



**CAREC Institute**

# **Quarterly Economic Monitor**

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## Disclaimer

This tenth 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 Merdan Yazyyev, Research Expert at the CAREC Institute.

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## Abbreviations

ADB	Asian Development Bank
bps	basis points
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)
IMF	International Monetary Fund
PRC	People's Republic of China
QEM	Quarterly Economic Monitor
Q1	First quarter
Q2	Second quarter
Q3	Third quarter
Q4	Fourth quarter
WB	World Bank
yoy	year-on-year

## CAREC GROWTH IN 2023: SOMEWHAT SLOWING BUT ONLY MODERATELY

This Quarterly Economic Monitor (QEM) discusses GDP, industrial production, and retail sales in the CAREC region, along with foreign trade, inflation, monetary policy developments, and credit growth - as usual. However, this QEM10 discusses more in detail the region's exports and their structure. The QEM10 concludes that while CAREC growth will remain generally rather strong in 2023, the imminent slowdown, though moderate, once again points to the necessity of upgrading the region's production and export profile to secure high and sustainable growth long-term.

Regional economic cooperation is not only one of the factors facilitating to live up to the challenges and opportunities of the new time but also the core mandate of the CAREC Institute. Annex 1 of the QEM10 gives – also as usual – an overview of recent regional cooperation initiatives. However, given that the green transition and climate change adaptation have moved to the forefront of the global and regional agenda, the QEM will also cover news on these topics in future. Annex 2 of the QEM10 is a first attempt in this direction.

**Real GDP growth was generally still rather high in early 2023 in the CAREC region; International Financial Institutions forecast some slowing though, but not a dramatic one.**

**Growth remained generally rather strong in the first quarter of 2023 in most CAREC economies.** On average in the CAREC region, real GDP growth reached 5.5% yoy, only slightly down from 5.9% yoy in 2022 (Table 1, Figure 1). In the PRC, Kazakhstan, Mongolia, and Tajikistan growth was higher in Q1 2023 than in 2022. In Georgia, the Kyrgyz Republic, and Uzbekistan it was lower, but still at decent 7.8%, 4.6%, and 5.5% yoy, respectively. In Turkmenistan growth remained unchanged at 6.2% yoy. Growth in Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, and Tajikistan was also higher than in 2015-19.

**Table 1. Real GDP growth (% , yoy)**

	Avg. growth 2015-2019	2020	2021	2022	2023 Q1	2023F	2024F	2023F			2024F		
						Average ADB, IMF and WB		ADB	IMF	WB	ADB	IMF	WB
Afghanistan	1.9	-2.4	-20.7										
Azerbaijan	0.8	-4.2	5.6	4.6	0.2	2.9	3.0	3.5	3.0	2.2	3.8	2.6	2.5
PRC	6.7	2.2	8.4	3.0	4.5	5.3	4.5	5.0	5.2	5.6	4.5	4.5	4.6
Georgia	4.0	-6.8	10.5	10.1	7.8	4.3	5.0	4.5	4.0	4.4	5.0	5.0	5.0
Kazakhstan	2.5	-2.5	4.1	3.2	4.9	3.8	4.3	3.7	4.3	3.5	4.1	4.9	4.0
Kyrgyz Republic	4.2	-8.4	3.7	7.0	4.6	3.8	3.9	4.5	3.5	3.5	4.0	3.8	4.0
Mongolia	3.9	-4.6	1.6	4.8	7.9	5.0	6.0	5.4	4.5	5.2	6.1	5.5	6.3
Pakistan*	3.8	-1.0	5.7	6.0		0.5	2.5	0.6	0.5	0.4	2.0	3.5	2.0
Tajikistan	6.9	4.5	9.4	8.0	8.2	5.7	5.3	5.5	5.0	6.5	6.5	4.5	5.0
Turkmenistan	6.3	5.9	5.0	6.2	6.2	4.4	4.1	6.5	2.3		6.0	2.1	
Uzbekistan	5.8	1.9	7.4	5.7	5.5	5.1	5.3	5.0	5.3	5.1	5.0	5.5	5.4
CAREC average**	4.5	-1.3	6.1	5.9	5.5	4.1	4.4	4.4	3.8	4.0	4.7	4.2	4.3

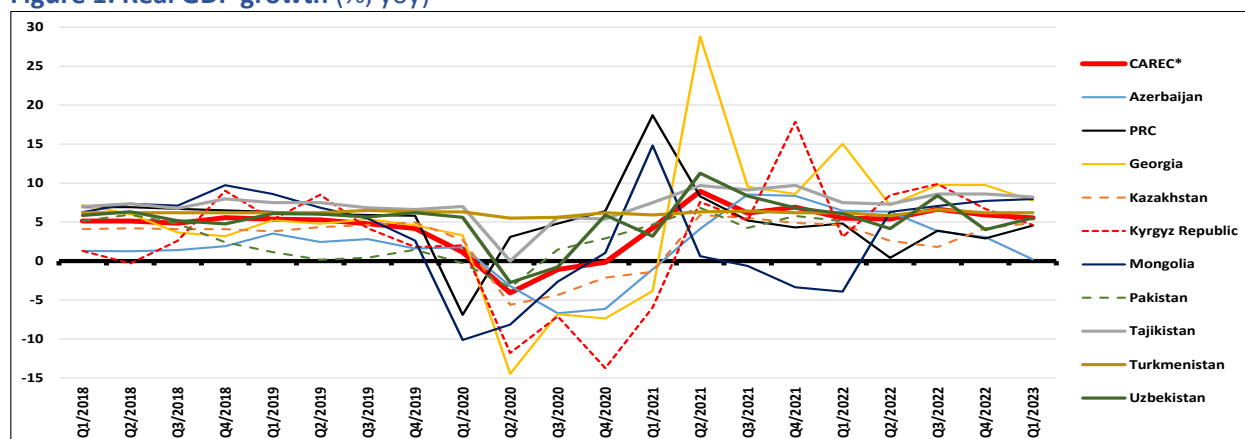
\*The column labeled 2020 refers to FY2019/20, 2021 refers to FY2020/21, and 2022 refers to FY2021/22.

\*\* To keep growth rates comparable, Afghanistan is not part of the CAREC average because data unavailability since 2022.

Note: Green figures indicate faster growth than in 2022, red figures lower growth.

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

**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 by 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.

**Despite strong figures in Q1 2023, ADB/IMF/WB forecasts indicate lower growth in 2023 than in 2022 for the CAREC economies other than the PRC, Kazakhstan, and Mongolia.** Average CAREC growth is set to turn out at 4.1% yoy in 2023 and 4.4% yoy in 2024, compared with 5.9% in 2022, according to the forecasts (Table 1). Reasons for the deceleration mentioned are slowing global growth as monetary conditions remain tight and geoeconomic fragmentation. Gains in factor productivity in Central Asia and the Caucasus region are expected to remain generally limited, according to the World Bank's June 2023 Global Economic Prospects. Subdued GDP growth in Russia could affect money transfers from Russia to Central Asia. The analysis of the QEM10 adds that further receding commodity prices will likely have some impact. However, rebounding investment in mining might accelerate growth in 2024 somewhat compared to 2023, according to the ADB/IMF/WB forecasts. Growth rates in Azerbaijan, Georgia, Kazakhstan, and Mongolia are foreseen to be higher in 2023-24 than in 2015-19.

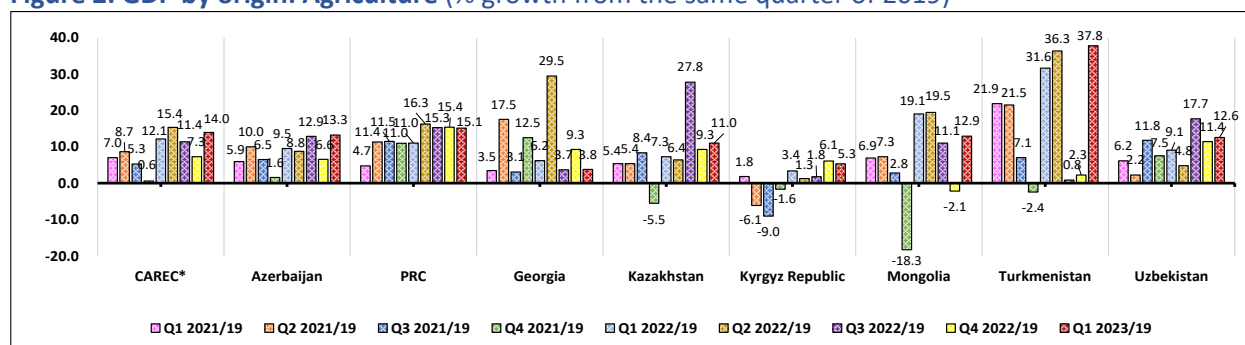
**GDP by components: agriculture and manufacturing slowed while services remained a key driver of growth; Mongolia and the Kyrgyz Republic saw a surge in mining.**

**From 2020 until very recently, CAREC growth was mainly driven by agriculture, manufacturing, and services, whereas growth in mining was rather meagre and volatile.** In Q4 2022, constant price value added<sup>1</sup> in agriculture (except for Mongolia), in manufacturing (except for Georgia), and in services was significantly higher in all CAREC economies with data availability than in the pre-pandemic year of 2019 (Figures 2,3,5). In most CAREC economies, readings were almost permanently high already since 2021. By contrast, value added in mining consistently exceeded 2019 figures only in Georgia by a clear margin. High prices for mining products in the first half of 2022 not always led to corresponding output increases, and they were insufficient to elevate mining value added above 2019 levels at constant prices by Q4 2022 in all CAREC economies except Georgia (Figure 4).

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



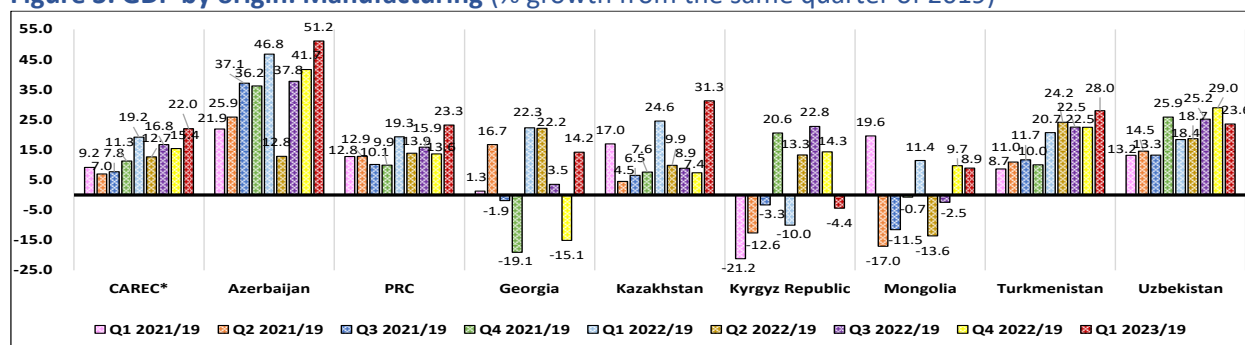
**Figure 2. GDP by origin: Agriculture (% growth from the same quarter of 2019)**



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

Source: CEIC, authors' calculations.

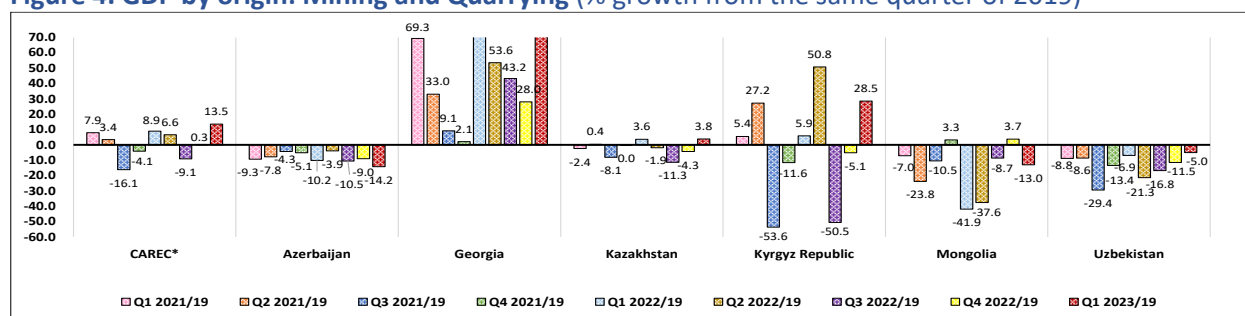
**Figure 3. GDP by origin: Manufacturing (% growth from the same quarter of 2019)**



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

Source: CEIC, authors' calculations.

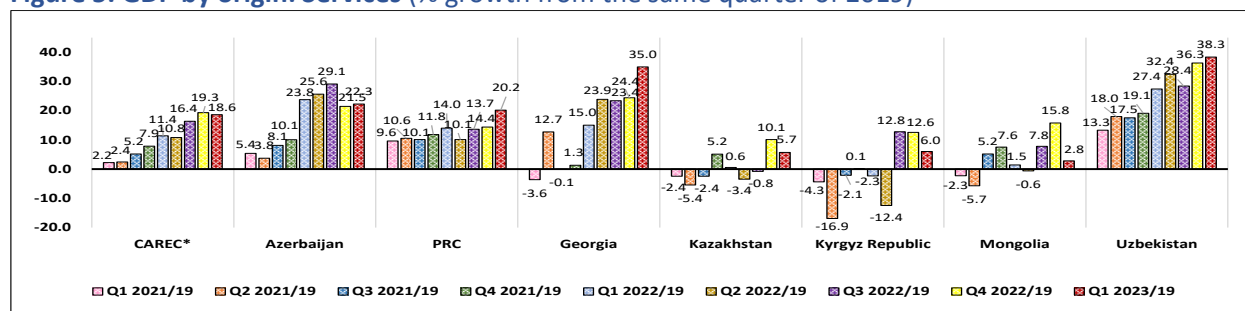
**Figure 4. GDP by origin: Mining and Quarrying (% growth from the same quarter of 2019)**



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

Source: CEIC, authors' calculations.

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



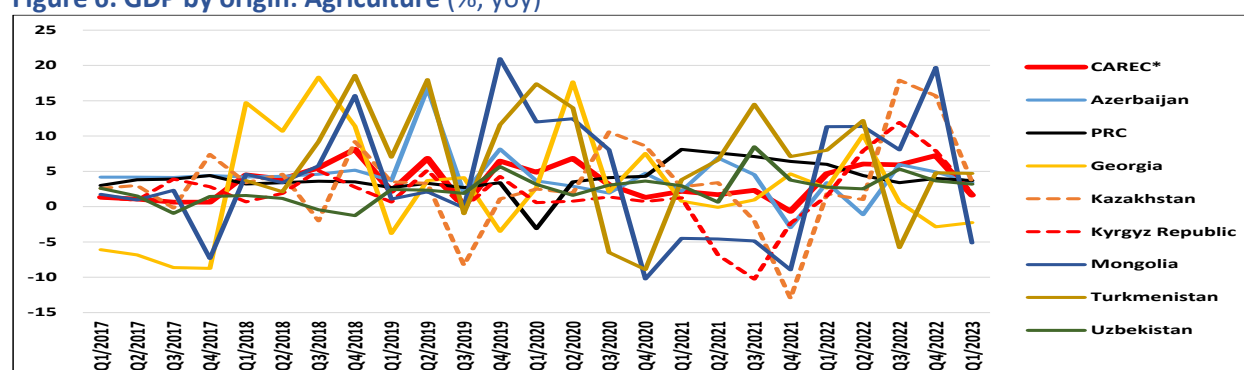
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**By early 2023 growth patterns somewhat changed.** While real GDP growth was generally still relatively strong, it became mainly driven by services whereas growth in agriculture and manufacturing slowed. In Azerbaijan, Kazakhstan, and Uzbekistan, the contribution of mining growth remained rather subdued; however, it was sharply up in Mongolia and the Kyrgyz Republic.

**Growth in agriculture eased in Q1 2023 after high growth rates in 2022.** On average in the CAREC region, growth in value added in agriculture slowed to 1.6% yoy at constant price in Q1 2023 from rates between 4.7% and 7.2% yoy in the four quarters of 2022 (Figure 6). All CAREC economies with data availability saw descending growth rates. In Kazakhstan, the growth rate fell from 15.7% yoy in Q4 2022 to 3.5% yoy in Q1 2023, in the Kyrgyz Republic from 7.9% yoy to 1.9% yoy, and in Mongolia from 19.7% yoy to minus 5.1% yoy. Growth decelerated also in Azerbaijan, the PRC, Turkmenistan, and Uzbekistan, although more moderately.

**Figure 6. GDP by origin: Agriculture (% , yoy)**

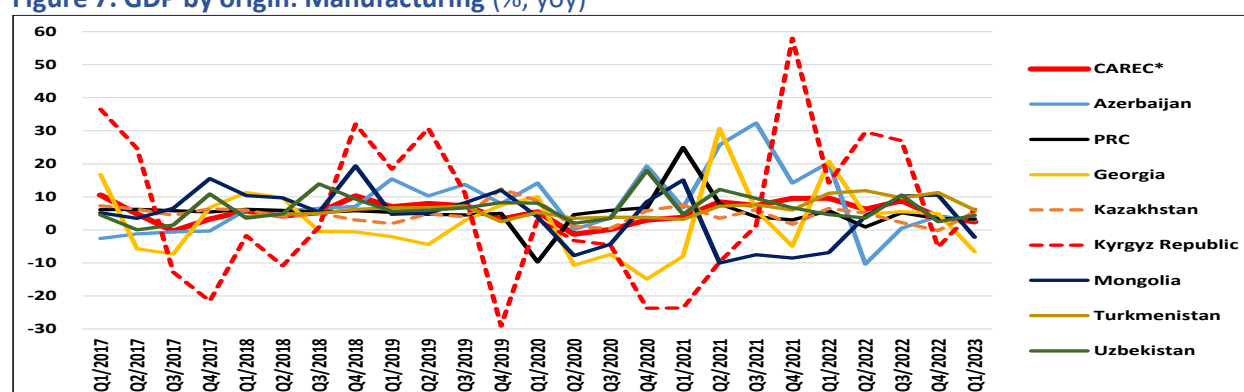


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Manufacturing growth has also generally slowed since Q4 2022, after strong rebounds since Q2 2021 from the trough caused in 2020 by the COVID-19 pandemic.** Average CAREC manufacturing growth turned out at 2.4% yoy in Q1 2023 down from 3.9% yoy in Q4 2022, and growth rates of between 6.2% and 9.6% yoy in Q1-Q3 2022 (Figure 7). Growth in Azerbaijan moderated to 3.0% yoy in Q1 2023 from 4.0% yoy in Q4 2022, in the PRC to 3.3% yoy from 3.4% yoy, in Turkmenistan to 6.0% from 11.3% yoy. Value added in Mongolia plummeted by 2.2% yoy at constant prices after double-digit growth in Q3-Q4 2022, in Georgia by 6.6% after positive growth rates of 5.5% and 5.0%, respectively in Q3 and Q4 2022. In Kazakhstan and the Kyrgyz Republic constant price value added contracted by 0.2% yoy and 5.2% yoy, respectively, in Q4 2022. However, growth turned positive again to 5.4% and 6.2% yoy in these countries in Q1 2023. In Uzbekistan, growth accelerated to 4.3% in Q1 2023 from 2.5% yoy in Q4 2022.

**Figure 7. GDP by origin: Manufacturing (% , yoy)**

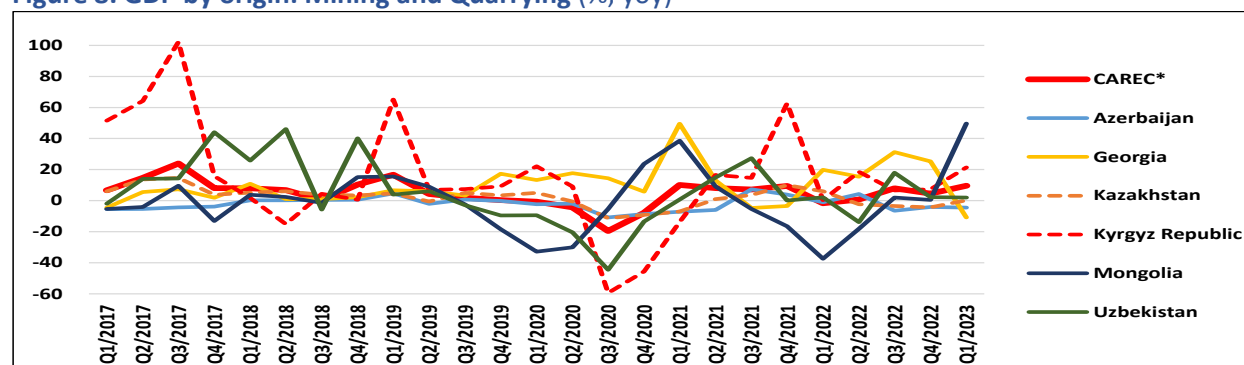


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**In the Kyrgyz Republic and Mongolia mining soared in Q1 2023.** Constant price mining value added shot up by 21.4% yoy and 49.6% yoy, respectively, in the Kyrgyz Republic and Mongolia (Figure 8). Mongolia strongly profited from the post-Covid opening-up of the PRC. Data from the National Statistical Office of Mongolia show that the country's coal output skyrocketed by 232.3% yoy in Q1 2023<sup>2</sup>. Mining growth in Kazakhstan turned from negative readings in Q2-Q4 2022 to still low growth of 0.2% yoy, while growth in Uzbekistan marginally further weakened from 2.2% yoy in Q4 2022 to 2.0% yoy in Q1 2023, and in Azerbaijan from minus 4.1% yoy to minus 4.5% yoy. In Georgia, mining value added sharply contracted by 10.8% yoy in Q1 2023 after permanent double-digit growth in the four quarters of 2022.

**Figure 8. GDP by origin: Mining and Quarrying (% , yoy)**

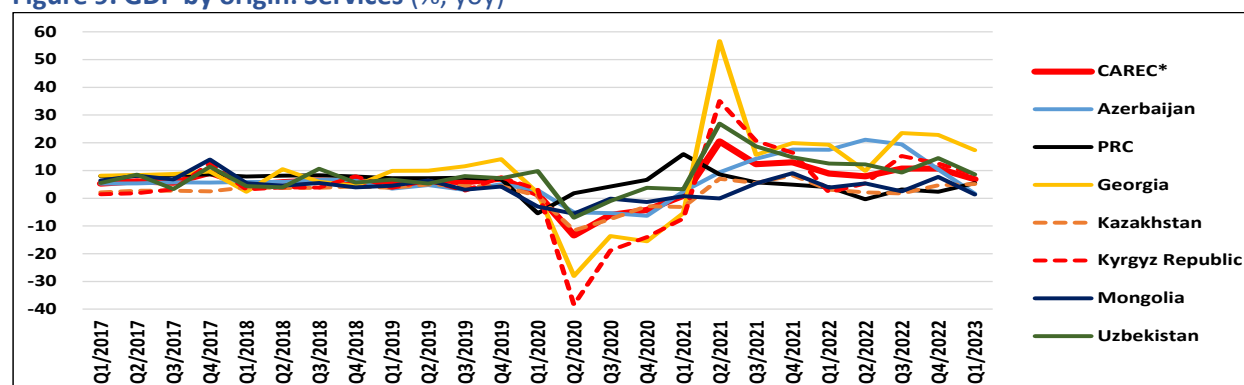


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Services remained a main driver of GDP growth in most CAREC economies also in Q1 2023.** Growth rates continued to be high, though not as strong as in late 2022. Average CAREC growth in services decelerated to still robust 6.9% yoy in Q1 2023 from 10.7% yoy both in Q3 and in Q4 2022 (Figure 9). The PRC and Kazakhstan, saw an acceleration from 2.3% yoy and 4.7% yoy, respectively, in Q4 2022 to 5.4% yoy and 5.1% yoy in Q1 2023. In Georgia the “slow-down” was from 22.8% yoy to still impressive 17.3% yoy. In the Kyrgyz Republic and Uzbekistan growth slowed to 8.6% yoy in both countries from 12.5% yoy, and 14.5% yoy, respectively, in Q4 2022. Only in Azerbaijan, the deceleration was a bit more pronounced: to 1.6% yoy from 10.4% yoy and high growth rates also before that. The decent growth in services was mainly driven by trade, transport, information services, and hospitality.

**Figure 9. 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.

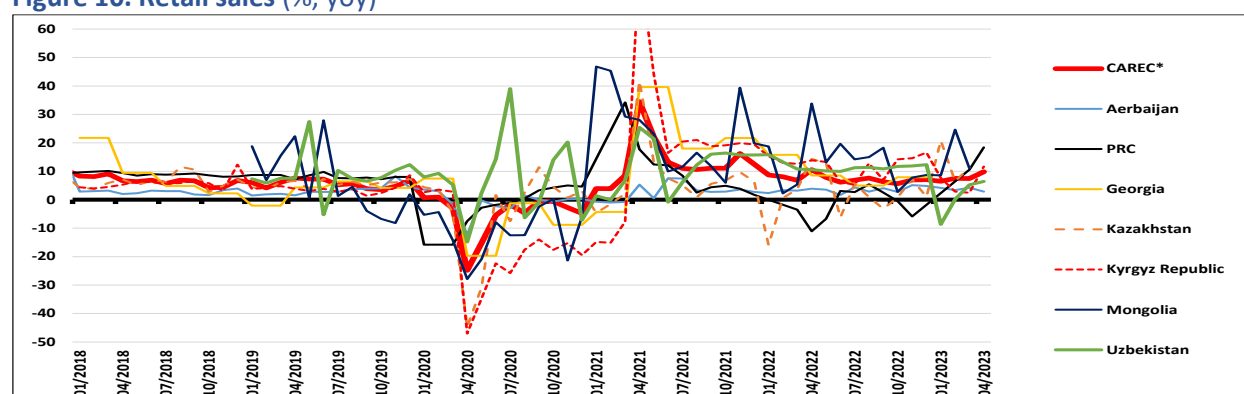
Source: CEIC, authors' calculations.

<sup>2</sup> <https://www.mysteel.net/news/all/5038581-flash-mongolia-q1-coal-output-surges-2323-yoy>

**High frequency indicators: solid growth in retail sales continued, growth in industrial output differed strongly among economies impacted by large swings in mining.**

Despite still elevated inflation, growth in retail sales has remained about as high in 2023 as in 2022 in the CAREC region, though growth patterns differed among countries. Growth in retail sales at constant prices averaged 7.8% yoy in the first four months of 2023 after 7.3% in 2022 (Figure 10). Retail sales growth accelerated especially in the PRC because of the opening up after the COVID-19 pandemic, but also Kazakhstan, Mongolia and the Kyrgyz Republic achieved double-digit growth rates in March or April 2023. Azerbaijan and Uzbekistan saw somewhat more moderate growth in early 2023. The strong 20.8% growth in Kazakhstan from a year earlier in January 2023 was due to the slump in January 2022 caused by the political and social turmoil in the country at that time.

**Figure 10. Retail sales (% yoy)**

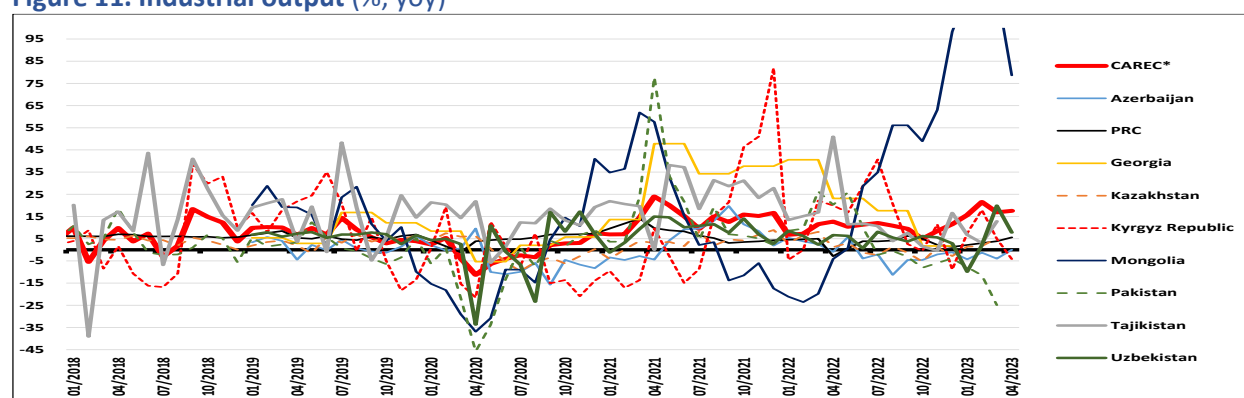


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

While growth in retail sales held more or less steady, growth in industrial output continued to show substantial swings due to the high volatility in mining output. Average CAREC growth in industrial production averaged 17.9% at constant prices from January to April 2023, compared to average 9.8% yoy in 2022 (Figure 11). However, the acceleration was largely pushed up by Mongolia; excluding Mongolia, figures were 1.5% in January to April 2023, after 7.8% yoy in 2022. The PRC, Kazakhstan, and Uzbekistan saw average growth rates between 2.8% and 5.0% in Jan-April 2023, the Kyrgyz Republic and Tajikistan somewhat higher ones at 6.6% and 7.6% yoy, respectively. In Azerbaijan industrial production contracted slightly by 2.4% yoy, in Pakistan severely by 14.7% yoy. For the PRC, Kazakhstan, and Mongolia industrial output growth was higher in Jan-April 2023 than in 2022, for Azerbaijan, the Kyrgyz Republic, Pakistan, Tajikistan, and Uzbekistan lower.

**Figure 11. Industrial output (% yoy)**



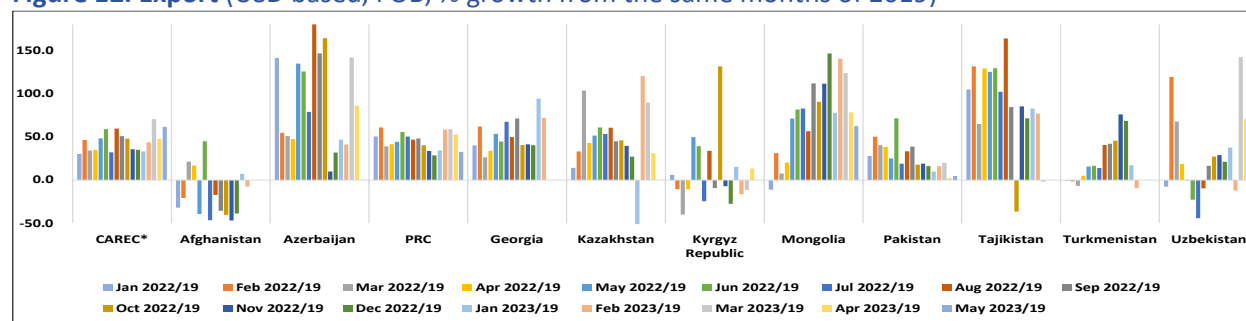
\*Refers to the simple average of CAREC economies where data are available.

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

## Export growth: slowing as commodity prices retreat but still solid.

**CAREC exports have generally exceeded the pre-pandemic levels of 2019 by high margins since 2022, at latest.** By May 2023, the USD value of CAREC exports was on average 61% higher than in May 2019 (Figure 12). Exceptions from the export boom are Afghanistan, which exports have remained mostly below 2019 readings, and the Kyrgyz Republic, which experienced high volatility. Pakistan still managed to marginally exceed 2019 levels by May 2023 but since June 2022 at a consistently declining tendency.

**Figure 12. Export (USD based, FOB, % growth from the same months of 2019)**

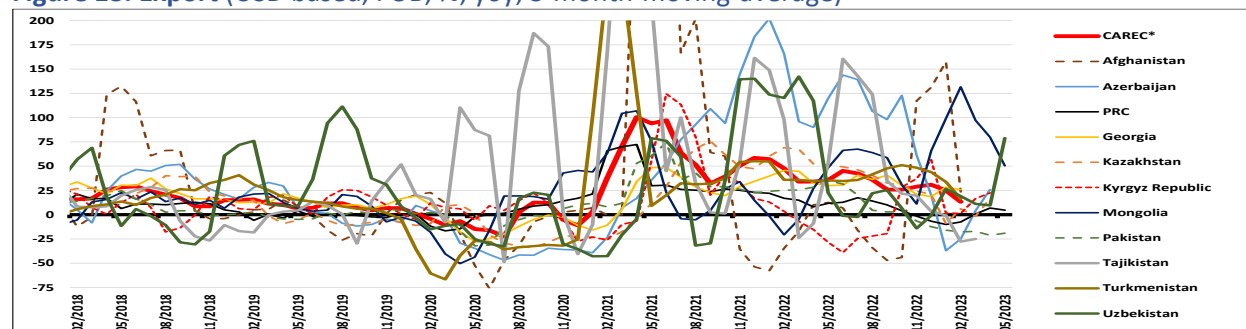


\*Refers to the simple average of CAREC economies where data are available.

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

**Though export growth slowed compared to the two years before, it has remained in double digits in several CAREC economies.** On average in the region, the USD value of exports was 20.0% higher than a year earlier in the 3 months to April 2023<sup>3</sup> (with data of several countries for May still missing). Mongolia stands out with a 3-month-moving-average growth rate of 131.7% yoy in February 2023 and still 50.3% yoy in May (Figure 13). Net of Mongolia the 3-month-moving-average growth rate was 10.1% yoy in April. By comparison, average CAREC 3-month-moving-average growth rates had been between 57% and 26% yoy in 2022, and net of Mongolia between 63% and 28% yoy. Azerbaijan, Kazakhstan, and the Kyrgyz Republic had still decent 3-month-average growth rates of 25.9%, 16.8%, and 22.4% yoy, respectively, by April 2023. Uzbekistan saw an impressive spike of 78.9% in May after 9.6% yoy growth in April. In the PRC the 3-month-moving-average export growth rate recovered to 4.7% yoy by May 2023 from negative readings in the first two months of 2023. Only Pakistan suffered a severe contraction from the fourth quarter of 2022 on, with exports falling by 19% yoy in the three months to May 2023. While there is still a significant up and down in exports in the CAREC region, the general tendency seems to be a deceleration of export growth but to still respectable growth rates.

**Figure 13. Export (USD based, FOB, %, yoy, 3-month-moving-average)**



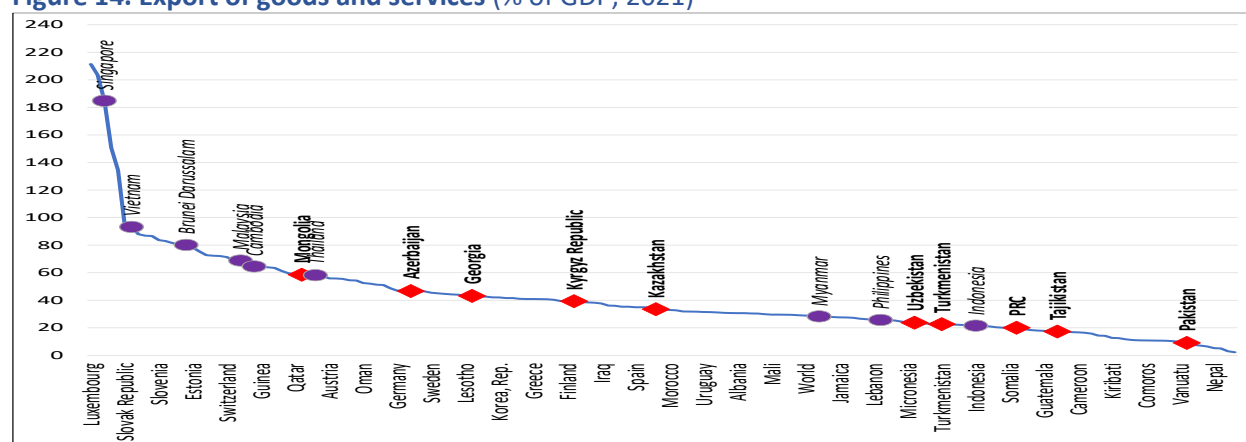
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

<sup>3</sup> We use the 3-month-moving-average here to smooth the highly volatile growth rates somewhat.

**There is the potential and need for more exports.** Exports are significant drivers of GDP growth for several CAREC economies but less so than for many European or ASEAN countries. The ratio of exports of goods and services to GDP was 59% in Mongolia in 2021, 47% in Azerbaijan, 43% in Georgia, 39% in the Kyrgyz Republic, and still 34% in Kazakhstan (Figure 14). Large countries tend to have a lower ratio of exports to GDP because they can achieve economies of scale and scope domestically. The PRC, for example, has a ratio of only 20% despite being a strong export country, India has 21%, the USA 11%. However, that also significantly smaller CAREC economies have ratios below 20% might indicate that there are opportunities to do better to realize their potential. Especially Pakistan and Tajikistan could catch up. However, there appears to be room for improving for others too given that also other CAREC economies lag comparable peers in ASEAN such as Vietnam, Malaysia, and Cambodia. A lot will depend on how well they can develop new export products, increase competitiveness, and improve connectivity and trading procedures.

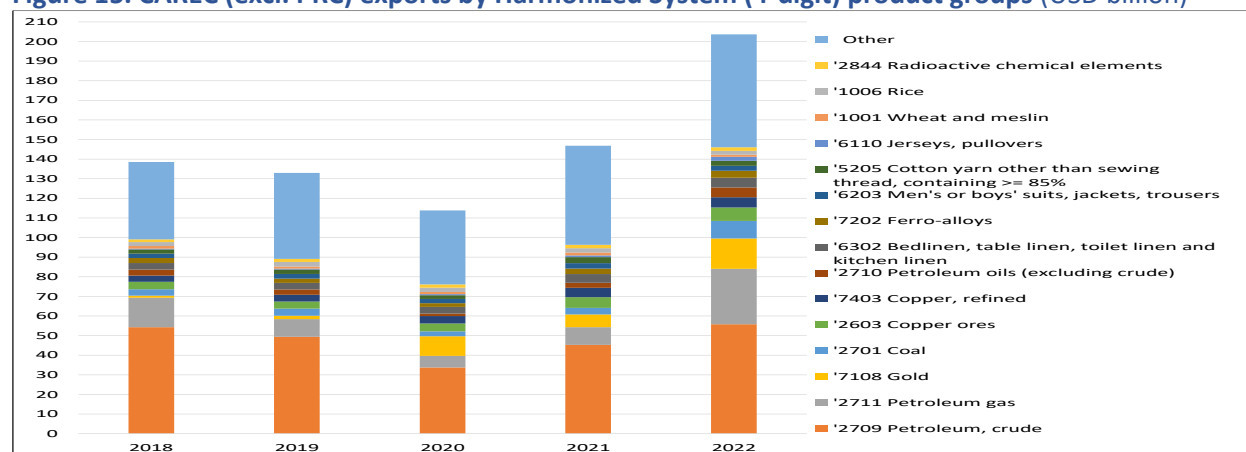
**Figure 14. Export of goods and services (% of GDP, 2021)**



Source: World Bank, World Development Indicators, authors' calculations.

**Because of their product structure, CAREC exports are strongly impacted by commodity prices.** Carbon products such as oil, gas, and coal accounted for almost 50% of total CAREC exports (excluding the PRC) in 2022 (Figure 15). Cotton and related yarns and textiles were responsible for another 9%, copper ores and refined copper for another 6%. Metals such as steel and aluminum and scrap also play a role. Gold is also important though a special case, with price developments depending on global risk perceptions as well as policies by central banks to substitute the USD by gold, especially policies by the central banks of Russia and the PRC.

**Figure 15. CAREC (excl. PRC) exports by Harmonized System (4-digit) product groups (USD billion)**



Source: TradeMap, authors' calculations.



**Commodity prices spiked in the first half of 2022 but have receded since and are set to retreat further.** However, except for coal, they are forecast to fall rather moderately, which means they will most likely stay above the lows of 2015-17 (Figures 16,17,18). The World Bank forecasts the price of oil (Brent) to decrease by 15.9% in 2023 but to recover by 2.4% yoy in 2024, copper prices to fall by 3.7% and 5.9% in 2023 and 2024, respectively, iron ore by 5.2% and 4.3%. The wheat price is to decrease by 17.4% and 5.6%, and cotton by 23.2% in 2023, but to recover a bit by 2.3% in 2024. Only (Australian) coal prices are foreseen to fall severely by 42% yoy in 2023, and further by 22.5% in 2024<sup>4</sup>. The largest exporters of CAREC products (excluding the PRC) are Kazakhstan, Azerbaijan, and Pakistan, which together account for three-quarters of exports (Figure 19). They are followed by Uzbekistan, Turkmenistan, and Mongolia. All these countries, except for Pakistan, are dependent on the export of commodities and strongly affected by hydrocarbon, metal or gold prices.

**Figure 16. Commodity prices, oil (Brent) and (Australian) coal**



**Figure 17. Commodity prices, copper and steel**



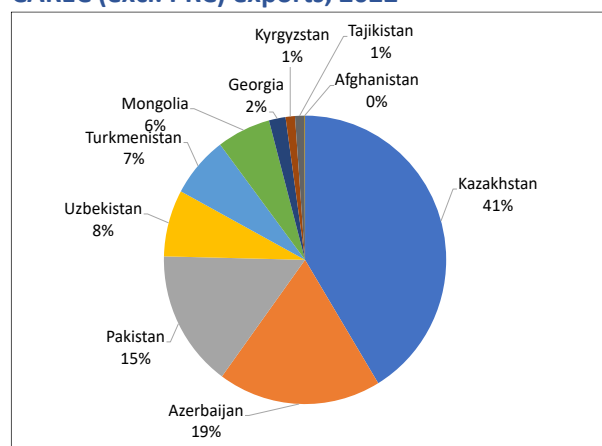
**Figure 18. Commodity prices, cotton and wheat**



<sup>4</sup> World Bank, Commodity Markets Outlook, April 2023, <https://openknowledge.worldbank.org/server/api/core/bitstreams/6864d537-d407-4cab-8ef1-868dbf7e07e2/content>

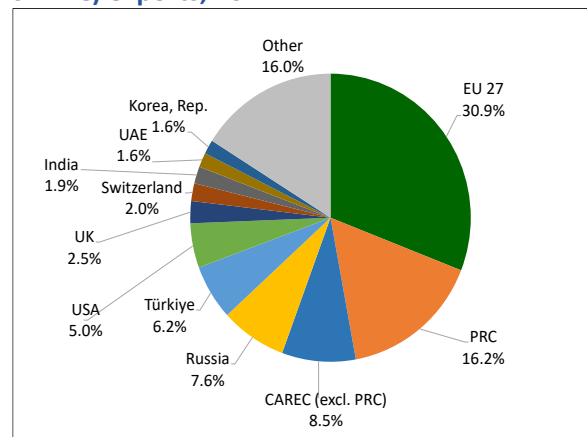
**For the CAREC economies' export outlook, GDP growth in trading partners and the development of the commodity structure of their demand will matter.** The largest importers of CAREC products are the EU, the PRC, the CAREC region itself, Russia, and Türkiye (Figure 20). The IMF's April 2023 World Economic Outlook forecasts real GDP in the Euro Area to growing by only 0.8% yoy in 2023 and 1.4% in 2024, in Russia by 0.7% and 1.3% yoy, respectively, in Türkiye by 2.7% and 3.6% yoy. The PRC and the CAREC region are foreseen to achieve substantially higher growth rates in 2023 and 2024 (Table 1). However, despite comparably favorable GDP forecasts import growth slowed in some CAREC countries in early 2023, and in Pakistan and in the PRC imports contracted (compare the discussion of import developments below).

**Figure 19. Share of CAREC countries in CAREC (excl. PRC) exports, 2022**



Source: TradeMap, authors' calculations.

**Figure 20. Share of importing economies of CAREC (excl. PRC) exports, 2021**



Source: TradeMap, authors' calculations.

**Table 2. PRC imports from the CAREC region by country, Jan-May 2023**

Country	USD million	% yoy
<b>CAREC excl. the PRC</b>	<b>18,122</b>	<b>13.5</b>
Kazakhstan	6,420	0.4
Mongolia	5,357	90.3
Turkmenistan	4,268	13.2
Pakistan	1,322	-17.2
Uzbekistan	450	-51.1
Tajikistan	128	-27.1
Azerbaijan	88	-51.5
Georgia	45	-24.2
Afghanistan	28	281.2
Kyrgyz Republic	16	-62.9

Source: PRC, General Administration of Customs, authors' calculations.

**More opportunities outside carbon exports need to be developed.** The EU, the largest importer of CAREC goods, has embarked on a decarbonization trail, and it has also begun to tax imports from third countries with a high carbon content. Diversifying the product structure of exports has thus become more urgent than ever. The PRC's global imports contracted by 6.7% yoy in Jan-May 2023, according to data from the PRC's General Administration of Customs. Among the PRC's imports from the CAREC region only imports from Mongolia and Turkmenistan significantly increased, the ones from Kazakhstan stagnated, and imports from other CAREC countries fell (Table 2). Afghanistan is a special case with a very high growth rate, but imports nevertheless amounted to only USD 28 million, still more than the USD 16 million from the Kyrgyz Republic though. Despite the decrease in overall imports, the PRC increased imports of food-related products. Harmonized System categories I and II accounted together for USD 78 billion in Jan-May 2023 and grew by 3.2% and 10.9% yoy, respectively (Table 3). The PRC's imports from Kazakhstan, Mongolia, and Turkmenistan, accounting for 89% of the PRC's imports from the CAREC region, have very



large components of oil, coal, gas, and metals. Food still plays a very little role. From Kazakhstan, for example, the PRC imported USD 238 million in product groups I and II, animal and vegetable products, compared with USD 6.4 billion in overall imports from Kazakhstan.

**Table 3. PRC global imports by product group, Jan-May 2023**

HS Section	USD billion	% yoy
X VI MACHINERY AND MECHANICAL APPLIANCES	279	-21.0
X III ARTICLES OF CEMENT, CERAMIC PRODUCTS; GLASS AND GLASSWARE	4	-20.9
VII PLASTICS AND ARTICLES THEREOF; RUBBER AND ARTICLES THEREOF	32	-20.5
XI TEXTILES AND TEXTILE ARTICLES	11	-20.2
X VII VEHICLES, AIRCRAFT, VESSELS	34	-18.3
X V BASE METALS AND ARTICLES OF BASE METAL	58	-17.2
IX WOOD AND ARTICLES	8	-13.3
X X MISCELLANEOUS MANUFACTURED ARTICLES	3	-12.2
<b>TOTAL</b>	<b>1,041</b>	<b>-6.7</b>
X VIII OPTICAL, MEASURING, MEDICAL INSTRUMENTS; CLOCKS AND WATCHES	33	-3.0
V MINERAL PRODUCTS	318	-2.4
VIII RAW HIDES AND SKINS, LEATHER	4	0.6
VI PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES	82	1.2
I LIVE ANIMALS; ANIMAL PRODUCTS	24	3.2
XII FOOTWEAR	3	7.9
II VEGETABLE PRODUCTS	54	10.9
X PULP OF WOOD OR OF OTHER FIBROUS CELLULOSIC MATERIAL	15	18.3
IV FOODSTUFFS; BEVERAGES; TOBACCO	15	20.4
III ANIMAL OR VEGETABLE FATS	6	27.3
X XII Commodities not classified according to kind	5	89.9
X IV PRECIOUS METALS	52	98.0
X XI WORKS OF ART	1	112.4

Source: PRC, General Administration of Customs, authors' calculations.

**Services, especially transport and travel services, are also an important part of CAREC exports; they are likely to grow further in 2023 and 2024 and could do so even more in future.** In 2021, CAREC (excluding the PRC) revenues from the exports of transport services totaled USD 11.7 billion and revenues from the export of travel services USD 3.4 billion (Table 4). This is about 9% of the total CAREC (excluding the PRC) export of goods and services 2021. In 2019, before the impact of the COVID-19 crisis, the combined transport and travel export earnings even amounted to about 14% of the export of goods and services. Thanks to transcontinental transportation corridors and oil/gas pipelines, Kazakhstan, Turkmenistan, Uzbekistan, and increasingly Azerbaijan are the leading CAREC transportation services exporters. Georgia, Kazakhstan, Azerbaijan, and Uzbekistan lead the travel services export thanks to tourism, business travel, or labor migration. Travel revenues should have meanwhile further increased. Georgia, for example, received USD 3.5 billion from international tourist visits in 2022 according to the National Tourism Administration, a 182.5% increase compared to 2021<sup>5</sup>. The post-COVID opening up by the PRC in 2023 should additionally boost travel and transportation. Transport and travel, along with more exports of information technology (IT) and other business services, could be one of the important ways for export diversification. Exports of IT services are not a very significant part of the CAREC region's services exports yet (despite some temporary flashes of crypto-currency mining), but this could change in future thanks to the initiatives by several CAREC countries to set up special zones and IT hubs.

<sup>5</sup> <https://agenda.ge/en/news/2023/247>

**Table 4. CAREC (excl. PRC) exports of transport and travel services, USD million**

Transport						Travel					
Exporters	2017	2018	2019	2020	2021	Exporters	2017	2018	2019	2020	2021
CAREC ex PRC	8,308	9,317	<b>11,528</b>	9,509	11,668	CAREC ex PRC	9,727	10,602	<b>11,129</b>	2,336	3,430
Kazakhstan	3,458	4,012	<b>3,974</b>	3,359	3,976	Georgia	2,704	3,222	<b>3,269</b>	542	1,245
Turkmenistan			<b>2,338</b>	1,473	1,781	Kazakhstan	2,135	2,255	<b>2,456</b>	455	535
Uzbekistan	1,190	1,254	<b>1,252</b>	1,000	1,276	Azerbaijan	3,012	2,634	<b>1,792</b>	304	313
Azerbaijan	971	1,224	<b>1,108</b>	1,645	2,396	Uzbekistan	689	1,144	<b>1,481</b>	345	553
Georgia	960	974	<b>1,007</b>	698	823	Kyrgyz Rep.	429	459	<b>644</b>	151	198
Pakistan	914	895	<b>891</b>	605	611	Mongolia	396	461	<b>513</b>	29	16
Mongolia	320	382	<b>389</b>	384	483	Pakistan	352	390	<b>494</b>	439	559
Kyrgyz Rep.	207	214	<b>270</b>	153	209	Tajikistan	8	9	<b>14</b>	6	11
Tajikistan	185	181	<b>192</b>	105	113						
Afghanistan	103	181	<b>107</b>	87							

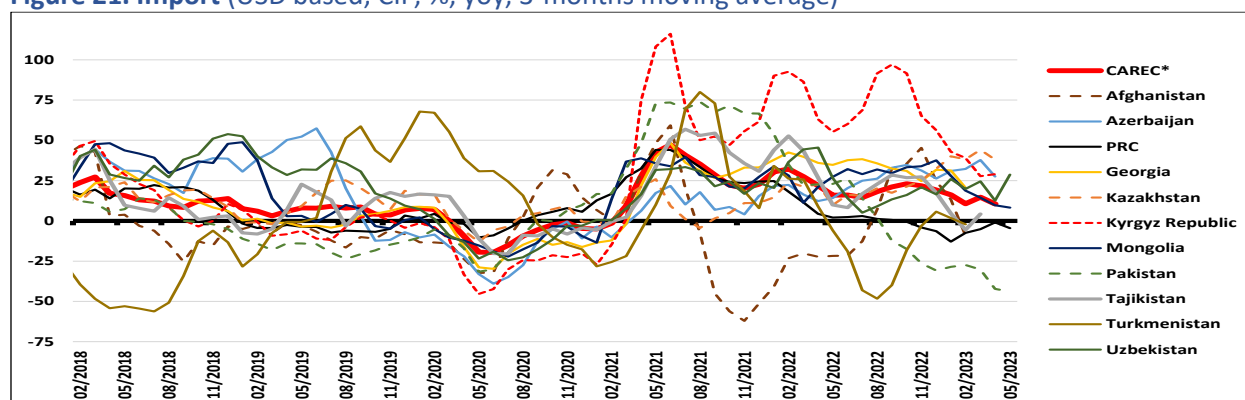
Note: There are no 2022 data according to the methodology applied here available yet. Until 2021 there was no full recovery from the COVID-19 pandemic, especially in travel. The country ranking by the export amount is therefore done by 2019 data.

Source: TradeMap, authors' calculations.

**Along with export growth, also import growth moderated in several CAREC economies or even turned negative, preventing a further widening of foreign trade deficits.**

In some CAREC economies, import growth accelerated, in some it remained broadly unchanged; it slowed in others and turned negative in Pakistan and the PRC. Average CAREC import growth decelerated to 10.5% in the three months to April 2023 from a rate of still above 19% yoy in December 2022 (Figure 21). All CAREC economies except Azerbaijan, Kazakhstan, and Uzbekistan saw a slowdown in import growth or contractions. In Azerbaijan, the 3-month-moving average rate accelerated from 26.3% yoy in December to 27.6% yoy in April, in Kazakhstan from 32.3% yoy to 38.0% yoy, in Uzbekistan from 16.5% yoy to 28.7% yoy in May 2023. However, import growth in the Kyrgyz Republic eased from 56.3% yoy in December 2022 to 29% yoy by April 2023, and in Mongolia from 37.5% yoy to 8.3% yoy in May 2023. In the PRC the 3-month-moving average rate was negative by 4.5% yoy in May 2023, and in Pakistan by as much as 43.9% yoy.

**Figure 21. Import (USD based, CIF, %, yoy, 3-months moving average)**



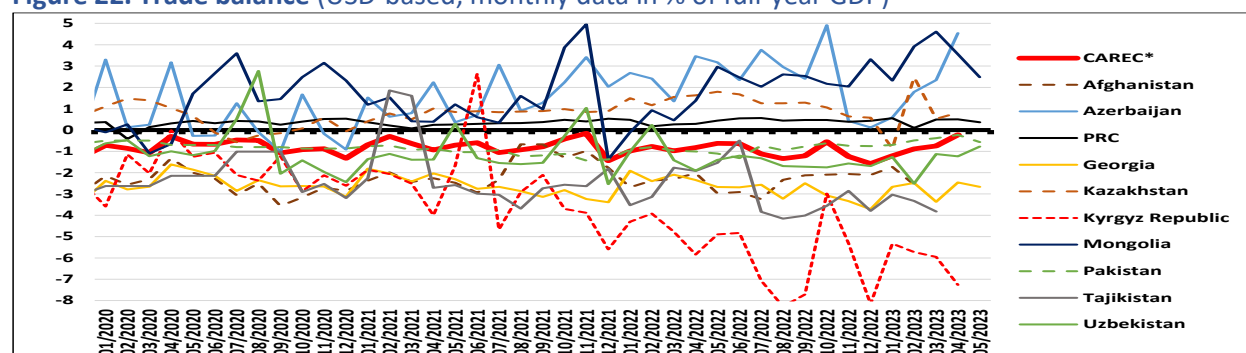
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Due to the more moderate import growth, trade deficits have not widened further since late 2022.** Azerbaijan's, the PRC's, Kazakhstan's, and Mongolia's foreign trade balance remained in surplus or became even more positive (again) in early 2023 (Figure 22). The trade balance of Afghanistan, Georgia, Pakistan, Tajikistan, and Uzbekistan remained in deficit but without a substantial widening. The deficit of

the Kyrgyz Republic's also didn't widen despite lower but still high import growth, though it remained impressively negative. However, the deficit might be overestimated to some extent given the country partially stopped reporting gold sales and also some of the reexport to Russia might not be captured by the export statistic because done between private individuals within the Eurasian Economic Union, car sales for example. Pakistan's deficit did not further widen because the slump in exports was matched by the sharp contraction of imports. However, both Pakistan's export as well as drastic import contractions reflect the difficult situation the country is in. The new agreement with IMF (see box below) might bring some relief, likely only temporary one, however, if not indeed accompanied by far-reaching reforms.

**Figure 22. 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.

### IMF-PAKISTAN REACH AGREEMENT

Pakistan-IMF have reached a Staff Level Agreement (SLA) for a new financing engagement Stand-By Arrangement (SBA) of US \$ 3 billion. The SLA for the EFF was mainly delayed by non-confirmed external financing from bilateral and multilateral sources. Non-confirmation of the SLA has provided a speculative environment that caused default risk and an uncertain currency exchange market. The gap between the interbank and open market fx-rates was floating with a difference of Rs. 27, which caused a parallel black currency market. Fitch and Moody's had downgraded Pakistan's bonds market, and foreign exchange reserves declined to less than a month's imports value. To stabilize the economy, Pakistan has adopted multifaceted approaches to restrict dollars outflow, including import restrictions and delayed Letters of Credit issuance, among others.

The IMF assistance will help Pakistan to address its balance of payments issues and build up its foreign exchange reserves, which are crucial for economic stability. The new 9-month SBA is a substantial plus; it will significantly decrease risks, uncertainties, and volatility prevailing in the markets. Right after concluding the SLA, Fitch revised and upgraded Pakistan's rating. Also, Pakistan's stock exchange performed well. The speculative currency market has stabilized. The market sentiment has improved. The new SBA foresees several measures, including:

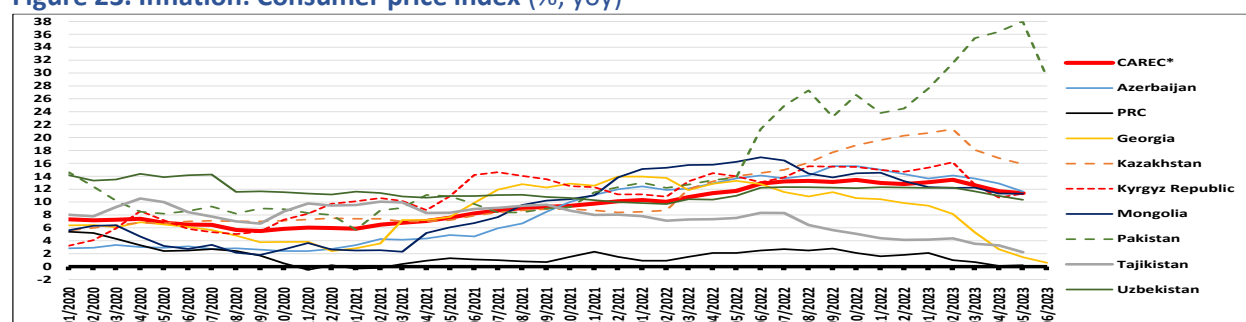
- **Structural Reforms:** The agreement also outlines a set of structural reforms that Pakistan must implement to strengthen its economy. These reforms focus on fiscal consolidation, taxation, the energy sector, public sector enterprises, and social safety nets. By undertaking these reforms, Pakistan aims to boost revenue generation, reduce uneconomical expenditure, and enhance the efficiency of critical sectors.
- **Fiscal Responsibility:** The SLA emphasizes the importance of budgetary responsibility and outlines measures to contain the fiscal deficit. This includes improving tax administration and broadening the tax base. Pakistan aims to create a sustainable fiscal framework that promotes economic growth and stability by addressing fiscal imbalances.
- **Social Protection:** Recognizing the importance of safeguarding vulnerable segments of the society, the agreement highlights the need for a robust social protection system and supports the funding of the Benazir Income Support Program (BISP) from the budget funds allocated for the social safety nets.

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

## Monetary conditions: still tight, but the inflation outlook has somewhat improved

**Inflation has begun to recede in the CAREC region.** Average CAREC inflation slightly eased to 11.4% yoy by May 2023 from a peak of 13.4% in February 2023 (Figure 23). Inflation rates came down in all CAREC economies, in case of Georgia to as much as 0.6% by June 2023 from double-digit rates in 2022. The PRC, Georgia, and Tajikistan had all rates below 2.5% in May 2023. Most other CAREC economies had rates slightly above 10%. Kazakhstan's inflation rate stood still at 15.9% in May, lower though than at the peak of 21.3% in February 2023. Pakistan's inflation rate was 29.4% in June, down from 38.0% in May 2023.

**Figure 23. Inflation: Consumer price index (% , yoy)**

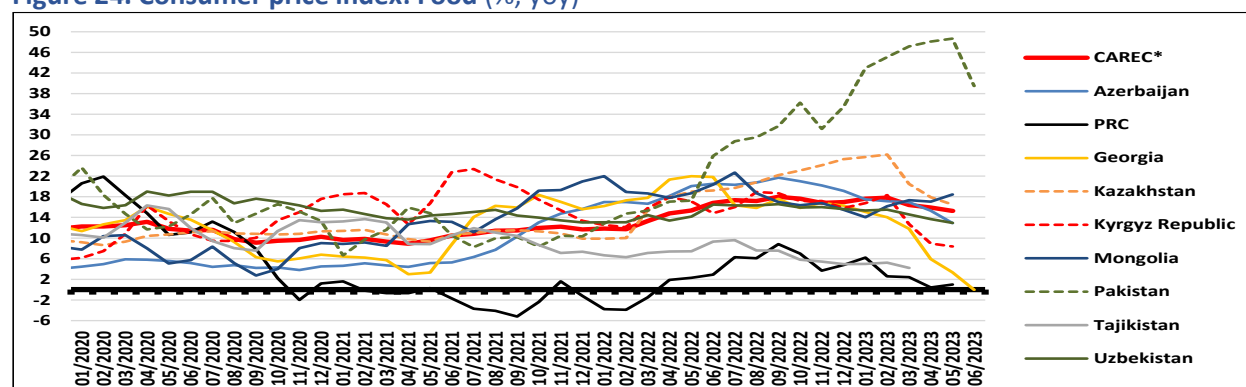


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Though at different speed and magnitude, food price inflation has also eased in all CAREC economies.** Increases in prices of food and non-alcoholic beverages moderated to 15.3% on average in the CAREC region in May 2023 from a peak of 17.8% yoy in February 2023 (Figure 24). In Georgia prices of food and non-alcoholic beverages were 0.04% lower in June 2023 than a year earlier. The other extreme is Pakistan with price increases of 39.5% yoy in June, which is still lower than the 48.7% in May, however.

**Figure 24. Consumer price index: Food (% , yoy)**



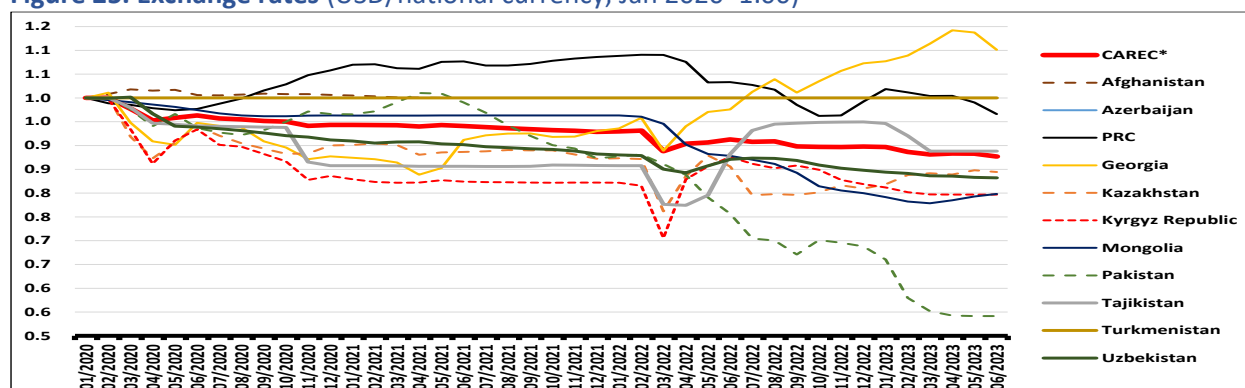
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**A major factor in the slowdown in inflation is the relatively stable exchange rates which mitigated increases in import prices.** Georgia's currency strongly appreciated until recently (Figure 25). The one of Pakistan, by contrast, has begun to stabilize only since April 2023. The exchange rates of the other CAREC economies slightly depreciated or appreciated since the beginning of 2023, but not dramatically. At the same time, price growth in trading partners has also begun to ease: in the EU area to 7.1% in May from 10.4% in December; in the PRC from the anyway low rate of 1.8% in December 2022 further to 0.2% by May 2023. In Russia, it fell from 11.9% in December to 2.5% yoy by May 2023. The recent weakening of the ruble might push prices of imports from Russia further down. However, it remains to be seen to what

extent the weakening ruble will in turn weaken currencies of the region against the USD and what net-effect this will have on prices.

**Figure 25. Exchange rates (USD/national currency, Jan 2020=1.00)**

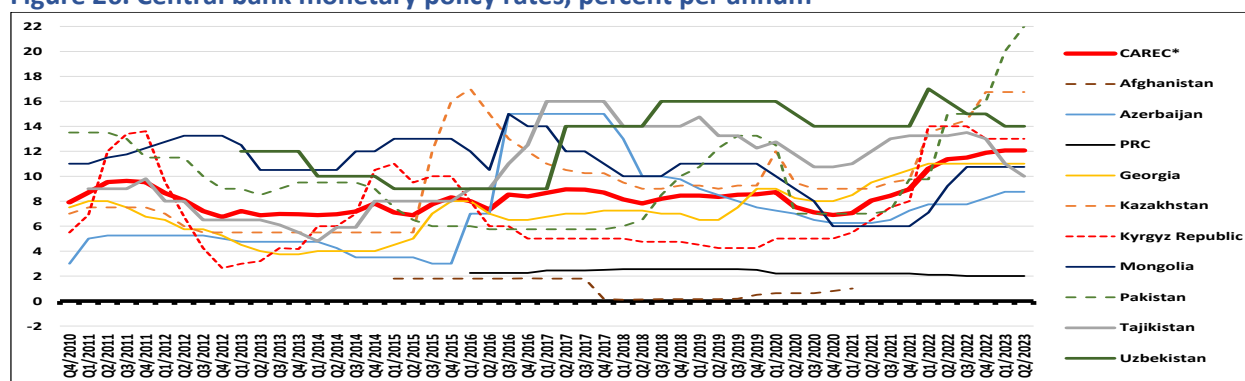


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, Trading Economics, authors' calculations.

The policy stance of CAREC central banks has remained cautious, but the more moderate inflation and the relatively stable exchange rates might prompt them to ease somewhat in the medium term. Policy rates have generally remained little changed since the end of 2022 (Figure 26). However, the central bank of Azerbaijan hiked its rate by 50 basis points (bps) in Q1 2023, the one of Pakistan much more drastically by 400 bps in Q1 and another 200 bps in Q2 2023. By contrast, the central bank of Uzbekistan lowered its rate by 100 bps in Q1, and the central bank of Tajikistan its rate by 200 bps in Q1 and another 100 bps in Q2 2023. Unless there is new turmoil, other central banks might also relax policies somewhat at some point in time.

**Figure 26. Central bank monetary policy rates, percent per annum**

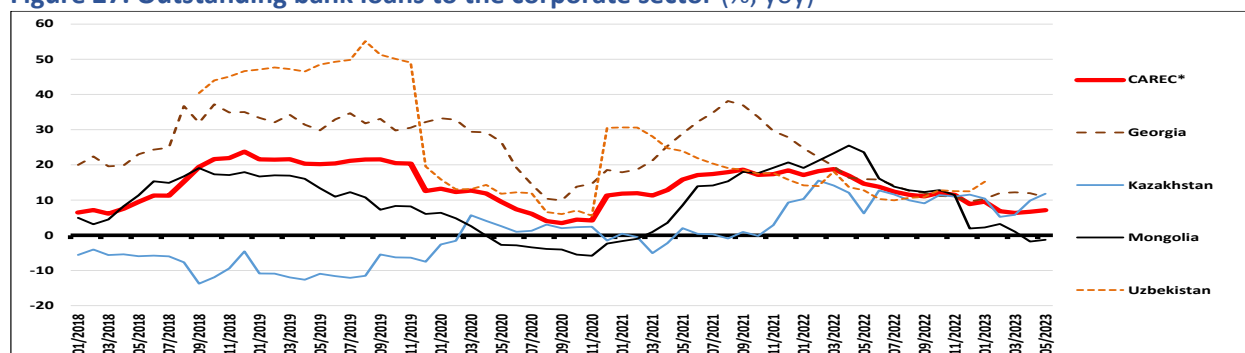


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

As the result of the tight monetary stance, credit growth has slowed in some CAREC economies, but not in others. The pass-through of monetary policy measures depends on how well transmission channels and money markets are established and work, and several other factors. Growth in credit to the corporate sector slowed in Mongolia but remained broadly unchanged from late 2022 in the other countries (Figure 27). However, growth was lower than in 2021 or early 2022. In Mongolia, Georgia, Kazakhstan, and Azerbaijan growth in lending to individuals has slowed relatively consistently since some months (Figure 28). It has by contrast expanded strongly in Uzbekistan and the Kyrgyz Republic and might need to be reined-in at some point to keep the banking sector safe. However, as discussed for other indicators above, the pattern of credit growth points to some slowdown in the expansion of economic activity in the CAREC region, but not to a very dramatic one.

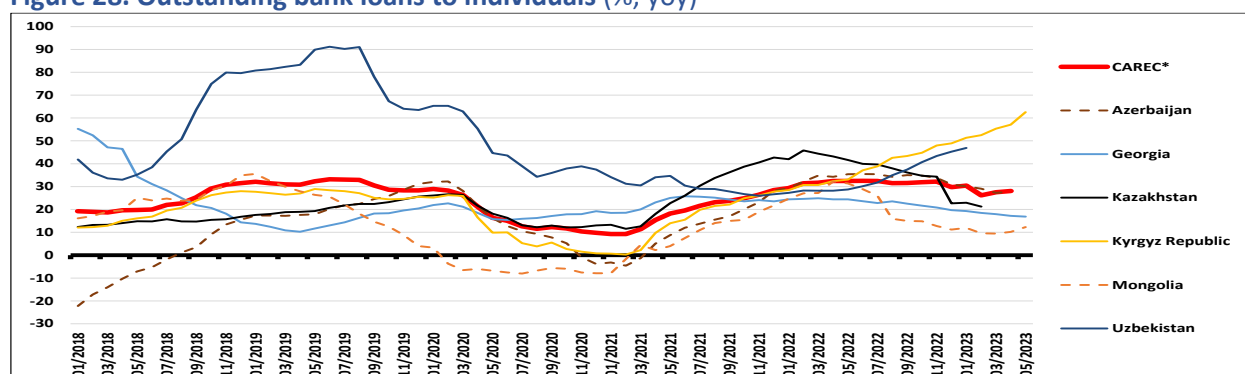
**Figure 27. Outstanding bank loans to the corporate sector (% , yoy)**



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

Source: CEIC, authors' calculations.

**Figure 28. Outstanding bank loans to individuals (% , yoy)**



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

Source: CEIC, authors' calculations.

**Conclusion: The imminent slow-down of CAREC growth is rather moderate, but it once again points to the need for upgrading and diversifying the region's production profile.**

While CAREC growth is likely to remain decent in 2023 and 2024, medium- to long-term a lot will depend on the fate of the region's traditional export products and their prices. The World is facing highly disruptive changes because of new technologies, climate change, and geopolitics and related geoeconomics. Policies that facilitate the development of new productions and the modernizing of existing ones, help reduce the carbon footprint and the exposure to climate change and provide back-up options for shifting geoeconomic relations will be essential to sustain the region's growth and to avoid overreliance on a narrow set of commodities and destinations. Regional cooperation is one of the factors for increasing the region's resilience and the region's ability to embrace the developments of the new time.



## CAREC governments' cooperation initiatives

**Prime Minister's visit: Mongolia values long-term, effective, and consistent partnership****Date: 2023-6-30**

As part of the Official Visit, Prime Minister L. Oyun-Erdene attended the "Mongolia-China Trade and Economic Cooperation" Forum, which was jointly organized by the Mongolian National Chamber of Commerce and Industry and the China Council for the Promotion of International Trade in Beijing, and delivered the opening remarks. ... There are over 7500 companies with Chinese investment in Mongolia. ... According to the President of the Mongolian National Chamber of Commerce O. Amartuvshin, about 25 cooperation agreements, totaling three billion yuan, were signed during the "Mongolia-China Trade and Economic Cooperation" Forum. In this Forum, over 500 entrepreneurs from Mongolia and China participated.

MORE: <https://montsame.mn/en/read/322374>**Source: Montsame****Pakistan, Kazakhstan agree to finalise Transit Trade Agreement early****Date: 2023-6-27**

Pakistan and Kazakhstan agreed to finalize the Transit Trade Agreement early which will become the catalyst for enhanced trade between the two countries. The second round of Pakistan-Kazakhstan Bilateral Political Consultations (BPC) was held in Astana, Kazakhstan. ... The two sides agreed towards early finalization of the Transit Trade Agreement, which would catalyse enhanced trade between the two countries. It was also agreed to enhance connectivity between the two countries and welcomed the resumption of direct flights commencing early next month.

MORE: <https://www.nation.com.pk/27-Jun-2023/pakistan-kazakhstan-agree-to-finalise-transit-trade-agreement-early>**Source: The Nation****Pakistan, China likely to sign 4 protocols****Date: 2023-6-22**

Pakistan and China are likely to sign four protocols for exporting hides of donkey, dried chilies, heated meat and dairy products from the former to the latter. The Prime Minister of Pakistan has approved the placement of summary before the Federal Cabinet through circulation, official source told The Nation. ... It is worth mentioning here that as per the recent economic survey, the population of donkeys in Pakistan has increased by approximately 100,000 to 5.8 million as compared to the previous year.

MORE: <https://www.nation.com.pk/22-Jun-2023/pakistan-china-likely-to-sign-4-protocols>**Source: The Nation****Turkmenistan and Pakistan discussed the implementation of joint projects in energy and communications****Date: 2023-6-16**

The Coordinator of the Prime Minister of Pakistan for Trade and Industry Rana Ihsan Afzal Khan, as part of a business delegation, visited the Embassy of Turkmenistan in Islamabad and held a meeting with the Ambassador of Turkmenistan A.Movlamov. During the meeting, the parties discussed the implementation of major joint projects - the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, Turkmenistan-Afghanistan-Pakistan (TAP) power transmission line and fiber-optic communication line. ... The parties stressed that signing the plan is an important step towards implementing the TAPI gas pipeline project. It was also emphasized that the TAPI and TAP projects will contribute to the prosperity of the region and the economic growth of Pakistan.

MORE: <https://turkmenistan.gov.tm/en/post/73313/turkmenistan-and-pakistan-discussed-implementation-joint-projects-energy-and-communications>**Source: Turkmenistan: Golden age**

### **Azerbaijan, Pakistan sign Memorandum of Understanding on cooperation in field of trade**

**Date: 2023-6-15**

Azerbaijan's Minister of Economy Mikayil Jabbarov, Minister of Digital Development and Transport Rashad Nabiyeu, Minister of Energy Parviz Shahbazov and the country's ambassador to Pakistan Khazar Farhadov have met with the delegation led by Prime Minister of the Islamic Republic of Pakistan Muhammad Shehbaz Sharif who is in Azerbaijan for an official visit. ... A Memorandum of Understanding on cooperation in the field of trade between the Ministry of Economy of the Republic of Azerbaijan and Ministry of Commerce of the Islamic Republic of Pakistan was signed as part of the meeting. The document envisages respective measures to be put in place to deepen trade relations between the two nations.

MORE:[https://azertag.az/en/xeber/Azerbaijan\\_Pakistan\\_sign\\_Memorandum\\_of\\_Understanding\\_on\\_cooperation\\_in\\_field\\_of\\_trade-2662469](https://azertag.az/en/xeber/Azerbaijan_Pakistan_sign_Memorandum_of_Understanding_on_cooperation_in_field_of_trade-2662469)

**Source: Azertac**

### **Afghanistan and Kazakhstan hold a joint exhibition to promote local products**

**Date: 2023-6-14**

The Ministry of Trade and Industry has announced holding a joint exhibition between Afghanistan and Kazakhstan next month. This exhibition is supposed to be launched in July this year in Kazakhstan. The ministry says in a newsletter that domestic products of Afghanistan will be displayed in this exhibition. According to officials in this ministry, such exhibitions are a good opportunity to introduce the country's domestic products to the world markets.

MORE:<https://www.avapress.com/en/news/271725/afghanistan-and-kazakhstan-hold-a-joint-exhibition-to-promote-local-products>

**Source: Afghan Voice Agency**

### **Azerbaijan, Georgia sign Memorandums of Understanding on cooperation**

**Date: 2023-6-2**

As part of the Georgia-Azerbaijan business forum held in Tbilisi to mark the 100th anniversary of Great Leader Heydar Aliyev, Azerbaijan and Georgia have inked Memorandums of Understanding on cooperation. The first document was signed between Azerbaijan's State Service on Property Issues under the Ministry of Economy of the Republic of Azerbaijan and the National Agency of Public Registry of the Ministry of Justice of Georgia. The document envisages cooperation between the two government agencies in real estate registration and cadastral activities. Another memorandum was signed between Small and Medium Business Development Agency of Azerbaijan (KOBIA) and the Business Association of Georgia.

MORE:[https://azertag.az/en/xeber/Azerbaijan\\_Georgia\\_sign\\_Memorandums\\_of\\_Understanding\\_on\\_cooperation-2644988](https://azertag.az/en/xeber/Azerbaijan_Georgia_sign_Memorandums_of_Understanding_on_cooperation-2644988)

**Source: Azertac**

### **Mongolian and Kyrgyz Banks to cooperate in digital transition**

**Date: 2023-5-31**

The Bank of Mongolia signed a Memorandum of Cooperation with the Interbank Processing Center (IPC) of Kyrgyzstan aimed at digital transition in the financial sector. The Memorandum enables the parties to exchange professional knowledge and experience in payment systems, and cooperate in the reciprocal acceptance of the National Brand ₮ Card and Kyrgyz Elcard in both countries, informed the Bank of Mongolia.

MORE:<https://montsame.mn/en/read/320329>

**Source: Montsame**

### **Joint Trade Committee was formed between Afghanistan and Turkmenistan**

**Date: 2023-5-31**

To improve trade, Afghanistan and Turkmenistan discussed the development of cooperation in transporting goods and agreed on creating a joint committee. Afghan Voice Agency (AVA)\_Monitoring, The Ministry of Industry and Commerce said that the current government asked Turkmenistan to decrease the transit costs of commercial goods of Afghanistan. ... Meanwhile, some economists believe that with the reduction of transit costs, the price of goods will also decrease in the country and it will have a good impact.



MORE: <https://www.avapress.com/en/news/271017/joint-trade-committee-was-formed-between-afghanistan-and-turkmenistan>

**Source: Afghan Voice Agency**

#### **Pak-Turkmenistan transit trade agreement to be signed soon**

**Date: 2023-5-30**

Ambassador of Turkmenistan to Pakistan Atadjan Movlamov has said that significant progress has been achieved on bilateral transit trade agreement between Pakistan and Turkmenistan and it will be signed soon. It has been agreed to finalise the bilateral trade agreement and a delegation of Turkmenistan's ministers will visit Pakistan soon, Ambassador of Turkmenistan to Pakistan Atadjan Movlamov said during a meeting with delegation of Pakistani businessmen here Monday.

MORE: <https://www.nation.com.pk/30-May-2023/pak-turkmenistan-transit-trade-agreement-to-be-signed-soon-envoy>

**Source: The Nation**

#### **China and Central Asian countries to create Business Council**

**Date: 2023-5-20**

President of the Chamber of Commerce and Industry of the Kyrgyz Republic Temir Sariev is in Xi'an as part of the China — Central Asia summit. Press service of the Chamber of Commerce and Industry reported. The visit takes place at the invitation of China Council for the Promotion of International Trade. It is planned to participate in the founding meeting of the China — Central Asia Business Council, where the main topic will be the creation of the Business Council of the Central Asian countries and China.

MORE: [https://24.kg/english/265982\\_China\\_and\\_Central\\_Asian\\_countries\\_to\\_create\\_Business\\_Council/](https://24.kg/english/265982_China_and_Central_Asian_countries_to_create_Business_Council/)

**Source: 24.kg**

#### **Another document on China — Kyrgyzstan — Uzbekistan railway signed in China**

**Date: 2023-5-19**

A tripartite document has been signed in China, providing for the next steps on China — Kyrgyzstan - Uzbekistan railway construction project. ... The document will speed up implementation of the railway construction project, which will help strengthen interregional ties, meet the goals of the Central Asian states to diversify transport routes and increase the region's competitiveness as an international transport and transit hub. ... The new document will determine the next steps in implementing this project, such as the development of detailed design, study and choosing of an investment and financing model. The total length of China — Kyrgyzstan — Uzbekistan railway will be about 454 kilometers. At least 280 kilometers of them will run through the territory of Kyrgyzstan. ... According to preliminary forecasts, reduction of the route from East Asia to the countries of the Middle East and Southern Europe will be about 900 kilometers, and the time will be reduced by 7-8 days, while the volume of cargo transportation may reach 12-15 million tons per year.

MORE: [https://24.kg/english/265974\\_Another\\_document\\_on\\_China\\_Kyrgyzstan\\_Uzbekistan\\_railway\\_signed\\_in\\_China/](https://24.kg/english/265974_Another_document_on_China_Kyrgyzstan_Uzbekistan_railway_signed_in_China/)

**Source: 24.kg**

#### **Kazakhstan and China forge new travel alliance with mutual visa-free agreement**

**Date: 2023-5-18**

Kazakhstan and China have taken significant steps towards enhancing collaboration in the tourism sector, aiming to boost the number of visitors travelling between the two countries. During his state visit to China on Wednesday, Kazakh President Kassym-Jomart Tokayev met with President Xi Jinping and signed 23 crucial agreements, including a bilateral visa exemption arrangement. The plans to establish a visa-free regime were first announced in April and have now been realized with the signing of the agreement between the governments of Kazakhstan and China. Under this new arrangement, citizens of both countries can enjoy visa-free travel for up to 30 days. The visa exemption covers various purposes, including tourism, medical treatment, international transportation, transit, and business activities.

MORE: <https://caspiannews.com/news-detail/kazakhstan-and-china-forge-new-travel-alliance-with-mutual-visa-free-agreement-2023-5-17-26/>

**Source: Caspian News**

### **Kazakhstan, Uzbekistan ink strategic documents at bilateral intergovernmental commission**

**Date: 2023-5-6**

Prime Minister Alikhan Smailov and Uzbek Prime Minister Abdulla Aripov signed the Roadmap to Accelerate the Establishment of the International Center for Industrial Cooperation (ICIC) Central Asia and the Joint Plan of Practical Actions in Labor Activity and Migrant Workers' Rights at the 20th bilateral Intergovernmental Commission in Tashkent on May 5, the Prime Minister's press service reported. ... Smailov and Mirziyoyev concurred that constructing the ICIC Central Asia on the Kazakh-Uzbek border would foster industrial cooperation between the two countries.

MORE: <https://astanatimes.com/2023/05/kazakhstan-uzbekistan-ink-strategic-documents-at-bilateral-intergovernmental-commission/>

**Source: The Astana Times**

### **Azerbaijan, Turkmenistan ink MoU on international container transportation**

**Date: 2023-5-5**

The 2nd International conference and exhibition "International transport and transit corridors: interconnection and development" (ITTC 2023) has wrapped up in Ashgabat, Turkmenistan. On the sidelines of the conference, "ADY Container" LLC, a subsidiary of "Azerbaijan Railways" CJSC and "Turkmenistan Transport and Logistics Center" SC signed a Memorandum of Understanding on international container transportation. The new cooperation platform will contribute to the efficient and faster organization of container transportation in the Eurasian region.

MORE: [https://azertag.az/en/xeber/Azerbaijan\\_Turkmenistan\\_ink\\_MoU\\_on\\_international\\_container\\_transportation-2602778](https://azertag.az/en/xeber/Azerbaijan_Turkmenistan_ink_MoU_on_international_container_transportation-2602778)

**Source: Azertac**

### **About 40 cooperation documents worth over \$ 2.6 billion signed at the Tajik-Kazakh Business Forum**

**Date: 2023-5-4**

As part of the state visit of the President of Tajikistan Emomali Rahmon to Kazakhstan, Astana hosted a Tajik-Kazakh Business Forum. The forum was attended by representatives of relevant government agencies and business circles of Tajikistan and Kazakhstan, with more than 200 entrepreneurs and representatives of companies and enterprises in various fields of activity. ... During the forum, the parties agreed to establish joint production enterprises in the free economic zones of Tajikistan, including the Kulob Free Economic Zone, with investments from the Kazakh side, and concluded long-term agreements confirming the real trust and confidence of the Kazakhstani business sector and commercial companies in investing in the economy Tajikistan. ... Today, Kazakhstan ranks second among Tajikistan's foreign trade partners in terms of trade. ... and trade between the two countries increased by \$263 million or more than 20% over the past year, amounting to almost \$1.5 billion.

MORE: <https://eng.khovar.tj/2023/05/about-40-cooperation-documents-worth-over-2-6-billion-signed-at-the-tajik-kazakh-business-forum/>

**Source: Khovar**

### **Tajikistan, China agree on rehabilitation of remaining sections of Dushanbe-Kulma highway**

**Date: 2023-4-14**

The possibility of attracting Chinese funds for construction and rehabilitation of the remaining sections of the Dushanbe-Kulma highway were discussed here on April 12 at a meeting of Tajik Minister of Azim Ibrohim with officials and entrepreneurs of the Chinese city of Kashgar. ... A total length of the Dushanbe-Khorog-Kulma is 1,008 kilometers. ... The parties reached an agreement to sign an official document on this issue in the near future, the MoT press center noted. ... On the Tajik side, the pass is 80 km by road to Murgab. On the Chinese side, the pass is 13.9 km from Qarasou, a port of entry on the Karakorum Highway, which leads to Tashkurgan (60–70 km) and Kashgar (220 km).

MORE: <https://asiaplustj.info/en/news/tajikistan/economic/20230414/tajikistan-china-agree-on-rehabilitation-of-remaining-sections-of-dushanbe-kulma-highway>

**Source: Asia-Plus**

**Businessmen of Uzbekistan ready to invest over \$70 million in Kyrgyzstan****Date: 2023-6-5**

Businessmen from Uzbekistan are ready to invest over \$70 million in Kyrgyzstan. The National Investment Agency reported. The agency clarified that work is underway to implement joint projects with Uzbekistan. They concern construction of an enterprise for the production of basalt fiber, calcium carbide, textile and clothing production, as well as the construction of a plant for quartz processing in Kyrgyzstan.

MORE: [https://24.kg/english/267317\\_Businessmen\\_of\\_Uzbekistan\\_ready\\_to\\_invest\\_over\\_70\\_million\\_in\\_Kyrgyzstan/](https://24.kg/english/267317_Businessmen_of_Uzbekistan_ready_to_invest_over_70_million_in_Kyrgyzstan/)

**Source: 24.kg****Mongolia intends to export meat and meat products to Kyrgyzstan****Date: 2023-5-31**

The Minister of Foreign Affairs of Kyrgyzstan held talks with his counterpart in Mongolia. ... As part of Mongolia's foreign trade diversification policy, the parties agreed to supply export goods such as meat, meat products and leather to the Kyrgyz Republic and other states of the Central Asian region, import fruits and vegetables from Kyrgyzstan, promote mutually beneficial trade and economic partnership, and intensify cooperation between veterinary and quarantine facilities. ... The parties also discussed resumption of direct flights between the two states and development of tourism cooperation through the effective use of a mutual visa-free regime.

MORE: [https://24.kg/english/266874\\_Mongolia\\_intends\\_to\\_export\\_meat\\_and\\_meat\\_products\\_to\\_Kyrgyzstan/](https://24.kg/english/266874_Mongolia_intends_to_export_meat_and_meat_products_to_Kyrgyzstan/)

**Source: 24.kg****National Bank signs a loan agreement with China Development Bank for 1.18 billion yuan****Date: 2023-5-18**

On the eve of the state visit of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the People's Republic of China on May 17, Xi'an hosted Uzbekistan – China Business Forum. ... During the business forum, JSC National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU) and China Development Bank (CDB) signed an agreement on attracting a credit line for 1.18 billion yuan. The credit line will be used to finance an infrastructure project in transport for the purchase of passenger buses and electric buses.

MORE: [https://uza.uz/en/posts/national-bank-signs-a-loan-agreement-with-china-development-bank-for-118-billion-yuan\\_484140](https://uza.uz/en/posts/national-bank-signs-a-loan-agreement-with-china-development-bank-for-118-billion-yuan_484140)

**Source: UzA****Chinese company to install solar panels at 30 large enterprises in Tashkent****Date: 2023-5-3**

Deputy Hokim of Tashkent Sharof Rakhmanov met with a delegation led by the Chairman of the Board of Directors of China's CC7 Industries Long Haiyang. ... In particular, he drew attention to the measures taken in Uzbekistan to save electricity by installing solar panels at various facilities, noted the importance of accelerating the installation of solar panels at 30 large enterprises in Tashkent based on an agreement with the company. According to preliminary estimates, 100 MW panels will be installed on their roofs with an area of 747,000 square meters.

MORE: [https://uza.uz/en/posts/chinese-company-to-install-solar-panels-at-30-large-enterprises-in-tashkent\\_479375](https://uza.uz/en/posts/chinese-company-to-install-solar-panels-at-30-large-enterprises-in-tashkent_479375)

**Source: UzA****Kazakhstan, Uzbekistan sign export agreements worth \$900,000 in Tashkent****Date: 2023-4-28**

Kazakh and Uzbek business leaders signed export agreements worth \$900,000 during the fifth meeting of the Uzbek-Kazakh Business Council on April 26 in Tashkent, the press service of Atameken National Chamber of Entrepreneurs (NCE) reported. ... "We are in close trade and economic relations with Uzbekistan. Kazakhstan primarily exports wheat, smartphones, cars, flour, and cattle meat, and imports

car parts, concentrates, fertilizers, fruits, and vegetables,” said Ibadullayev.

MORE: <https://astanatimes.com/2023/04/kazakhstan-uzbekistan-sign-export-agreements-worth-900000-in-tashkent/>

Source: The Astana Times

#### **Port of Baku, Chinese SPG Qingdao Port ink Memorandum of Understanding**

**Date: 2023-4-18**

The "Baku International Sea Trade Port" JSC (Port of Baku) and Qingdao Port, one of the largest ports in China have signed a Memorandum of Understanding. Under the deal, both entities have agreed to collaborate on implementing best techniques, digital solutions, sustainability, and technologies, and leverage contemporary solutions for organizing port operations and managing business relationships. In addition, the ports have committed to facilitating mutual visits and knowledge exchange to acquire new skills and knowledge. It is pertinent to mention that the memorandum of understanding enables cargo transportation from Japan and South Korea via the "Middle Corridor" passing through Azerbaijan from Qingdao Port.

MORE: [https://azertag.az/en/xeber/Port\\_of\\_Baku\\_Chinese\\_SPG\\_Qingdao\\_Port\\_ink\\_Memorandum\\_of\\_Understanding-2577737](https://azertag.az/en/xeber/Port_of_Baku_Chinese_SPG_Qingdao_Port_ink_Memorandum_of_Understanding-2577737)

Source: Azertac

### **CAREC intra-regional economic highlights**

#### **Exports to Central Asian countries grow by 33 percent**

**Date: 2023-5-5**

Pakistan's exports to the Central Asian countries grew by 33 percent during the first nine months (July-March) of the current fiscal year (FY2022-23), reaching \$166.205 million compared to \$124.774 million during the corresponding period of the previous year, reports WealthPK. ... Notably, Pakistan registered a trade surplus with Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan during the first nine months of the current fiscal year while recording a trade deficit with Turkmenistan. During the period under review, Pakistan secured a prominent position as the primary exporter of goods to Kazakhstan, among other Central Asian countries.

MORE: <https://www.nation.com.pk/05-May-2023/exports-to-central-asian-countries-grow-by-33-percent>

Source: The Nation

#### **China-Mongolia border port sees surging cargo, passenger volumes in Q1**

**Date: 2023-4-11**

According to the local frontier inspection department, Erenhot, the largest land port on the China-Mongolia border, registered robust year-on-year growth in its import and export cargo volume in the first quarter of 2023. In the first quarter, the port in north China's Inner Mongolia Autonomous Region handled an import and export cargo throughput of 4.58 million tonnes, a year-on-year increase of 72.3 percent. Among them, the railway import and export cargo throughput neared 4.22 million tonnes, up 64.9 percent year on year, and the highway throughput totaled 369,000 tonnes, a surge of 250.1 percent.

MORE: <https://english.news.cn/asiapacific/20230411/5f079835c9a5435f9cba7c14afe191a1/c.html>

Source: Xinhua

#### **Trade turnover between Azerbaijan and Tajikistan amounted to \$6.5 million in 2022**

**Date: 2023-4-5**

"Trade relations between Tajikistan and Azerbaijan are rapidly growing. In 2022, the trade turnover between the countries amounted to about \$6.5 million," said Chairman of the Tajik State Property and Investment Committee Sadi Qodirzoda. The Tajikistan-Azerbaijan Investment Forum held in Dushanbe hailed the great potential for increasing the mutual trade and transit of goods between the two countries.

MORE: [https://azertag.az/en/xeber/Trade\\_turnover\\_between\\_Azerbaijan\\_and\\_Tajikistan\\_amount\\_to\\_65\\_million\\_in\\_2022-2558642](https://azertag.az/en/xeber/Trade_turnover_between_Azerbaijan_and_Tajikistan_amount_to_65_million_in_2022-2558642)

Source: Azertac

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

**Roadmap approved to study the issue of accession of Turkmenistan  
to the Global Methane Commitment**

**Date: 2023-06-19**

President Serdar Berdimuhamedov signed a resolution approving the roadmap for the development of international cooperation aimed at studying the issue of Turkmenistan joining the Global Methane Commitment for 2023-2024, as well as the Action Plan for its implementation. The corresponding document was published in the media of Turkmenistan. The Decree ordered the relevant ministries and sectoral departments to ensure the implementation of the measures outlined in the Roadmap and the Action Plan for its implementation. As noted in the resolution, the roadmap was adopted “in order to fulfill the tasks arising from international obligations for environmental protection, including the implementation in the country of the Paris Agreement to reduce greenhouse gas emissions”.

MORE: <https://www.oilgas.gov.tm/en/posts/news/7916/roadmap-approved-to-study-the-issue-of-accession-of-turkmenistan-to-the-global-methane-commitment>

**Source: Turkmen State Concern “Türkmengaz”**

**First outside-China super observation station of B&R climate, environment starts operation**

**Date: 2023-06-16**

The first outside-China super observation station for climate and the environment along the Belt and Road (B&R) has started operation in Tajikistan, according to the Lanzhou University. This observation station in Shaartuz, Tajikistan, provides comprehensive observation data for dust, pollutants and meteorological elements in key areas of Central Asia, said Huang Jianping, an academican with the Chinese Academy of Sciences and professor at Lanzhou University. It can provide warnings for meteorological disasters and countermeasures to climate change, said Huang. The station is a part of the B&R climate and environment observation network, which was initiated by the Lanzhou University and jointly constructed by the government authorities and institutions of China and other countries.

MORE: <http://en.people.cn/n3/2023/0616/c90000-20032754.html>

**Source: People's Daily Online**

**CAREC Senior Officials gather in Tbilisi to review progress and foster regional cooperation**

**Date: 2023-06-15**

Representatives from Central Asia Regional Economic Cooperation (CAREC) Program member countries reviewed the progress made in CAREC 2030 Strategy clusters during the 2022-23 period at the annual Senior Officials' Meeting (SOM) held in Tbilisi, Georgia, on 13-14 June 2023. Officials discussed the theme for the 2023 Ministerial Conference and plans for preparing the CAREC Climate Vision, a forward-looking framework outlining the member countries' strategic objectives and measures to address climate change in the region. The CAREC Climate Vision foresees a region that is resilient to climate risks, ... and is actively engaged in transitioning towards a low-carbon economy.

MORE: <https://georgiatoday.ge/carec-senior-officials-gather-in-tbilisi-to-review-progress-and-foster-regional-cooperation/>

**Source: Georgia Today**

**Smart Arkadag city in Turkmenistan is internationally recognized for  
promoting SDG 11 and New Urban Agenda**

**Date: 2023-06-15**

Arkadag City inaugurated on 29 June, has been internationally recognized for its remarkable efforts in sustainable urbanization. The city's commitment to creating a livable, environmentally friendly, and socially inclusive urban environment has garnered global attention and accolades. During the opening of the city of national importance, with the participation of the head of state and numerous foreign guests, a solemn meeting was held in the Ruhyet Palace. A ceremony of presenting international certificates was held here, confirming the achievements of the city of Arkadag in various fields. Among them: The Global

Green Growth Institute (GGGI) – Green, Smart City Certificate to the Arkadag city.

MORE: <https://un.mission.gov.tm/en/news/118191>

**Source: Permanent Mission of Turkmenistan to the UN**

#### **Mongolia's stance and progress on green finance presented**

**Date: 2023-06-15**

The “Green Finance-International Forum,” which was co-organized by the Office of the President of Mongolia, the Mongolian Sustainable Finance Association, the Institute of Finance and Sustainability of China, International Finance Cooperation, Sustainable Banking, and Finance Network, and the Trade and Development Bank of Mongolia, took place in Ulaanbaatar on June 13-16. In his opening remarks at the Forum, President of Mongolia Khurelsukh Ukhnaa highlighted, “In the future, it is essential for Mongolia to fully define comprehensive green development policy, improve the legal environment, ensure coordination and cooperation of stakeholders, and create a green business environment.

MORE: <https://montsame.mn/en/read/321290>

**Source: Montsame**

#### **The first Green Bond in Mongolia registered**

**Date: 2023-06-14**

The Financial Regulatory Commission has registered the first green bond in Mongolia. The Financial Regulatory Commission (FRC) emphasizes that this is the first "Green Bond" assessed by the international organization Sustainable Fitch as meeting the principles of green bonds. Khan Bank plans to issue the green bond without collateral following its credit rating calculated by an international credit rating agency and to implement a major mid-term goal of intensively increasing its green financing portfolio to finance environmentally friendly activities. ... At the international level, green bonds are widely used to attract investments required to reduce the negative effects of climate change, increase energy efficiency, and solve waste problems.

MORE: <https://montsame.mn/en/read/321182>

**Source: Montsame**

#### **Energy Minister delivers speech on green energy at Astana International Forum**

**Date: 2023-05-24**

Minister of Energy Parviz Shahbazov, who participated in the Astana International Forum, spoke at the session on regional development in renewable energy: alternative ways to ensure energy security, Azernews reports, citing the Azerbaijani Energy Ministry. Emphasizing that the development of green energy is currently encouraged by energy transition, environmental protection policy, and concerns about energy security, the Minister said that renewable energy sources are one of the alternatives that provide diversification for sustainable energy supply.

MORE: <https://www.azernews.az/business/210892.html>

**Source: Azernews**

#### **China and Central Asia develop economic relations with focus on green energy**

**Date: 2023-05-24**

Green energy has become key to enhancing cooperation between China and Central Asian countries. Universal Energy, a Shanghai-based renewable energy company, revealed on Wednesday that it signed contracts with Central Asian countries at the recently concluded China-Central Asia Summit. ... The day after the summit began, Kyrgyz President Sadyr Japarov met with the Chinese business community and witnessed the signing of a memorandum of understanding on cooperation between Universal Energy and the Ministry of Energy and Industry of the Kyrgyz Republic. Japarov told Nan Yi, chairman and CEO of Universal Energy, that Kyrgyzstan welcomes investment from the company and will support its development in Kyrgyzstan to optimise its energy structure.

MORE: <https://www.shine.cn/biz/economy/2305248036/>

**Source: Shine (Shanghai Daily)**



### **Xi Focus: Xi charts course for China-Central Asia cooperation**

**Date: 2023-05-19**

Chinese President Xi Jinping on Friday charted the course for China-Central Asia cooperation in the new era at a milestone summit with leaders of five Central Asian countries...Xi made an eight-point proposal ranging from expanding economic ties to strengthening cultural exchanges and safeguarding regional peace in his keynote address at the summit in Xi'an, northwest China's Shaanxi Province. ... China is ready to promote green innovation cooperation with Central Asian countries, Xi said, citing soil treatment, water-efficient irrigation, and establishing high-tech businesses and information technology parks in Central Asia.

MORE: <https://www.chinadaily.com.cn/a/202305/19/WS6466eb22a310b6054fad3f13.html>

**Source: China Daily**

### **LONGi assists in the green energy transformation across Central Asia**

**Date: 2023-05-18**

Central Asian countries not only have a superior geographical location, but they also have extremely rich solar resources and minerals. In order to better develop the local economy and the environment, Central Asian countries are accelerating the transformation to green energy. As one of the world's leading solar technology companies, LONGi has achieved impressive results in countries such as Kazakhstan and Uzbekistan. ... The Balkhash Solar Power Plant Phase I capable of 50 megawatts is a successful example. The company provided around 91,000 Hi-MO 5 bifacial solar panels for this solar power plant. ... Along with Kazakhstan, Uzbekistan is rising as a solar energy market. By participating in Uzbekistan's national strategy for energy transformation, the company has made efforts to alleviate local power shortage problems immediately.

MORE: <https://epaper.chinadaily.com.cn/a/202305/18/WS64655f23a310b1dea957e94c.html>

**Source: China Daily**

### **Water level at Aral Sea rises for first time in years**

**Date: 2023-05-16**

Since the start of this year, the water level in the Aral Sea has increased by nearly 1.5 billion cubic meters, rising to 95 centimeters for the first time in many years, Khabar TV reported on May 14. According to the Aral-Syrdarya Basin Inspectorate, the water level has decreased for the last 12 years, falling from 27 to 18 billion cubic meters. The situation has improved, as 90% of the Kyzylorda Region's 200 large and small lakes have been filled, and thousands of hectares of farms and pastures have been irrigated. ... In its efforts to rejuvenate the Aral Sea and its ecosystem, Kazakhstan is working closely with partners from the European Union, USAID, World Bank and other international organizations.

MORE: <https://astanatimes.com/2023/05/water-level-at-aral-sea-rises-for-first-time-in-years/>

**Source: The Astana times**

### **Tajikistan and Kazakhstan will jointly solve environmental problems and introduce new technologies**

**Date: 2023-05-06**

A Memorandum of Understanding was signed between the Committee for Environmental Protection under the Government of Tajikistan and the Ministry of Ecology and Natural Resources of Kazakhstan in environmental protection. The document was signed during the state visit of the President of Tajikistan Emomali Rahmon to Kazakhstan. ... The document concerns the issues of improving state environmental regulation and control in the field of environmental protection, the exchange of experience in solving environmental problems and the introduction of new technologies, the exchange of environmental knowledge and skills for implementing international environmental documents.

MORE: <https://astanatimes.com/2021/11/kazakhstan-and-tajikistan-to-cooperate-as-part-of-green-bridge-partnership-program-to-promote-climate-policies-in-central-asian-region/>

**Source: The Astana times**

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



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