



CAREC Institute

Quarterly Economic Monitor

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Abbreviations

ADB	Asian Development Bank
ADO	Asian Development Outlook
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
GEP	Global Economic Prospects
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
WEO	World Economic Outlook
yoy	year-on-year

Decent growth, receding inflation, increased foreign trade openness in most CAREC economies

Notwithstanding challenges such as geopolitical tensions potentially causing geoeconomic fragmentation, climate change accompanied by more frequent natural disasters and increasing water scarcity, woes in the PRC's real estate sector, receding but partially still high inflation, real GDP growth in the CAREC region was generally relatively strong in the CAREC region in 2023 and is forecast by main International Financial Institutions (IFIs) to remain so also in 2024 and 2025. This opens a window of opportunity to accelerate required policy re-orientations for adapting to the new realities, take precautionary measures against the impact of climate change, decarbonize, advance modern technologies, promote desirable socio-economic change while mitigating potential negative consequences for the parts of society which might lose out from technological progress. Trade openness has increased in 2022 and 2023 in most CAREC economies. At the same time the polarization between trade surplus countries and trade deficit countries has increased. This calls for measures to increase competitiveness where trade deficit countries might have certain comparative advantages such as in agriculture or downstream production related to mining.

Rather strong growth in 2023, and only a moderate slow-down expected for 2024 and 2025

Most CAREC economies saw robust GDP growth rates in 2023. Although the average CAREC real GDP growth eased mildly to 5.2% yoy in 2023 from 5.8% yoy in 2022, growth in over one-half of member economies accelerated (Table 1, Figure 1). Growth was higher in 2023 than in 2022 in the PRC, Kazakhstan, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan. It was somewhat lower in the rest of the CAREC economies, but even so Georgia and the Kyrgyz Republic still secured a relatively high year-on-year growth rate of 6.8% (Q1-Q3) and 6.2%, respectively. Besides, growth in most CAREC economies was also higher in 2023 than in 2015-19. An exception was Pakistan where real GDP contracted by 0.2% yoy in 2023, after strong growth of 6.1% yoy in 2022 and an average 3.8% yoy in 2015-19.

Table 1. Real GDP growth (% , yoy)

	2015-2019	2021	2022	2023	2024F	2024F			2025F	
					Average ADB, IMF and WB	ADB	IMF	WB	IMF	WB
Afghanistan	1.9	-20.7								
Azerbaijan	0.8	5.6	4.6	1.1	2.5	2.6	2.5	2.4		2.5
PRC	6.7	8.4	3.0	5.2	4.5	4.5	4.6	4.5	4.1	4.3
Georgia	4.0	10.5	10.1	6.8	4.9	5.0	4.8	4.8		4.5
Kazakhstan	2.5	4.3	3.2	5.1	3.9	4.3	3.1	4.3	5.7	4.5
Kyrgyz Republic	4.2	5.5	6.3	6.2	4.1	4.0	4.3	4.0		4.0
Mongolia	3.9	1.6	5.0	7.0	5.5	5.9	4.5	6.2		6.4
Pakistan*	3.8	5.8	6.1	-0.2	1.9	1.9	2.0	1.7	3.5	2.4
Tajikistan	6.9	9.2	8.0	8.3	5.8	7.0	5.0	5.5		4.5
Turkmenistan	6.3	5.0	6.2	6.3	4.1	6.0	2.1			
Uzbekistan	5.8	7.4	5.7	6.0	5.5	5.5	5.5	5.5		5.5
CAREC average**	4.5	6.3	5.8	5.2	4.3	4.7	3.8	4.3		4.3

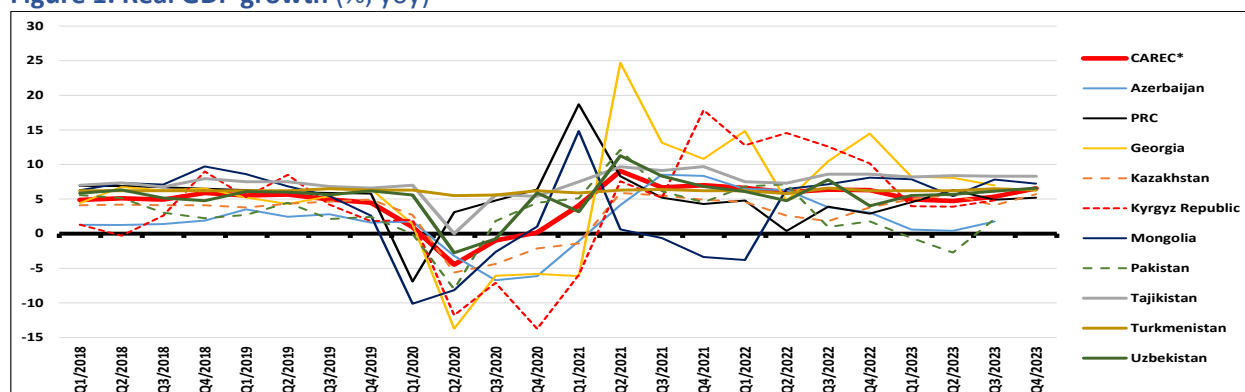
*The column labeled 2021 refers to FY2020/21, 2022 refers to FY2021/22, and so on.

** 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 2015-19, red figures slower growth; growth of Georgia in 2023 is January-September due to the unavailability of the full year data yet.

Sources: CEIC, national statistical offices, ADB (ADO, September & December 2023 forecasts), IMF (WEO, October 2023 & January 2024 forecasts), WB (GEP, January 2024 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.

Growth was generally higher in the second half of 2023 than in the first half in many CAREC economies (Figure 1). Azerbaijan's GDP growth rate rebounded to 1.8% yoy in Q3 2023 from less than 1% in Q1 and Q2. Growth in Pakistan resumed to 2.1% yoy in Q3 from negative readings of -0.6% yoy in Q1 and -2.7% in Q2. Kazakhstan, the Kyrgyz Republic, Turkmenistan, and Uzbekistan saw also some acceleration of growth in Q3 and/or Q4 compared to the first two quarters of 2023, at different magnitudes though. Growth in Georgia decelerated from mostly double-digit growth in 2021-22, but it was still as high as 7% yoy in Q3 2023. Growth in the PRC oscillated between 4.6% in Q1 2023 and 5.2% in Q4 2023. Mongolia's growth continued at the fast pace that began in Q2 2022 with growth rates above 7% in three of the four quarters of 2023.

The international financial institutions forecast somewhat slower growth in 2024 and 2025 than in 2023.

ADB-IMF-WB project CAREC real GDP growth to average 4.3% yoy both for 2024 and 2025¹, back approximately to the average growth of the pre-COVID-19 2015-19 years (Table 1). Growth for all the member economies with data availability except for Azerbaijan and Pakistan is foreseen to turn out at lower rates in 2024 and 2025. While the growth projections for Kazakhstan for 2024 are also lower than the actual 2023 growth, the IMF revised up its growth forecast by 1.1 percentage points for 2025 to 5.7% yoy in its January 2024 World Economic Outlook, making the combined IMF-WB forecasts equivalent to the growth of 5.1% yoy in 2023.

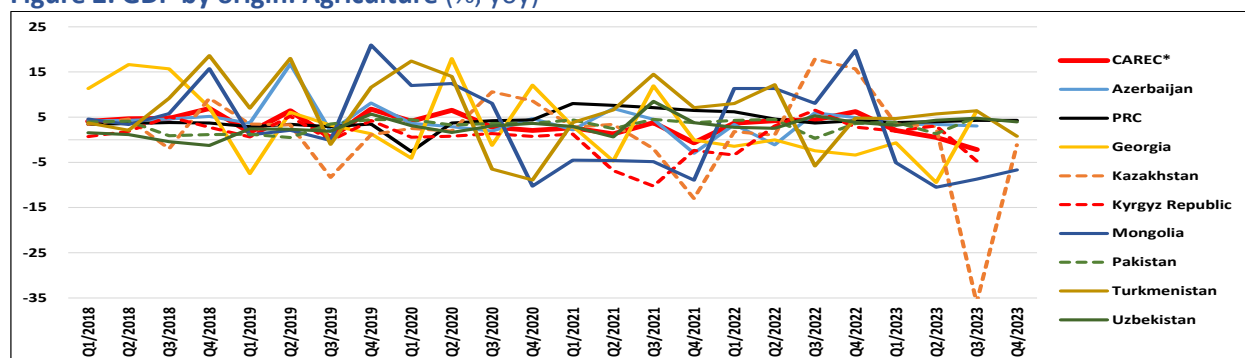
GDP by components: continued shift towards services

Value added² growth in agriculture was generally lower in the CAREC region in 2023 than in 2022. On average for the region, growth slowed to 0.3% yoy in the first three quarters of 2023 from 4.6% in 2022 (Figure 2). Value added in agriculture seems to have contracted in the important for agriculture third quarter by 2.2% yoy after already rather weak readings of 2.1% yoy in Q1 and 0.5% yoy in Q2. However, the magnitude of the contraction is strongly influenced by Kazakhstan's slump of 36.1% yoy caused by the high basis of 2022. Excluding Kazakhstan, average CAREC growth was of 2.1% yoy, still significantly less though than in 2022. Mongolia's contraction also came after strong growth in 2022. Growth also contracted in the Kyrgyz Republic in Q3 2023 after a high reading a year earlier.

¹ Full set of forecasts of ADB and IMF for 2025 for the CAREC economies are still yet to come.

² 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 (% , yoy)



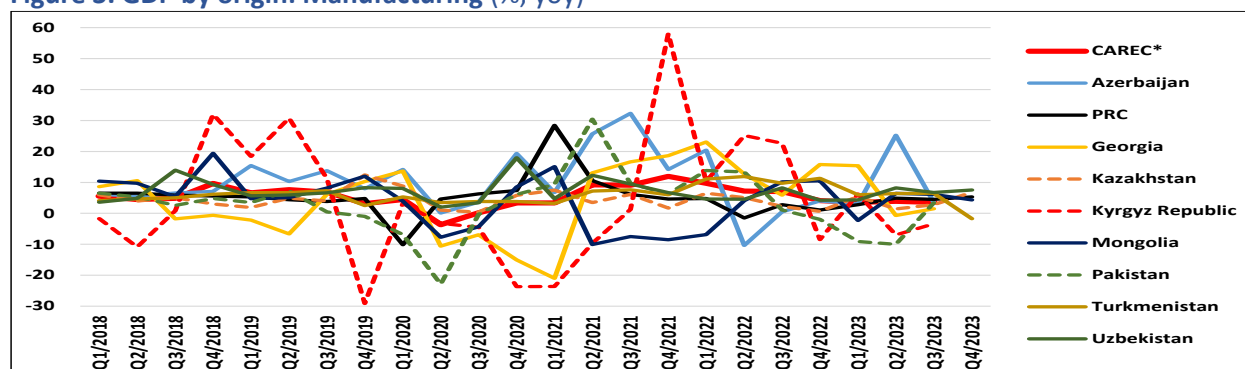
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Value added growth in manufacturing also decelerated in 2023 compared to 2022 in the CAREC region.

Average CAREC growth in manufacturing slowed to 3.6% yoy in the first three quarters of 2023 from 7.0% yoy in 2022 (Figure 3). In the Kyrgyz Republic and Pakistan, average growth in manufacturing contracted by more than 10 percentage points in 2023 as compared to 2022 to minus 1.4% yoy and minus 5.3% yoy, respectively. Growth in Georgia and Turkmenistan remained positive in most quarters of 2023, but on average it slowed to 5.4% and 4.3% yoy, respectively, from double-digit readings in 2022. In Mongolia, average growth in manufacturing also showed some slowdown in 2023, but a more moderate one. Growth in manufacturing accelerated in 2023 in the rest of the member economies, in Azerbaijan substantially while in others mildly. Nevertheless, Azerbaijan's high average growth in 2023 is mainly due to the high rate of 25.2% yoy in Q2 after a dip a year earlier.

Figure 3. GDP by origin: Manufacturing (% , yoy)



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

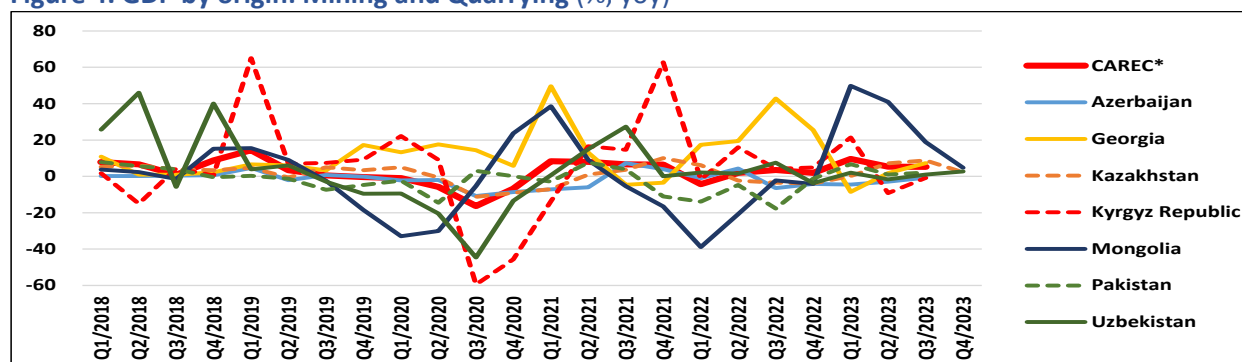
Source: CEIC, authors' calculations.

Growth of value added in mining³ accelerated in 2023 compared to 2022 on average in the CAREC region but continued to show a highly mixed picture among the member economies.

Average regional growth in mining accelerated to 5.5% yoy in the first three quarters of 2023 from 0.8% yoy in 2022 (Figure 4). In Mongolia, year-on-year growth in mining recovered from negative readings since Q3 2021 to plus 49.8% in Q1 and 40.9% in Q2 2023 before it eased to 18.9% and finally to more normal 4.7% in Q3 and Q4, respectively. Growth has also turned positive in Kazakhstan and Pakistan since Q1 2023 after contractions in nearly all quarters of 2022. By contrast, Georgia saw its growth of mining decelerating substantially from an average of 26.3% yoy in 2022 to only 0.1% yoy in the first three quarters of 2023. In Azerbaijan and the Kyrgyz Republic, growth remained negative in Q2 and Q3 2023, but less so than before, in the Kyrgyz Republic after strong growth a year earlier.

³ Mining includes also oil and gas.

Figure 4. GDP by origin: Mining and Quarrying (% , yoy)

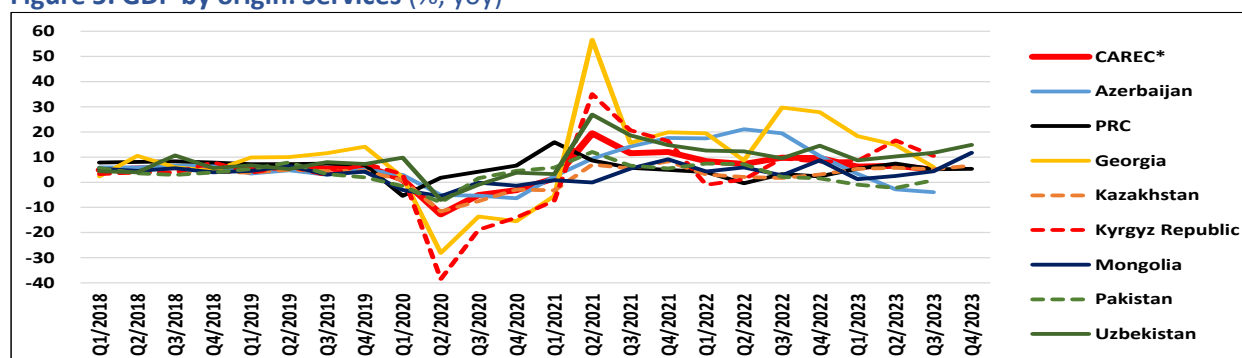


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Value added growth in services remained by contrast relatively strong throughout most of the CAREC region in 2023. While the region on average saw some slowdown in services growth from 8.7% yoy in 2022 to 6.4% yoy in 2023, it accelerated or at least remained as robust as in 2022 in many member economies (Figure 5). Growth in the PRC and Kazakhstan in 2023 was over 3 percentage points higher than in 2022 to respective 5.8% and 5.7% yoy, and in the Kyrgyz Republic it was more than 7 percentage points to 11.9% yoy. In Mongolia and Uzbekistan, growth of services in 2023 decelerated compared to 2022, but by marginally 0.5 and 0.9 percentage point to 4.9% and 11.4% yoy, respectively. More significant slowdown in services growth was only in Azerbaijan and Pakistan from respective plus 17.1% and 4.6% yoy in 2022 to a contraction of 1.2% and 0.8% yoy in 2023, and in Georgia from 21.4% to 13.0% yoy.

Figure 5. 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.

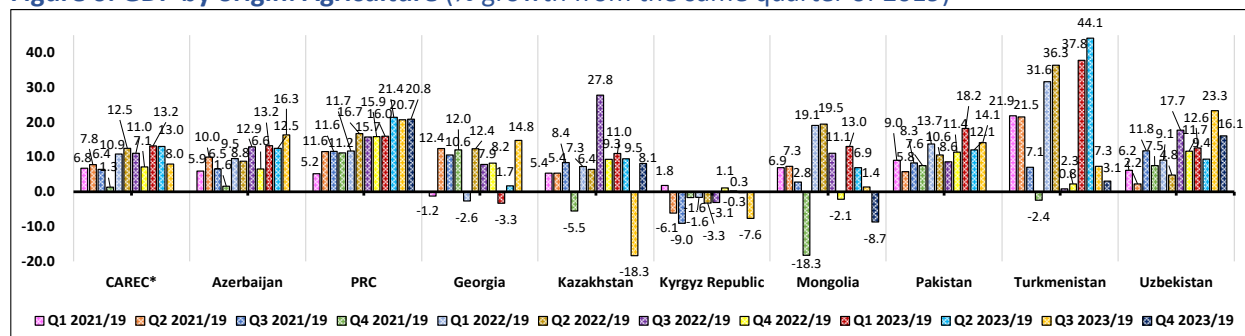
Source: CEIC, authors' calculations.

Redistribution of mining value added to other sectors

Part of the value added in mining has been obviously redistributed to other sectors, especially to services such as wholesale trade and finance, or was siphoned off by net taxes⁴. Looking at the development of GDP by components since the pandemic year of 2019 reveals that constant price value added in agriculture was on average in the CAREC region 10.5% higher in 2023 than in 2019, in manufacturing 19.7% higher, and in services 20.5% (Figures 6,7,8). By contrast it remained 5.1% below 2019 levels in mining, excluding countries where mining does not constitute a major part of GDP: the PRC, Georgia, Pakistan (Figure 9).

⁴ Net taxes on products rose from 12.7% of GDP in 2019 to 16.9% of GDP in the Kyrgyz Republic, in Kazakhstan from 7.0% of GDP in 2019 to 7.7% in 2023, according to GDP by origin data, for example.

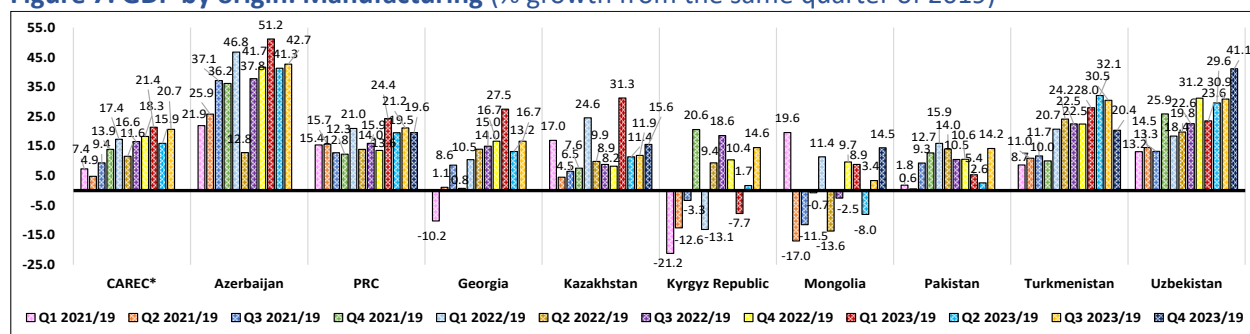
Figure 6. GDP by origin: Agriculture (% growth from the same quarter of 2019)



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

Source: CEIC, authors' calculations.

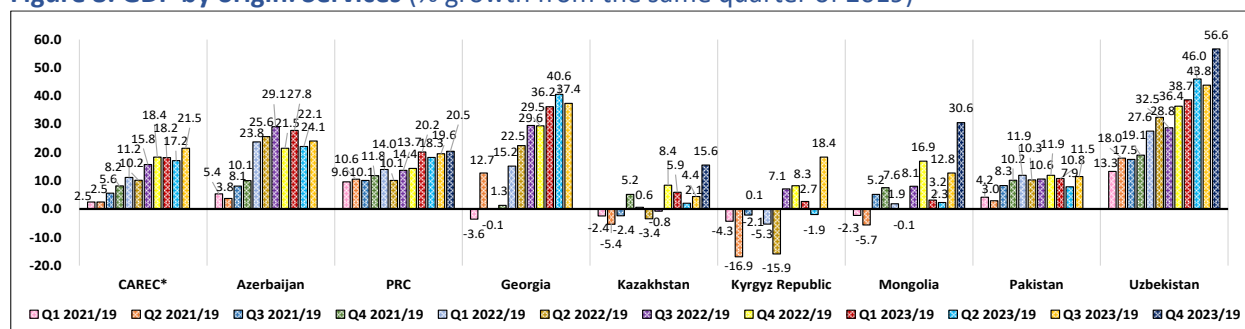
Figure 7. GDP by origin: Manufacturing (% growth from the same quarter of 2019)



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

Source: CEIC, authors' calculations.

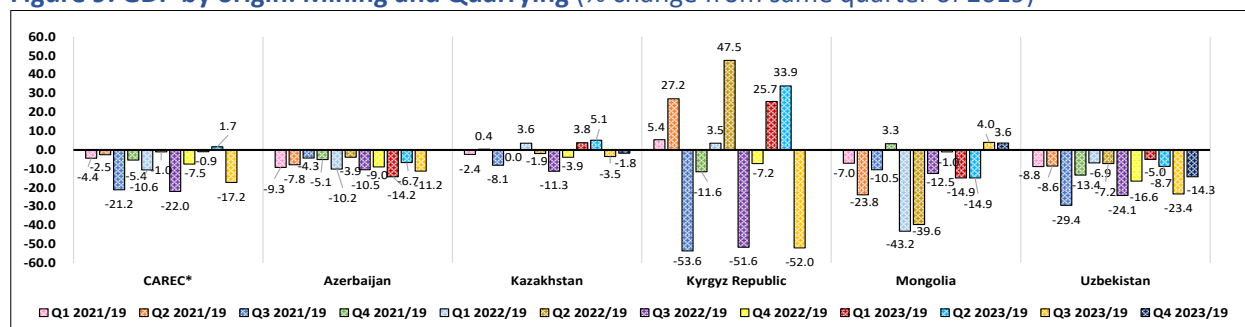
Figure 8. GDP by origin: Services (% growth from the same quarter of 2019)



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

Source: CEIC, authors' calculations.

Figure 9. GDP by origin: Mining and Quarrying (% change from same quarter of 2019)

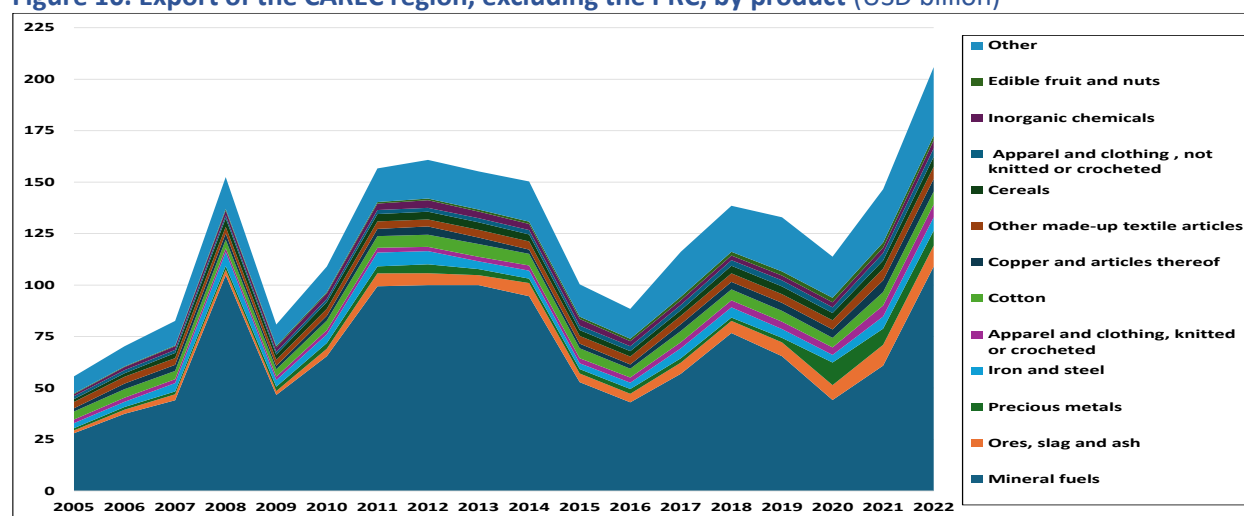


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

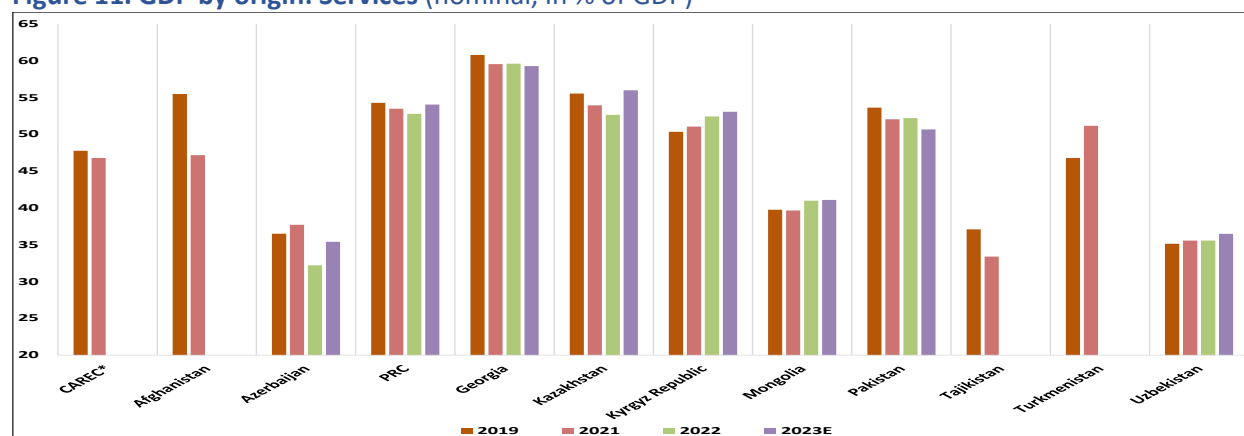
In nominal terms the shift towards services from mining was less pronounced. CAREC mining exports prices and related exports in USD-terms have surged compared to 2019, especially mining products such as mineral fuels (Figure 10). This moderated the effect in nominal terms. The Kyrgyz Republic, Mongolia, Turkmenistan, and Uzbekistan saw a consistent shift towards services since 2019 (Figure 11), but Azerbaijan and Kazakhstan only in 2023.

Figure 10. Export of the CAREC region, excluding the PRC, by product (USD billion)



Source: Trademap, authors' calculations.

Figure 11. GDP by origin: Services (nominal, in % of GDP)

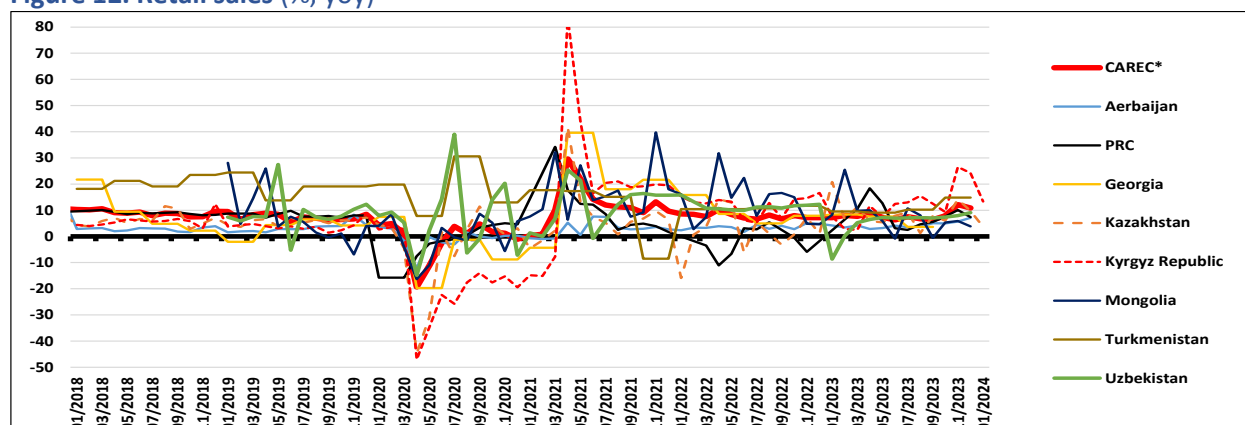


Source: CEIC, World Bank, World Development Indicators, authors' compilations.

High frequency indicators: retail sales data confirm the rather strong growth in the CAREC region, industrial output, while also rather robust, was more diverse

Growth in retail sales slightly further accelerated in 2023 from 2022 on average in the CAREC region. Average CAREC growth in retail sales at constant prices was at 8.0% yoy, 0.4 percentage points higher than in 2022 (Figure 12). Among the economies where growth has picked up significantly are the PRC from a contraction of 1.6% yoy in 2022 to plus 8.3% yoy in 2023, and Kazakhstan with an acceleration from 1.8% yoy to 8.8% yoy. Growth also accelerated in Azerbaijan and the Kyrgyz Republic in 2023, though more mildly. Average in CAREC retail sales growth accelerated especially rapidly in November and in December 2023 to double-digit rates of 12.2% yoy and 10.9% yoy, respectively, thanks to high growth rates of almost all member economies in these two months.

Figure 12. Retail sales (% yoy)

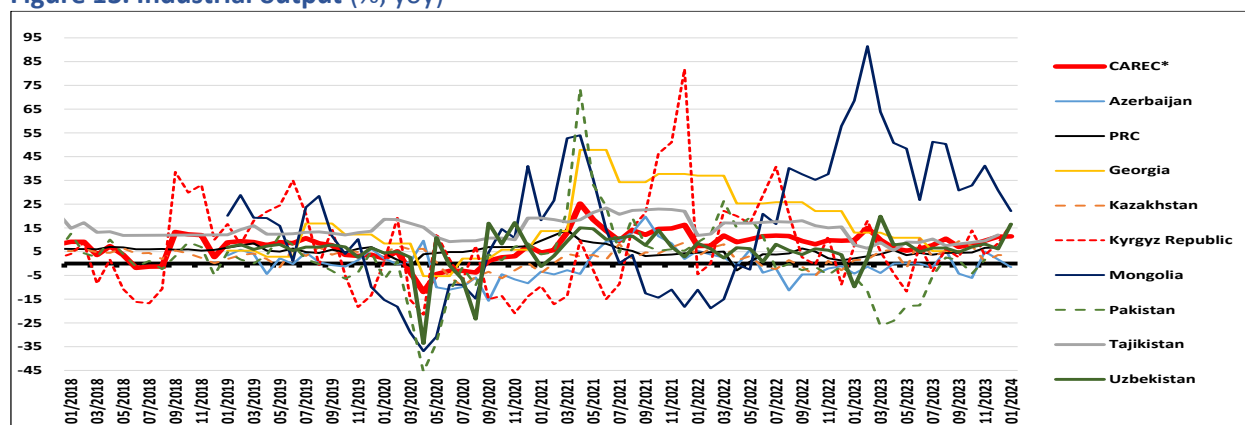


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Industrial output growth only somewhat weakened on average in the CAREC region in 2023 compared to 2022, but outcomes varied more among members. Average CAREC growth in industrial output was at still high 8.4% yoy, moderate 1.2 percentage points lower in 2023 than in 2022 (Figure 13). At the same time growth decelerated in Georgia from 27.6% yoy in 2022 to 9.7% yoy in the first nine months of 2023, in the Kyrgyz Republic from 12.4% yoy to 4.5% yoy, and in Tajikistan from 16.0% yoy to 8.6% yoy. By contrast, growth substantially accelerated in Mongolia where the industrial output shot up further by 48.9% yoy in 2023 from already strong 16.5% yoy in 2022. In Azerbaijan, the PRC, Kazakhstan, and Uzbekistan, there was also some acceleration but milder ones. However, in Pakistan industrial output growth went from plus 6.7% yoy in 2022 to minus 9.8% yoy in 2023.

Figure 13. Industrial output (% yoy)



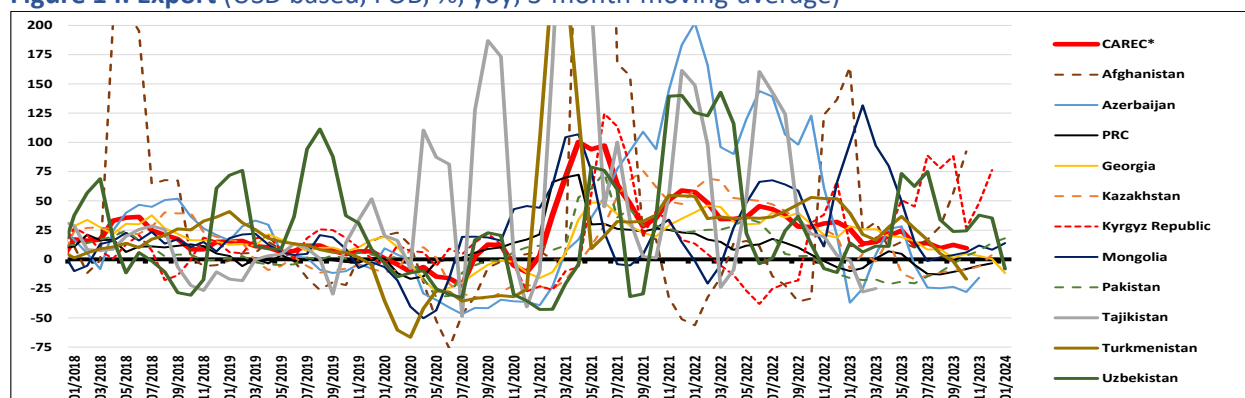
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Foreign trade – continued strong polarization between surplus and deficit economies

Growth in exports has continued to level off in 2023, with some volatility and differences among CAREC economies though. In Azerbaijan, the PRC, and Kazakhstan exports remained below 2022 levels in most of 2023 (Figure 14). However, Afghanistan, the Kyrgyz Republic, Mongolia, Uzbekistan, and lately also Pakistan, saw strongly positive and partially further accelerating growth rates.

Figure 14. Export (USD based, FOB, %, yoy, 3-month-moving-average)

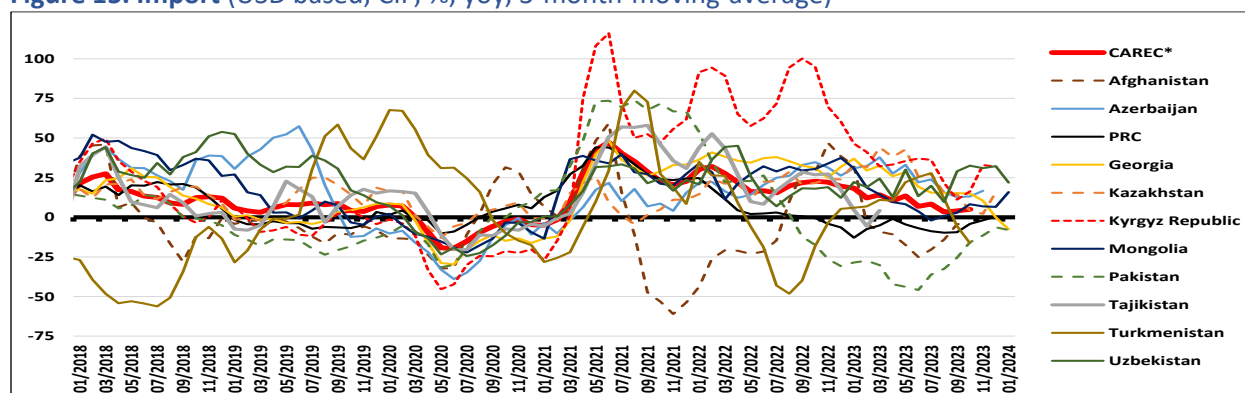


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Average CAREC import growth showed a similar pattern to exports but the country pattern was quite different. Afghanistan's, the PRC's, and Pakistan's imports contracted year-on-year in most of 2023, even though at a diminishing scale (Figure 15). For all other CAREC economies, except Mongolia, imports increased at double-digit rates. However, Mongolia reached a double-digit growth rate in January 2024.

Figure 15. Import (USD based, CIF, %, yoy, 3-month-moving-average)



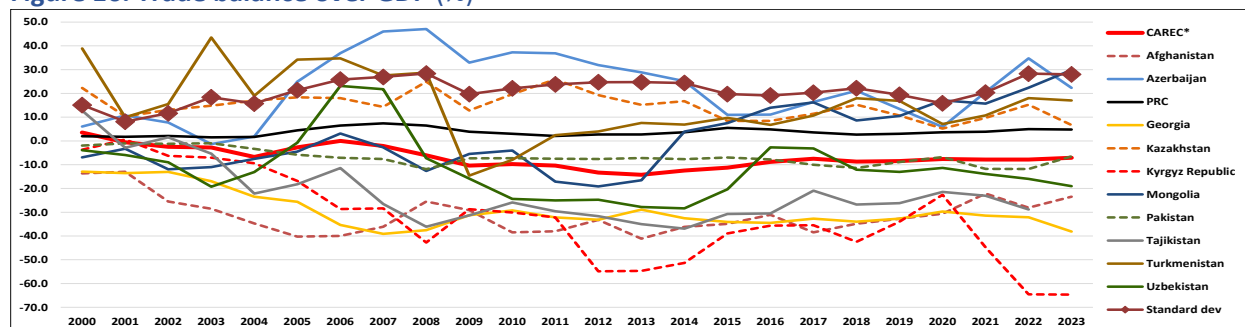
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

As result of these developments, the average CAREC foreign trade deficit over GDP marginally narrowed to an estimated 7.1% in 2023 from 7.8% of GDP in 2022. The trade deficit widened in Georgia to 38.1% of GDP⁵, in the Kyrgyz Republic to impressive 64.7% of GDP (but some re-exports such as individual car sales to Russian citizens might have gone unrecorded), and in Uzbekistan to 19.0% of GDP; at the same time, the trade surplus narrowed in the PRC (marginally) to 4.8% of GDP, in Kazakhstan to 6.7% of GDP, and in Turkmenistan to 17.0% of GDP (Figure 16). By contrast, Mongolia's already high trade surplus strongly further increased by 7.5 percentage points to 29.9% of GDP; Pakistan's and Afghanistan's trade deficits shrank to 23.5% of GDP and 6.5% of GDP, respectively.

⁵ For Afghanistan, Azerbaijan, Georgia, and Uzbekistan, based on data for three quarters

Figure 16. Trade balance over GDP (%)



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

Source: CEIC, authors' calculations.

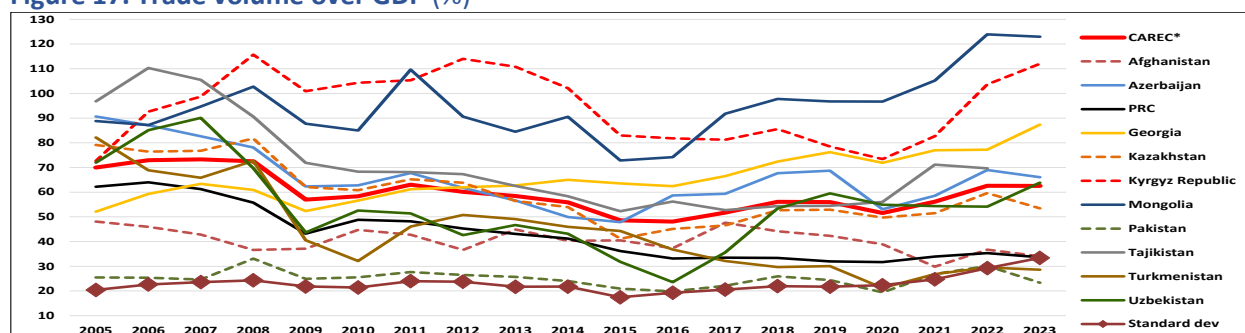
The polarization between the foreign trade surplus economies and the foreign trade deficit economies thus remained at elevated levels in 2023, not seen since 2008. The standard deviation of the CAREC economies' trade balances over GDP reached 28.0 in 2023, only marginally below the 2022 reading of 28.3 (Figure 16).

Trade openness and trade volumes – significantly rising in most CAREC economies since 2016

Trade openness⁶ has almost steadily re-increased on average in the CAREC region since 2016 with some dip in 2020. Average CAREC trade openness remained at 62.5% of GDP in 2023 only marginally below the 2022 value of 62.6% of GDP (Figure 17). Before, the trade openness had risen from a low of 48% of GDP in 2016 to 56% in 2018 and 2019, to fall to 51.5% of GDP in the COVID year of 2020. In 2023, Mongolia led the trade openness ranking at 123% of GDP, slightly below the 2022 reading; the one of the Kyrgyz Republic sharply further increased to 112% of GDP in 2023 from 104% of GDP in 2022. Larger economies usually have a lower trade openness because they can produce more goods and services domestically. In the CAREC region Pakistan has at 23% of GDP the lowest openness followed by Turkmenistan with 29% of GDP and the PRC with 34%.

As was the case with trade balances, the trade openness diversity between the CAREC economies increased. The standard deviation continued its renewed rise that began again in 2016. It reached 33.4 in 2023, up from a low of 17.4 in 2015 (Figure 17). This increase in the variance was largely the result of the higher trade openness in Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, and Uzbekistan - they all recorded an increase in trade openness of more than 10 percentage points since 2016 - whereas Afghanistan, the PRC, and Turkmenistan saw a contraction. The increase for Pakistan was 2.4 percentage points.

Figure 17. Trade volume over GDP (%)



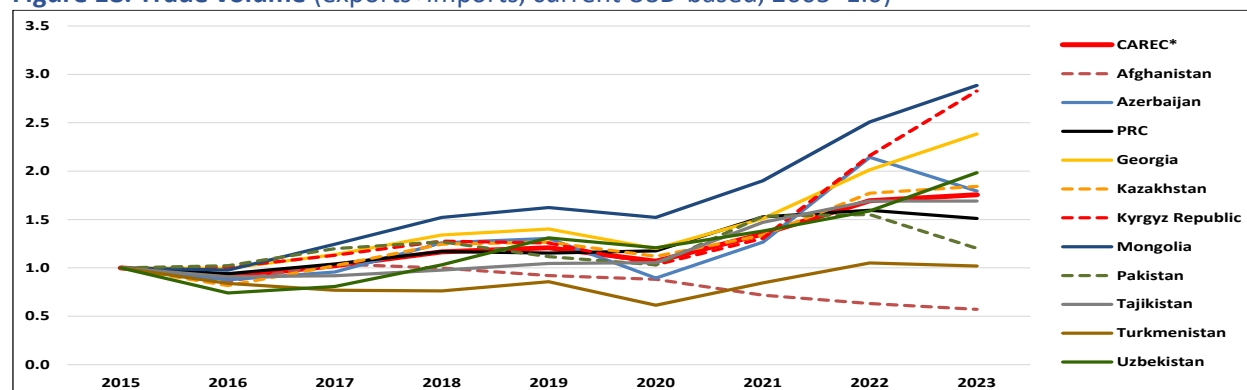
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

⁶ Defined as exports+imports over GDP

All CAREC economies except Afghanistan reached higher foreign trade volumes in 2023 than in 2015. The decrease in trade openness for the PRC and Turkmenistan were thus the result of higher GDP growth (in current USD terms) than growth in trade volumes, not of a contraction in trade volumes. Leaders in trade volume growth between 2015 and 2023 were Mongolia, the Kyrgyz Republic, and Georgia. The average CAREC trade volume increased also compared to 2022 in 2023, but there was some decline in Azerbaijan, the PRC, Pakistan, and Turkmenistan (Figure 18).

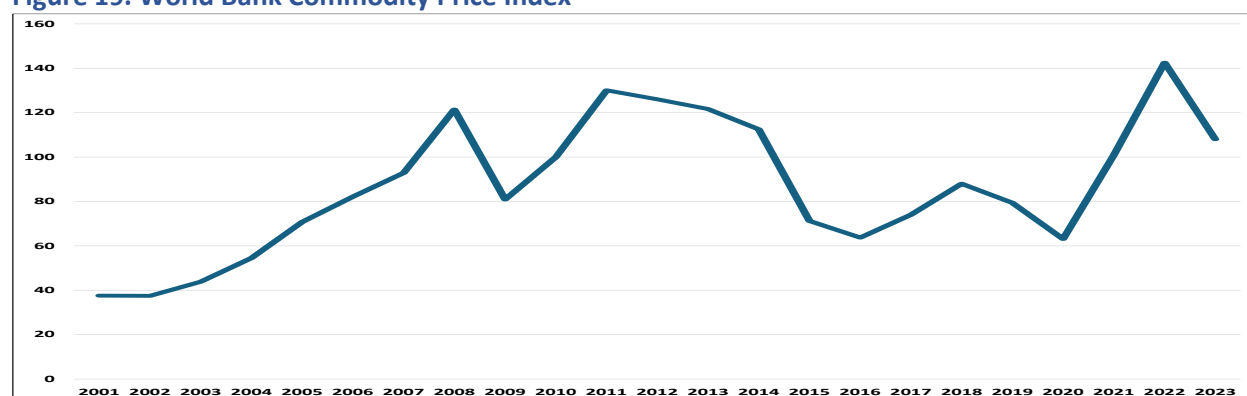
Figure 18. Trade volume (exports+imports, current USD-based, 2005=1.0)



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

Source: CEIC, authors' calculations.

Figure 19. World Bank Commodity Price Index



Source: World Bank Commodity Price Data (The Pink Sheet), authors' compilations.

The increase in CAREC trade volumes from levels of 2015-16 was supported by the rise of commodity prices - on the export side for commodity exporters and on the import side for the commodity importers. Figure 19 depicts the development of the World Bank's commodity price index between 2001 and 2023.

While commodity prices explain a substantial part of CAREC trade volume developments, they don't explain everything. Table 2 shows the results of linear regression estimates by country. Commodity price fluctuations explain 70.8% of the variance of the average CAREC trade volume annual growth rates, whereas 29.2% they do not explain. For Azerbaijan, with its heavy reliance on oil and gas exports, only 24.0% are not explained by commodity prices, and for Pakistan with a heavy reliance on oil imports 25.0%. However, for Tajikistan, Georgia, Mongolia, and the PRC more than 40% are not explained, and for the Kyrgyz Republic, Turkmenistan, Uzbekistan, and Afghanistan as much as 51% to 92% of trade volume volatility are due to other factors than commodity price movements. For these countries the development of mining, of manufacturing, of agriculture, along with trade facilitation, and - especially for the Kyrgyz Republic - the increasing role as intermediaries of transcontinental trade flows have played a role.

Table 2. Impact of commodity price fluctuations* on annual trade volume growth rates by country (2001 to 2023 annual data, linear regression)

	CAGR Trade volume	Coefficient price growth	Adj R-squared	Non-explained variance	P> t Error probability that price impact >0
Azerbaijan	11.9	1.180	0.7598	24.0%	0.000
Pakistan	6.2	0.635	0.7500	25.0%	0.000
CAREC*	11.0	0.720	0.7078	29.2%	0.000
Kazakhstan	10.5	0.904	0.6815	31.9%	0.000
Tajikistan	7.3	0.573	0.5675	43.3%	0.000
Georgia	14.3	0.775	0.5491	45.1%	0.000
Mongolia	14.2	0.909	0.5443	45.6%	0.000
PRC	11.7	0.563	0.5161	48.4%	0.000
Kyrgyz Republic	12.4	0.804	0.4895	51.1%	0.000
Turkmenistan	5.5	0.788	0.3833	61.7%	0.001
Uzbekistan	8.8	0.558	0.2604	74.0%	0.006
Afghanistan	8.2	0.260	0.0285	97.2%	0.209

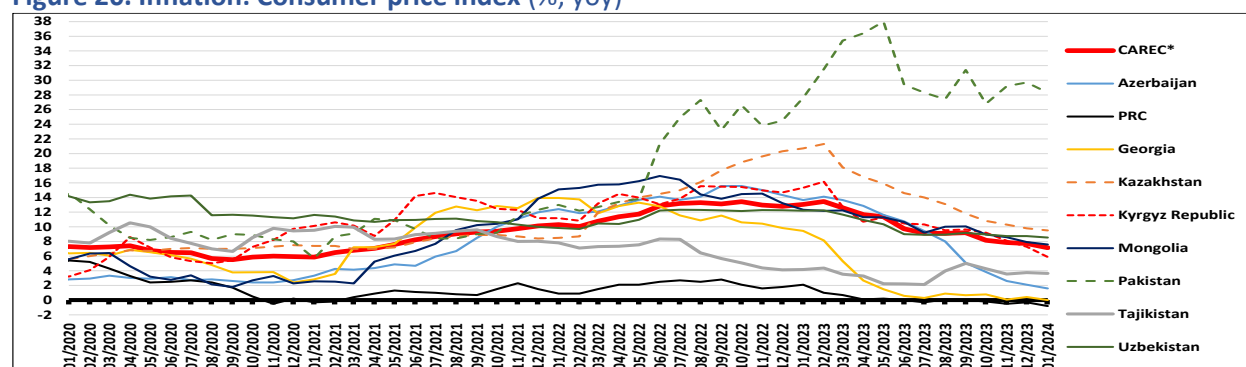
* as measured by the World Bank Commodity Price Index

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

Inflation pressures have substantially eased

Inflation has further receded in most CAREC economies. Average CAREC annual inflation eased to 7.1% in January 2024 from its peak of 13.4% in February 2023 (Figure 20). Inflation came down to single-digit growth in Uzbekistan since June 2023, in Azerbaijan from July onwards, and in the Kyrgyz Republic after July. In Mongolia and Kazakhstan, inflation also receded to less than 10%, but only from October and December 2023, respectively. Inflation rates in the PRC and in Georgia were as low as -0.8% and 0.0% in January 2024. By contrast, Pakistan's inflation rate was still as high as 28.3% yoy in January 2024, lower nevertheless than the readings of 31.5%-38.0% seen between February and May 2023. Tajikistan's inflation rate remained relatively stable at 2.1%-5.0% yoy in 2023.

Figure 20. Inflation: Consumer price index (% , yoy)

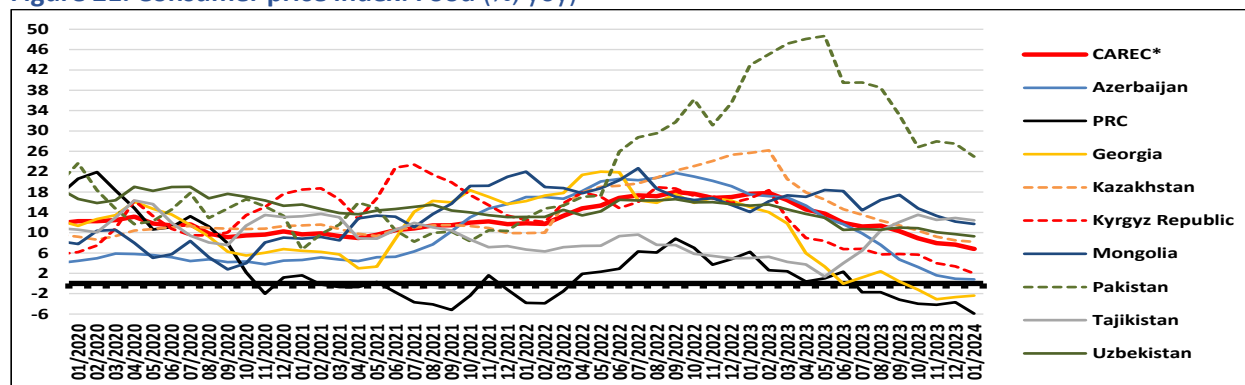


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Along with overall inflation, food price inflation also eased substantially in most of the CAREC economies. Food price inflation eased drastically in Azerbaijan from double-digit rates still seen in the first six months of 2023 to 0.8% in January 2024, in Georgia and in the Kyrgyz Republic from 11.8%-18.3% in the first three months of 2023 to respective -2.4% and +2.0% yoy in January 2024 (Figure 21). In the PRC, food price inflation remained negative for seven consecutive months to January 2024, following readings below 3% since February 2023. However, in Pakistan food price inflation still stood at 25.0% in January 2024, in Tajikistan at 12.4%, in Mongolia at 11.7%, in Uzbekistan at 9.3%, and in Kazakhstan at 8.2%.

Figure 21. Consumer price index: Food (% , yoy)

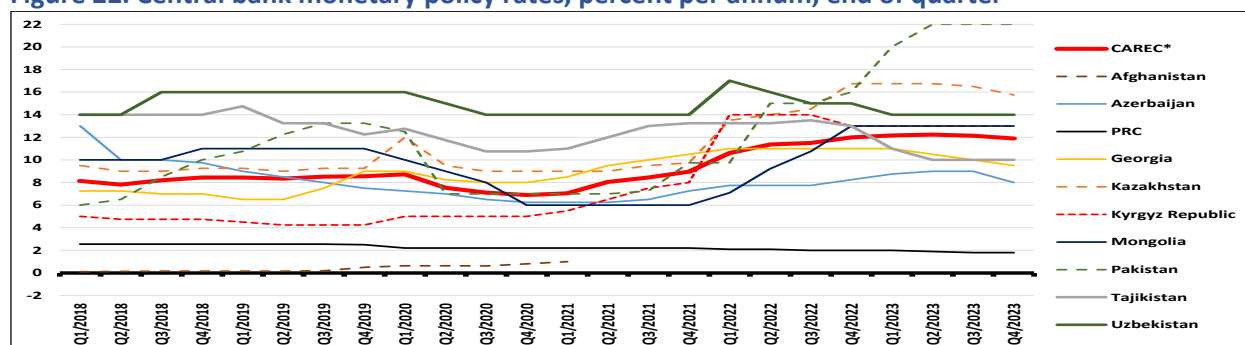


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

In response to low or decreasing inflation several central banks of the CAREC economies cut their monetary policy interest rates in 2023 while others remained cautious. The People's Bank of China lowered its interest rate for 7-day reverse repos accumulatively by 20 basis points (bps) since Q2 2023 (Figure 22). The central bank of Georgia cut its rate in Q2, Q3, and in Q4 2023, every time by 50 bps; in Kazakhstan where rate was cut by 25 bps in Q3 2023 and then by another 75 bps in Q4. At the same time, policy rates were kept unchanged in the Kyrgyz Republic and Mongolia at 13% in 2023, in Uzbekistan at 14%, and in Tajikistan from Q2 2023 on at 10%. By contrast, the State Bank of Pakistan hiked its policy rate substantially by 200 bps in Q2 2023. The central bank of Azerbaijan increased its policy rate by 25 bps in Q2 2023 but lowered it again by 100 bps in Q4.

Figure 22. Central bank monetary policy rates, percent per annum, end of quarter



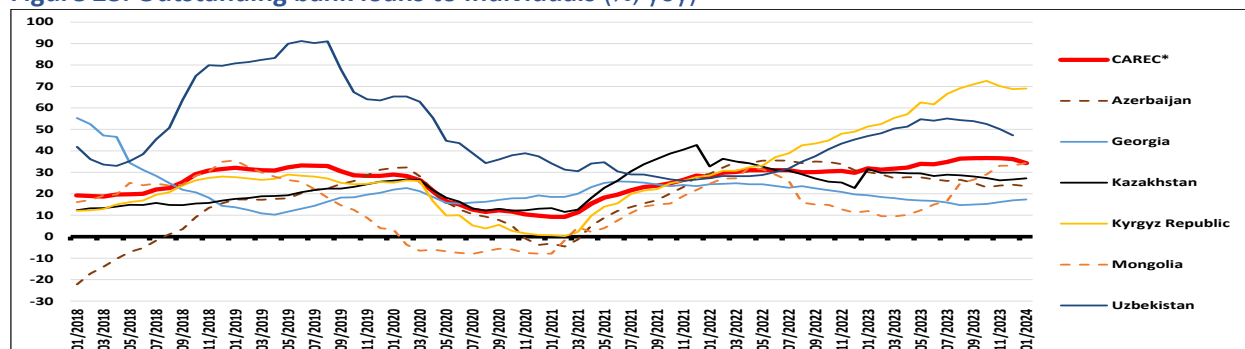
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations

As result of the relaxed monetary stance and strong money demand from the household and individual entrepreneur sector, loan growth accelerated in several CAREC economies. Growth in loans to individuals and individual entrepreneurs accelerated in the Kyrgyz Republic from 51% in January 2023 to nearly 70% yoy by year-end 2023, in Mongolia from 12% to 33% yoy (Figure 23). In Uzbekistan it remained elevated at 47% yoy, with some even higher readings in-between. In Azerbaijan and Kazakhstan, growth of loans to individuals saw some slowdown but remained above 20% yoy. In Georgia loan growth to individuals decelerated from 19.7% yoy at the end of 2022 to a low of 14.7% yoy by August 2023 but eventually re-accelerated to 17.3% yoy in January 2024.

Growth in credit to the corporate sector was by contrast more moderate, even though it sped up to 12.6% yoy by December 2023 in Mongolia and remained at 11.2% yoy only slightly below in January 2024 (Figure 24). In Georgia, corporate loan growth was down to less than 10% yoy by July 2023 before re-accelerating to 15.7% yoy in December 2023. In Uzbekistan, it accelerated to 15.1% yoy by August 2023 but slowed to 11% yoy by December.

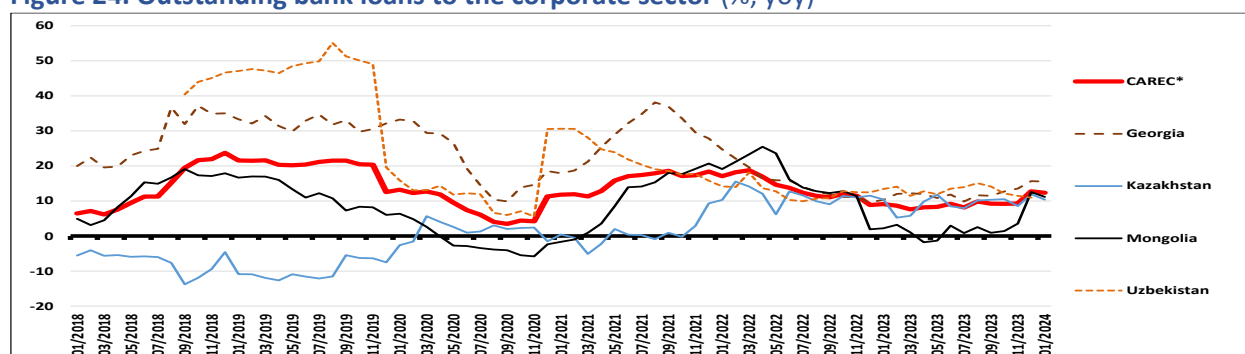
Figure 23. Outstanding bank loans to individuals (% , yoy)



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

Source: CEIC, authors' calculations.

Figure 24. Outstanding bank loans to the corporate sector (% , yoy)

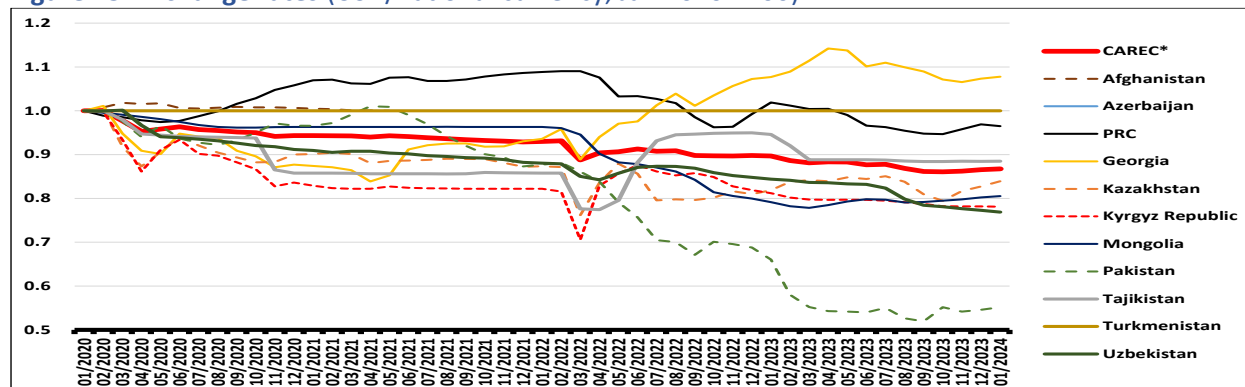


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

The somewhat loosened economic policy stance of the CAREC monetary authorities resulted in a slight weakening of the exchange rates in the second half of 2023 in some member countries. On average in the region exchange rates were 1% weaker in January of 2024 than in mid-2023 (Figure 25). This was brought about by a weakening in Uzbekistan by 7.6%, in Georgia by 2.1%, and the Kyrgyz Republic by 2.0%. By contrast, Pakistan's exchange rate slightly re-strengthened by 2.2%. The exchange rates of the other CAREC members remained almost unchanged in this period.

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.

Conclusion

All in all, the CAREC economies have proven to be quite resilient against several shocks and keep growing at a reasonable speed. Inflation has moderated, which opens more room for monetary policy to support the economy. Foreign trade continues to be a highly important source of the economic development of the region. At the same time, economic policy needs to ensure that the competitiveness of all CAREC members is preserved, while technological progress is embraced, and social welfare continues to be enhanced.

The monetary and fiscal policy stance of the countries with large trade and current account of the balance of payments deficits - the Kyrgyz Republic, Mongolia, Georgia, Pakistan - must remain sufficiently prudent to secure the financeability of these deficits at least in the medium term until industrial progress and competitiveness have developed sufficiently to shrink the deficits. The countries with overly high reliance on the export of commodities and in particular of fossil fuels, - Azerbaijan, Kazakhstan, Mongolia, Turkmenistan - have to take measures to substantially accelerate the diversification of their industries, not least to adapt to decarbonization efforts in their main export markets.

CAREC governments' cooperation initiatives

Turkmenistan and Uzbekistan aim to expand cooperation in customs training**Date: 2024-03-15**

As part of the implementation of the signed Memorandum of Understanding, representatives of the Training Center under the State Customs Service of Turkmenistan met with the teaching staff of the Customs Institute of the Customs Committee of Uzbekistan. The document in the field of personnel training was signed in 2022. ... The Institute's teachers talked about the organization of the educational process for the retraining and advanced training of customs officers of Uzbekistan, about scientific and educational activities, and shared their experience in aligning the Institute's curricula with PICARD professional standards.

MORE: <https://turkmenistan.gov.tm/en/post/81491/turkmenistan-and-uzbekistan-aim-expand-cooperation-customs-training>

Source: Turkmenistan: Golden age**Dushanbe hosts a meeting of the Tajik-Uzbek intergovernmental commission on trade and economic cooperation****Date: 2024-03-13**

Yesterday, Dushanbe hosted a meeting of the Tajik-Uzbek Intergovernmental Commission on Trade and Economic Cooperation. The meeting was chaired by the Prime Minister of Tajikistan Kahir Rasulzoda and the Prime Minister of Uzbekistan Abdulla Aripov. Negotiations were held in a narrow and extended format. Tajik Prime Minister noted that in 2023, mutual trade turnover amounted to more than \$500 million. Uzbekistan ranks fifth in the foreign trade turnover of Tajikistan. The Tajik side expressed readiness to cooperate with Uzbek industrial enterprises in the design and creation of large industrial parks in Tajikistan. Uzbek Prime Minister noted that Tajikistan is a close neighbor, a loyal friend, a reliable strategic partner and ally of Uzbekistan. ... A protocol was signed following the meeting.

MORE: <https://eng.khovar.tj/2024/03/dushanbe-hosts-a-meeting-of-the-tajik-uzbek-intergovernmental-commission-on-trade-and-economic-cooperation/>

Source: Khovar**Representatives of WB, Afghanistan, Tajikistan, Kyrgyzstan and Pakistan meet in Istanbul to discuss CASA-1000 project's restart****Date: 2024-03-11**

With the efforts of Islamic Emirate of Afghanistan, Afghanistan Electricity Company (Da Afghanistan Breshna Sherkat, or DABS) and regional countries, the World Bank (WB) is resuming the Casa-1000 project, a major electricity transmission initiative from Tajikistan and Kyrgyzstan to Pakistan through Afghanistan, the DABS's official website reported on March 9. In this regard, a joint meeting that took place in Istanbul, Türkiye on March 7 and 8 reportedly brought together representatives of the World Bank, Afghanistan, Kyrgyzstan, Tajikistan, and Pakistan to discuss the project's restart. ... CASA-1000 is a US\$1.2 billion regional project to bring clean energy from Tajikistan and Kyrgyzstan to Pakistan via Afghanistan. The modern and efficient CASA-1000 electricity transmission system will help transform the region and signify an important step toward realizing the planned Central Asia-South Asia Regional Electricity Market (CASAREM).

MORE: <https://asiaplustj.info/en/news/tajikistan/economic/20240311/representatives-of-wb-afghanistan-tajikistan-kyrgyzstan-and-pakistan-meet-in-istanbul-to-discuss-casa-1000-projects-restart>

Source: Asia-plus**Uzbekistan-Turkmenistan free trade zone to be established****Date: 2024-03-01**

According to the decree of the President of Uzbekistan dated February 28, 2024, a free trade zone called "Uzbekistan - Turkmenistan" will be established in the Shavat district of the Khorezm region on a plot of land measuring 3.1 hectares. The zone will have storage, sorting, sales and transportation infrastructures based on modern technologies. ... The free trade zone will be created for a period of 30 years with the

possibility of extension. It is planned to sell products exclusively produced in Uzbekistan and Turkmenistan within the zone. The "free customs zone" regime will be in effect, allowing for retail trading operations. ... Citizens of Turkmenistan, as well as foreigners visiting the neighboring country, will be able to stay in the zone visa-free for up to 15 days.

MORE: <https://turkmenistan.gov.tm/en/post/81001/uzbekistan-turkmenistan-free-trade-zone-be-established>

Source: Turkmenistan: Golden age

Mongolia to cooperate with Kyrgyzstan on support of fintech companies

Date: 2024-03-01

Mongolia to cooperate with Kyrgyzstan on support fintech companies and exchange information on cross-border financial operations. Today, The Financial Regulatory Commission of Mongolia signed the Memorandum of Understanding on cooperation with the National Bank of the Kyrgyz Republic. ... Within the scope of cooperation, enterprises operating in the financial markets of the two countries, including fintech companies, will be supported by policy, exchange of information on cross-border financial activities, mutual assistance in on-site financial inspections, and human resource training.

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

Source: Gogo Mongolia

Azerbaijan, Pakistan discuss bilateral cooperation

Date: 2024-03-01

During the working visit to the Islamic Republic of Pakistan, the Azerbaijani delegation, led by Chairman of the Chamber of Accounts Vugar Gulmammadov, met with Auditor General of Pakistan Muhammad Ajmal Gondal and his staff. In the meeting, the Pakistani side provided insights into the overall activities of their organization, including human resources, recruitment mechanisms, current audit topics, and their experience in performance audits. ... Discussions were held on current opportunities for strengthening bilateral cooperation. It is worth mentioning that the Memorandum of Understanding on cooperation and capacity-building between Azerbaijan's Chamber of Accounts and Pakistan's Auditor General was renewed in 2023.

MORE: https://azertag.az/en/xeber/azerbaijan_pakistan_discuss_bilateral_cooperation-2938545

Source: Azertac

Kyrgyzstan and Mongolia plan to cooperate in deposit protection and insurance

Date: 2024-02-28

The head of the Cabinet of Ministers of Kyrgyzstan, Akylbek Japarov, held talks with the Chairman of the Great Khural of Mongolia, Gombojav Zandanshatar, who arrived in Bishkek for an official visit. The parties discussed a wide range of issues of bilateral cooperation in trade, economic, transport, mining, industrial, tourism, environmental, cultural and humanitarian spheres. ... The parties also signed a number of documents:

- Memorandum of Understanding between the National Bank of the Kyrgyz Republic and the Bank of Mongolia;
- ...
- Memorandum of Understanding on bilateral cooperation between the Deposit Protection Agency of the Kyrgyz Republic and the Deposit Insurance Corporation of Mongolia.

MORE: https://24.kg/english/287762_Kyrgyzstan_and_Mongolia_plan_to_cooperate_in_deposit_protection_and_insurance/

Source: 24.kg

Tajikistan and Uzbekistan hold meeting of the working group on the joint use of water resources of the Central Asian transboundary rivers

Date: 2024-02-26

Tajik city of Guliston hosted the 6th meeting of the Tajik and Uzbek working group on the joint use of water resources of the Central Asian transboundary rivers. The meeting focused on the results of the project "Reconstruction of the Patar and Sarvat gauging stations in the interstate canals of the Great Fergana Canal and the Northern Fergana Canal," financed by the Swiss Cooperation Office. The meeting participants also

discussed further steps on the use of automated Patar and Sarvat gauging stations, as well as the possibility of implementing new interstate projects in the field of water resources and other related issues between Tajikistan and Uzbekistan. ... It should be noted that the automated Patar and Sarvat gauging stations in the process of digitalization of the water sector is considered one of the priority areas of activity of the Ministry of Energy and Water Resources of Tajikistan.

MORE:<https://eng.khovar.tj/2024/02/tajikistan-and-uzbekistan-hold-meeting-of-the-working-group-on-the-joint-use-of-water-resources-of-the-central-asian-transboundary-rivers/>

Source: Khovar

China grants visa free regime to Georgia

Date: 2024-02-26

On February 26, the Prime Minister of Georgia, Irakli Kobakhidze announced that China has granted visa-free travel to Georgian citizens. Kobakhidze told a cabinet meeting that Georgian citizens will now enjoy the privilege of traveling to China without a visa for an uninterrupted period of 30 days. ... Notably, Chinese citizens enjoy visa-free travel to Georgia since September 2023.

MORE:<https://civil.ge/archives/584261>

Source: Civil.ge

Kazakhstan offers Pakistan to jointly develop North-South, TITR corridors

Date: 2024-01-23

Kazakhstan's Vice Minister of Transport met with First Deputy Minister of Communications, Railways, and Maritime Affairs of Pakistan Syed Mazhar Ali Shah in Islamabad. The sides discussed the issues of cooperation in railway sector and in road and maritime communication, Kazinform News Agency reports. ... Talgat Lastayev also told the Pakistani side about prospects of cooperation in maritime sector and proposed to jointly develop North-South and TITR corridors. "We propose to consider the organization of container transportations and export of goods from Kazakhstan to China through the Aktau Port and further to Pakistan through the Gulf of Oman, he said."

MORE:<https://en.inform.kz/news/kazakhstan-offers-pakistan-to-jointly-develop-north-south-titr-corridors-081cf7/>

Source: Kazinform

The First Uzbekistan – China Interregional Forum kicks off in Urumqi

Date: 2024-01-22

On the eve of the state visit of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the People's Republic of China, the First Uzbekistan – China Interregional Forum is taking place in Urumqi with the participation of more than 1,200 businesspeople of the two countries. ... It should be noted that more than 2,000 enterprises with Chinese capital are successfully operating in Uzbekistan. Last year, more than 60 projects worth almost \$2 billion were successfully implemented with the participation of Chinese companies.

MORE:https://uza.uz/en/posts/the-first-uzbekistan-china-interregional-forum-kicks-off-in-urumqi_560256

Source: UZA

Kazakhstan, Uzbekistan sign protocol on expanding mutual co-op

Date: 2024-01-07

Kazakhstan and Uzbekistan have signed a Protocol on expanding mutual cooperation, ... The protocol was signed following a meeting between the Minister of Trade and Integration of Kazakhstan Arman Shakkaliev and the Minister of Investment, Industry and Trade of Uzbekistan Laziz Kudratov. At the same time, during the meeting, the parties discussed the stages of implementation of agreements within the framework of the Roadmaps signed following the visit of Kazakh president to Uzbekistan in December 2022, including increasing trade turnover between the two countries to \$10 billion. ... Kazakhstan entered the top three among the main trading partners of Uzbekistan based on the results of the first 11 months of 2023.

MORE:<https://en.inform.kz/news/kazakhstan-uzbekistan-sign-protocol-on-expanding-mutual-co-op-0ab521/>

Source: Kazinform

China hands over 1st section of renovated irrigation system to Kyrgyzstan**Date: 2024-03-15**

China handed over the first section of a renovated irrigation system, a China aid project, to Kyrgyzstan on Wednesday outside the city of Balykchy in the Issyk-Kul Oblast. ... The renovation project was officially launched in May 2018 and undertaken by China Railway No.5 Engineering Group. It included the construction, maintenance, renovation and expansion of agricultural irrigation canals and subsidiary structures. The first section of the project, covering three irrigation areas, was finished in the Issyk-Kul and Batken Oblasts in 2021.

MORE: <https://global.chinadaily.com.cn/a/202403/15/WS65f403b0a31082fc043bce5c.html>

Source: China Daily**Baku-Tbilisi-Erzurum Pipeline accounted for over 48 percent of Azerbaijan's gas transportation****Date: 2024-03-15**

Azerbaijan shipped about 7,3 billion cubic meters of gas via the main natural gas pipelines in January-February this year, down by 6.6 percent from the same period last year. The State Statistical Committee's figures suggest gas transportation via the Baku-Tbilisi-Erzurum pipeline was about 3,5 bln cubic meters of gas for two months, which accounts for 48.8% of total natural gas export.

MORE: https://azertag.az/en/xeber/baku_tbilisi_erzurum_pipeline_accounted_for_over_48_percent_of_azerbaijans_gas_transportation-2950193

Source: Azertac**Pakistan to develop 5 economic corridors under CPEC: minister****Date: 2024-03-14**

Pakistan geared up efforts to develop five economic corridors under the China-Pakistan Economic Corridor (CPEC) for national growth, Minister for Planning, Development and Special Initiatives Ahsan Iqbal said on Wednesday. The initiative includes economic corridors of job creation, innovation, green energy, and inclusive regional development, the minister said while chairing a review meeting on CPEC projects. ... During the meeting, the minister underlined the importance of the Gwadar port, a key project in the country's southwest Balochistan province under CPEC, which is set to become a key maritime gateway connecting Pakistan with the rest of the world. ... Launched in 2013, the CPEC, a flagship project of the China-proposed Belt and Road Initiative, is a corridor linking the Gwadar port in southwestern Pakistan with Kashgar in northwest China's Xinjiang Uygur Autonomous Region, ...

MORE: <https://english.news.cn/asiapacific/20240314/9516842ace6e4ce0a25a8721291a55bf/c.html>

Source: Xinhua**Chinese company to build warehouses of the highest category in Uzbekistan****Date: 2024-03-07**

Acting Chairman of the Board of Uztemiryulcontainer JSC Akmal Kamalov met with the Manager at Shenzhen Neptune Logistics Co. Ltd. Nancy Tang. The parties discussed the development of international transport corridors and improving the quality of logistics services. Nancy Tang noted that favorable conditions have been created in Uzbekistan for the work of Chinese companies. The foreign company's management plans to invest about \$10-15 million in constructing a transport and logistics center in Uzbekistan.

MORE: https://uza.uz/en/posts/chinese-company-to-build-warehouses-of-the-highest-category-in-uzbekistan_576866

Source: Uza**Kazakhstan's investor ready to invest \$70 million in Kyrgyzstan****Date: 2024-02-05**

The amount of Kazakhstan's capital investments in the economy of Kyrgyzstan reached \$55 million in 2023. The total volume of Kazakhstan's investments directed to the Kyrgyz Republic exceeded \$1.3 billion. Kazinform news agency reports. «Kazakhstan is the third trading partner for Kyrgyzstan. On behalf of the heads of state, we plan to increase bilateral trade to \$2 billion. The Kyrgyz Republic is one of the main

trading partners within the CIS and the EAEU for the Republic of Kazakhstan. We see a good prospect and are ready to increase exports to Kyrgyzstan by another \$260 million on 200 commodity items in the food, industrial, petrochemical, construction, and pharmaceutical industries,» the agency quotes the country's Foreign Minister Murat Nurtleu as saying. According to him, one of the main Kazakhstan's investors is ready to invest \$70 million in implementation of joint projects this year.

MORE:https://24.kg/english/285902_Kazakhstans_investor_ready_to_invest_70_million_in_Kyrgyzstan/

Source: 24.kg

NayaPay, Alipay+ to boost payments into Pakistan

Date: 2024-01-24

Financial platform NayaPay has partnered with digital payments and marketing platform Alipay+, with the collaboration expected to benefit digital payments in the country. ... The partnership is expected to empower businesses in Pakistan to "in Pakistan to transact seamlessly with global visitors through a low-cost and fast payment system". "This initiative is in line with the State Bank of Pakistan's vision for the nation's economic advancement and digital evolution, setting a new benchmark in the region's financial sector," added the statement.

MORE:<https://tribune.com.pk/story/2454252/nayapay-alipay-to-boost-payments-into-pakistan>

Source: Tribune

Silk Road Fund commits to diverse investments for Central Asia's social, economic growth

Date: 2024-01-16

The Silk Road Fund (SRF) maintains its dedication to investing in diverse sectors, fostering sustainable social and economic development in Central Asia, a source at the SRF told Trend.az. According to the SRF, these sectors encompass infrastructure, energy and resources, industrial cooperation, financial cooperation, as well as Environmental, social, and governance (ESG) investing. ... Highlighting Central Asia's historical significance as a pivot of the Silk Road and its key role in cooperation under the Belt and Road Initiative (BRI), the source mentioned that during the first China-Central Asia Summit in May 2023, SRF committed 10 billion renminbi (\$1.4 billion) to establish a China-Central Asia investment and financing platform.

MORE:<https://en.inform.kz/news/silk-road-fund-commits-to-diverse-investments-for-central-asias-social-economic-growth-75bb47/>

Source: Kazinform

KazTransOil boost oil transit from Aktau port to Baku

Date: 2024-01-16

The volume of transportation of Kazakh oil for export from the port of Aktau amounted to 3.376 million tons from January through 2023, which is 1.108 million tons more than the same period in 2022, ... In 2022, President of Kazakhstan Kassym-Jomart Tokayev ordered to increase the volume of oil transportation along the Trans-Caspian corridor. In accordance with this instruction, KazMunayGas JSC (Kazakhstan's national oil and gas company) and the state oil company of the Republic of Azerbaijan SOCAR entered into an agreement providing for the transportation of 1.5 million tons of oil per year from the Tengiz field in the direction of the Baku-Tbilisi-Ceyhan oil pipeline.

MORE: https://azertag.az/en/xeber/kaztransoil_boost_oil_transit_from_aktau_port_to_baku-2885689

Source: Azertac

China-Kazakhstan logistics base handles over 500,000 TEUs

Date: 2024-01-13

The China-Kazakhstan (Lianyungang) Logistics Cooperation Base has handled over 500,000 twenty-foot equivalent units (TEUs) through China-Europe freight trains over the past decade, according to Nanjing Customs. ... The Lianyungang freight train services cover major destinations throughout Central Asia, transporting more than 400 categories of goods such as household appliances, pharmaceuticals and construction materials. In 2023, the transit volume of China-Europe freight trains increased by 10.7 percent year-on-year to 66,100 TEUs from the logistics base, which has become a pivotal cross-border transportation hub between Asia and Europe.

MORE:<https://english.news.cn/asiapacific/20240113/d5bc5584917343faa52f6a68f2bcb345/c.html>

Source: Xinhua

Trade turnover between Uzbekistan and Tajikistan will be increased to a billion dollars**Date: 2024-03-13**

Dushanbe hosted a regular meeting of the Intergovernmental Commission on Trade and Economic Cooperation, chaired by the Prime Minister of the Republic of Uzbekistan, Abdulla Aripov, and the Prime Minister of the Republic of Tajikistan, Kohir Rasulzoda. The heads of delegations noted that trade turnover has recently increased and reached \$757 million in 2023. Work has been intensified on implementing joint projects in industrial cooperation, energy, water and agriculture, transport, and logistics. It is planned to increase trade turnover to a billion dollars. Uzbekistan and Tajikistan pay special attention to creating an international border trade territory, centers for the wholesale distribution of agricultural products in border areas for export to other countries.

MORE: https://uza.uz/en/posts/trade-turnover-between-uzbekistan-and-tajikistan-will-be-increased-to-a-billion-dollars_579041

Source: UZA**Pakistan's exports to China increase by 44.53pc in 7 months****Date: 2024-03-01**

Pakistan's export of goods and services to China witnessed an increase of 44.53 per cent during the first seven months of the current fiscal year (2023-24) as compared to the ex-ports of the corresponding pe-riod of last year, State Bank of Pakistan (SBP) reported. The overall exports to China were recorded at \$1726.679 million during July-January (2023-24) against exports of \$1194.639 million during July-January (2022-23), SBP data revealed. On a year-to-year basis, the exports to China also surged by 79.54 per cent from \$136.551 million in January 2023, against the exports of \$245.169 million in January 2024.

MORE: <https://www.nation.com.pk/01-Mar-2024/pakistan-s-exports-to-china-increase-by-44-53pc-in-7-months>

Source: The Nation**Turkmenistan and Kazakhstan forge stronger trade ties with rising turnover****Date: 2024-02-19**

The trade volume between Turkmenistan and Kazakhstan for the whole of last year amounted to \$563.06 million, Trend reports. According to data from Kazakhstan's Bureau of National Statistics, the volume of trade turnover between the countries increased by 28 percent over the specified period compared to the same period in 2022, when it amounted to \$438.69 million. ... Turkmenistan's share in Kazakhstan's total imports during the reporting period was 0.3 percent, compared with 0.2 percent for the whole of 2022. ... Turkmenistan accounted for 0.5 percent of total exports from Kazakhstan, compared with 0.04 percent recorded in 2022.

MORE: <https://en.inform.kz/news/turkmenistan-and-kazakhstan-forge-stronger-trade-ties-with-rising-turnover-52ecc3/>

Source: Kazinform**China tops list of Kazakhstan's trade partners in 2023****Date: 2024-02-19**

According to the company's press service, China topped the list of export markets for Kazakhstani goods in 2023, with the export representing 56.3% of Kazakhstan's trade turnover with the country. China accounted for 31.5 billion US dollars of the total foreign trade of Kazakhstan. The country's second-top importer was Russia, with 26 billion US dollars worth of goods exported to the country last year. It is followed by Italy (\$16.1bn), South Korea (\$6bn), and Türkiye (\$6bn). Kazakhstan mainly exported crude oil and petroleum products, and imported equipment, motor transport, components, electrical engineering equipment, and non-precious metals.

MORE: <https://en.inform.kz/news/china-tops-list-of-kazakhstans-export-markets-in-2023-3bce07/>

Source: Kazinform

China's 2023 Two Sessions: China promotes environmental protection, green development**Date: 2024-03-05**

China strengthened environmental protection and pursued green and low-carbon development over the past five years, according to a government work report submitted to the national legislature for deliberation on Sunday. By upholding and acting on the principle that "lucid waters and lush mountains are invaluable assets," the country will continually improve its ecological conservation systems and accelerate the transition to a model of green and low-carbon development, the report said. ... China made steady progress in energy conservation and carbon reduction. The energy mix was improved over the past five years, as the share of clean energy in total energy consumption increased from 20.8 percent to over 25 percent, said the report. The country is working toward the targets of peak carbon emissions and carbon neutrality.

MORE: <https://news.cgtn.com/news/2023-03-05/China-promotes-environmental-protection-green-development-1hV6vkaPzWw/index.html>

Source: CGTN**Office of Global Green Growth Institute to be opened in Bishkek****Date: 2024-02-27**

President of Kyrgyzstan Sadyr Japarov signed the Law on the ratification of the Agreement between the Cabinet of Ministers of the Kyrgyz Republic and the Global Green Growth Institute regarding the legal status, privileges and immunities of the Global Green Growth Institute (GGGI), signed on April 27, 2023 in Bishkek. ... In accordance with the agreement, it is planned to open a local representative office of GGGI in Bishkek, which will promote cooperation between the parties on the basis of equality and reciprocity and will also make a significant contribution to the development of the green economy in the Kyrgyz Republic.

MORE: https://24.kg/english/287700_Office_of_Global_Green_Growth_Institute_to_be_opened_in_Bishkek/

Source: 24.kg**Fine-tuned carbon trading regulation accelerates China's green transition****Date: 2024-02-27**

Improvements to China's carbon emission trading system are accelerating the country's green transition, supporting the move to a low-carbon economy. China released a provisional regulation on the administration of carbon emission trading in January, which will take effect on May 1, said Zhao Yingmin, vice minister of ecology and environment, at a press conference on Monday. ... Carbon trading enables the demand side to achieve emission reduction targets, while the supply side reaps economic benefits from participating in carbon trading.

MORE: <http://en.people.cn/n3/2024/0227/c90000-20137455.html>

Source: People's Daily Online**With decisive actions, net zero energy is within reach in the emerging Europe and Central Asia, says new World Bank report****Date: 2024-02-22**

A new World Bank report released today lays out pathways for countries in the emerging Europe and Central Asia region to make the shift towards renewable energy and reduce their fossil fuel dependence, highlighting the intertwined benefits of the transition for energy security, sustainable growth, and affordability. The report – Net Zero Energy by 2060: Charting Europe and Central Asia's Journey Toward Sustainable Energy Futures – provides a unique analysis that can help governments in the emerging Europe and Central Asia region prioritize policies and investments necessary to shift their energy systems away from fossil fuels by 2060, which is crucial for keeping global temperature rise below 2°C.

MORE: <https://www.worldbank.org/en/news/press-release/2024/02/21/with-decisive-actions-net-zero-energy-is-within-reach-in-the-emerging-europe-and-central-asia-says-new-world-bank-report>

Source: The World Bank

Eskhata Bank becomes Tajikistan's first green bonds issuer with IFC's \$10mn support

Date: 2024-02-18

The Open Joint-Stock Company "Eskhata Bank" has become the first issuer of green bonds in Tajikistan with \$10mn support of IFC. These bonds mark a pivotal step towards fostering sustainable development and combating climate change in the region, IFC reports. ... The issuance of these bonds aligns with Tajikistan's Green Economy Development Strategy for 2023-2037. This strategy aims to nurture a green economy by promoting environmental sustainability, mitigating climate change impacts, and

MORE: <https://daryo.uz/en/2024/02/18/eskhata-bank-becomes-tajikistans-first-green-bonds-issuer-with-ifcs-10mn-support>

Source: Daryo.uz

Central Asian Green University opens in Uzbekistan

Date: 2024-02-14

Green University has been established in Uzbekistan to train specialists capable of offering solutions to environmental problems in the region. ... Professors from international universities in the UK, New Zealand, the USA, and other countries are actively attracted to the university for cooperation. ... At least 25 grant places for bachelor's degree studies and 20 grant places for master's and doctoral studies (PhD) will be allocated for citizens of Central Asian countries.

MORE: <https://en.inform.kz/news/central-asian-green-university-opens-in-uzbekistan-341dca/>

Source: Kazinform

Turkmenistan intends to use cotton biomass as an energy source

Date: 2024-01-31

Utilization of cotton biomass promises great technical, economic and environmental benefits for Turkmenistan. ... The transition to modern technologies for using energy from cotton biomass will reduce environmental damage, increase the reliability and social significance of fuel and heat supply systems, primarily in remote areas of the country, as well as import finished cotton biomass as fuel, composite building materials to neighboring countries - Afghanistan, Pakistan and others.

MORE: <https://turkmenportal.com/en/blog/73384/v-turkmenistane-namereny-ispolzovat-biomassu-hlopchatnika-v-kachestve-istochnika-energii>

Source: Turkmenportal

Pakistan to achieve 30pc renewable energy target

Date: 2024-01-30

The United Nations (UN) celebrated the first International Day of Clean Energy, and China was recognized for achieving the highest growth in renewable energy among all countries. ... China has been investing in Pakistan's energy sector for several years now, with a focus on coal and hydropower projects. However, it has also invested in renewable energy projects in Pakistan. China Three Gorges Corporation, a Chinese state-owned power company, has funded and built three wind projects with a combined capacity of nearly 150 MW in Jhimpir. In addition, China has also invested in hydroelectric power projects in Pakistan.

MORE: <https://www.nation.com.pk/30-Jan-2024/pakistan-to-achieve-30pc-renewable-energy-target>

Source: The Nation

'Pakistan well on track for maximum utilization of its massive clean power potential'

Date: 2024-01-29

The World Wind Energy Association (WWEA) has said Pakistan is well on track in making progress to increase the production of clean electricity and the drive should continue to take advantage of an abundance of renewable power sources available in the country. WWEA Secretary General Stefan Gsanger appreciated Pakistan's drive to maximize the utilization of massive indigenously available wind and solar power sources as he spoke as the guest of honor at an online seminar held to celebrate the first-ever International Day of Clean Energy.

MORE: <https://www.thenews.com.pk/print/1152352-pakistan-well-on-track-for-maximum-utilisation-of-its-massive-clean-power-potential>

Source: The News International

With upgrade in ties, China, Uzbekistan ready for closer win-win cooperation

Date: 2024-01-27

Chinese President Xi Jinping and Uzbek President Shavkat Mirziyoyev announced on Wednesday that the two countries have agreed to elevate bilateral ties to an all-weather comprehensive strategic partnership for a new era. They have pledged to promote building a China-Uzbekistan community with a shared future from an even higher starting point. ... There has been significant progress in the collaboration between China and Uzbekistan in recent years, especially in reducing poverty, developing new energy, and seeking green development, resulting in tangible benefits for both nations.

MORE: <http://en.people.cn/n3/2024/0127/c90000-20127609.html>

Source: People's Daily Online

ADB experts named four ways to adapt roads in Central Asia to climate change

Date: 2024-01-21

By the end of this century, the average temperature in Central Asia is expected to rise by 2-5.7°C. For about 65 million people in the region, this means a change in precipitation patterns, more frequent and severe storms, increased droughts, and prolonged dry spells. ... The recently released guidance from the Asian Development Bank discusses how countries in the region can strengthen existing infrastructure and ensure a secure road network.

MORE: <https://orient.tm/en/post/67132/adb-experts-named-four-ways-adapt-roads-central-asia-climate-change>

Source: Orient

Tajikistan will become a "Green Country" in 2037

Date: 2024-01-02

In 2032, electricity production in the country will be entirely from renewable sources, that is, 100% will be provided by "green energy" (currently 98%). Also, according to international standards, greenhouse gas emissions will be reduced to a minimum by 2037. It was noted by President Emomali Rahmon in his Address to the Parliament on December 28, 2023. According to him, Tajikistan, as a champion country in the development of a "green economy," will truly become a "green country" in 2037.

MORE: <https://eng.khovar.tj/2024/01/tajikistan-will-become-a-green-country-in-2037/>

Source: Khovar

Green energy export deal landed with Kazakhstan, Uzbekistan via Azerbaijan

Date: 2023-12-22

An agreement has already been reached with Kazakhstan and Uzbekistan on export of green energy through Azerbaijan to Europe, Azerbaijani Energy Minister Parviz Shahbazov said. ... Shahbazov emphasized that Azerbaijan intends to export up to 5,000 MW of green energy in the future, including 1,000 MW through the Nakhchivan Autonomous Republic. ... "Furthermore, the Azerbaijan-Türkiye-Europe energy corridor is one of the promising routes for Central Asian electricity transportation. A deal has already been negotiated with Kazakhstan and Uzbekistan to export green electricity to Europe via Azerbaijan," minister emphasized.

MORE: <https://en.inform.kz/news/green-energy-export-deal-landed-with-kazakhstan-uzbekistan-via-azerbaijan-minister-339b70/>

Source: Kazinform

The Conservation Trust Fund to be established in Mongolia

Date: 2023-12-20

The Office of the President of Mongolia, the Ministry of Environment and Tourism of Mongolia, and the Bank of Mongolia are organizing a series of meetings to create a financial system to combat climate change. ...N. Batkhoo, Environmental and Green Development Policy Advisor to the President of Mongolia emphasized the necessity of creating a system for financing climate change mitigation and a mechanism to ensure its legal and cross-sectoral coordination.

MORE: <https://montsame.mn/en/read/333951>

Source: Montsame

Azerbaijan to host COP29 in 2024

Date: 2023-12-11

The 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP29) will be held in Azerbaijan in 2024. The decision was made at the plenary session of COP28 on December 11. ...Then, President of COP28, Minister of Industry and Advanced Technology of the United Arab Emirates (UAE) Sultan Ahmed Al Jaber announced that the next COP conference will be held in Azerbaijan. Azerbaijan confirmed the commitment to reduce the emission of greenhouse gases by 35 percent by 2030 and increase this target by 40 percent in 2050. Fulfilling the commitments under the Paris Agreement adopted in 2015 and actively working in this regard are priority issues for the government of Azerbaijan.

MORE: [https://azertag.az/en/xeber/azerbaijan to host cop29 in 2024-2847259](https://azertag.az/en/xeber/azerbaijan%20to%20host%20cop29%20in%202024-2847259)

Source: Azertac

COP28 calls for speeding up climate efforts

Date: 2023-12-01

The 28th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change officially kicked off in the United Arab Emirates with a pressing call to accelerate collective climate action against the backdrop of a year that has seen temperatures breaching record levels and wreaking havoc on livelihoods. ... After officially being announced as COP28 president, Sultan Ahmed Al Jaber, in his opening speech in Expo City, Dubai, promised he would connect with and run an inclusive process of having free and open discussions around climate dialogue and action.

MORE: <https://www.chinadaily.com.cn/a/202312/01/WS6569383aa31090682a5f0e5c.html>

Source: China Daily

The Republic of Uzbekistan for the first time placed “green” international bonds in the national currency

Date: 2023-10-06

For the first time, the Republic of Uzbekistan has placed green sovereign international bonds worth 4.25 trillion soums and international bonds worth \$660 million on the London Stock Exchange. ... It is worth noting that the sovereign international bonds issued in soums are the first “green” sovereign bonds among the CIS countries.

MORE: <https://www.imv.uz/en/news/category/yangiliklar/post-1621>

Source: Ministry of Economy and Finance of the Republic of Uzbekistan

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



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