



CAREC Institute

Quarterly Economic Monitor

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This ninth issue of the CAREC Institute Quarterly Economic Monitor is co-authored by Hans Holzhacker, Chief Economist at the CAREC Institute, Shiliang Lu, Research Specialist at the CAREC Institute, and Lihong Chen, Senior Economic Specialist at the CAREC Institute.

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Abbreviations

ADB	Asian Development Bank
BoP	Balance of Payment
CAREC	Central Asia Regional Economic Cooperation
CIF	Cost Insurance and Freight
COVID-19	Coronavirus disease 2019
CPI	Consumer Price Index
FOB	Free on Board
GDP	Gross Domestic Product
H1	First Half (financial or calendar year)
H2	Second Half (financial or calendar year)
ICBC	Industrial and Commercial Bank of China
IFIs	International Financial Institutions
IMF	International Monetary Fund
IMF EFF	International Monetary Fund Extended Fund Facility
PRC	People's Republic of China
Q1	First quarter
Q2	Second quarter
Q3	Third quarter
Q4	Fourth quarter
SBP	State Bank of Pakistan
SLA	Staff Level Agreement
S&P	Standard & Poor's
WB	World Bank
w.e.f	with effect from
yoy	year-on-year

CAREC GROWTH EVEN HIGHER THAN IN PRE-PANDEMIC YEARS BUT RATHER CONSUMPTION- AND GOVERNMENT DRIVEN; INVESTMENT STILL HESITANT

This Quarterly Economic Monitor discusses GDP, industrial production, and consumption growth in the CAREC region, along with foreign trade, inflation, monetary policy developments, and credit growth - as usual. It once again shows that the performance of the CAREC economies has been generally quite resilient against the multitude of shocks faced since 2020. Growth was even higher in 2022 than in the years before the pandemic and higher than forecast by most International Development Organizations. However, the Monitor also concludes that growth is still mostly consumption- and government-driven, whereas investment has remained relatively hesitant. Services have performed well, not least thanks to trade, and agriculture strongly recovered; the picture is more mixed for manufacturing and especially mining. While mining countries strongly profited from high export prices for mining products, constant price value added generally stagnated or strongly fluctuated.

The circumstances for the CAREC economies and their performance have become more divergent and so have their economic policies. The polarization between foreign trade surplus and foreign trade deficit countries has continued to widen, with some consequences for exchange rates. Inflation has begun to ease in most CAREC economies but is still accelerating in others. As a result, some CAREC central banks eased monetary policy while others further tightened. External and public debt indicators have generally improved compared to the year 2020 thanks to higher economic activity but have remained elevated in some of the CAREC countries. At the same time, foreign exchange reserves as measured in months of imports of goods and services generally fell, and in case of Pakistan substantially below the 3-months import cover. In some other CAREC countries foreign exchange reserves are also slightly below or only slightly above this benchmark now and need to be watched by the authorities, and by lenders and investors.

The Monitor also gives an overview over country rating actions for the CAREC economies since 2020. Rating outlooks were generally upgraded in early 2023 after several negative outlooks in 2022. However, a number of CAREC countries remain in the high-risk area. To make rating agencies, and especially investors and lenders more assured, CAREC countries must continue to work on optimizing their economic and structural policies and further improve the business and investment climate.

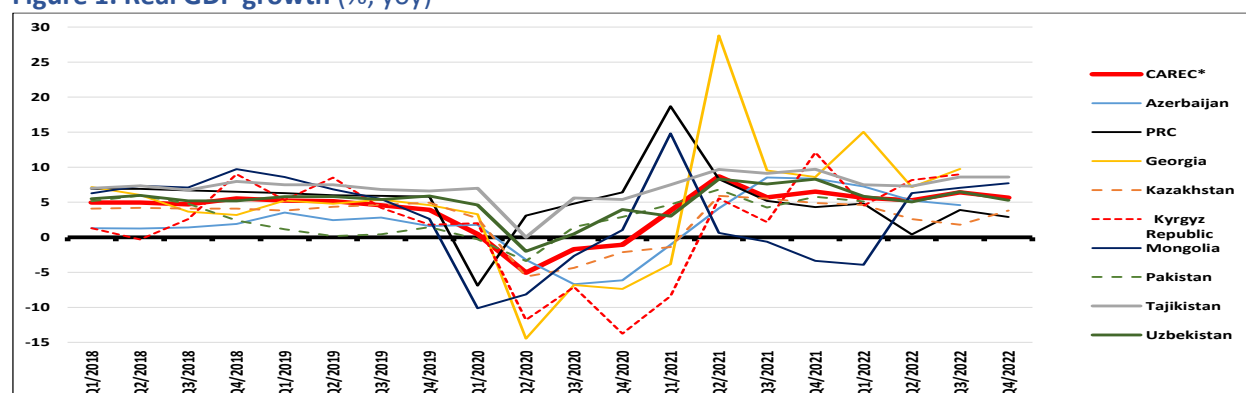
The year 2022 was still impacted by bouncing back from the COVID-19 pandemic, even though less so than 2021. The acceleration of global economic growth as some supply and logistic constraints remained led to a surge in inflation, resulting together with elevated commodity prices related to the partial blockade of Ukrainian harbors and sanctioned Russian energy exports to the current global high interest-rate environment. This in turn led to losses in the global banking system, causing serious difficulties for some banks, and more restrictive credit policies in others, including for lending to emerging market economies. The uncertainties are unlikely to disappear also in the year 2023. The CAREC economies have attempted - and must continue to do so - to mitigate risks by diversifying supply-chains both on the import- and on the export side and making them more resilient. To some degree the CAREC economies profit from the relocation of companies from Russia and from rerouted trade flows. However, crucial for preserving the growth momentum, achieved in 2022, also for 2023 and beyond, is to attract more domestic and foreign investment, especially from the private sector.

Growth generally slowed somewhat in 2022 compared to 2021, but still exceeded pre-pandemic growth rates in most CAREC economies.

The year 2022 saw some slowdown in real GDP growth compared to 2021, but growth was generally significantly higher than forecast. Average CAREC real GDP growth reached 5.8% yoy in 2022, slightly down from 6.2% yoy in 2021 (Figure 1, Table 1; the table shows the average without Afghanistan to keep

growth rates comparable despite missing data for Afghanistan in for 2022 and 2023). CAREC economies with higher growth rates in 2022 than in 2021 were the Kyrgyz Republic, Mongolia, and Pakistan; growth in Turkmenistan was unchanged; the other CAREC economies grew somewhat less in 2022 than in 2021. The PRC's growth rate decelerated from 8.4% yoy in 2021 to 3.0% yoy in 2022, mainly impacted by the PRC's zero-COVID-policy, which was relaxed only by end-2022. With exception of the PRC and Pakistan, actual 2022 growth rates were higher than what International Financial Institutions (IFIs) such as the ADB, IMF, and WB had forecast (Table 1).

Figure 1. Real GDP growth (% , yoy)



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

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

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

Table 1. Real GDP growth (% , yoy)

	Average growth		2020	2021	2022	2022F	2023F	2022F			2023F		
	2010-2014	2015-2019				Average ADB, IMF and WB		ADB	IMF	WB	ADB	IMF	WB
Afghanistan	6.2	1.9	3.9	-2.4									
Azerbaijan	1.8	0.8	-4.2	5.6	4.6	4.0	2.7	4.2	3.7	4.2	2.8	2.5	2.8
PRC	8.6	6.7	2.2	8.4	3.0	3.3	4.4	3.3	3.2	2.7	4.5	4.4	4.3
Georgia	5.4	4.0	-6.8	10.4	10.1	8.7	4.7	7.0	9.0	10.0	6.0	4.0	4.0
Kazakhstan	5.8	2.5	-2.5	4.0	3.2	2.8	3.9	3.0	2.5	3.0	3.7	4.4	3.5
Kyrgyz Republic	4.0	4.2	-8.4	3.6	7.0	4.1	3.4	3.0	3.8	5.5	3.5	3.2	3.5
Mongolia	10.4	3.9	-4.6	1.4	4.5	2.7	5.1	1.7	2.5	4.0	4.9	5.0	5.3
Pakistan*	3.2	3.8	-1.0	5.7	6.0	6.0	3.0	6.0	6.0	6.0	3.5	3.5	2.0
Tajikistan	7.1	6.9	4.5	9.2	8.0	5.5	4.7	4.0	5.5	7.0	5.0	4.0	5.0
Turkmenistan	11.0	6.3	5.9	6.2	6.2	3.5	4.1	5.8	1.2		5.8	2.3	
Uzbekistan	7.4	5.8	1.9	7.4	5.7	5.0	4.9	4.0	5.2	5.7	5.0	4.7	4.9
CAREC average (without AFG)	6.5	4.5	-1.3	6.2	5.8	4.5	4.1	4.2	4.3	5.3	4.5	3.8	3.9

*The column labeled 2020 refers to FY2019/20, 2021 refers to FY2020/21, and 2022 refers to FY2021/22.

Note: Green figures indicate an acceleration, red figures a deceleration compared to 2015-19.

Sources: CEIC, national statistical offices, ADB (September 2022 forecast), IMF (October 2022 forecast), WB (January 2023 forecast), authors' calculations based on data from national statistical agencies and news.

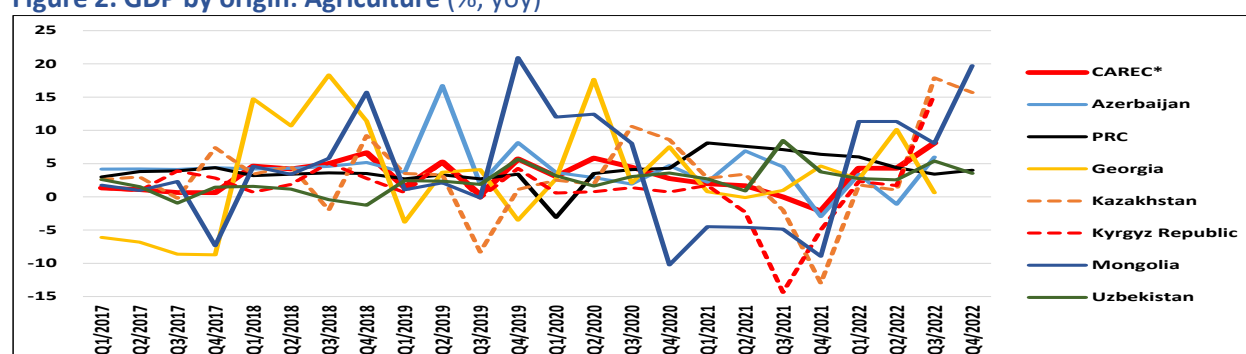
Growth was also higher in 2022 than in the pre-pandemic period of 2015-19 in most of the CAREC region. Growth was significantly lower only in the PRC; in Turkmenistan and Uzbekistan growth rates were almost unchanged; the other CAREC economies grew faster. Particularly impressive was the acceleration in

Azerbaijan from an average rate of 0.8% yoy between 2015-19 to 4.6% yoy in 2022, and in Georgia from 4.0% yoy to 10.1% yoy (Table 1). Azerbaijan, Georgia, the Kyrgyz Republic, Tajikistan, and Uzbekistan recorded also higher growth rates than in the immediate pre-pandemic years of 2018-19. The relatively fast growth was made possible by a combination of high commodity prices, which benefited the income of net-commodity exporters, strong growth in the export of services such as tourism and transportation, a post-pandemic recovery in real wages despite high inflation, strong remittances/transfer inflows, and in some countries also substantial growth of consumer loans. For 2023, the forecasts of the IFIs point to growth rates still above 2015-19 for Azerbaijan, Kazakhstan, and Mongolia, which suffered from low oil and copper prices in 2015-17, and for Georgia. Growth in the other CAREC economies in 2023 is seen by the IFIs to remain below 2015-19 readings though.

GDP by origin: growth was mostly services-driven; agriculture was up too; mining and manufacturing were more mixed.

Agriculture strongly bounced back in 2022. Value added¹ generation in agriculture returned to positive growth in all CAREC economies with data availability in 2022, after a mostly draught-related slump in Q3-Q4 2021 (Figure 2). On average in the CAREC region, constant price value added in agriculture rose by 4.3% yoy in Q1 and Q2 2022 and accelerated further to 8.1% in Q3. The year-on-year growth rates in agriculture for Kazakhstan and Uzbekistan began to decrease in Q4 2022, but that of Mongolia was up significantly to 19.7% in Q4, and of the PRC to 4.0% in Q4. Compared with the pre-pandemic years of 2018-19, growth was significantly higher in 2022 in Kazakhstan, the Kyrgyz Republic, Mongolia, and Uzbekistan. For all CAREC economies with data availability except for Mongolia constant price value added in agriculture was higher in 2022 than in 2019 (Figure 3).

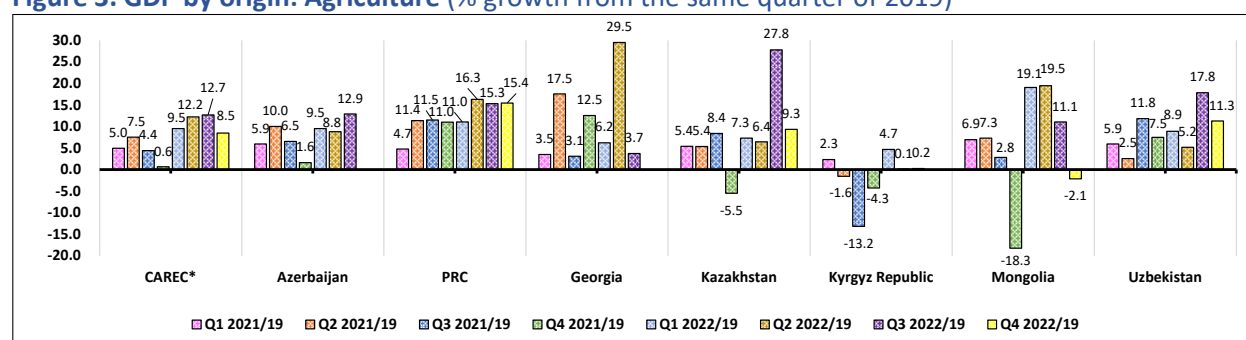
Figure 2. GDP by origin: Agriculture (% yoy)



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

Source: CEIC, authors' calculations.

Figure 3. GDP by origin: Agriculture (% growth from the same quarter of 2019)



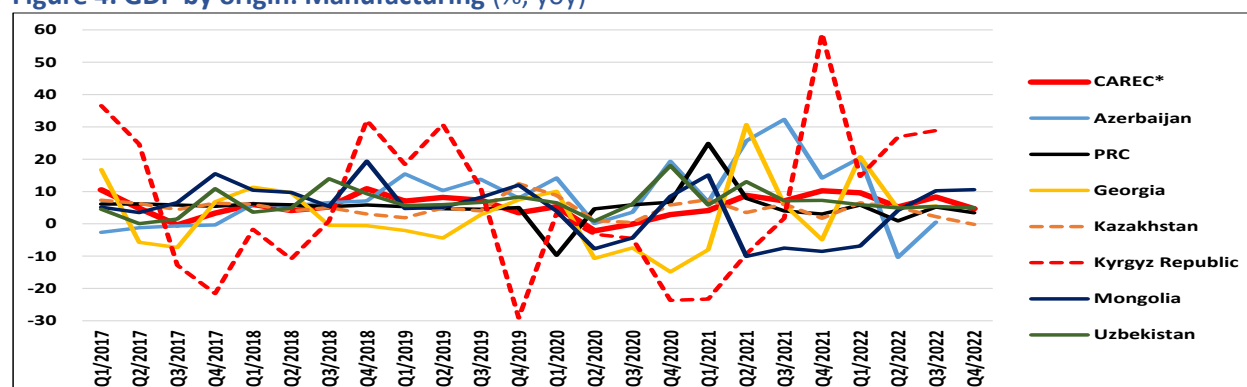
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

¹ The Monitor analyses here components of real GDP. All components are looked at in national currency at constant prices.

Growth in manufacturing generally slowed in 2022 compared to 2021 and remained also mostly below 2018-19 readings. Except for the Kyrgyz Republic and Mongolia with a strong upswing in 2022 after a weak performance in most of 2021, growth in manufacturing value added at constant prices gradually decelerated from Q1 2022 on (Figure 4). Manufacturing grew faster in 2022 than on average in 2018-19 only in the Kyrgyz Republic and Georgia, in the other CAREC economies with data availability it was slower. However, for all CAREC economies with data availability, except for the Kyrgyz Republic and Mongolia, value added generation in manufacturing was higher in all quarters of 2022 than in the same quarters of 2019 (Figure 5).

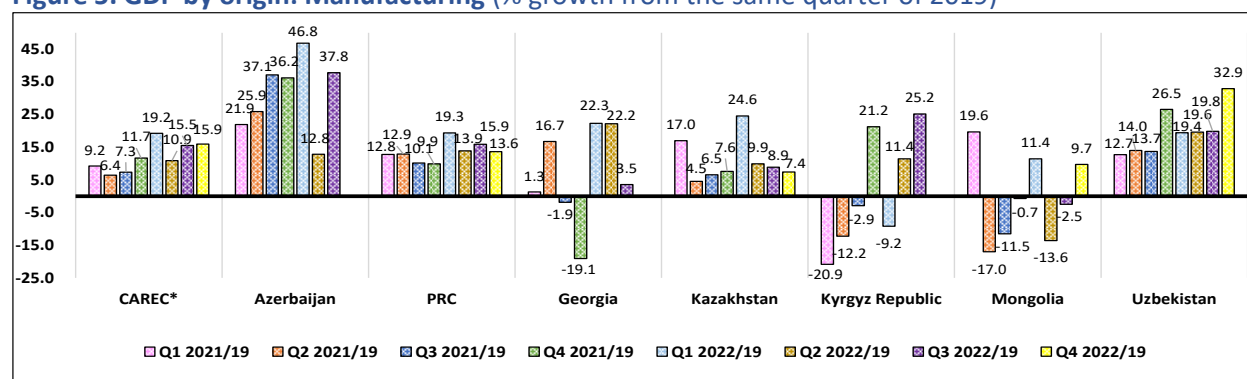
Figure 4. GDP by origin: Manufacturing (% yoy)



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

Source: CEIC, authors' calculations.

Figure 5. GDP by origin: Manufacturing (% growth from the same quarter of 2019)

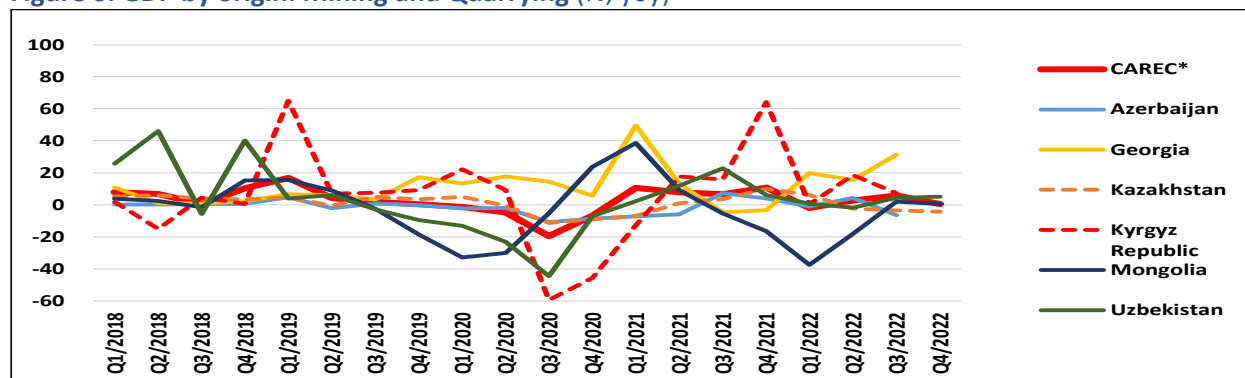


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Growth in value added at constant prices in mining accelerated during 2022; however, it was generally lower than in both 2021 and in 2018-19; in important mining countries value added remained below 2019 levels for most of 2022. Average CAREC growth in mining climbed to 5.8% yoy in Q3 2022 from minus 1.9% yoy in Q1 2022 (Figure 6). Mongolia recovered to positive mining growth in Q3 2022, reaching 2.0% yoy in Q3 and 0.4% yoy in Q4 2022 after a deep fall of 37.5% yoy in Q1 2022 owing to a surge in mining in Q1 2021. Mining growth in Azerbaijan was somewhat up and down in 2022, between +4.3% and -6.5% yoy, while the contraction of mining in Kazakhstan deepened from 2.3% yoy in Q2 2022 to 4.3% yoy in Q4. Except for Georgia, mining growth remained for all CAREC economies below 2018-19 readings in 2022. Latest available data show that constant price value added generation in Mongolia and Uzbekistan finally exceeded 2019 levels in Q4 2022 - however only marginally, whilst that in Kazakhstan was still below (Figure 7).

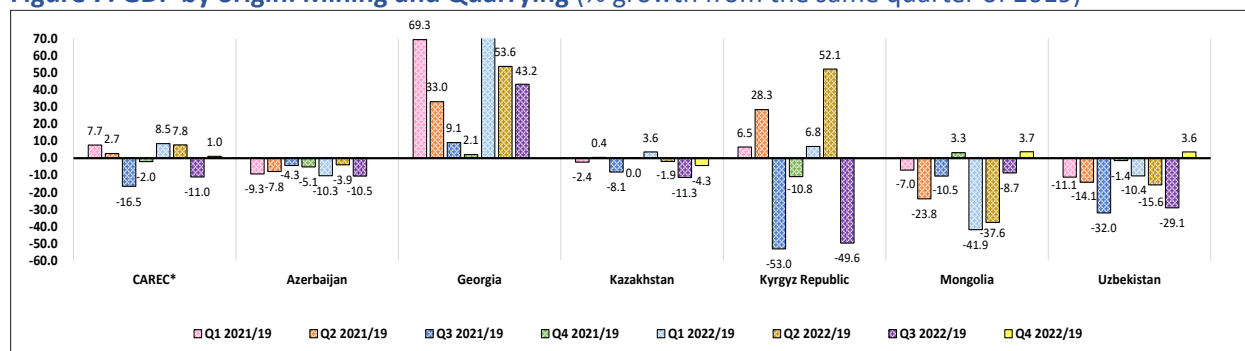
Figure 6. GDP by origin: Mining and Quarrying (% yoy)



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

Source: CEIC, authors' calculations.

Figure 7. GDP by origin: Mining and Quarrying (% growth from the same quarter of 2019)

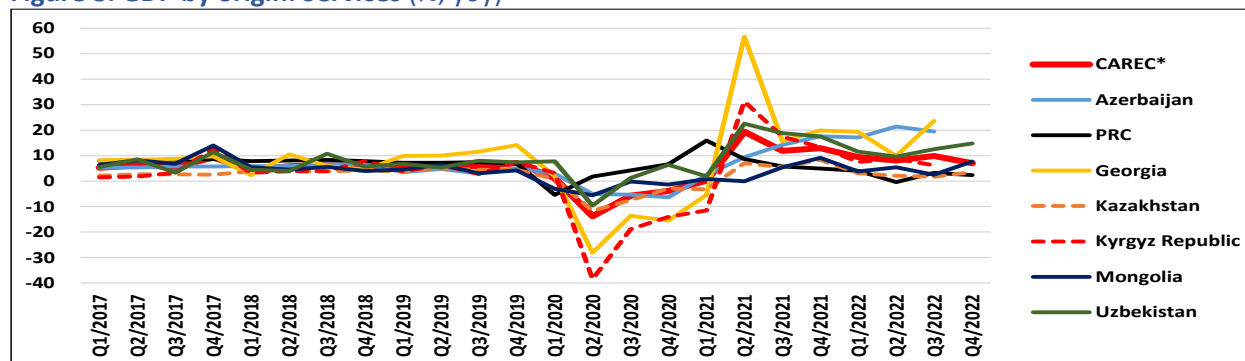


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Growth in services, by contrast, continued to be strong in most CAREC economies in 2022. Average CAREC growth in services was 9.9% yoy in Q3 2022 after 9.5% yoy in Q1 and 8.1% yoy in Q2. Growth eased to still impressive 7.0% yoy in Q4, with data unavailability yet for Azerbaijan, Georgia, and the Kyrgyz Republic, however (Figure 8). Except for the PRC and Kazakhstan, services growth was significantly higher in 2022 than in 2018-19 for the economies with data availability. Constant price value added generation in services exceeded 2019 levels in the PRC and in Uzbekistan in all quarters of 2022, in Azerbaijan and Georgia in the three quarters for which data are already available (Figure 9). Kazakhstan and Mongolia exceeded 2019 value added generation in services by Q4 2022 finally too.

Figure 8. GDP by origin: Services (% yoy)

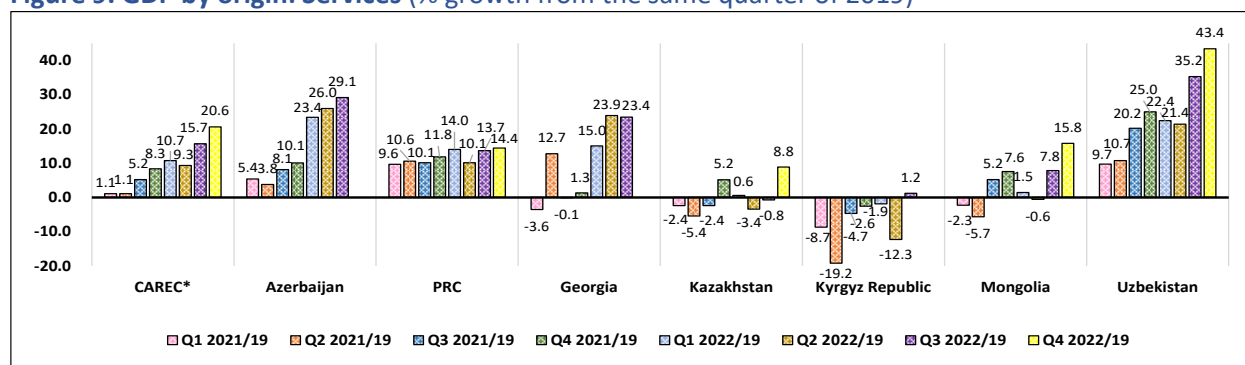


Note: Services here include wholesale and retail trade, repair of motor vehicles and motorcycles, transportation and storage, accommodation and food service activities, and information and communication.

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

Source: CEIC, authors' calculations.

Figure 9. GDP by origin: Services (% growth from the same quarter of 2019)



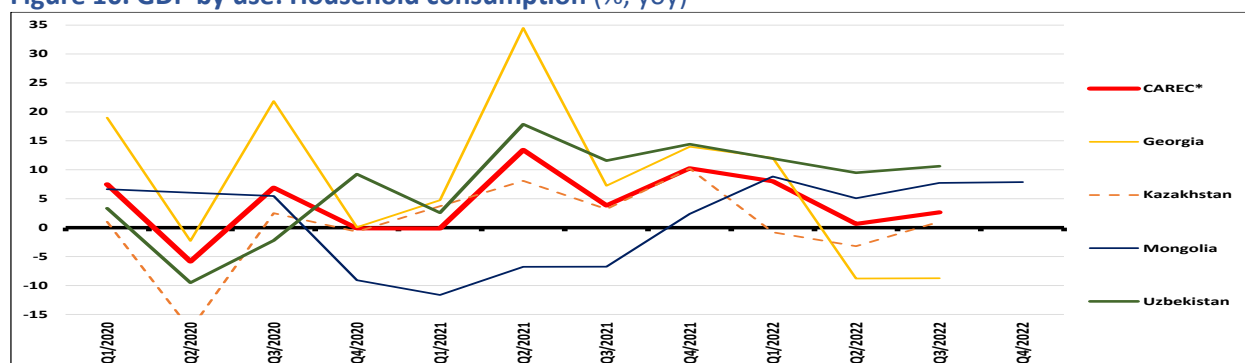
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Continued though less pronounced growth in household consumption; government spending moderated but is still above 2019 levels; investment remained rather hesitant.

Though less prominently than in 2021 and with large differences among countries, household consumption continued to recover in 2022, allowing all CAREC economies with data availability to exceed 2019 levels by late 2022. Average CAREC household consumption growth² eased to 8.0%, 0.6% and 2.7% yoy in Q1, Q2, Q3 2022, respectively, from partially double-digit readings in 2021 (Figure 10). Mongolia and Uzbekistan saw high household consumption growth to continue also in 2022, whereas Georgia's household consumption began to contract from Q2 2022 on, after very high growth rates since Q2 2021. In Kazakhstan, consumption growth fell to negative readings in Q1-Q2 2022, but slightly recovered to 1.0% yoy in Q3. Despite the volatility and the differences among economies, consumption levels were for all CAREC economies with data availability higher in Q1, Q2, Q3 2022 than in the same quarters of 2019, except for Kazakhstan; for Georgia and Uzbekistan significantly, for Mongolia more moderately (Figure 11).

Figure 10. GDP by use: Household consumption (% yoy)

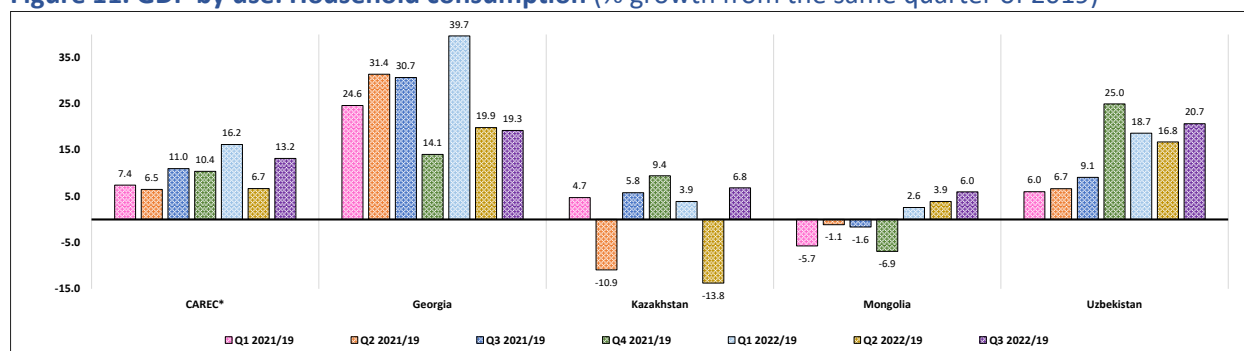


*Refers to the simple average of CAREC economies where data are available.

Source: National statistical office, authors' calculations.

² Based on data from only four countries though

Figure 11. GDP by use: Household consumption (% growth from the same quarter of 2019)

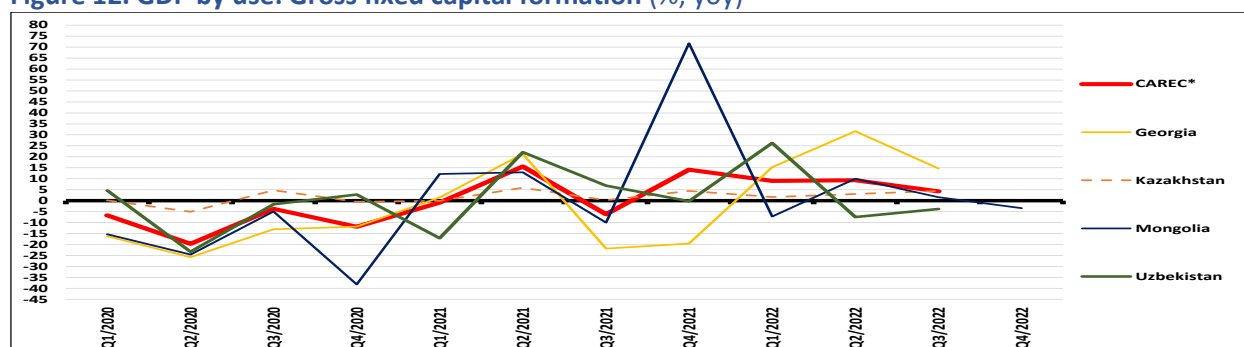


*Refers to the simple average of CAREC economies where data are available.

Source: National statistical office, authors' calculations.

Gross fixed capital formation differed substantially among countries but looks generally still relatively weak compared to 2019 levels. Average CAREC fixed capital formation – based on four countries' data only however - grew by 9.0%, 9.3% and 4.2% yoy in Q1, Q2, Q3 2022, respectively, after substantial up and down in 2021 (Figure 12). Significant volatility remained also in 2022. Investment growth was steadier in Kazakhstan but at rather moderate growth rates of between 1.6% and 4.4% yoy. In Mongolia, gross fixed capital formation contracted by 7.3% yoy in Q1 2022 after a record high rate of 71.7% yoy in Q4 2021. Uzbekistan's gross fixed capital formation was by 7.5% lower in Q2 2022 than a year earlier and by 3.8% in Q3, after high readings a year earlier and a 26.3% yoy increase in Q1 2022. Gross fixed capital formation was only in Kazakhstan higher in all three quarters of 2022 (no data for Q4 yet) than in the same quarters of 2019 (Figure 13). Gross fixed capital formation turned out below 2019 levels in Uzbekistan in Q2 2022, in Georgia in Q1 and Q3 2022, and in Mongolia throughout 2022.

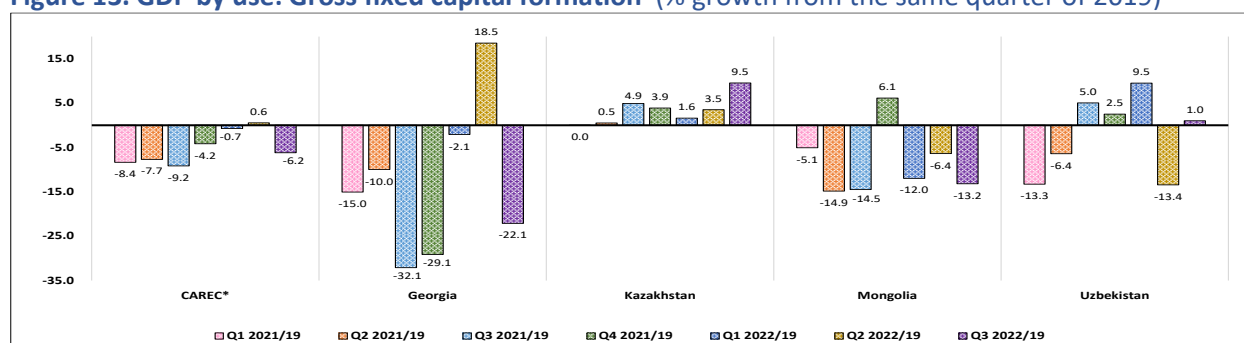
Figure 12. GDP by use: Gross fixed capital formation (% yoy)



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

Source: National statistical office, authors' calculations.

Figure 13. GDP by use: Gross fixed capital formation (% growth from the same quarter of 2019)

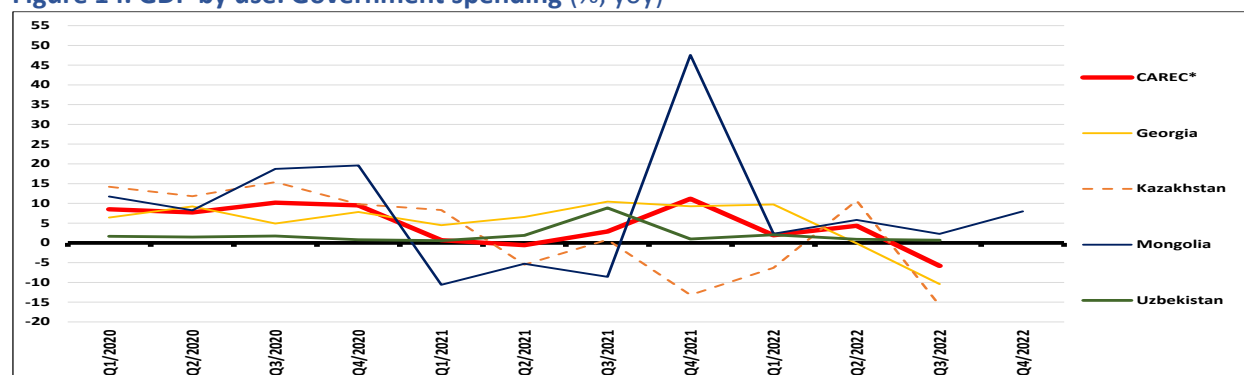


*Refers to the simple average of CAREC economies where data are available.

Source: National statistical office, authors' calculations.

Growth in government expenditures moderated in 2022 compared to 2021 and especially the pandemic-year of 2020, but remained elevated compared to 2019. Growth in constant price government spending fluctuated between 2.3% and 8.0% yoy in Mongolia in 2022, and between 0.7% and 2.0% yoy in Uzbekistan (Figure 14). In Georgia and Kazakhstan growth in government spending became strongly negative in Q3 2022 and contracted by 10.4% and 15.8% yoy, respectively. However, for all CAREC economies with data availability, except for Kazakhstan, government spending was still higher in Q3 2022 than in Q3 2019 (Figure 15).

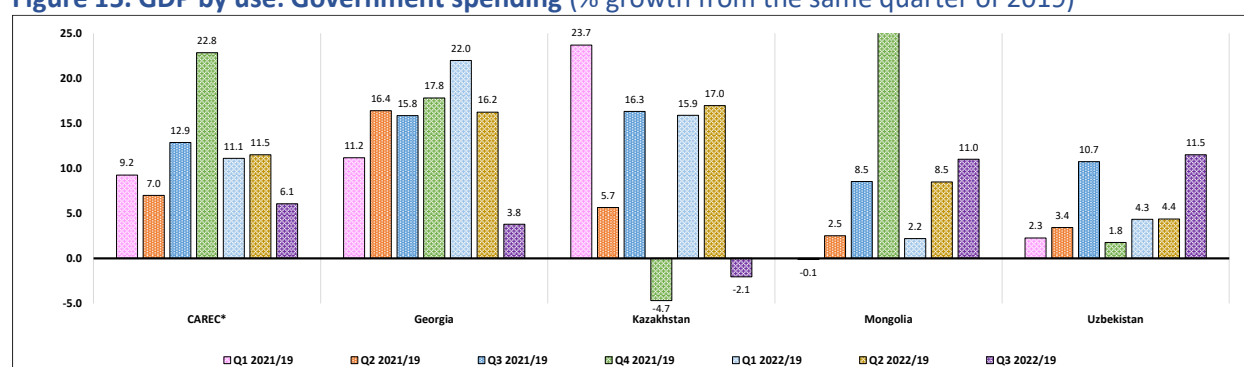
Figure 14. GDP by use: Government spending (% yoy)



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

Source: National statistical office, authors' calculations.

Figure 15. GDP by use: Government spending (% growth from the same quarter of 2019)



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

Source: National statistical office, authors' calculations.

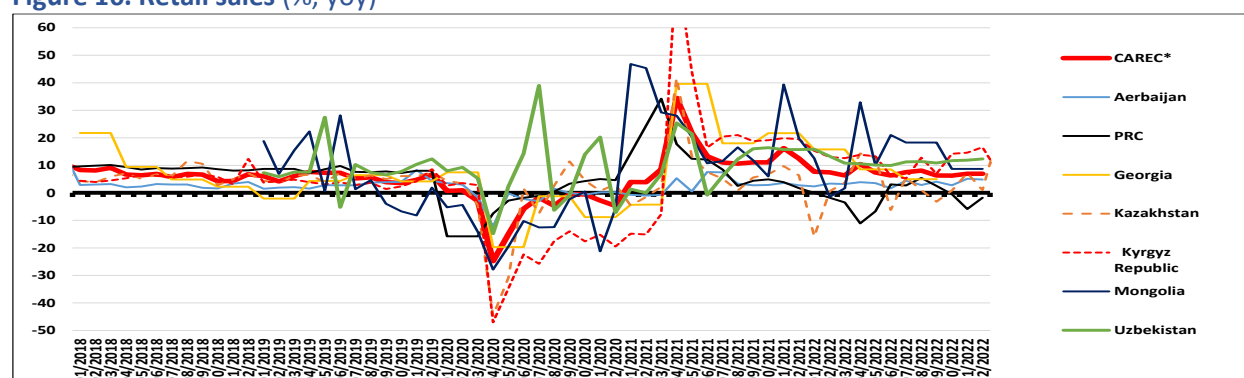
High frequency indicators: growth in retail sales slowed in 2022 from 2021 but was higher than in 2018-19; growth in industrial output was up as well but with substantial volatility.

Continued growth in consumption in 2022, although not as fast as in 2021, is confirmed by retail trade data. Growth in retail sales at constant prices averaged 7.3% yoy in 2022 in CAREC after 13.2% yoy in 2021 (Figure 16). Retail sales growth accelerated in Azerbaijan from 2.8% yoy on average in 2021 to 3.5% yoy in 2022 and in Uzbekistan from 11.4% yoy to 11.7% yoy. In the other CAREC economies it slowed, from partially very high readings though. In the PRC, retail sales growth turned slightly negative in 2022 from a strong 10% yoy growth in 2021.

The 7.3% yoy CAREC growth rate in 2022 compares with an average growth rate of 6.2% yoy in 2018-19, that is growth in 2022 was somewhat faster than in the two pre-pandemic years. This was achieved by higher growth rates in all CAREC economies in 2022 than in 2018-19, except for the PRC and Kazakhstan. The recovery in consumption was made possible by higher real wages and by an increase in remittances and other money transfers, especially in the countries with a high dependence on

remittances³. Constant price retail sales were substantially higher in most of 2022 in all CAREC economies than in 2019 (Figure 17).

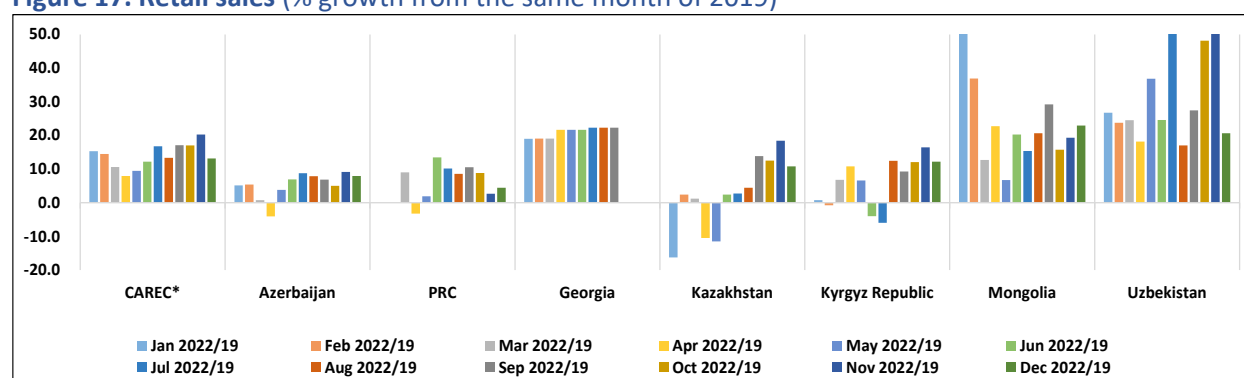
Figure 16. Retail sales (% yoy)



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

Source: CEIC, authors' calculations.

Figure 17. Retail sales (% growth from the same month of 2019)



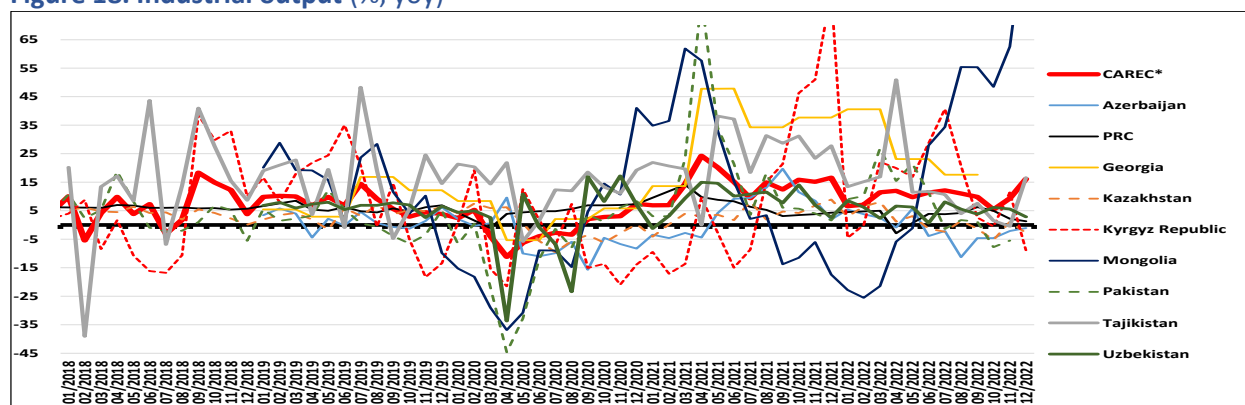
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Growth in industrial output continued to show large swings in many CAREC economies; it remained on average in CAREC below the one in 2021, but above the one in 2018-19. The large swings were at least in part due to volatility in mining output. Year-on-year growth averaged 10.2% yoy in 2022 in the CAREC region compared with 14.3% yoy in 2021 and 7.2% yoy in 2018-19 (Figure 18). All CAREC economies except Mongolia had lower growth rates in 2022 than in 2021. Georgia, the Kyrgyz Republic, Mongolia, and Pakistan had higher growth rates in 2022 than in 2018-19, the other CAREC economies lower ones. Most CAREC economies with data availability had higher industrial output levels by late 2022 than in late 2019 (Figure 19). Oil exporters Azerbaijan and to some extent Kazakhstan, and flood-hit Pakistan, showed less unambiguous figures, however.

³ The Quarterly Economic Monitor 7 provided data on real wages and money transfers.

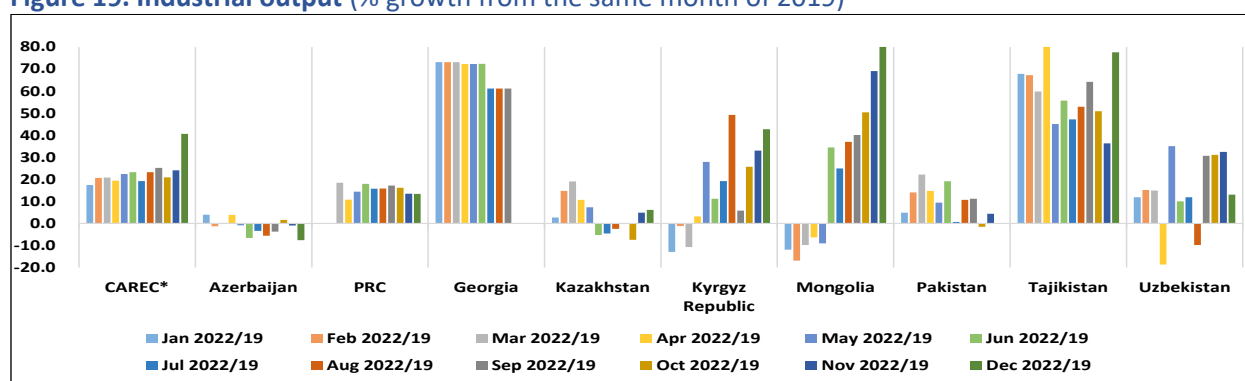
Figure 18. Industrial output (% yoy)



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

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

Figure 19. Industrial output (% growth from the same month of 2019)



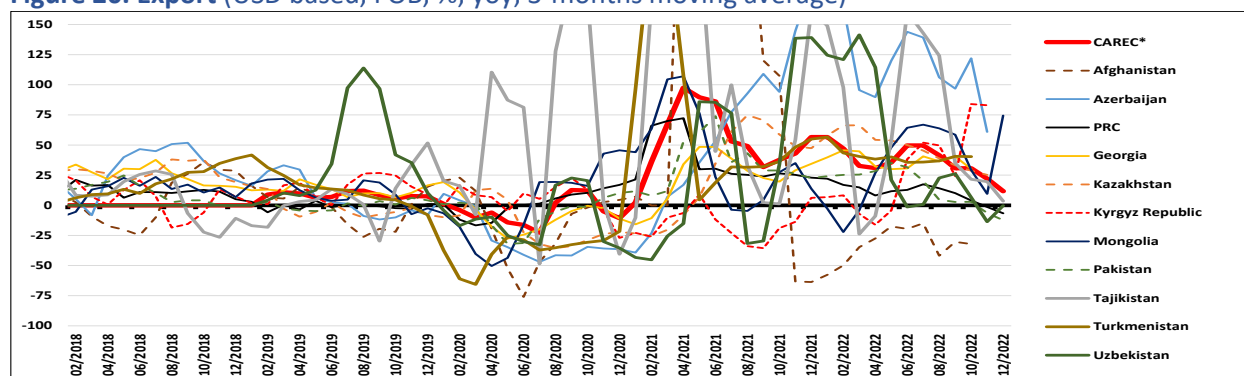
*Refers to the simple average of CAREC economies where data are available.

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

Foreign trade: growth rates were generally still high in 2022, but the polarization between CAREC net-exporters and net-importers became even more pronounced.

CAREC export growth, in current US dollar prices, continued to be very high in 2022, though generally less so than in 2021 and at declining rates; export growth in 2022 exceeded the one in 2018-19 by far. Average CAREC export growth was 35% yoy in 2022, after 60% yoy in 2021 (Figure 20). It eased in H2 2022, but was on average still as high as 33% yoy. This compares to growth of 12% yoy in 2018-19. Azerbaijan had a record-high 83% yoy growth in H2 2022 after even higher readings in H1 2022, followed by the Kyrgyz Republic and Mongolia with 66% yoy each. Turkmenistan, Kazakhstan, and Georgia recorded also substantial export growth, more than 30% yoy. Uzbekistan, the PRC, Pakistan, and Afghanistan had lower export growth in H2 2022 than in 2018-19 at 14%, 4%, -3%, and -27% yoy, respectively, all other CAREC economies had still a higher one. All CAREC economies except for Afghanistan had higher export growth in 2022 as whole as in 2018-19, partially a substantially higher one. Only Afghanistan's export remained consistently below 2019 levels in 2022, the Kyrgyz Republic showed some volatility, but the export of all other CAREC economies was above 2019 levels by Q4 2022 at latest, for most substantially over 2019 levels in most of 2022 (Figure 21).

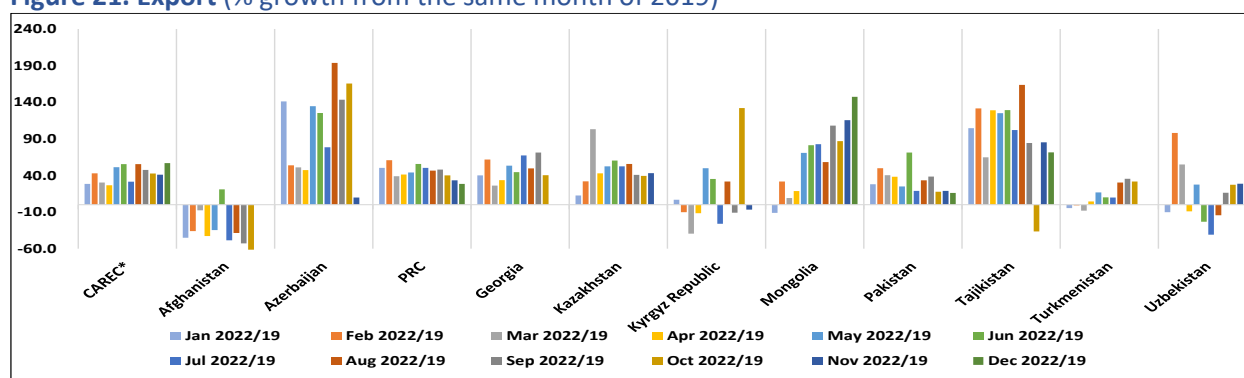
Figure 20. Export (USD based, FOB, %, yoy, 3-months moving average)



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

Source: CEIC, authors' calculations.

Figure 21. Export (% growth from the same month of 2019)



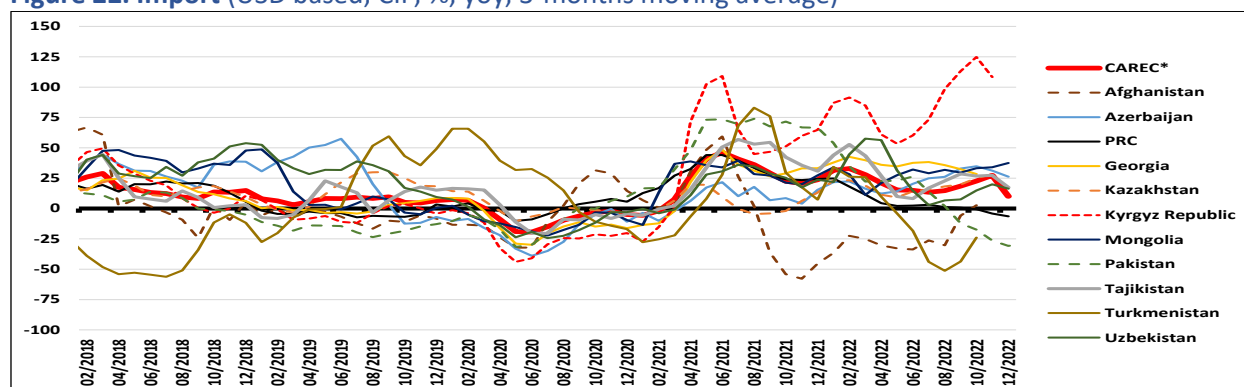
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Import growth also remained well above 2018-19 rates though gradually slowing in 2022 compared to 2021. Average CAREC import growth was 20% yoy in 2022, compared to 27% in 2021 and 12% in 2018-19. In H2 2022, import growth eased to 17% yoy (Figure 22). The larger part of CAREC economies had higher growth rates during 2022 than in 2018-19. Economies with lower growth than in 2018-19 are Afghanistan, the PRC, Turkmenistan, and Uzbekistan. Afghanistan and Turkmenistan saw a contraction in most of 2022, Pakistan and the PRC in H2 2022. Most CAREC economies recorded substantially higher imports than in 2019 in much of 2022 (Figure 23). Exceptions are Afghanistan, and to some extent Turkmenistan. The dramatic increase in the imports of the Kyrgyz Republic was caused inter alia by a more than doubling of imports of goods under the category “Machinery and transport equipment”, accounting for about one-quarter of imports of the Kyrgyz Republic⁴. There is also an increase on the export side in this category by 75% yoy, to US\$ 0.3 billion in 2022, which is only a fraction of the US\$ 2.5 billion in imports, however. This suggests that part of the re-export, presumably including to Russia, was not always fully recorded.

⁴ <http://www.stat.kg/en/statistics/vneshneekonomicheskaya-devatelnost/>

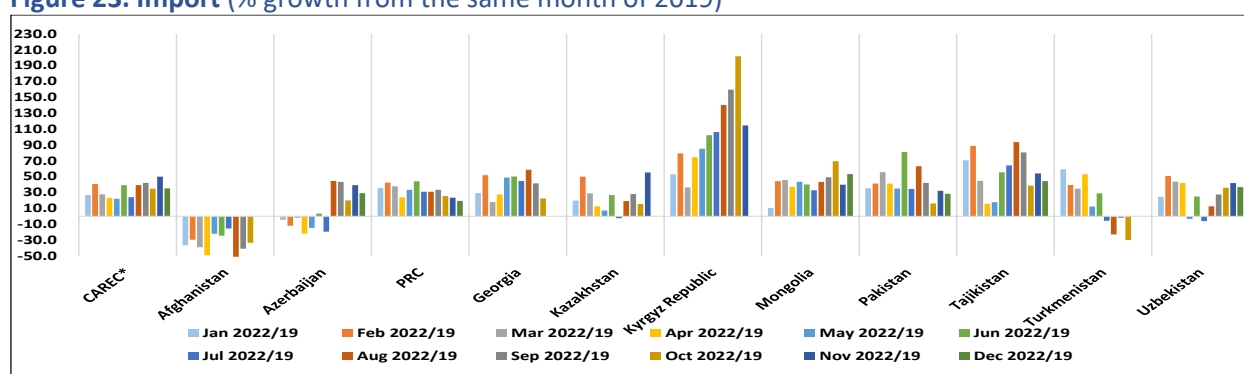
Figure 22. Import (USD based, CIF, %, yoy, 3-months moving average)



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

Source: CEIC, authors' calculations.

Figure 23. Import (% growth from the same month of 2019)

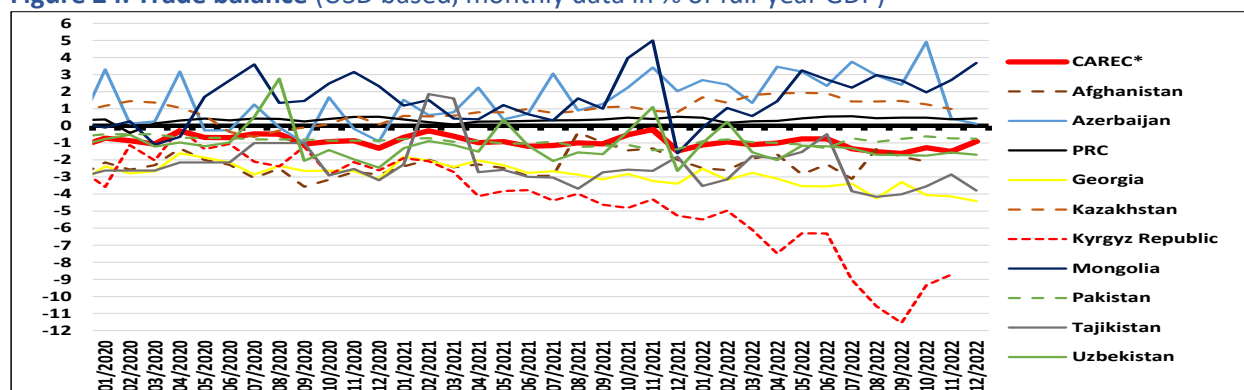


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

The polarization of trade balances in the CAREC region continued. The mineral fuel net importers Afghanistan, Georgia, Pakistan, and Tajikistan, and also Uzbekistan remained in deficit or saw it widen (Figure 24). Azerbaijan, the PRC, Kazakhstan, and Mongolia remained in surplus or increased it. Not surprisingly, CAREC current account balances reflect what happened in trade (Figure 25). While Azerbaijan's balance was highly positive in 2022 after some deterioration in 2021, the Kyrgyz Republic's balance became highly negative.

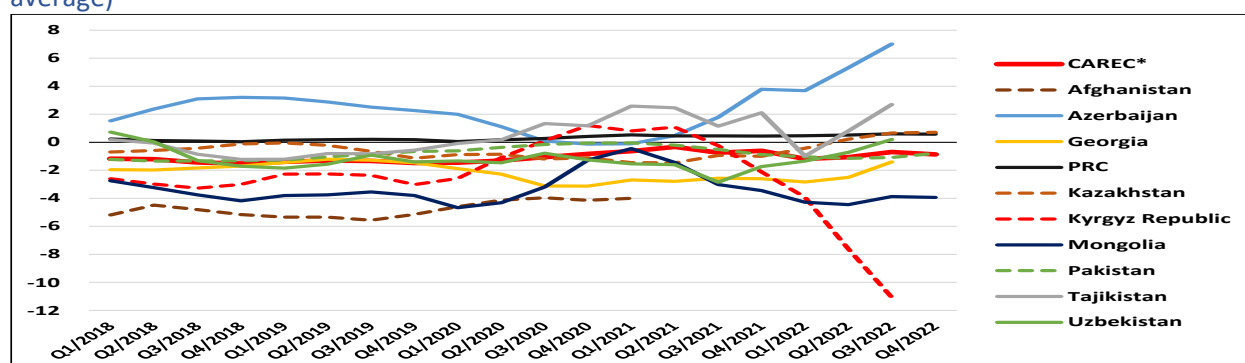
Figure 24. Trade balance (USD based, monthly data in % of full-year GDP)



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

Source: CEIC, authors' calculations.

Figure 25. Current account balance (USD based, quarterly data in % of full-year GDP, 4-quarter moving average)



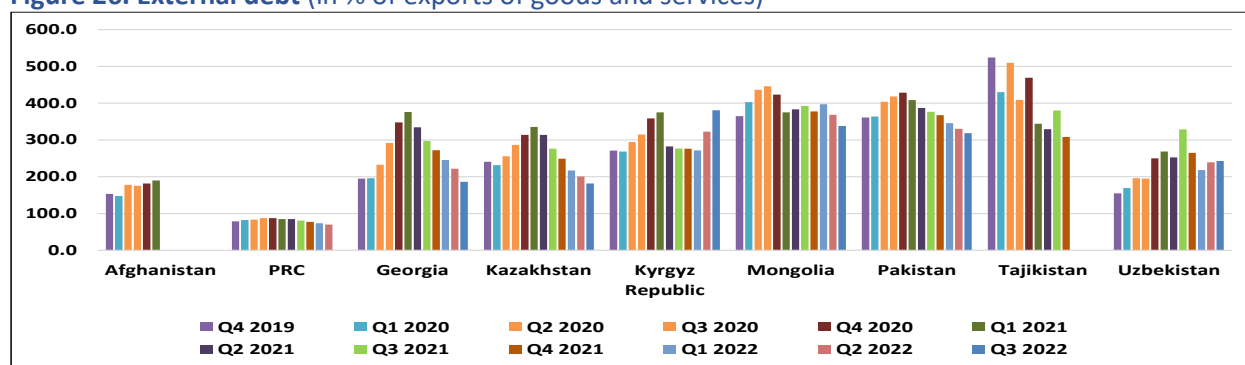
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

External debt and foreign exchange reserves: in some CAREC economies they need to be watched.

External debt⁵ measured in percent of exports of goods and services generally fell further in 2022 thanks to higher exports. However, some CAREC economies still need to spend the equivalent of export proceeds of more than three years to pay off their debts (Figure 26). The Kyrgyz Republic saw a re-increase in its external debt ratio in 2022 to almost four years of exports of goods and services. Uzbekistan also experienced some increase, though a more moderate one. While the actual burden that the external debt constitutes depends on repayment schedules, interest rates, and the structure of the debt, the space for further increases in external debt is rather limited for the highly indebted countries, especially in the current global environment of high interest rates and high uncertainty; also the refinancing of maturing debt might be an issue.

Figure 26. External debt (in % of exports of goods and services)

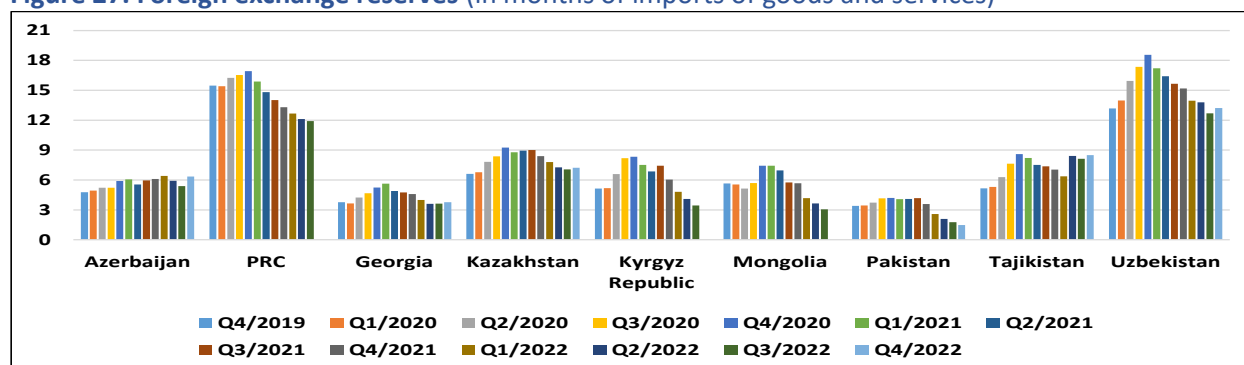


Source: CEIC, authors' calculations.

Foreign exchange reserves in months of goods and services, mostly on the decline already since 2021, further decreased in 2022. While the fall in the reserves mostly reflects increased imports rather than an actual fall of the reserves in USD-terms, reserves below the rule of the thumb threshold of three months of imports of goods and services need to be watched by the authorities and lenders. Uzbekistan and the PRC have reserves well above this threshold (Figure 27). Kazakhstan and Azerbaijan have additionally sizable foreign assets in their sovereign wealth funds from which they can draw. However, Pakistan's reserves fell substantially below the three-months line, Mongolia, Georgia, and the Kyrgyz Republic are almost at it, and Georgia not much above. Afghanistan's foreign exchange reserves are frozen.

⁵ External debt includes public and private sector external debt; this can be in the form of loans from non-residents (including by direct investors to affiliated companies), deposits by non-residents, and portfolio-investment by non-residents.

Figure 27. Foreign exchange reserves (in months of imports of goods and services)



Note: Annual imports of goods and services are calculated as a 4-quarters-moving-average.

Source: CEIC, authors' calculations.

IMF-PAKISTAN NEGOTIATION 2023

Amid Pakistan's Balance of Payment (BoP) crisis and deteriorating foreign exchange reserves (less than one month of country import requirements), the completion of 23rd IMF Extended Fund Facility (EFF) is crucial for the \$350 billion economy. The discussion between IMF and Pakistan was kicked off in Islamabad from Jan 31st to Feb 9th to finalize the 9th review of the IMF program to release \$1.2 billion in financing from a stalled \$6.5 billion EFF initially sanctioned in 2019.

To complete the EFF, the Fund asked for progress in internal and external imbalances. The IMF has demanded several fiscal adjustments, including eliminating untargeted subsidies and permanent revenue measures. Also, requested the government of Pakistan to allow the exchange rate to be market-determined, enhancing energy reforms to eliminate circular debt and inefficiencies.

Pakistan has implemented policies needed to safeguard macroeconomic stability by agreeing to above mentioned IMF proposals, including guaranteeing financial support from official partners. The federal cabinet has authorized the revised circular debt management plan for public distribution. As a result, the government will end subsidies and raise electricity prices by Rs. 7.91 per unit over the course of quarterly adjustments. The removal of the Rs. 65 billion in electricity subsidies provided to farmers and exporters was also authorized by the federal cabinet w.e.f March 2023. The government also initiated removing the export sector's energy subsidy of Rs. 12–13 per unit. About Rs. 250 billion will be recovered from electricity consumers by June 2023. Under the circular debt management plan, the government would impose a surcharge of Rs. 3.39 raise per unit.

Pakistan has passed an additional finance measure that raised more than 170 billion Pakistani rupees (\$648 million). Further steps have already been taken, including a rise in interest rates, which reached a record high of 20 % pa. The sale tax is increased from 17 % to 18 % to fetch tax revenue. Also, the sale tax on luxury items is imposed to 25 %. As an official partner, the People's Republic of China (PRC) support is encouraged. The State Bank of Pakistan (SBP) received \$500 million from the Industrial and Commercial Bank of China (ICBC). The Chinese bank approved a \$1.3 billion loan rollover for the cash-strapped nation. The loan is meant to help SBP replenish its dwindling foreign currency reserves, which in recent months have fallen to a point where they could barely cover three weeks' worth of controlled imports. The pledges from the other official partners are yet to materialize.

The imposition of the IMF proposals would help to safeguard the macro stability; however, it would lead to the highest inflation (approximately 35 %) and slowing of the economy, which may eventually impact the job market. To protect the poor segment, targeted subsidies and enhancement of social safety net initiatives are designed and implemented.

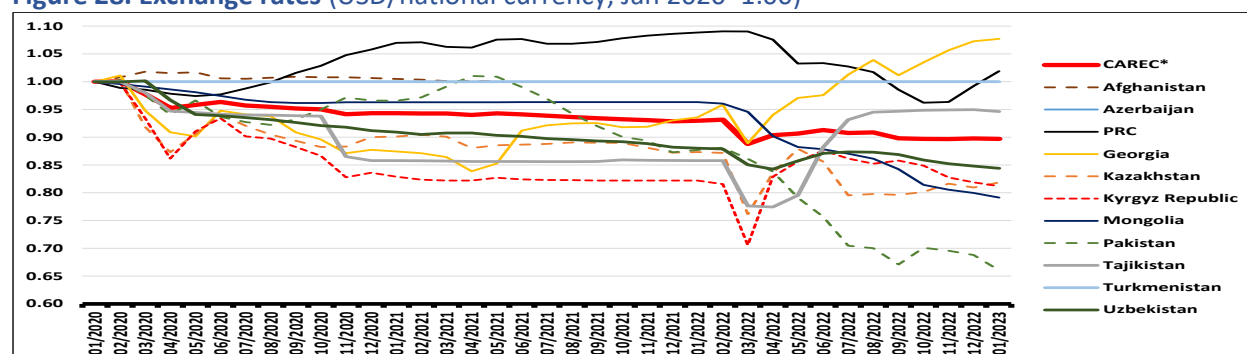
The IMF proposed prior actions are completed. IMF and Pakistan are expected soon to reach the Staff Level Agreement (SLA).

(Contributed to the Quarterly Economic Monitor by CAREC Institute colleagues Drs. Ghulam Samad and Asif Razzaq)

Reflecting substantial differences in the internal and external environment, CAREC currencies also developed in different ways.

Some CAREC currencies gained vis-à-vis the US dollar, some lost in 2022. Pakistan's exchange rate continued the weakening that began in mid-2021 related to balance of payment issues, and Mongolia's currency also weakened throughout 2022 (Figure 28). Kazakhstan's currency regained value after its early-2022 trough, but remained weaker than in 2021, while the Kyrgyz som was up until mid-2022 after its decline, lost some value since and returned to its 2021 value against the US dollar. After strengthening in the second half of 2020 and in 2021, the Chinese RMB lost some value in mid-2022 because of monetary policy easing but has re-strengthened since. Georgia's and Tajikistan's currency were substantially stronger against the US dollar by early 2023 than in 2021, Georgia's even stronger than before the onset of the COVID-19 pandemic.

Figure 28. Exchange rates (USD/national currency, Jan 2020=1.00)



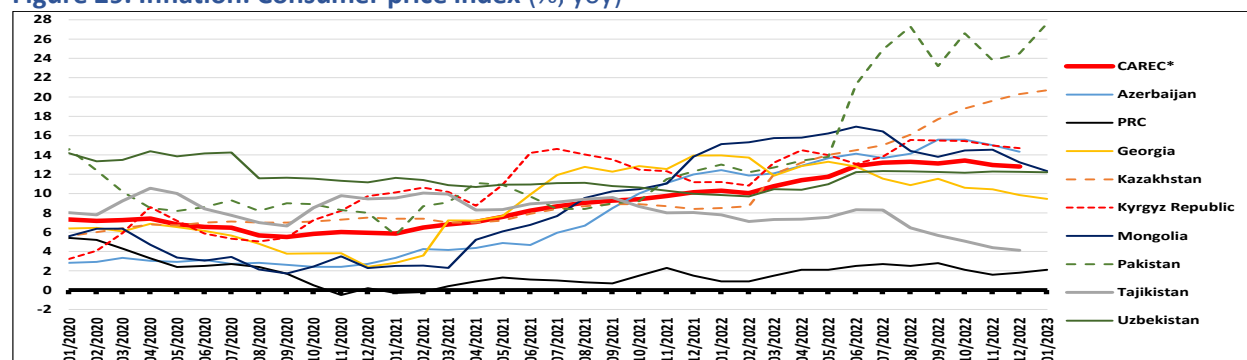
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, TradingEconomics, authors' calculations.

Inflation moderated in most CAREC economies but has remained elevated in others.

Inflation has begun to ease somewhat in most of the CAREC region. The external inflation background has become more favorable as monetary conditions have been tightened in main economies and international fuel and nonfuel commodity prices continuing to decline in the fourth quarter. Inflation in many trading partners of CAREC economies was moderating, the European Union's annual inflation declined from 11.5% in October to 10.4% in December 2022, in Russia it decelerated from 12.6% to 11.9%. In this context, inflation rates in Azerbaijan, the Kyrgyz Republic, Mongolia, Georgia, Tajikistan fell to 14.3%, 14.7%, 13.2%, 9.8%, and 4.1% respectively in December, while in Georgia, Tajikistan, and the PRC it fell below 10% (Figure 29). However, in Pakistan and Kazakhstan, inflation remained above 20%, reaching 24.5% and 20.3% respectively in December, climbing further to 27.6% and 20.7% in January 2023.

Figure 29. Inflation: Consumer price index (% , yoy)

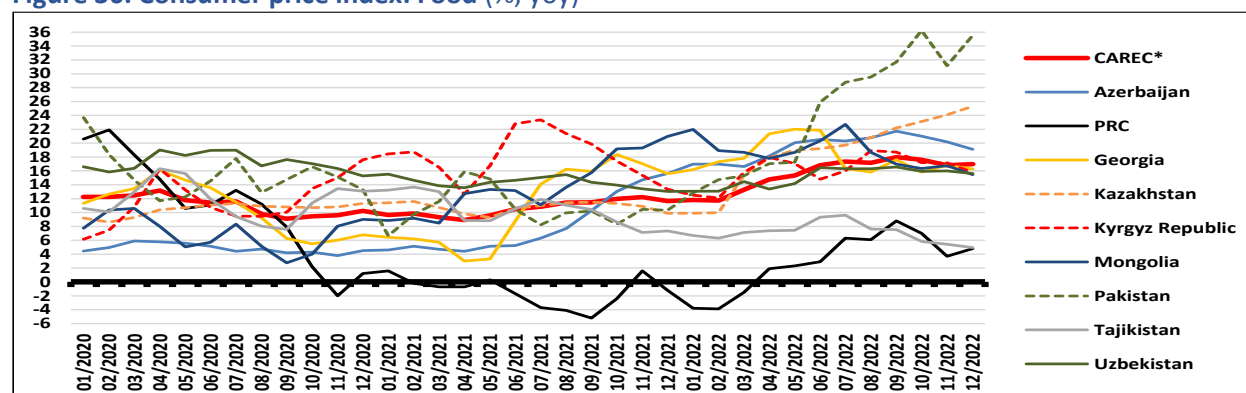


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Food prices continued to rise even faster in several economies than overall prices. Prices for food and non-alcoholic beverages rose by 18.0% and 17.0% yoy respectively in September and December on average in the CAREC region compared with 13.1% and 12.8% yoy for the overall consumer price index (Figure 30). In December, food price inflation in Pakistan spiked to 35.5%, in Azerbaijan and Kazakhstan it was 19.1% and 25.3%, respectively. Food price inflation in Tajikistan and the PRC were comparatively moderate, but also reached 4.9% and 4.8%, respectively in December.

Figure 30. Consumer price index: Food (% , yoy)



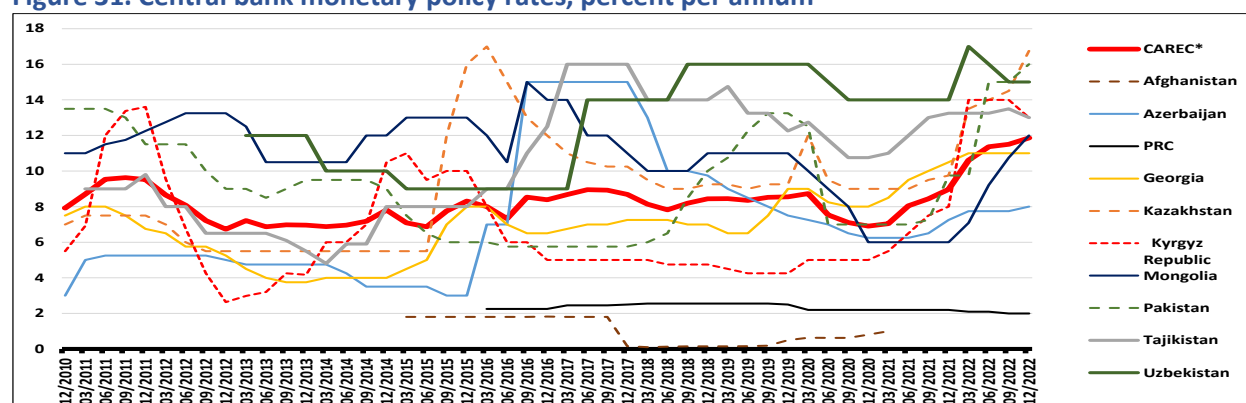
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Monetary policies diverge; credit growth generally slowed, but more so for loans to the corporate sector than for loans to individuals.

Monetary policies have remained rather tight on average in the CAREC region, but diverging economic circumstances led to increasingly divergent monetary policies since the fourth quarter of 2022 at latest. Based on factors such as persisting or deteriorating inflationary pressures or currency weakness, Azerbaijan, Kazakhstan, Mongolia, and Pakistan continued to tighten their monetary policies by raising policy rates further (Figure 31). The central banks of Georgia and Uzbekistan viewed their policy rates levels as sufficient to maintain moderately tight monetary policies, with inflation rates retreating from their peak. The PRC kept key policy rates unchanged for the six straight month in February 2023, amidst still relative benign inflation while consumer and general economic activity has begun to show some revival. The central bank of Tajikistan cut its policy rates in the fourth quarter amid easing inflation and currency re-appreciation, while the central bank of the Kyrgyz Republic cut its rate amid easing inflation, despite some renewed currency weakening, however.

Figure 31. Central bank monetary policy rates, percent per annum



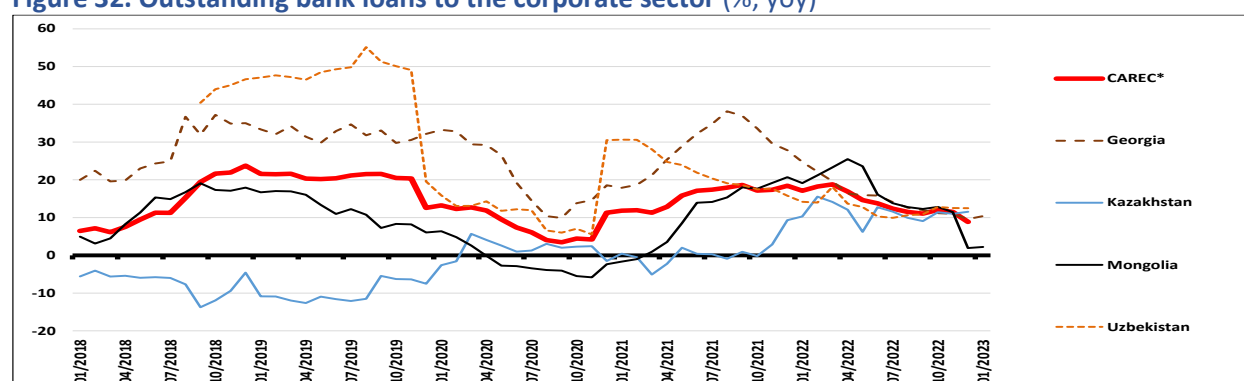
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations

Credit growth continued to decelerate in most CAREC economies in the second half of 2022, but less so for credit to individuals than to the corporate sector. Growth of outstanding loans to the corporate sector decelerated from 13.8% in June 2022 to 8.9% yoy in December 2022 in CAREC on average, among which in Georgia from 15.8% yoy to 9.6% yoy, in Kazakhstan from 12.7% to 11.5%, and in Mongolia from 16.1% to 1.9%, whereas in Uzbekistan there was a slight acceleration from 10.3% to 12.5%. In all these economies corporate credit growth was much lower though than in the first half of 2022 (Figure 32).

The slow-down in credit growth to individuals was much less pronounced though than for the corporate sector. It went from 32.5% yoy in June 2022 to 31.3% yoy in December 2022 on average in CAREC. While most of the CAREC economies saw a deceleration, the Kyrgyz Republic experienced an acceleration from 37.1% in June 2022 to 48.9% yoy in December and further to 51.4% in January, and Uzbekistan an acceleration from 30.2% to 45.3% yoy (Figure 33).

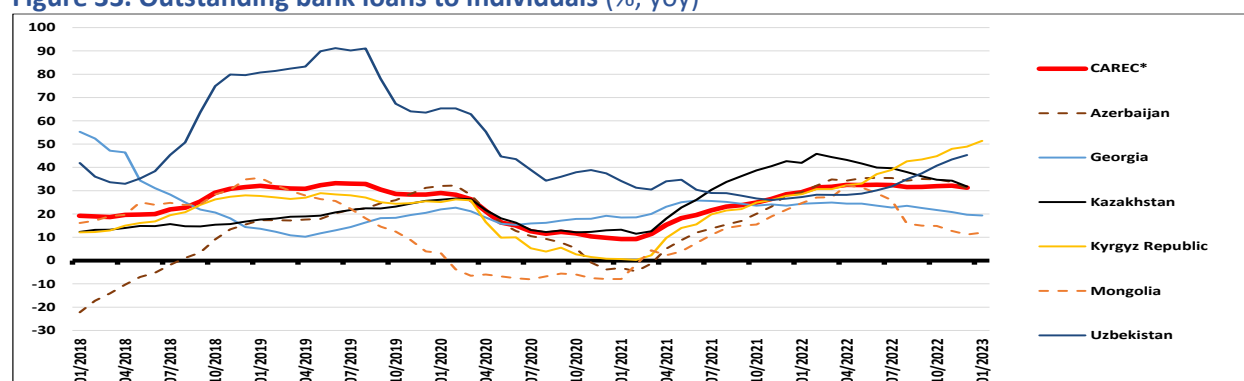
Figure 32. Outstanding bank loans to the corporate sector (% yoy)



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

Source: CEIC, authors' calculations.

Figure 33. Outstanding bank loans to individuals (% yoy)



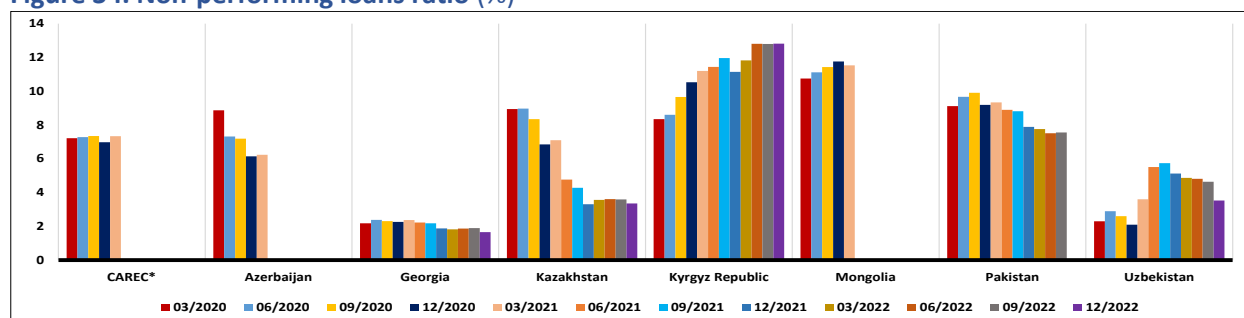
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

As the result of the economic recovery after the COVID-19, the ratio of non-performing loans over total outstanding loans generally fell in the CAREC region in 2022 or did at least not dramatically increase despite substantial credit growth. However, in several countries the non-performing loan ratio⁶ is relatively high (Figure 34). In some countries, e.g. Kazakhstan or Mongolia, the government runs programs to help banks to reduce outstanding non-performing loans. A case to watch is the Kyrgyz Republic where the non-performing loan ratio is rather high and increasing amidst strong loan growth to individuals and a rather volatile economic environment and external balance pressures.

⁶ Definitions very somewhat, but generally 90+days overdue loans are meant.

Figure 34. Non-performing loans ratio (%)



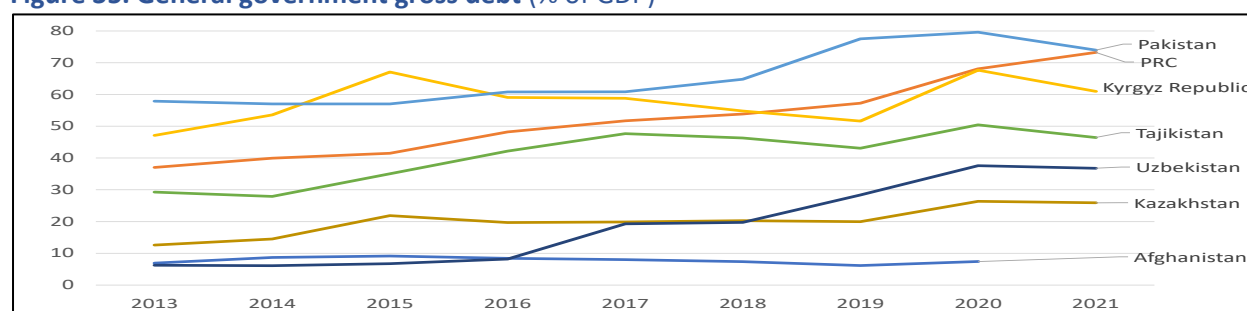
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC.

Public debt constraints fiscal spending somewhat in some of the CAREC economies, making anticyclical and social policies more difficult.

Despite substantial budget deficits, general government debt to GDP ratios fell slightly in 2021 in most CAREC economies as nominal GDP grew faster than the denominations of debts, and in 2022 this trend has likely continued⁷. However, for Pakistan, the Kyrgyz Republic, and to some extent Tajikistan, public debt levels are high, which is the more significant as a substantial part of their debt is owed to non-residents in foreign currency (Figure 35). They have little possibility to pay off their debts by loosening monetary policy. By contrast, most of the PRC's public debt is domestic, and the PRC is therefore in a much better position to service its public debt. To keep public debt at serviceable levels, public spending must be prudent, especially in the highly indebted economies. This imposes certain constraints on government policies and makes government support for developing the economy and for pursuing anti-cyclical fiscal policies more difficult, and this also limits the space for social policies and thus increases risks for preserving the coherence of the society.

Figure 35. General government gross debt (% of GDP)



Source: IMF Fiscal Monitor, authors' calculations

Ratings: Better in 2023 than in 2022, but further improvement would help.

Country ratings matter. Favorable ratings can promote lending and investments whereas ratings that indicate high risk can discourage investment, especially foreign investment. A lot, about what this Quarterly Economic Monitor mentions above, impacts country-credit-ratings. Rating agencies use indicators in dimensions such as economic fundamentals, debt profile, financial position and performance, institutional framework, operating environment, and others⁸. External and public

⁷ Debts are mostly reported at book values. In the Quarterly Economic Monitor we analyzed a bit more in detail the public finances of the CAREC economies.

⁸ See for example Moody's country risk methodology at <https://www.moodyanalytics.com/-/media/whitepaper/2021/country-risk-service.pdf>

indebtedness, the state of the banking system, the economic potential of the economy, the room for maneuver for monetary and fiscal policy all play a major role.

Table 2. Rating actions by the three major agencies

Country	Date	Agency	Rating	Outlook
Pakistan	2/14/2023	Fitch	CCC-	N/A
Turkmenistan	2/10/2023	Fitch	B+	Positive
Georgia	1/27/2023	Fitch	BB	Positive
Uzbekistan	1/20/2023	Moody's	Ba3	Stable
Pakistan	12/22/2022	S&P	CCC+	Stable
Azerbaijan	10/21/2022	Fitch	BB+	Positive
Pakistan	10/21/2022	Fitch	CCC+	N/A
Kyrgyzstan	10/17/2022	Moody's	B3	Negative
Tajikistan	10/17/2022	Moody's	B3	Negative
Pakistan	10/6/2022	Moody's	Caa1	Negative
Kazakhstan	9/2/2022	S&P	BBB-	Negative
Azerbaijan	8/5/2022	Moody's	Ba1	Stable
Pakistan	7/28/2022	S&P	B-	Negative
Pakistan	7/18/2022	Fitch	B-	Negative
Pakistan	6/2/2022	Moody's	B3	Negative
Georgia	4/28/2022	Moody's	Ba2	Negative
Tajikistan	3/30/2022	Moody's	B3	Under Review
Kyrgyzstan	3/24/2022	Moody's	B3	Under Review
Georgia	2/25/2022	S&P	BB	Stable
Kyrgyzstan	1/25/2022	Moody's	B3	Stable
Turkmenistan	8/19/2021	Fitch	B+	Stable
Kazakhstan	8/11/2021	Moody's	Baa2	Stable
Georgia	8/6/2021	Fitch	BB	Stable
Uzbekistan	7/2/2021	Moody's	B1	Positive
Tajikistan	6/10/2021	Moody's	B3	Stable
Uzbekistan	6/4/2021	S&P	BB-	Stable
Azerbaijan	5/14/2021	Fitch	BB+	Stable
Azerbaijan	4/6/2021	Moody's	Ba2	Positive
Mongolia	3/16/2021	Moody's	B3	Stable
Georgia	2/26/2021	S&P	BB	Negative
Azerbaijan	1/22/2021	S&P	BB+	Stable
Kyrgyzstan	11/26/2020	Moody's	B2	Negative
Azerbaijan	10/23/2020	S&P	BB+	Negative
Pakistan	8/8/2020	Moody's	B3	Stable
Uzbekistan	6/5/2020	S&P	BB-	Negative
Pakistan	5/14/2020	Moody's	B3	Under Review
Mongolia	5/8/2020	Moody's	B3	Negative
Georgia	4/24/2020	Fitch	BB	Negative
Azerbaijan	4/10/2020	Fitch	BB+	Negative

Note: Green letters mean upgrade, red letters downgrade, blue letters unchanged;
bold italics mean highly speculative
Source: TradingEconomics, authors' computations

Figure 36. Country rating scales by the major rating agencies + some risk classification

No	S&P	Moody's	Fitch	Meaning and Color
1	AAA	Aaa	AAA	Prime
2	AA+	Aa1	AA+	High Grade
3	AA	Aa2	AA	
4	AA-	Aa3	AA	
5	A+	A1	A+	Upper Medium Grade
6	A	A2	A	
7	A-	A3	A-	
8	BBB+	Baa1	BBB+	Lower Medium Grade
9	BBB	Baa2	BBB	
10	BBB-	Baa3	BBB-	
11	BB+	Ba1	BB+	Non Investment Grade Speculative
12	BB	Ba2	BB	
13	BB-	Ba3	BB-	
14	B+	B1	B+	Highly Speculative
15	B	B2	B	
16	B-	B3	B-	
17	CCC+	Caa1	CCC+	Substantial Risks
18	CCC	Caa2	CCC	Extremely Speculative

Source: Ozlem Deniz Basar, Istanbul Commerce University;

[https://www.researchgate.net/publication/332126048-Comparison-of-Country-Ratings-of-Credit-Rating-Agencies-with-MOORA-Method/figures?lo=1](https://www.researchgate.net/publication/332126048_Comparison_of_Country_Ratings_of_Credit_Rating_Agencies_with_MOORA_Method/figures?lo=1)

CAREC country ratings re-improved in 2023 after several rating outlooks were put to negative in 2022 but in some CAREC countries high-risk ratings remained in place. The outlook for Turkmenistan, Georgia, and Uzbekistan turned positive in early 2023, the one for Azerbaijan already in late 2022 (Table 2; explanation of the classification in Figure 36). However, the outlook for Pakistan will depend on the outcome of the negotiations with the IMF. Outlooks for the Kyrgyz Republic and Tajikistan have remained negative.

For all CAREC economies improved ratings could facilitate the attraction of foreign investment. However, also domestic investment, especially by the private sector tends to be risk-averse, the more so in a situation of high global uncertainty. Continued optimization of macro-economic policies, institutions, and business climate would certainly help that ratings would be further upgraded. While the CAREC economies proved to be pretty resilient against the multitude of external shocks experienced since 2020, they need more investment, especially from the private sector, to be able to depart faster from the still rather consumption-, trade-, and government-driven growth to one with strong gains in productivity and competitiveness, more diversification, better adaptation to climate change, and a faster energy transition.

CAREC governments' cooperation initiatives

Uzbekistan offers establishment of single payment system in Central Asia**Date: 2023-3-18**

Uzbek media reports say Uzbekistan has offered the establishment of a single payment system in Central Asia. ... Speaking at the meeting, Minister of Investment, Industry and Trade of the Republic of Uzbekistan Laziz Kudratov reportedly noted the great opportunities for cooperation between the Central Asian countries in trade, economic, investment, transport and other spheres. In this context, he proposed to take a number of measures to use untapped potential and resources for joint implementation, including the unification of legislation on e-commerce in Central Asian countries and the creation of a single independent arbitration system, the creation of a regional platform for suppliers of goods and services with a single payment system, the creation of data centers and a database of exporters and importers for forecasting and risk-management, ensuring sanitary and epidemiological well-being.

MORE: <https://asiaplustj.info/en/news/centralasia/20230318/uzbekistan-offers-establishment-of-single-payment-system-in-central-asia>

Source: Asia-plus

**Document on the facilitation of transit
along the Trans-Caspian East-West Middle Corridor signed in Baku**

Date: 2023-3-17

The protocol of the action plan for the development and implementation of simplified transit rules on the principle of "Single Window" along the Trans-Caspian East-West Middle Corridor was signed in Baku. The document was signed by the heads of the customs authorities of Azerbaijan, Kazakhstan, Kyrgyzstan, Georgia, Uzbekistan and Tajikistan. This will improve the conditions for simplifying customs operations based on digital financial services. A multilateral meeting was held in Baku on the project to simplify the transit customs procedure on the principle of "Single Window" along the Trans-Caspian East-West Middle Corridor. Tajikistan was represented by the Head of the Customs Service Khurshed Karimzoda.

MORE: <https://eng.khovar.tj/2023/03/document-on-the-facilitation-of-transit-along-the-trans-caspian-east-west-middle-corridor-signed-in-baku/>

Source: Khovar**PTA with Uzbekistan takes effect****Date: 2023-3-14**

The Ministry of Commerce on Monday notified rules of origin for implementation of the Preferential Trade Agreement (PTA) signed with Uzbekistan. The rules, issued through SRO289, will cover only those products of exports and imports between the two countries identified for concessions under PTA. Both countries have already identified items for concessions on tariffs and it is estimated that bilateral trade will reach \$1 billion. ... According to a Trade Development Authority of Pakistan (TDAP) report, Uzbekistan can be a lucrative potential market for Pakistan to export pharmaceutical, agricultural, and textile products.

MORE: <https://www.dawn.com/news/1742078/pta-with-uzbekistan-takes-effect>

Source: Dawn**Kyrgyzstan and Uzbekistan sign number of agreements****Date: 2023-3-10**

Several documents were signed within the framework of the official visit of the Chairman of the Cabinet of Ministers of Kyrgyzstan Akylbek Japarov to Uzbekistan. The Ministry of Economy and Commerce reported. A roadmap was adopted for the creation of shopping centers (trading houses) Made in Kyrgyzstan in Tashkent and Made in Uzbekistan in Bishkek for wholesale and retail trade, which was developed by the Ministry of Economy and Commerce of the Kyrgyz Republic. In addition, an agreement was signed on cooperation on the organization of production of automotive and commercial vehicles in Kyrgyzstan between Uzavtosanoat JSC, DT Technik LLC and NUR JSC of the Kyrgyz Republic. ... In addition,

an agreement on strategic partnership was adopted between Bishkek Machine-Building Plant OJSC and MOYHAQ SELMASH LLC, which is part of CHIRCHIQ MASHAGRO LLC group of companies.

MORE: https://24.kg/english/260439_Kyrgyzstan_and_Uzbekistan_sign_number_of_agreements/

Source: 24.kg

China, Kazakhstan expand secure rail connections to Europe

Date: 2023-3-7

China Railways and the Kazakhstan equivalent, the Kazakh Temir Zholy have had their first meeting to coordinate transport since the outbreak of Covid-19. Taking place in Beijing last week, an upward trend in cargo transport between the two countries was noted, reaching a record high of over 23 million tons in 2022, 15% more than the previous year. Discussions involved the current state of and prospects for cooperation on development of international transport corridors through Kazakhstan. Special attention was placed on exports from China to other markets.

MORE: <https://www.silkroadbriefing.com/news/2023/03/07/china-kazakhstan-expand-secure-rail-connections-to-europe/>

Source: Silk Road Briefing

Turkmenistan, Uzbekistan discuss expansion of trade and economic co-op

Date: 2023-3-6

Turkmenistan and Uzbekistan discussed the expansion of trade and economic cooperation, Trend reports with reference to the Turkmen media. These issues were discussed at the 17th meeting of the joint Turkmen-Uzbek Intergovernmental Commission on trade, economic, scientific, technical, and cultural cooperation, which took place on March 6 in the capital of Turkmenistan, Ashgabat. ... During the meeting, the sides discussed issues of expanding trade and economic cooperation and strengthening bilateral partnerships in the field of transport, agriculture, and the chemical industry.

MORE: <https://en.trend.az/casia/turkmenistan/3719261.html>

Source: Trend news agency

Uzbekistan and Kazakhstan establish joint foreign trade company

Date: 2023-3-4

In order to increase the volume of mutual trade between Uzbekistan and Kazakhstan, a foreign trade established the “UzKazTrade” company. The foreign trade company is aimed at researching the market of products, conducting a competitive analysis, developing of proposals for the production of finished product orders, common trade optimization, and assistance to entrepreneurs. In 2022 exports from Uzbekistan to Kazakhstan increased by 21.4% and amounted to \$1.3 billion. Kazakhstan mainly imported car bodies, internal combustion engines, grapes, lead ore, construction bricks, and ceramic products.

MORE: <https://uzreport.news/economy/uzbekistan-and-kazakhstan-establish-joint-foreign-trade-company>

Source: UzReport

Several documents signed within Uzbek-Azerbaijani inter-regional forum

Date: 2023-2-25

A number of documents were signed within the framework of the Uzbek-Azerbaijani inter-regional forum, ... During the event, an intergovernmental agreement on the establishment of an Uzbekistan-Azerbaijan investment fund, documents on the establishment of twin city relations between the cities of Khiva and Shusha, Samarkand and Ganja, Bukhara and Lankaran, Kokand and Shaki were signed. ... The signed documents also include Memorandum of Cooperation between the Azerbaijan Small and Medium Business Development Agency (SMBDA) under the Ministry of Economy and the Agency for Entrepreneurship Development under the Ministry of Economic Development and Poverty Reduction in Uzbekistan, Memorandum of Understanding and Cooperation Agreement between AzerGold CJSC and the Ministry of Mining and Geology of Uzbekistan, Memorandum of Cooperation and Interaction between Mega Invest Industrial and NABUCCO A&C companies, as well as cooperation agreement between Cahan Industrial Complex LLC and Azimut Plus company.

MORE: <https://www.azernews.az/business/206770.html>

Source: Azernews

Turkmenistan and Kazakhstan intend to increase international road transport

Date: 2023-2-25

Issues of further increase and development of international road transport were discussed during the next meeting of the Turkmen-Kazakh Joint Commission on Road Transport. This is reported by the official website of the Turkmenavtoulaglary agency of the Transport and Communications Agency under the Cabinet of Ministers of Turkmenistan, to which the Turkmen side was represented. ... Cooperation between transport and logistics companies of Turkmenistan and Kazakhstan is also being intensified. In 2021, the "Turkmen Logistics" Association (TLA) and the Union of Transport Workers of Kazakhstan "KAZLOGISTICS" signed a memorandum of cooperation.

MORE: <https://orient.tm/en/post/47801/turkmenistan-and-kazakhstan-intend-increase-international-road-transport>

Source: Orient

Turkmen business participates in China + CA Industrial and Investment Cooperation Forum

Date: 2023-2-16

Representatives of Turkmen business participate in the Forum of Industrial and Investment Cooperation within the framework of the "China + Central Asia" format, which is being held on February 16-17 in Qingdao, China, vz.ru reports. In a message to the forum participants, Chinese President Xi Jinping said that China is ready to use the super-large market, industrial systems and advanced technologies together with the Central Asian "five" and achieve mutually beneficial results. ... Within the framework of the forum, Chinese business representatives are scheduled to meet with their counterparts from Turkmenistan, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan.

MORE: <https://orient.tm/en/post/47276/turkmen-business-participates-chinaca-industrial-and-investment-cooperation-forum>

Source: Orient

Azerbaijan and Uzbekistan plan to increase cargo transportation through Turkmenistan

Date: 2023-2-15

Azerbaijan and Uzbekistan are interested in increasing cargo transportation through the territory of Turkmenistan within the framework of the multimodal transport and transit corridor CASCA+, the Report reports. The delegations of the two countries discussed the improvement of transportation conditions and the development of infrastructure along this route and stressed the relevance of work in this direction. During the meeting of the Joint Working Group, the issue of increasing the speed of cargo traffic and the functioning of the Trans-Caspian International Transport Route was also raised. Earlier it was reported that by the end of 2022, Uzbekistan doubled cargo transportation through the Turkmenbashi port.

MORE: <https://orient.tm/en/post/47009/azerbaijan-and-uzbekistan-plan-increase-cargo-transportation-through-turkmenistan>

Source: Orient

Ulaanbaatar and Tianjin to cooperate in education, trade and business

Date: 2023-2-13

Governor of the capital city and Mayor of Ulaanbaatar D.Sumiyabazar met with Mayor of Tianjin Zhang Gong and the city's Party Committee Chairman Chen Min-Ar to discuss further cooperation. The two cities have been working together in the fields of culture, education, and economy within the framework of sister-city relations. Participants discussed that they will continue to expand their cooperation, exchange experiences, and create opportunities for the localization of good standards. ... the sides agreed to cooperate in the education sector, train personnel in the necessary areas, and provide opportunities for experts to participate in human resource training.

MORE: <https://mongolia.gogo.mn/r/7jey4>

Source: Gogo Mongolia

Pak-China Trade, Investment Centre to enhance access of Pak products to Chinese markets

Date: 2023-2-9

Pakistan's Ambassador to China Moin ul Haque participated in the groundbreaking of a dedicated Pakistan-China Trade, Investment and Technology Cooperation Centre in Shenzhen, China. The centre is another addition to the ongoing efforts by the embassy to establish both online and offline national pavilions in China to enhance the access of Pakistani products to the Chinese markets. With a total area of 4,000 sqm, the centre would be an important platform for commodity display, distribution channels development and commercial liaison, as well as serve as a window to showcase Pakistan's rich history, landscapes and cultural heritage.

MORE: <https://www.nation.com.pk/09-Feb-2023/pak-china-trade-investment-centre-to-enhance-access-of-pak-products-to-chinese-markets>

Source: The Nation

Azerbaijan wants to sign PTA with Pakistan: Ambassador

Date: 2023-2-5

Ambassador of Azerbaijan Khazar Farhadov has said Azerbaijan has started direct flights from Lahore, Karachi and Islamabad to Azerbaijan and as a result, 50 thousand Pakistanis flown to Azerbaijan last year. This has also helped to increase the trade turnover three times. ... He said that our people and our government highly appreciate Pakistan's support. Azerbaijan has a trade surplus of around 26 billion USD which shows that we are a successful in term of our business projects. We have very good trade relations with Turkey and Azerbaijan has invested 12 billion USD in Turkey and Turkey also invested 10 billion USD in Azerbaijan. We also want same economic relations with Pakistan so that the three flags of Pakistan, Azerbaijan and Turkey can fly together. He said that we are already importing rice from Pakistan and Pakistani rice has a huge market in Azerbaijan. He said that we want trade relations in the favor of Pakistan and want to sign Preferential Trade Agreement with Pakistan to boost economic relations.

MORE: <https://www.nation.com.pk/05-Feb-2023/azerbaijan-wants-to-sign-pta-with-pakistan-ambassador>

Source: The Nation

Kazakhstan, Kyrgyzstan, and Uzbekistan to launch hydroelectric power project

Date: 2023-2-3

Kazakhstan, Kyrgyzstan, and Uzbekistan agreed on Jan. 6 to build the Kambar-Ata-1 hydroelectric power plant (HPP) on the Naryn River in Kyrgyzstan to generate electricity to Central Asian countries and ensure the region's sustainable water supply, reported the Kazakh Energy Ministry press service. ... The power plant project is expected to gradually shift Kyrgyzstan's Toktogul hydroelectric power plant's operating mode from a power-generating mode to an irrigation mode in the summers, leading to the growth in water consumption in neighbouring Kazakhstan's southern regions during the planting season. At the moment, three countries are in the negotiation process of signing an intergovernmental agreement on project implementation.

MORE: <https://astanatimes.com/2023/02/kazakhstan-kyrgyzstan-and-uzbekistan-to-launch-hydroelectric-power-project/>

Source: The Astana Times

Tajikistan will complete the process of rejoining Central Asia's unified power grid in April, says energy

Date: 2023-1-31

The process of Tajikistan's rejoining the Central Asian unified power grid will be completed in April, the Minister of energy and Water Resources Daler Juma told reporters in Dushanbe on January 30. He noted that the project is about 85% complete to date. ... According to the Ministry of Energy and Water Resources of Tajikistan (MoEWR), Tajik power system is fully prepared for operation in parallel with the Central Asian unified power grid. Tajikistan is reportedly ready to supply electricity to neighboring countries.

MORE: <https://asiaplustj.info/en/news/tajikistan/economic/20230131/tajikistan-will-complete-the-process-of-rejoining-central-asias-unified-power-grid-in-april-says-energy>

Source: Asia-plus

Chinese, Turkmen presidents hold talks, elevating ties to comprehensive strategic partnership

Date: 2023-1-6

Chinese President Xi Jinping held talks with visiting Turkmen President Serdar Berdimuhamedov in Beijing on Friday, and the two heads of state announced the elevation of China-Turkmenistan relations to a comprehensive strategic partnership. ... The visions, goals and interests that China and Turkmenistan share mean that the two sides need to work together on the road to development and rejuvenation to leverage complementary advantages, tap cooperation potential and achieve common development, Xi said. ... Following the talks, the two heads of state signed and issued a joint statement between the People's Republic of China and Turkmenistan and witnessed the signing of cooperation documents in areas that include the Belt and Road Initiative, green development, digital economy, health, culture, sports, news media, and natural gas.

MORE: <https://www.chinadaily.com.cn/a/202301/06/WS63b7af2ba31057c47eba81ec.html>

Source: China Daily

CAREC cross-border business activities

Chinese company to improve road infrastructure in GBAO

Date: 2023-3-28

The Ministry of Transport of Tajikistan (MoT) and Chinese company China Road and Bridge Corporation (CRBC) have reached an agreement on construction of roads and bridges in the Gorno-Badakhshan Autonomous Region (GBAO). An official source at a MoT says an agreement on this subject was signed in Dushanbe on March 27 in the framework of the Fourth Phase of the Central Asia Regional Links Program (CARs-4). Under this agreement, CRBC will build a 200-meter bridge across the Ghund River in GBAO's capital, Khorog, and a 1.1-kilometer road leading to the bridge. Besides, the Chinese company will also rehabilitate a 3.4-kilometer section of the Khorog-Murgab highway and build a 550-meter avalanche gallery and an 82.3-meter bridge across the Ghund River in Shugnan district that will connect Barsem village to the Khorog-Murgab highway.

MORE: <https://asiaplus.tj.info/en/news/tajikistan/economic/20230328/chinese-company-to-improve-road-infrastructure-in-gbao>

Source: Asia-plus

Shipbuilding plants of Turkmenistan and Azerbaijan discussed prospects of cooperation

Date: 2023-3-3

Representatives of the Balkan Shipbuilding and Ship Repair Plant and the Baku Shipbuilding Plant discussed the possibilities of establishing bilateral cooperation in the city of Turkmenbashi. At the meeting, the parties got acquainted with the capabilities of both enterprises - their structure, activities and information about cooperation with other plants. Much attention was paid to the experience of the development of shipbuilding systems of the two countries and opportunities for the exchange of experience. ... At the end of the visit, an agreement was reached that the Azerbaijani side would soon send concrete proposals on areas of further cooperation to establish cooperation in the field of shipbuilding.

MORE: <https://orient.tm/en/post/48329/shipbuilding-plants-turkmenistan-and-azerbaijan-discussed-prospects-cooperation>

Source: Orient

Investors from Georgia are invited to build ski resorts in Kyrgyzstan

Date: 2022-2-24

The head of the Chamber of Commerce and Industry of Kyrgyzstan, Temir Sariev, held talks with Georgia on investment in the tourism sector of Kyrgyzstan. Press service of the organization reported. Agreements were reached with potential investors to get acquainted with the tourism potential of Kyrgyzstan and to thoroughly develop projects to improve and increase the efficiency of existing facilities, ...

MORE: <https://24.kg/english/259240-Investors-from-Georgia-are-invited-to-build-ski-resorts-in-Kyrgyzstan/>

Source: 24.kg

Chinese Jiusan Foods offered to open an agricultural processing plant in Kazakhstan

Date: 2023-2-24

A large Chinese company Jiusan Foods, which operates in the field of agricultural products processing in China and abroad, was offered to consider the possibility to launch an enterprise for agriproducts processing in Kazakhstan, reported the press service of KAZAKH INVEST. Implementation of joint investment projects and expansion of trade and economic cooperation between Kazakhstan and China was discussed within the framework of China (Heilongjiang) - Kazakhstan Trade and Economic Cooperation Forum. More than 100 representatives of the Kazakh and Chinese business communities took part in the forum, a number of bilateral meetings were held, and 8 documents were signed.

MORE: <https://www.apk-inform.com/en/news/1532368>

Source: APK-Inform

Turkmenistan and Afghanistan discussed increasing supplies of marble from Herat

Date: 2023-2-9

Representatives of the Turkmen Consulate General in Herat, Afghanistan, discussed with local authorities an increase in the supply of marble from Afghanistan to Turkmenistan, Bakhtar news reports. Governor of Herat Nur Ahmed Islam Jar noted the significant industrial potential of the province, adding that local entrepreneurs are interested in closer economic ties with Turkmenistan. ... Representatives of the consulate, in turn, at a meeting with business structures of Herat showed interest in increasing economic cooperation.

MORE: <https://orient.tm/en/post/46681/turkmenistan-and-afghanistan-discussed-increasing-supplies-marble-herat>

Source: Orient

Georgian Airways to open Tbilisi-Dushanbe air route in April

Date: 2023-2-2

In April 2023, the Georgian Airways will open an air route from Georgia to Tajikistan along the Tbilisi-Dushanbe route. This was announced yesterday at a press conference by the Director of the Civil Aviation Agency Dilshod Safarzoda. He noted that negotiations between the delegations of the aviation authorities of Tajikistan and Georgia will be held on this issue in February. Safarzoda also said that direct flights will be organized between Tajikistan and Pakistan, as well as Saudi Arabia soon.

MORE: <https://eng.khovar.tj/2023/02/georgian-airways-to-open-tbilisi-dushanbe-air-route-in-april/>

Source: Khovar

Tajik and Kazakh companies sign an agreement on the export of agricultural products

Date: 2023-1-26

Tajik and Kazakh companies signed cooperation agreements to export agricultural products to Kazakhstan. Particularly agreements were signed between "Zardolu and K" LLC and "Skif Trade" LLC, "Mevayu Sabzavot" LLC and "Lion Fruit" LLC, "Tajikistan Vitamins" LLC and "Umay Agro Impex" LLC, "Agrobiokhim" LLC and "Skif Trade" LLC. ... It was noted that the fresh products of Tajikistan are in demand in Kazakhstan, and the business circles of both countries can establish cooperation in the export of gourds, dry and fresh fruits.

MORE: <https://eng.khovar.tj/2023/01/tajik-and-kazakh-companies-sign-an-agreement-on-the-export-of-agricultural-products/>

Source: Khovar

Opportunities for Chinese companies in coal trade discussed

Date: 2023-1-25

The Mongolian Stock Exchange (MSE) leadership received the Commercial and Economic Counsellor of the Embassy of the People's Republic of China, Song Xuejun, and the Deputy Director of China General Chamber of Commerce in Mongolia, Chai Fang Ping. ... The parties exchanged their views on opportunities to increase Chinese investment in the Mongolian capital markets. In addition, the parties discussed further actions to introduce opportunities for Chinese companies to participate in the online coal trades organized by the Mongolian Stock Exchange from February 2023.

MORE: <https://montsame.mn/en/read/311880>

Source: Montsame

Pakistan's exports to Afghanistan surge by 32pc to \$658m in eight months**Date: 2023-3-13**

Pakistan's exports to Afghanistan have increased by 32 percent to \$658 million from \$500 million during first eight months of the FY2022-23. Trade between Pakistan and Afghanistan has accelerated during July to February of the ongoing fiscal year and reached \$1333.86 million from the last year's level of \$1044.14 million, showing a hike of 28 percent. Pakistan's imports from Afghanistan also increased by 24 percent, from \$544.17 million to \$675.01 million during the period, said the source.

MORE: <https://www.nation.com.pk/13-Mar-2023/pakistan-s-exports-to-afghanistan-surge-by-32pc-to-dollar-658m-in-eight-months>

Source: The Nation**Kazakhstan, China bilateral trade turnover increases by one-third in 2022****Date: 2023-3-7**

In 2022, the trade turnover between Kazakhstan and China reached \$24.1 billion, a 34.1 percent rise from the year before, reported Energy.kz on March 6, citing the data of the Bureau of National statistics. The Kazakh government is set to increase mutual trade with China by up to \$35 billion by 2030 following the task agreed on by the leaders of the two countries, said Prime Minister Alikhan Smailov at a March 1 meeting with Chinese Ambassador to Kazakhstan Zhang Xiao, according to the Prime Minister's press service. Smailov highlighted that China is one of the largest trading partners, accounting for 18 percent of total trade turnover. ...Kazakhstan and China are ready to deepen their partnership by restarting the Khorgos International Center for Cross-Border Cooperation (ICBC), opening a third railway crossing near the Bakhty-Pokitu checkpoint, developing the Trans-Caspian International Transport Route, constructing major highways and establishing new mechanical engineering production facilities.

MORE: <https://astanatimes.com/2023/03/kazakhstan-china-bilateral-trade-turnover-increases-by-one-third-in-2022/>

Source: The Astana Times**Turkmenistan has increased exports to Kyrgyzstan by more than 2.5 times****Date: 2023-2-3**

The trade turnover between Turkmenistan and Kyrgyzstan in the period from January to November 2022 increased 2.6 times compared to the same period in 2021. In 2021, it amounted to \$30.5 million, and in 2022 – \$79.6 million. The information was published by the National Statistical Committee of Kyrgyzstan. Turkmen exports to Kyrgyzstan amounted to \$75 million, which is 2.8 times higher than last year. Turkmenistan imported goods worth \$4.5 million, which is 15.3% more than last year. The share of Turkmenistan in the total volume of Kyrgyz imports was 0.9%, and exports – 0.2%. In general, Kyrgyzstan's foreign trade turnover increased by 18.6%.

MORE: <https://orient.tm/en/post/46358/turkmenistan-has-increased-exports-kyrgyzstan-more-25-times>

Source: Orient**Uzbekistan-Tajikistan 2022 trade up 11.3%****Date: 2023-1-24**

The 2022 trend of increased intra Central Asian trade continues with Uzbekistan's State Statistics Committee saying that the national trade with Tajikistan's increased over the past year. According to this data, Uzbekistan's trade turnover with Tajikistan reached US\$674.4 million in 2022, an increase of 11.3% compared to 2021 (US\$605.6 million). During 2022 the value of Uzbek exports to Tajikistan increased by 3.5% to US\$519.9 million. Tajik exports to Uzbekistan reached US\$154.5 million, an increase of 49.1% compared to 2021. ... Tajikistan mainly exports electricity, cement, and cotton fiber to Uzbekistan, and imports Uzbek natural gas, mineral fertilizers, petroleum products, household appliances and related items.

MORE: <https://www.silkroadbriefing.com/news/2023/01/24/uzbekistan-tajikistan-2022-trade-up-11-3/>

Source: Silk Road Briefing

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



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