern is different for different economies.

Despite the revival of exports, only the PRC has managed to consistently outperform 2019 levels, for other CAREC economies results are more mixed. Exports of Turkmenistan have remained below 2019 values, and for other economies indicators strongly vary by months (Figure 19). However, among the economies with full data availability for Q2 2021, the PRC, Georgia, Kazakhstan, the Kyrgyz Republic, and Pakistan exported more in USD terms than two years earlier in Q2 as a whole while Azerbaijan and Mongolia remained below Q2 2019 levels.

Figure 19. Export (USD based, FOB, 2021 compared to the same quarter of 2019, %)

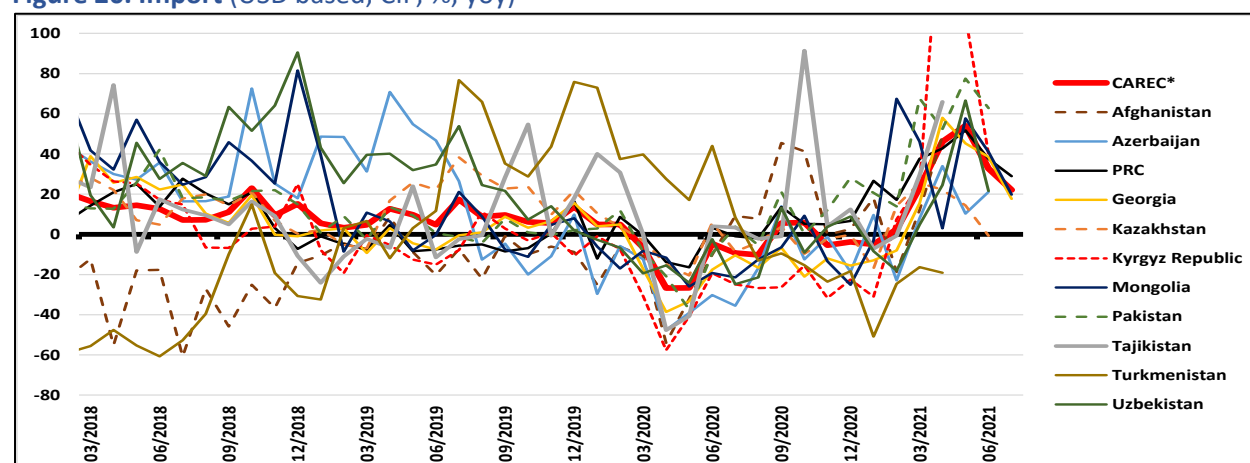


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

With increased economic activity, import growth also has accelerated. It reached a peak of 54% yoy in May 2021 on average in CAREC, from a very low base in 2020 though (Figure 20). Imports increased in most CAREC economies, but especially strongly in the PRC, the Kyrgyz Republic, Mongolia, and Pakistan, with growth in May reaching 52%, 109%, 58% and 78% yoy, respectively. Growth rates have leveled off later due to the higher base but have remained positive for most CAREC economies.

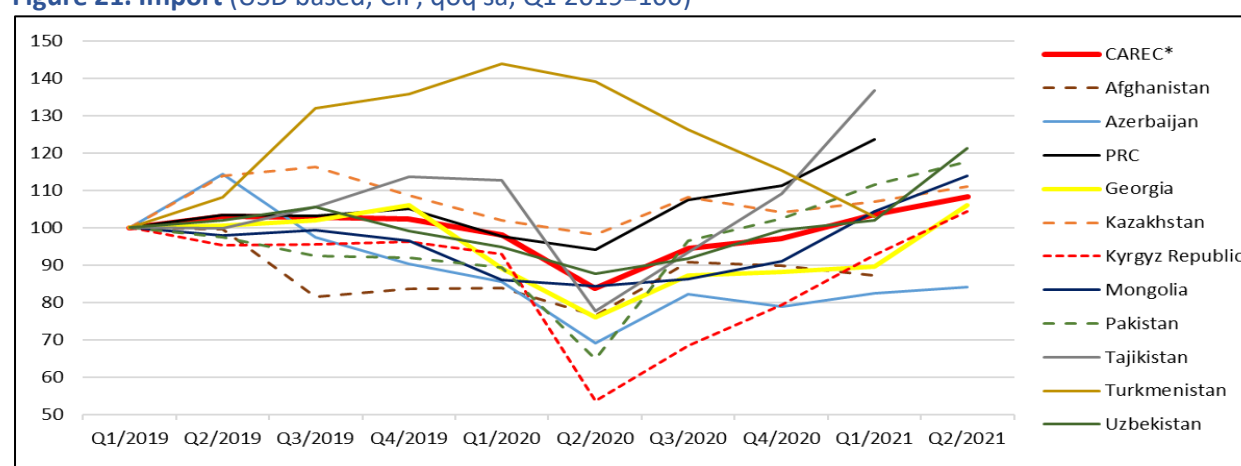
Figure 20. Import (USD based, CIF, %, yoy)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Figure 21. Import (USD based, CIF, qoq sa, Q1 2019=100)



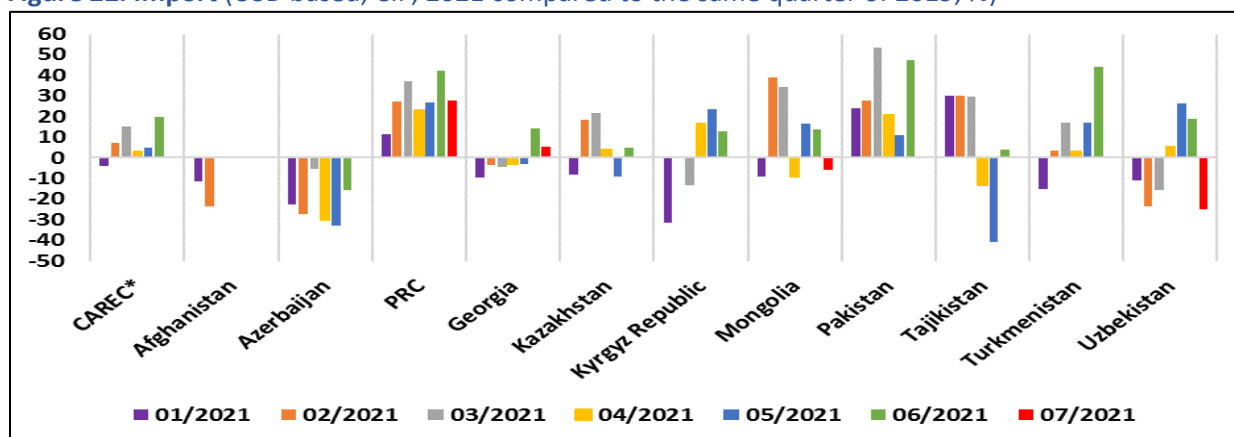
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, national statistical offices, authors' calculations.

Seasonal adjustment shows a much more unified timeline for imports than for exports. All CAREC economies had their import lows in Q2 2020, in line with GDP contractions. The only exception is Turkmenistan where imports also declined slightly in Q2 2020 and decreased further later, but from a very high level in Q1 2020 (Figure 21). Meanwhile all CAREC economies except Turkmenistan have exceeded the levels of Q2 2020.

On average in the CAREC region, imports were higher since February 2021 than in 2019, but with substantial variations among economies. In the PRC and Pakistan levels were permanently higher in 2021 than in 2019, in Azerbaijan permanently lower (Figure 22). All economies reached higher levels in June 2021 than in June 2019, except for Azerbaijan. However, Mongolia's and Uzbekistan's imports fell below 2019 levels in July again.

Figure 22. Import (USD based, CIF, 2021 compared to the same quarter of 2019, %)



*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

The CAREC region's future foreign trade performance, terms of trade, and their impact on the overall economy, will strongly depend on whether recent re-increases in commodity prices will be sustained.

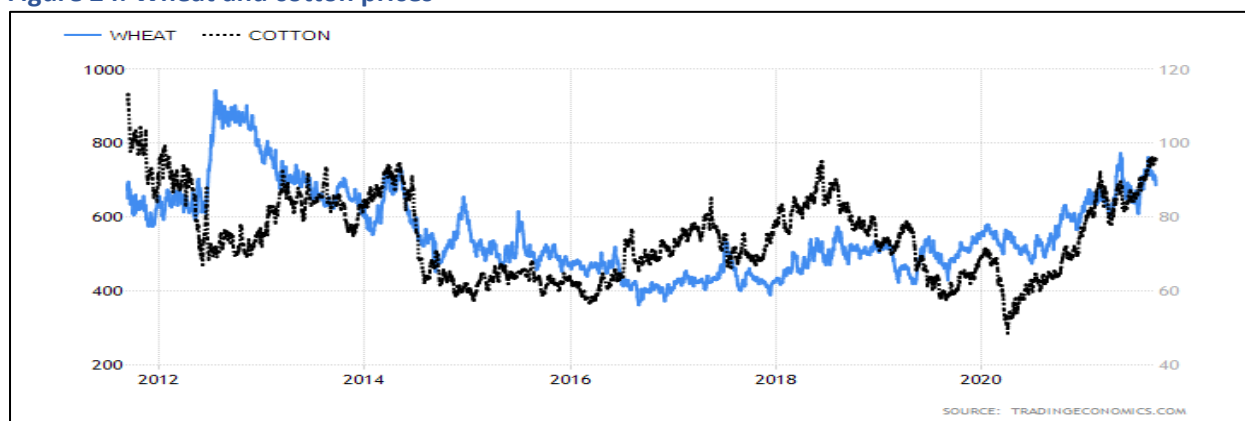
For net commodity exporters high commodity prices mean prosperity, for net commodity importers such as Pakistan, to some extent also the PRC, high commodity prices are challenging. For countries like Pakistan, with persistent balance of payment problems, this might result in exchange rate pressures. Oil prices have returned roughly to 2018 levels (Figure 23). Prices for copper, the main export article of Mongolia and important also for other CAREC economies, reached an all-time high in May 2021, with only a slight decrease thereafter. Similarly high copper prices were only seen in 2010. Prices of wheat and cotton, also major export goods for some CAREC economies, reached quite high levels too (Figure 24). Oil, copper, wheat, and cotton prices are all significantly above the World Bank's long-term pink sheet forecasts from April 2021 now. It remains to be seen whether the prices will stay at current high levels, or whether the surge is related to a post-crisis boom or fueled by international accommodating monetary policy. Given that copper and mineral fuels are impacted in opposite ways by global decarbonization efforts, price development among them might also diverge, at least long-term, which might favor Mongolia while being challenging to mineral fuels exporters.

Figure 23. Oil and copper prices



Source: tradingeconomics.com

Figure 24. Wheat and cotton prices

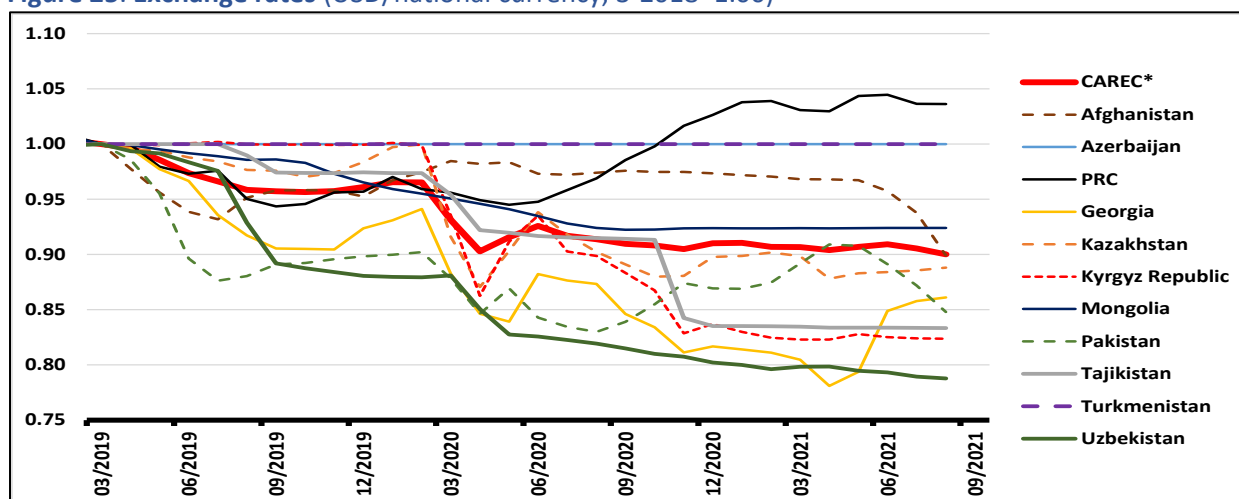


Source: tradingeconomics.com

Except for Afghanistan, exchange rates have been more stable in 2021 than in 2020

After substantial depreciation especially in early 2020, exchange rates were more stable in 2021 in the CAREC region on average, with differing developments for different economies though. Between December 2020 and August 2021, CAREC currencies depreciated on average by 1.1% against the USD after depreciation of 5.3% during 2020 (Figure 25). The currencies of most CAREC economies depreciated between December 2020 and August 2021, by different magnitudes, however. Tajikistan's depreciation was at 0.2% minimal in 2021, after significant currency weakening in April and November 2020. Kazakhstan's currency depreciated by 1.1% during 2021 with some transitory appreciation early in the year, after depreciation of 8.8% in 2020; the Kyrgyz Republic's depreciated by 1.6% after losing 16.3% value in 2020. The value of Uzbekistan's currency fell by 1.8% during 2021, of Pakistan's by 2.4% after appreciation in May 2021. Afghanistan's currency began quickly to lose value since July 2021. Azerbaijan and Turkmenistan kept their currencies fixed, Mongolia's remained stable but without fixing. The PRC's currency appreciated by another 1.0% after substantial gains already in the second half of 2020. Georgia experienced an appreciation of 5.4% between December 2020 and August 2021 thanks to significant currency strengthening since May. Almost all CAREC currencies were significantly weaker in Q3 2021 than in early 2019 except the fixed ones and the CNY that appreciated.

Figure 25. Exchange rates (USD/national currency, 3-2018=1.00)

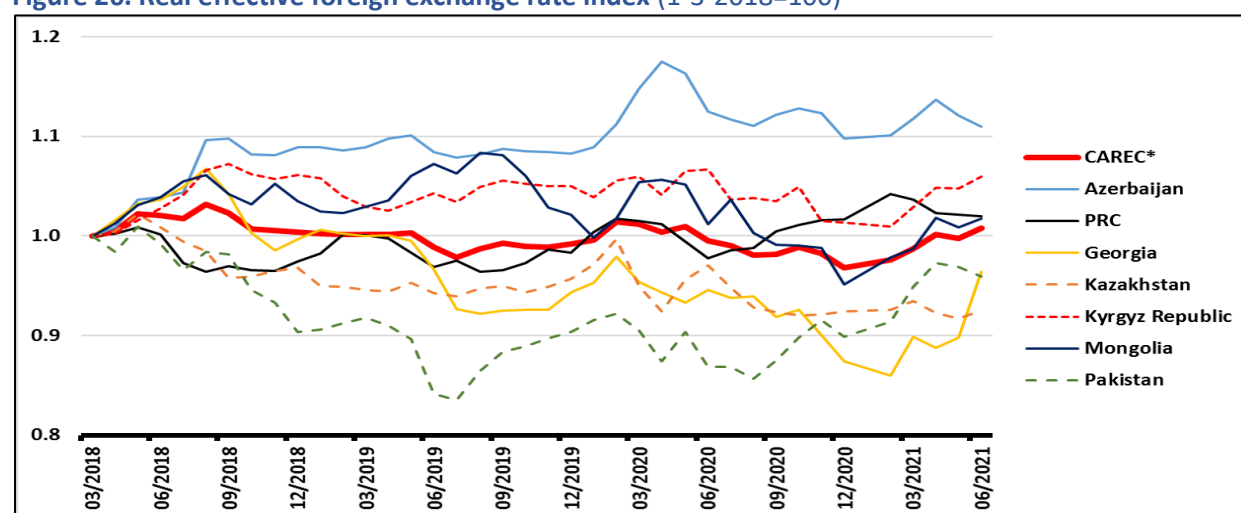


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Real effective exchange rates (REERs)², have appreciated in 2021 on average in the CAREC region as nominal exchange rates remained relatively stable and inflation accelerated. However, the value in July 2021 did not exceed the high in August 2018 (Figure 26). Further strong increases might harm competitiveness, but the current high inflation differential to trading partners is probably only transitory. Developments vary among economies though. Georgia, the Kyrgyz Republic, and Mongolia saw some appreciation since March 2021. Azerbaijan's and Pakistan's REERs strengthened in 2021 until April but re-weakened from May 2021 on. Kazakhstan's REER remained broadly stable in 2021 after weakening in 2020; the PRC's remained stable in Q2 2021 after strengthening during September 2020 and March 2021. Compared to early 2018, the REERs of Azerbaijan, the Kyrgyz Republic, the PRC, and Mongolia appreciated, whereas the REERs of Kazakhstan, Georgia, and Pakistan depreciated. Longer term the REERs will be influenced not least by how nominal exchange rates are affected by commodity prices and how much of this will pass through to inflation.

Figure 26. Real effective foreign exchange rate index (1-3-2018=100)



*Refers to the simple average of CAREC economies where data are available.

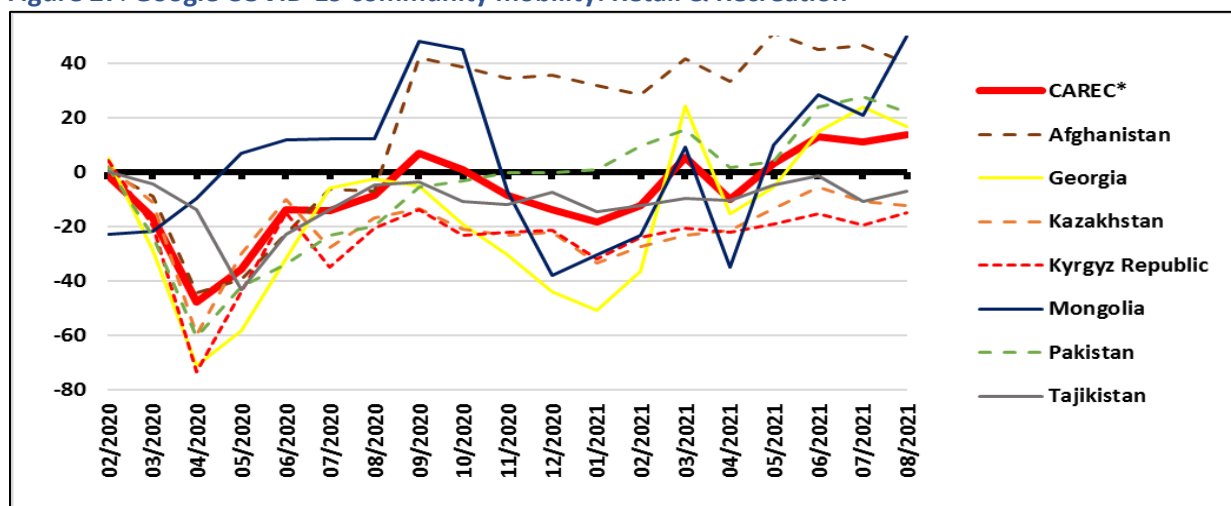
Source: CEIC, authors' calculations.

Overcoming COVID-19 remains key for sustaining the rebound of social and economic activity

The impact of the COVID-19 pandemic on social and economic mobility is not over yet. The social and economic activity as measured by Google mobility indicators recovered during 2021, although with some volatility. This followed a deep slump in April 2020 for most CAREC economies, a recovery from May 2020 until September-October 2020, and a renewed decline in the winter months between November 2020 and January 2021. "Retail and recreation" mobility recovered more than "workplace" mobility. However, despite the recovery, the indicator for "retail and recreation" has remained below February 2020 readings for the Kyrgyz Republic, Kazakhstan, and Tajikistan (Figure 27), that is the readings before serious pandemic containment measures were applied. For "Workplaces" Kazakhstan, Tajikistan, Georgia, and Afghanistan had indicator values still substantially below February 2020 in August 2021 (Figure 28).

² Exchange rates weighted by trade partner shares in the economy's overall trade and adjusted for inflation in the economy and in the partner economy.

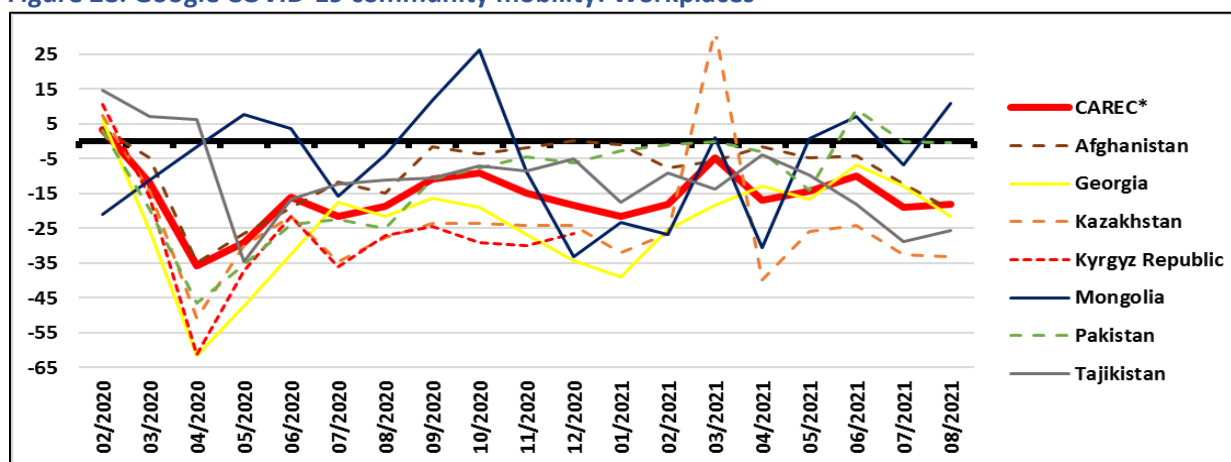
Figure 27. Google COVID-19 community mobility: Retail & Recreation



*Refers to the simple average of CAREC economies where data are available.

Source: "Google COVID-19 Mobility Reports" (accessed 30 August 2021); authors' calculations.

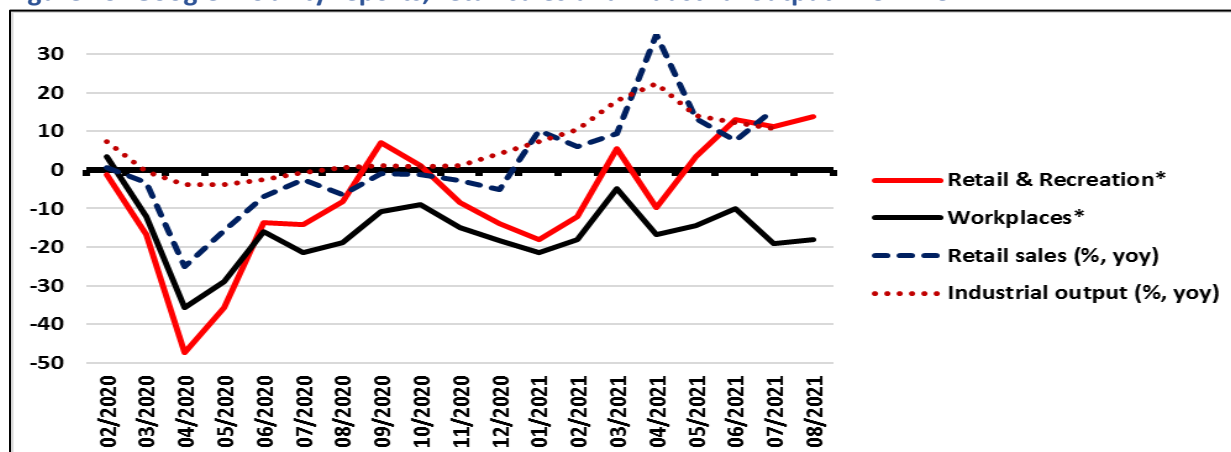
Figure 28. Google COVID-19 community mobility: Workplaces



*Refers to the simple average of CAREC economies where data are available.

Source: "Google COVID-19 Mobility Reports" (accessed 30 August 2021); authors' calculations.

Figure 29. Google mobility reports, retail sales and industrial output in CAREC



*Refers to the simple average of CAREC economies where data are available.

Source: "Google COVID-19 Mobility Reports" (accessed 30 August 2021); CEIC, authors' calculations.

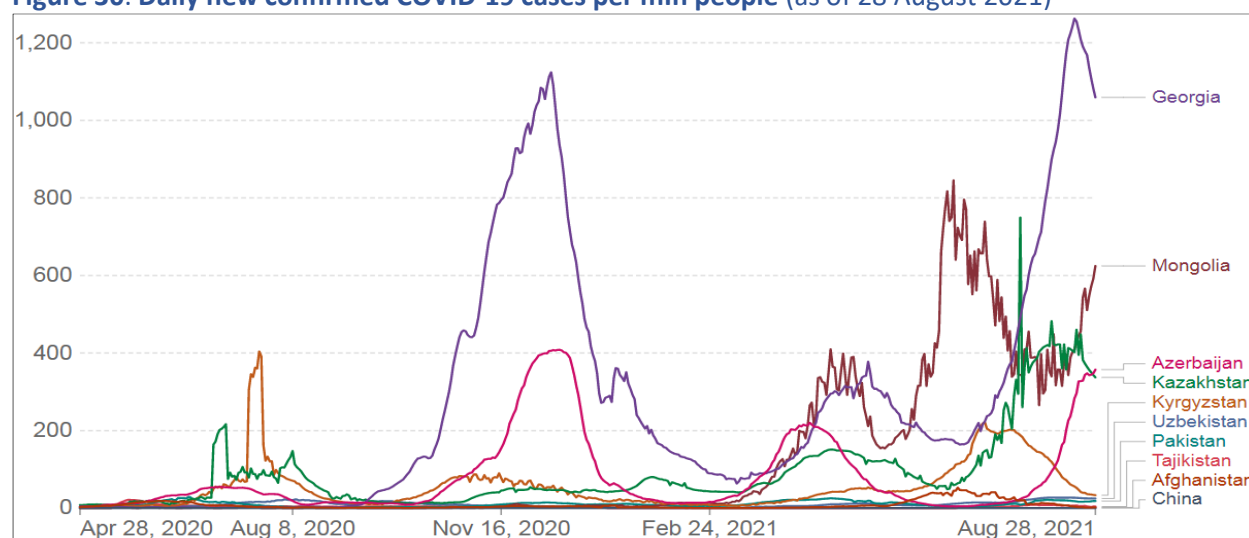
While mobility has not fully recovered, the correlation between mobility and the economic performance appears broken. The relation between mobility and economic activity as measured by industrial production and retail seems not to be as close anymore as before (Figure 29). Reasons could be that societies have begun to better adapt to the new circumstances, including that digitalization has progressed. However, a much more detailed study would be needed to confirm this conclusion.

Even in case the correlation is indeed largely broken, the pandemic must be overcome to secure the sustained revival of the CAREC economies. Even if smaller outbreaks can be handled better now, it remains obvious that a highly severe resurgence of the pandemic would again affect consumption and production highly negatively. The danger of such an outbreak remains until herd immunity is reached by upscaling vaccination programs to cover the required percentage of vaccinated population. The renewed increase in infections since June 2021 in most CAREC economies poses new threats also to the economy.

INFECTIONS AND VACCINATION UPDATE FOR THE CAREC REGION

Constant mutations of the SARS-CoV-2 virus broke the illusion of terminating the COVID-19 pandemic promptly and have triggered waves of spikes in coronavirus infections. Since June 2021, most CAREC economies saw another significant increase of new confirmed cases. Among them, Georgia, Mongolia, and Kazakhstan hit a new record of daily new COVID-19 cases (Figure 30). Cases in other economies such as Azerbaijan, the Kyrgyz Republic and Afghanistan have also mounted up substantially. The surge was mainly caused by the Delta virus, a more transmissible COVID variant estimated to be around 60% more contagious than the original virus according to latest research conducted by the Columbia University³.

Figure 30. Daily new confirmed COVID-19 cases per mln people (as of 28 August 2021)



Note: Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Source: Our World in Data: Coronavirus (COVID-19) Cases (accessed 30 August 2021)

Despite new COVID variants, current vaccines still provide strong protection against the virus, particularly at preventing serious illness and death⁴. A recent study showed that the Pfizer/BioNTech vaccine was still 84% effective against the Delta variant after receiving two doses. The Johnson & Johnson vaccine seemed to be slightly less effective but secured still about 60% efficacy against the variant⁵. Therefore, getting more people vaccinated remains the key mission for each economy. According to the

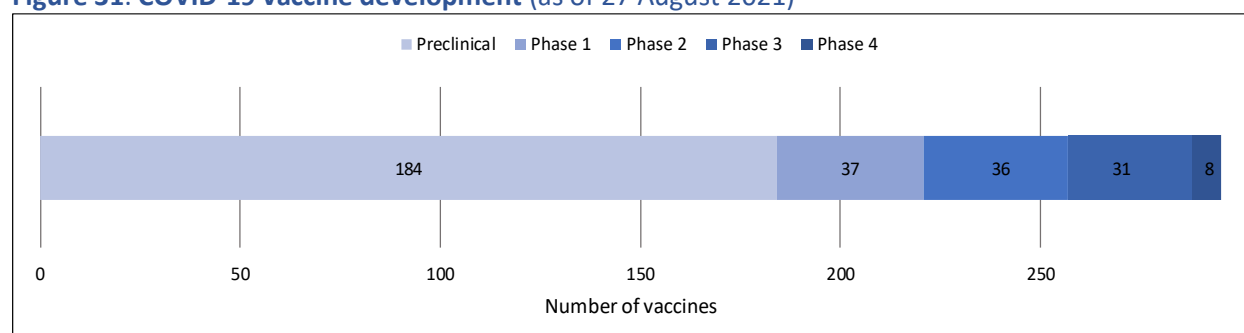
³ <https://scitechdaily.com/delta-variant-is-60-more-contagious-than-original-covid-virus-and-can-escape-immunity/>

⁴ <https://www.cbsnews.com/news/covid-19-vaccines-delta-variant-effectiveness-gottlieb/>

⁵ <https://www.nbcboston.com/news/local/pfizer-moderna-jj-vaccines-efficacy-as-delta-variant-concerns-rise/2419162/>

WHO, there are 184 COVID-19 vaccine candidates in preclinical development and 112 undergoing clinical development at present. Among them, 39 have moved to or beyond the Phase 3 trials⁶ and 20 are being used to vaccinate the general population⁷ (Figure 31).

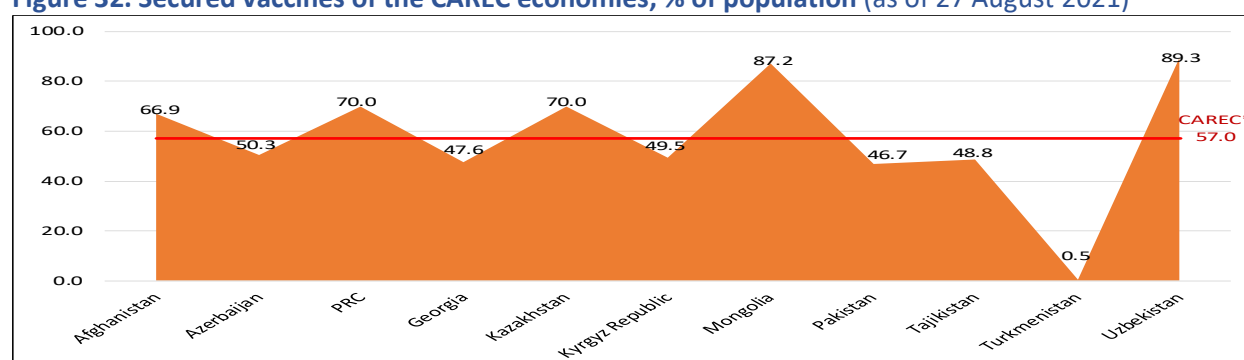
Figure 31. COVID-19 vaccine development (as of 27 August 2021)



Source: World Health Organization: The COVID-19 vaccine tracker and landscape (accessed 30 August 2021)

To mitigate the social and economic impact of the pandemic, economies around the world have been scrambling for COVID-19 vaccines, with some procurement deals accomplished even before any of the vaccines were authorized and put into the market. According to the IMF-WHO COVID-19 Vaccine Supply Tracker, more than 60 economies have secured millions of doses sufficient to fully vaccinate their entire population. Canada, New Zealand, Italy, Australia, and Hungary impressively secured 3-4 times more doses than needed. However, some 50 economies are lagging far behind with secured doses covering less than 50% of their total population⁸. The vaccine acquisition rate of the CAREC region is relatively low and the doses acquired could only vaccinate 57% of the population of the region on average. Meanwhile, vaccine acquisition progress differs among the CAREC economies. Mongolia and Uzbekistan took the lead in the region and have secured doses sufficient to vaccinate 87.2% and 89.3% of their total population, respectively. Turkmenistan has secured the fewest doses, enough only to vaccinate 0.5% of its population. The percentage for other CAREC economies is between 45% and 70% (Figure 32).

Figure 32. Secured vaccines of the CAREC economies, % of population (as of 27 August 2021)



*Refers to the simple average of CAREC economies.

Source: IMF-WHO COVID-19 Vaccine Supply Tracker (accessed 1 September 2021)

⁶ Clinical trials on the COVID-19 vaccine take place across four phases. Phase 1 trials assess the vaccine's safety, appropriate dosages, and side effects within small groups of people (approx. 20-50 people). Phase 2 trials further explore safety and start to investigate efficacy on several hundred people. Phase 3 trials involve thousands of people to confirm that the vaccine is safe and effective for broader use. Phase 4 trials, conducted after national regulatory approval, involve further monitoring on the vaccine's efficacy and safety in an even wider population over a longer timeframe.

⁷ <https://www.gavi.org/vaccineswork/covid-19-vaccine-race>

⁸ <https://www.imf.org/en/Topics/imf-and-covid19/IMF-WHO-COVID-19-Vaccine-Supply-Tracker>

The CAREC economies acquired COVID-19 vaccines from different sources, and some continued to expand their vaccine portfolio. By August 2021, Pakistan was still at the top, securing doses from five vaccine suppliers, followed by the PRC, Mongolia, and Turkmenistan from four suppliers. Afghanistan and Georgia caught up lately and have also acquired doses from four suppliers, adding ones from Johnson & Johnson, and Pfizer/BioNTech, Sinopharm, Sinovac, respectively. Tajikistan now vaccinates its population by using doses not only from AstraZeneca/Oxford but also from Moderna and Sinovac (Table 2). Among the portfolio, quite a few doses were distributed by COVAX, the global initiative to ensure rapid and equitable access to COVID-19 vaccines for all countries, regardless of income level⁹. As of 31 August 2021, COVAX has shipped over 230 million COVID-19 vaccines to 139 participants¹⁰. Table 3 shows the number of doses that COVAX has rolled out to the CAREC economies.

Table 2. Vaccine candidates in the CAREC economies

Country	Vaccines	Last observation date	Source
Afghanistan	AstraZeneca/Oxford, Pfizer/BioNTech, Sinopharm/Beijing, Johnson&Johnson	2021/8/11	WHO
Azerbaijan	AstraZeneca/Oxford, Sinovac, Sputnik V	2021/8/27	Government of Azerbaijan
PRC	Sinopharm/Beijing, Sinopharm/Wuhan, Sinovac, CanSino	2021/8/28	National Health Commission
Georgia	AstraZeneca/Oxford, Pfizer/BioNTech, Sinopharm/Beijing, Sinovac	2021/8/28	National Center for Disease Control and Public Health
Kazakhstan	Sinopharm/HayatVax, Sputnik V, QazVac	2021/8/28	Government of Kazakhstan
Kyrgyz Republic	Sinopharm/Beijing, Sputnik V	2021/8/28	Ministry of Health
Mongolia	AstraZeneca/Oxford, Pfizer/BioNTech, Sinopharm/Beijing, Sputnik V	2021/8/28	Ministry of Health via ikon.mn
Pakistan	CanSino, AstraZeneca/Oxford, Sinopharm/Beijing, Sinovac, Sputnik V	2021/8/26	National Command and Operation Centre
Tajikistan	AstraZeneca/Oxford, Moderna, Sinovac	2021/8/23	WHO
Turkmenistan	EpiVacCorona, AstraZeneca/Oxford, Sinopharm/Beijing, Sputnik V	2021/4/4	WHO
Uzbekistan	AstraZeneca/Oxford, RBD-Dimer, Sputnik V	2021/8/13	Government of Uzbekistan

Source: Our World in Data: Coronavirus (COVID-19) Vaccinations (accessed 30 August 2021)

Table 3. COVAX vaccine roll-out: doses received (as of 30 August 2021)

Vaccine type	AFG	AZE	GEO	MON	PAK	TAJ	UZB
SII-AstraZeneca (COVISHIELD)	468,000				2,474,400	192,000	660,000
AstraZeneca (AZD1222)	268,800*	259,200	43,200	64,800		128,640*	
Johnson&Johnson/Janssen	3,312,050**						
Pfizer/BioNTech		218,790		25,740	100,620		
Moderna					5,500,060**	1,500,100**	
Sinopharm					976,782		

Note: *donated by Sweden, **donated by the USA;

AFG= Afghanistan, AZE=Azerbaijan, GEO=Georgia, MON=Mongolia, PAK=Pakistan, TAJ=Tajikistan, UZB=Uzbekistan

Source: Gavi (accessed 31 August 2021)

Securing a massive number of coronavirus vaccine doses doesn't necessarily mean that the health crisis can be overcome. This requires that a sufficiently large proportion of people be vaccinated to reach "herd immunity" nationwide. In the early days of the pandemic, most scientists have determined 60%-70% as the threshold to prevent the virus from further spreading. The threshold was then uplifted several times due to the emergence of new COVID variants. Because of the Delta variant, the figure for herd immunity was again pushed upwards to well over 80% and potentially approaching 90%, according to the Infectious Diseases Society of America¹¹.

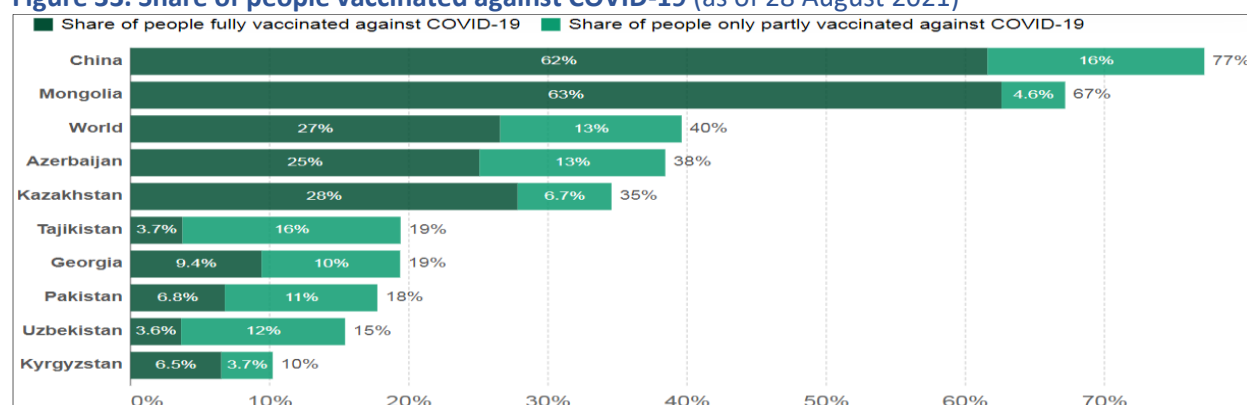
⁹ <https://www.who.int/news/item/22-01-2021-covax-announces-new-agreement-plans-for-first-deliveries>

¹⁰ <https://www.gavi.org/covax-vaccine-roll-out>

¹¹ <https://www.msn.com/en-us/news/technology/delta-s-spread-seen-pushing-herd-immunity-threshold-above-80/ar-AAAMT9bD>

Whatever the limit is, the world still has a rather long way to go to ride out the crisis. According to Our World in Data, as of 28 August 2021, around 40% of the world population has received at least one dose of a COVID-19 vaccine¹². In the CAREC region, however, the situation is more challenging. Seven out of nine CAREC economies measured by share of people at least receiving one dose of COVID-19 vaccine were below the world average. Among them, the proportion of Tajikistan, Georgia, Pakistan, Uzbekistan, and the Kyrgyz Republic was even less than 20%. Only the PRC and Mongolia stood out starkly, with a share of 77% and 67%, respectively. The PRC and Mongolia were also significantly ahead by the share of people fully vaccinated against the COVID-19, with 62% and 63%, correspondingly (Figure 33). A higher percentage of people fully vaccinated not only helps faster approach herd immunity, but also immediately diminishes the risk of being infected and hospitalized by the COVID-19.

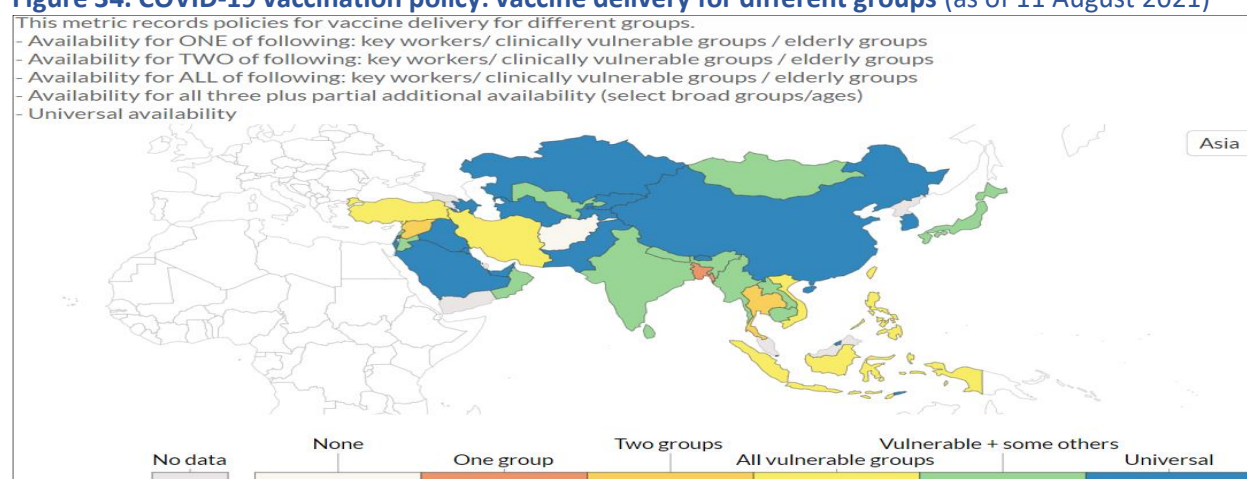
Figure 33. Share of people vaccinated against COVID-19 (as of 28 August 2021)



Source: Our World in Data: Coronavirus (COVID-19) Vaccinations (accessed 30 August 2021)

As the number of available COVID-19 vaccine doses piled up, many CAREC economies updated their vaccination policies and have adopted a more universal approach instead of prioritizing the vaccination to certain vulnerable groups. Since June 2021, four more economies, namely, the PRC, the Kyrgyz Republic, Pakistan, and Tajikistan, have made doses available for all groups of people. Previously, only Azerbaijan, Kazakhstan and Turkmenistan were delivering doses to the general public. Mongolia and Uzbekistan still give vaccination priority to key workers, clinically vulnerable people, and elderly groups, plus some specific groups of people in case of additional availability of doses (Figure 34).

Figure 34. COVID-19 vaccination policy: vaccine delivery for different groups (as of 11 August 2021)



Source: Our World in Data: Coronavirus (COVID-19) Vaccinations (accessed 30 August 2021)

¹² <https://ourworldindata.org/covid-vaccinations>

No one is safe from COVID-19 until everyone is safe. It is vital that the CAREC economies continue to work together to battle the virus. Apart from regular intra-regional support such as donations of COVID vaccines and PPEs, potential cooperation could be extended to developing regional vaccination certificates, and joint research on “booster shots” in face of new SARS-CoV-2 variants. Besides, the CAREC economies may consider rolling out more incentives to get larger population vaccinated, given the fact that a relatively low vaccination rate is being observed in the region at present. Globally, and also in the CAREC region, resistance by parts of the population against vaccination has become more obvious and vocal. Governments need to intensify campaigns to counter fears of side effects and to explain the relative health benefit of being vaccinated compared to being not vaccinated. They must emphasize the need of collective solidarity for overcoming the health threats due to COVID-19, and the corresponding social and economic hardship.

CAREC governments' cooperation initiatives

China asks members of Shanghai Cooperation Organization to help Afghanistan

Date: 2021-9-18

China has called on members of the Shanghai Cooperation Organization (SCO) to help Afghanistan move smoothly through the transition phase. Chinese President Xi Jinping told the SCO summit that its members should help Afghanistan build an inclusive political structure. Meanwhile, Uzbek President Shaukat Mirziyoyev also called for the release of Afghanistan's \$ 10 billion reserves. ...The meeting of the leaders of the Shanghai Cooperation Organization was held today, Friday, in Dushanbe, the capital of Tajikistan, without the presence of the representative of Afghanistan.

MORE: <https://wadsam.com/afghan-business-news/china-asks-members-of-shanghai-cooperation-organization-to-help-afghanistan/>

Source: Wadsam

Qingdao Tourism Association inks MoU with Punjab, Sindh

Date: 2021-9-17

The Qingdao Tourism Association and the provinces of Punjab and Sindh have signed a memorandum of understanding (MoU) for establishing cooperation mechanisms among SCO tourism cities. The signing ceremony of the initiative on establishing cooperation mechanisms among SCO tourism cities took place online. Representatives from Sindh Tourism Development Corporation, Tourism Development Corporation of Punjab, and Qingdao Tourism Association signed the document.

MORE: <https://nation.com.pk/17-Sep-2021/qingdao-tourism-association-inks-mou-with-punjab-sindh>

Source: The Nation

Pak-Tajikistan to sign transit trade agreement soon: Razak

Date: 2021-9-14

Advisor to Prime Minister on Commerce and Investment, Abdul Razak Dawood on Monday said transit trade agreement between Pakistan and Tajikistan would be signed soon. Increasing transit trade between the two countries would be a new beginning for the region's bilateral economic and trade ties, as well as facilitating contacts with other countries, said a news release issued here.

MORE: <https://nation.com.pk/14-Sep-2021/pak-tajikistan-to-sign-transit-trade-agreement-soon-razak>

Source: The Nation

Baku hosts 17th meeting of Azerbaijan-Kazakhstan Intergovernmental Commission

Date: 2021-9-9

The 17th meeting of the Joint Intergovernmental Commission on trade and economic cooperation between the Republic of Azerbaijan and the Republic of Kazakhstan was held on September 9. The delegations headed by co-chairs of the Intergovernmental Commission, Minister of Energy of Azerbaijan Parviz Shahbazov and Minister of Trade and Integration of Kazakhstan Bakhyt Sultanov attended the meeting. ...At the end of meeting, a protocol was signed on the outcomes of the 17th meeting of the Joint Intergovernmental Commission on Trade and Economic Cooperation between the Republic of Azerbaijan and the Republic of Kazakhstan. The document was signed by the Co-Chairs of the Joint Intergovernmental Commission - Azerbaijani Energy Minister Parviz Shahbazov and Kazakh Trade and Integration Minister Bakhyt Sultanov. The sides agreed to hold the 18th meeting of the Commission in Nur-Sultan in 2022.

MORE: https://azertag.az/en/xeber/Baku_hosts_17th_meeting_of_Azerbaijan_Kazakhstan_Intergovernmental_Commission-1872433

Source: Azertag

China to provide emergency aid of 200m yuan, including food, 3 million vaccines to Afghanistan

Date: 2021-9-8

China and all other five Afghanistan's neighboring countries will work together in handling new challenges caused by the US' hasty pullout from Afghanistan and the latest situation in the country, with China

announcing an emergency humanitarian aid including foods, medicines and COVID-19 vaccines on Wednesday after the Afghan Taliban on Tuesday announced key members of its new interim government. Chinese State Councilor and Foreign Minister Wang Yi attended the Foreign Ministers' Meeting on the Afghan issue among the Neighboring Countries of Afghanistan on Wednesday, where he said the future of Afghanistan is still full of uncertainties as the government established by the Taliban is "interim." ...Wang announced that China will provide 3 million doses of COVID-19 vaccine to Afghanistan, as well as emergency humanitarian aid worth 200 million yuan (\$31 million) including food, medicines and other materials for winter.

MORE: <https://www.globaltimes.cn/page/202109/1233754.shtml>

Source: Global Times

Uzbekistan, Georgia plan to encourage cooperation between businesspeople

Date: 2021-9-7

Ambassador of Uzbekistan Bakhrom Ashrafkhanov has met with the Minister of Economy and Sustainable Development of Georgia Natela Turnava. The parties expressed satisfaction with the dynamics of the development of mutually beneficial cooperation between the two countries. In this context, it was noted that in January-July this year, the growth of bilateral trade exceeded 28 percent. The parties agreed to carry out measures aimed at enhancing interstate relations. Within the framework of this activity, it is planned to take steps to promote interregional cooperation, use the opportunities of exhibitions and fairs, as well as encourage cooperation between businesspeople of the two countries.

MORE: https://uza.uz/en/posts/uzbekistan-georgia-plan-to-encourage-cooperation-between-businesspeople_299434

Source: UzA

First European Union - Central Asia Economic Forum to be held on November 5

Date: 2021-9-2

The Minister of Foreign Affairs of the Kyrgyz Republic Ruslan Kazakbaev had a telephone conversation with the European Union's Special Representative for Central Asia Terhi Hakala. The Information Department of the Ministry of Foreign Affairs of Kyrgyzstan reports. ...The parties discussed issues related to bilateral high-level visits this year, as well as joint preparations for the first European Union — Central Asia Economic Forum, which is to be held on November 5, 2021 in Bishkek.

MORE: https://24.kg/english/205875_First_European_Union-Central_Asia_Economic_Forum_to_be_held_on_November_5/

Source: 24.kg

Kazakhstan and Kyrgyzstan to create industrial hubs at border

Date: 2021-8-20

The Minister of Trade and Integration of Kazakhstan Bakhyt Sultanov and the Deputy Chairman of the Cabinet of Ministers — Minister of Economy and Finance of Kyrgyzstan signed a Concept for creation and operation of joint industrial trade and logistics complexes at the border between the countries. ...The most favorable conditions will be created on the territory of the centers for local and foreign business, development of joint ventures through the provision of preferences.

MORE: https://24.kg/english/204651_Kazakhstan_and_Kyrgyzstan_to_create_industrial_hubs_at_border/

Source: 24.kg

Consultative meeting of the heads of states of Central Asia held in Turkmenistan

Date: 2021-8-9

...The presidents of Central Asian states arrived in Turkmenistan to participate this conference in the framework of which a number of parallel events of economic and cultural scope were held, including the Economic Forum of the Central Asian states, International Exhibition of the Products of Central Asian countries, Women's Dialogue of the States of Central Asia, as well as the International Festival of the National Cuisines of the region's countries. ...The parties considered the key aspects of developing political, trade-economic and cultural-humanitarian collaboration between the countries of the region. A constructive exchange of views on the issues of regional stability was held. The presidents discussed the

pressing issues of regional cooperation, exchanged opinions on current topics of international development. They also agreed to accelerate the external policy cooperation, including through the regular five-sided meetings between the MFAs of the regions' countries.

MORE: <http://global.chinadaily.com.cn/a/202108/09/WS61108ca9a310efa1bd6678d8.html>

Source: China Daily

Central Asian states develop partnership in transport and trade

Date: 2021-8-6

Speaking at the briefing for media representatives on the outcomes of the summit, Deputy Prime Minister, Minister of Foreign Affairs of Turkmenistan Rashid Meredov emphasized that during the third Consultative meeting held in the Avaza National Tourist Zone, the heads of the Central Asia states had agreed to develop partnerships in the spheres of transport and trade.

MORE: <https://turkmenistan.gov.tm/en/post/56233/central-asian-states-develop-partnership-transport-and-trade>

Source: Turkmenistan: Golden Age

Turkmenistan and Tajikistan supported the international initiatives of each other

Date: 2021-8-5

Presidents of Turkmenistan and Tajikistan supported the international initiatives of each other that were fixed in the Joint statement of heads of the states following the results of negotiations in Ashkhabad. Berdimuhamedov expressed support to the initiative of the Tajik leader on the declaration of 2025 as International year of preservation of glaciers and establishment of the special International fund for protection of glaciers. And Rahmon supported the initiative of the president of Turkmenistan on development of the Strategy of the United Nations aimed at realisation of measures on development of low carbon energy and also creation of the international "Road map" on development of hydrogen as one of the priority areas in energy under the aegis of the United Nations.

MORE: <https://orient.tm/en/post/33856/turkmenistan-and-tajikistan-supported-international-initiatives-each-other>

Source: Orient Information Agency

Pakistan, Uzbekistan vow to boost bilateral trade, investment ties

Date: 2021-7-15

The sixth meeting of the Uzbek-Pakistani Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation (hereinafter - IGC) was held in Tashkent on July 14, 2021. ...It was agreed to develop interbank cooperation to create favorable conditions for the further development of trade. It was agreed to finalize bilateral Preferential Trade Agreement within 3 (three) months, which will become a legal impetus for further increase in trade turnover between Uzbekistan and Pakistan. Both countries agreed to organize Uzbek-Pakistani specialized exhibitions (Made in Uzbekistan/Made in Pakistan) in Tashkent and Islamabad to promote a wide range of export goods and to facilitate attraction of leading companies in pharmaceuticals, textile, leather, production of construction materials and agriculture industries and transport & logistics services of both countries.

MORE: <https://nation.com.pk/15-Jul-2021/pakistan-uzbekistan-vow-to-boost-bilateral-trade-investment-ties>

Source: The Nation

Kyrgyzstan and Azerbaijan to create joint investment fund

Date: 2021-7-5

Kyrgyzstan and Azerbaijan will create a joint investment fund. The Ministry of Foreign Affairs of the Kyrgyz Republic reports. The agreement was reached within the framework of the visit of the Foreign Affairs Minister Ruslan Kazakbaev to Baku. ...They agreed to complete the construction of a recreation park and

a secondary school in Bishkek at the expense of the grants from the government of Azerbaijan and to establish a trading house of Kyrgyzstan in Baku.

MORE: https://24.kg/english/199953_Kyrgyzstan_and_Azerbaijan_to_create_joint_investment_fund/

Source: 24.kg

Initiative for Belt and Road partnership on green development

Date: 2021-6-24

Jointly launched by Afghanistan, ...China, ...Kazakhstan, Kyrgyzstan, ...Pakistan, ...Tajikistan, Thailand, Turkmenistan, United Arab Emirates, Uzbekistan, and Viet Nam at the Asia and Pacific High-level Conference on Belt and Road Cooperation on June 23rd, 2021. 1. Recalling the 2030 Agenda for Sustainable Development, the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement adopted under the convention, we emphasize that there is but one Planet Earth and it is our shared responsibility to work towards ecological and environmental protection. All countries need to make concerted efforts to foster green, low-carbon and sustainable development. ...

MORE: https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1886388.shtml

Source: Ministry of Foreign Affairs, the PRC

Pakistan ready to allow Kyrgyzstan to use its ports

Date: 2021-6-21

...According to the press service of the Ministry of Foreign Affairs of the Kyrgyz Republic, the heads of the Foreign Affairs Ministries noted the need to increase the level of bilateral cooperation, hold regular inter-ministerial political consultations and organize an exchange of official visits. ...Noting Pakistan's readiness to assist in the use of seaports by Kyrgyzstan in Karachi and Gwadar, Mahmood Qureshi noted that it is necessary to activate the four-sided agreement Pakistan — China — Kyrgyzstan — Kazakhstan on transit transport.

MORE: https://24.kg/english/198294_Pakistan_ready_to_allow_Kyrgyzstan_to_use_its_ports/

Source: 24.kg

Central Asian countries to create unified higher education zone

Date: 2021-6-21

The ministries of education of the Central Asian countries, including Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan, have agreed to create a unified higher education area in the region that would entail an exchange of knowledge, students and academic staff between their higher education institutions, reported the press service of Kazakh Ministry of Education and Science on June 18. ...The Turkistan declaration, which forms an agreement in the sphere of higher education was signed by the representatives of the Central Asian states.

MORE: <https://astanatimes.com/2021/06/central-asian-countries-to-create-unified-higher-education-zone/>

Source: The Astana Times

Bokhtar hosts Uzbekistan – Tajikistan Interregional Investment Forum

Date: 2021-6-9

The first Uzbekistan – Tajikistan Interregional Investment Forum was held in the city of Bokhtar on June 9, on the eve of the official visit of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Republic of Tajikistan. ...It was announced that Uzbekistan – Tajikistan Investment Fund was created with an authorized capital of \$50 million to support and promote the implementation of promising joint projects in various sectors of the economy. ...Following the forum, a Cooperation Agreement was signed between the Export Agency under the Government of the Republic of Tajikistan and the Export Promotion Agency under the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan.

MORE: https://uza.uz/en/posts/bokhtar-hosts-uzbekistan-tajikistan-interregional-investment-forum_274840

Source: Uza

Chinese companies to invest \$15b in Pakistan's petrochemicals

Date: 2021-9-20

Federal Secretary, Board of Investment (BOI), Fareena Mazhar on Sunday said Chinese companies were ready to invest \$15 billion in Pakistan's petrochemicals sector. Under the said project, Chinese companies would invest in the petrochemical sector in Gwadar, including the project of energy pipeline from Gwadar to China, she told APP. ...It was hoped that in the future, Chinese companies would bring investment in Pakistan in the fields of energy, agriculture, tourism and others.

MORE: <https://nation.com.pk/20-Sep-2021/chinese-companies-to-invest-dollar-15b-in-pakistan-s-petrochemicals>

Source: The Nation

Vitol and SOCAR signed an agreement for the supply of Turkmen oil

Date: 2021-9-12

International trading firm Vitol and Azerbaijan's state-owned company SOCAR have agreed to transport about 1 million tons of Turkmen oil per year via the Baku-Tbilisi-Ceyhan (BTC) pipeline. The beginning of the implementation of the agreement is scheduled for early October this year.

MORE: <https://turkmenistan.gov.tm/en/post/57025/vitol-and-socar-signed-agreement-supply-turkmen-oil>

Source: Turkmenistan: Golden Age

China-Mongolia border port sees cargo volume rise

Date: 2021-8-6

The border port of Erenhot in north China's Inner Mongolia Autonomous Region has seen its import and export cargo volumes exceed 10 million tonnes for five consecutive years, according to China Railway Hohhot Bureau Group Co. Ltd. As of Wednesday, the cargo volumes this year had reached 10.02 million tonnes, up 2.8 percent year on year, while 1,497 China-Europe freight trains had passed through the port since the beginning of the year, an increase of 20.5 percent year on year. The Erenhot Port is the largest land port on the China-Mongolia border, serving 51 China-Europe freight train routes.

MORE: http://www.xinhuanet.com/english/2021-08/06/c_1310111801.htm

Source: Xinhua

ADY Express increases volume of cargo transportation through Baku-Tbilisi-Kars railway

Date: 2021-7-23

ADY Express LLC, a subsidiary of Azerbaijan Railways, has carried out a record number of cargo shipments on the Baku-Tbilisi-Kars railway this year. Since the beginning of 2021, the company has transported a total of 108,534 tons of cargo in 1,767 wagons via BTK, which is the highest figure since the road was put into operation. For comparison, in 2020, ADY Express transported a total of 50,000 tons of cargo via BTK. ...Since the commissioning of the Baku-Tbilisi-Kars railway in September 2017, ADY Express LLC has managed to transport 185,319 tons of cargo in 3,138 wagons.

MORE: https://azertag.az/en/xeber/ADY_Express_increases_volume_of_cargo_transportation_through_Baku_Tbilisi_Kars_railway-1836669

Source: Azertag

New cargo train service launched between China, Tajikistan

Date: 2021-7-5

A new cargo train service was launched Monday between east China's Shandong Province and Tajikistan, a member country of the Shanghai Cooperation Organization (SCO). A train carrying 100 Twenty-foot Equivalent Units left the intermodal transportation center of the demonstration zone for China-SCO local economic and trade cooperation in the city of Qingdao for Dushanbe at 9:10 a.m., marking the inauguration of the service. The train, loaded with machinery and construction materials worth 1.66 million U.S. dollars, is expected to arrive at Dushanbe in about 15 days.

MORE: http://www.xinhuanet.com/english/2021-07/05/c_1310044133.htm

Source: Xinhua

MIFT: China holds first place in Uzbekistan's foreign trade turnover

Date: 2021-9-9

The Ministry of Investments and Foreign Trade hosted the 7th meeting of Uzbekistan – China Subcommittee on Trade and Economic Cooperation via videoconference. ...In January-July 2021, Uzbekistan's foreign trade turnover amounted to \$21.6 billion, in which China holds first place - \$4 billion (18.7% of the total). Compared to the corresponding period of 2020, trade with China increased by 16.9%, or \$581.2 million. China is at the same time the largest export market for Uzbekistan. In January-July this year, exports of goods and services to China showed an increase in comparison with the same period in 2020 by \$287.6 million (+28.6%) and amounted to \$1.3 billion, or 15.9% of the total volume export of Uzbekistan.

MORE: https://uza.uz/en/posts/mift-china-holds-first-place-in-uzbekistans-foreign-trade-turnover_300273

Source: Uza

Turkmenistan is China's largest partner in the gas industry

Date: 2021-9-1

According to Chinese customs statistics, in June 2021, the country imported the maximum volume of pipeline natural gas in history - 4.714 billion cubic meters. m or 157 million cubic meters. m per day. ...For more than 11 years, the export of Turkmen natural gas to the PRC has exceeded 300 billion cubic meters. m. Turkmen gas occupies more than 10% of the consumer market of the PRC. ...According to the head of state, in the future, the volume of natural gas exported to China will reach 100 billion cubic meters. m.

MORE: <https://turkmenistan.gov.tm/en/post/56776/turkmenistan-chinas-largest-partner-gas-industry>

Source: Turkmenistan: Golden Age

Pakistan's exports to China likely to reach \$3b at end of this year: Ambassador Haque

Date: 2021-8-13

Pakistan has registered over 80 percent increase in its exports to China in the first six months of 2021 and keeping in view the momentum, the country is all set to achieve historic milestone of \$3 billion at the end of this year, Pakistan Ambassador to China, Moin ul Haq said on Thursday. "The bilateral trade between Pakistan and China has registered 80 percent increase in the first half of this year as compared to same period of the last year," he told APP. He said that the phase two of China-Pakistan Free Trade Agreement was launched last year and its positive results were there.

MORE: <https://nation.com.pk/13-Aug-2021/pakistan-s-exports-to-china-likely-to-reach-dollar-3b-at-end-of-this-year-ambassador-haque>

Source: The Nation

Trade between Kazakhstan and Central Asian countries grows 35% since 2020

Date: 2021-7-28

Trade between Kazakhstan and Central Asian countries grew by 35 percent over the year, according to the report of the Kazakh Bureau of National statistics for January-May 2021. ...Kazakhstan's trade with other Central Asian states reached \$2.3 billion for the first half of the year, which represents a 34.7 percent increase from the same period of last year. ...Uzbekistan is the leading trading partner of Kazakhstan with \$1.5 billion total revenue and an average 46-percent annual increase. The share of Uzbekistan in the total Kazakh trade turnover amounted to 4.1 percent. Tajikistan is the second-biggest trading partner with \$426.1 million revenue and 22.9-percent annual growth, while Kyrgyzstan is in the top-three with \$328.7 million and 8.2 percent. Notably, trade between Kazakhstan and Turkmenistan reached \$74.6 million constituting a drastic growth of 49 percent since 2020.

MORE: <https://astanatimes.com/2021/07/trade-between-kazakhstan-and-central-asian-countries-has-grown-by-35-since-2020/>

Source: The Astana Times

Note: Text as in the original, shortened by the authors.



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