



CAREC Institute

Quarterly Economic Monitor

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This 15th issue of the CAREC Institute Quarterly Economic Monitor is co-authored by Hans Holz hacker, consultant at the CAREC Institute, Elvira Kurmanalieva, Senior Economist at the CAREC Institute, Shiliang Lu, Research Specialist at the CAREC Institute, Marina (Rui) Wang, Senior Research Specialist at the CAREC Institute, and Merdan Yazyyev, Research Expert at the CAREC Institute.¹

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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
FY	Fiscal Year
GDP	Gross Domestic Product
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
RMB	Renminbi
WB	World Bank
WEO	World Economic Outlook
yoy	year-on-year

The year 2024 in CAREC: mostly strong, services- and export-driven growth
The year 2025: might be highly important for the region's future economic course

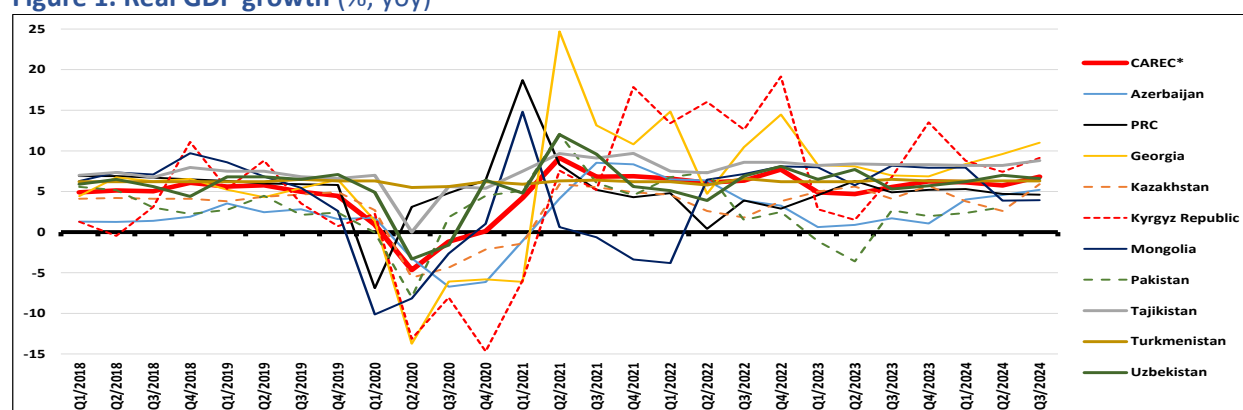
Preliminary data indicate that most CAREC economies saw even higher GDP growth in the year 2024 than in the also rather strong 2023. Mostly services drove GDP growth, extending a long-term trend. Generally strong export growth, especially of metals and gold, supported improvements in CAREC economies' trade balances. Disinflation has largely come to an end, and some inflation pressures have re-emerged, not least because of higher food prices caused by climate-related challenges such as droughts and floods. Accordingly, the monetary policy stance of CAREC central banks has become more cautious again.

Despite serious geoeconomic and climate challenges ahead, the year 2025 looks quite promising for the region. International Financial Institutions expect some slowdown, but for most CAREC economies growth to remain above 4-5% yoy. At the same time, substantial structural shifts in the economic forces that drive the development in the CAREC economies are imminent. And in all CAREC countries are programs under way to cope with climate change and other challenges. CAREC economies heavily relying on fossil fuels need to accelerate decarbonization and electrification. The PRC embarked on better balancing domestic consumption and production while investments in new technologies are being prioritized over investment in real estate and older technologies. The year 2025 will thus be quite crucial for the future course of how GDP is generated and distributed in the region while preserving decent growth.

Real GDP growth: generally strong, mostly services-driven

Average CAREC real GDP growth was generally even higher in the first three quarters of 2024 than the already quite fast growth in 2023. It accelerated to 6.4% yoy in Q3 2024² from 5.7% yoy in Q2 2024 and 6.1% yoy in Q1 2024, and from 5.3% yoy in 2023 as a whole (Figure 1, Table 1). In Q3 2024, growth in most CAREC economies was higher than in 2023; it was unchanged in Turkmenistan and somewhat lower in the PRC and Mongolia. Growth was mostly also higher than in the five years before the COVID-19 pandemic; in Mongolia and Turkmenistan, it remained unchanged, in the PRC, it was somewhat lower. However, the PRC already published a growth rate of 5.4% for Q4 and 5.0% yoy for the full year of 2024. This indicates a substantial acceleration of GDP growth.

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.

² Under the assumption of unchanged growth from Q2 for Pakistan because there were no Q3 2024 data yet available

Growth will likely remain decent also in 2025. ADB-IMF-WB expect growth for Mongolia to turn out higher than in Q3 2024, for the rest of the CAREC economies to be somewhat lower (Table 1). However, for all CAREC economies except for Azerbaijan and Pakistan they expect growth to remain significantly above 4% yoy.

Table 1. Real GDP growth (% , yoy)

	2015-19	2023	2024 Q1	2024 Q2	2024 Q3	2025F			
						Average ADB, IMF and WB	IMF	ADB	WB
Afghanistan	1.9								
Azerbaijan	0.8	1.1	4.0	4.6	5.2	2.6	2.6	2.5	2.7
PRC	6.7	5.2	5.3	4.7	4.6	4.5	4.5	4.5	4.1
Georgia	4.0	7.5	8.4	9.6	11.0	5.8	5.5	6.0	5.2
Kazakhstan	2.5	5.1	3.8	2.6	5.9	5.1	5.1	4.6	4.7
Kyrgyz R.	4.2	6.2	8.8	7.4	9.1	5.1	5.8	5.0	4.5
Mongolia	3.9	7.4	7.9	3.9	3.9	6.5	6.0	7.0	6.6
Pakistan*	3.8	-0.2	2.4	3.1		2.9	2.8	3.2	2.3
Tajikistan	6.9	8.3	8.2	8.2	8.8	5.7	6.5	4.5	5.5
Turkmenistan	6.3	6.3	6.3	6.3	6.3	4.2	6.0	2.3	
Uzbekistan	5.8	6.3	6.2	6.6	6.6	5.9	6.2	5.7	5.8
CAREC avg.**	4.5	5.3	6.1	5.7	6.4	4.8	5.1	4.5	4.6

*The column labeled 2023 refers to FY2022/23, and so on.

** To keep growth rates comparable, Afghanistan is not part of the CAREC average because data unavailability since 2023.

Note: Green figures indicate faster growth than in 2023, red figures slower growth.

Sources: ADB (ADO, Sep 2024 forecast, Dec 2024 update for the PRC and Kazakhstan), IMF (WEO, Oct 2024 forecast, Jan 2025 update for the PRC, Kazakhstan and Pakistan), WB (GEP, Jan 2025 forecast).

Table 2. Real GDP and component growth in 2024 (% , yoy)

	GDP			Agriculture			Manufacturing			Mining			Services		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
Afghanistan															
Azerbaijan	4.0	4.6		1.1	-0.2		10.0	4.8		-0.4	0.5		10.2	9.7	
PRC	5.3	4.7	4.6	3.5	3.8	3.5	6.4	6.2	5.0				5.0	4.2	4.8
Georgia	8.4	9.6	11.0	0.7	10.6		2.9	11.0		-1.8	3.9		7.4	13.2	
Kazakhstan	3.8	2.6	5.9	1.7	5.1	28.0	5.6	4.6	4.2	1.9	-1.3	3.4	3.0	3.8	5.2
Kyrgyz Republic	8.8	7.4	9.1	1.4	5.2	13.5	5.1	-4.9	10.6	-5.2	-2.2	5.3	16.0	16.3	5.0
Mongolia	7.9	3.9	3.9	-24.8	-27.0	-21.9	7.8	7.9	-5.5	13.3	17.5	5.6	3.4	10.7	11.3
Pakistan	2.4	3.1		3.9	6.8		3.4	4.8		0.6	-5.3		1.6	3.7	
Tajikistan	8.2	8.2	8.8												
Turkmenistan	6.3	6.3	6.3	4.1	7.5	4.0	4.7	2.5	3.3				7.6	8.2	6.7
Uzbekistan	6.2	6.6	6.6	3.6	4.0	1.7	7.1	11.7	6.1	4.9	-3.9	2.1	7.2	6.6	8.7
CAREC average	6.1	5.7	6.4	-0.5	1.4		5.9	5.4		1.9	1.3		10.2	9.7	

Note: Green figures indicate faster growth in components than in GDP, red ones slower growth.

Sources: CEIC, national statistical offices, authors' calculations

Services continued to be the most dynamic growth element in 2024. In *agriculture* growth in constant price value added remained below overall GDP growth in the PRC, Mongolia, Turkmenistan and Uzbekistan in most quarters of 2024; in Mongolia because of the heavy 2024 winter way below (Table 2). In Kazakhstan and the Kyrgyz Republic, by contrast, agriculture substantially contributed to real GDP growth after sharp contractions a year earlier. Growth in *manufacturing* was higher than GDP growth consistently only in the PRC. Except for Mongolia, *mining*³ growth remained below GDP growth and was

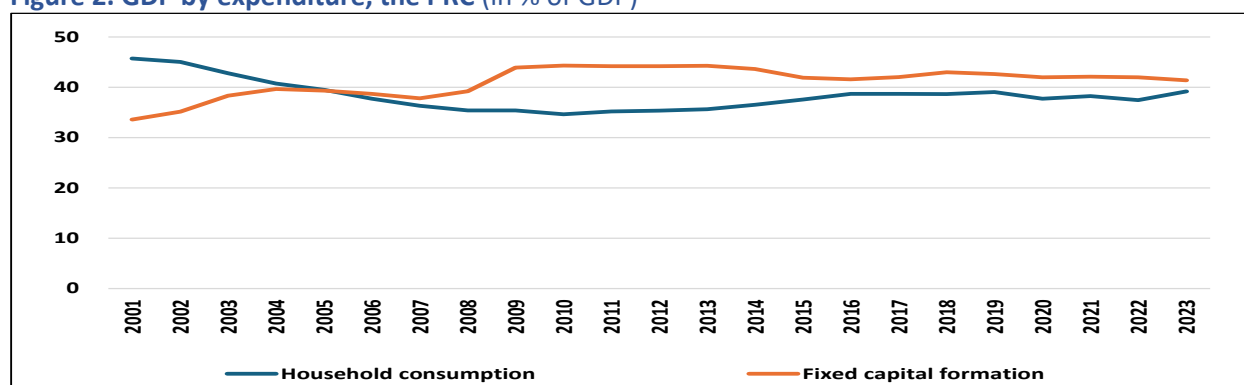
³ Mining includes also oil and gas.

still insufficient to permanently and decisively elevate value added at constant prices above 2019 levels. By contrast, value added in *services* grew faster than overall GDP in all CAREC economies most of the time; this is in line with the long-term trend.⁴

Excursion I: New policy initiatives to support growth in the People’s Republic of China

Following the meeting held by the Political Bureau of the Communist Party of China (CPC) Central Committee in late September 2024⁵, the Politburo convened another meeting of this type on 9 December as a “prelude” to the annual Central Economic Work Conference that took place on 11-12 December. In the meeting, multiple changes in the policy narrative aroused strong public attention. Specifically, fiscal policy was upgraded from “proactive” in 2024 and before to “more proactive” for 2025, and monetary policy was shifted from “prudent” to “moderately loose” – a stance not seen in more than a decade. Besides, the meeting for the first time in history proposed strengthening unconventional counter-cyclical adjustments, with the intention to enrich the policy toolkit, expand the operational scale of the current policy instruments, elevate deficit-to-GDP ratio, among others.

Figure 2. GDP by expenditure, the PRC (in % of GDP)



Source: National Bureau of Statistics, the PRC; author’s compilation

The Central Economic Work Conference reviewed the country’s economic work in 2024, assessed the current economic development, and set the tune for next year’s economic work. According to the Conference, the PRC will be focusing on nine key tasks in 2025, namely 1) stimulating domestic demand for consumption, and improving investment efficiency, 2) making scientific and technological innovation drive the development of new quality productive forces, and building a modernized industrial system, 3) leveraging the leading role of economic system reform to ensure the effective implementation of landmark reform measures, 4) expanding high-standard opening up, and stabilizing foreign trade and foreign investment, 5) preventing and mitigating risks in key areas, 6) advancing the progress of new urbanization and rural revitalization, and promoting integrated urban-rural development, 7) strengthening the implementation of regional strategies to boost regional development vitality, 8) promoting decarbonization, pollution reduction, green growth, and accelerating green transition in all areas, and 9) securing and improving people’s quality of life so as to enhance their sense of achievement, happiness, and security. It is noteworthy that among all the key policies boosting consumption has taken precedence over the establishment of a modernized industrial system and became the first item to cater to in 2025. This is different from previous countercyclical adjustments that often lean more towards investment, indicating that in 2025 macroeconomic policies will prioritize the needs of boosting

⁴ Compare our analysis “Excursion I: The relation of growth in services and growth in GDP in a long-term perspective” in the Quarterly Economic Monitor 13 <https://www.carecinstitute.org/publications/carec-institutes-quarterly-economic-monitor-no-13/>

⁵ See our last QEM (No.14) for details. <https://www.carecinstitute.org/wp-content/uploads/2024/11/QEM14-EN-Final.pdf>

consumption. Indeed, while the share of investment in GDP in the country went up significantly to above 40% since 2009, the share of household consumption in GDP dropped from 45.7% in 2001 to 39.2% in 2023, despite some recovery from 2010 onwards (Figure 2).⁶

“Old-for-new” campaigns⁷ have been one of the most important ways to bolster domestic demand and consumption in the PRC since these policies were first introduced in 2009. Recent data from the Ministry of Commerce showed that in 2024 the “old-for-new” campaigns of automobile, household appliances⁸, and home decoration-related products had brought about overall sales worth 1.3 trillion yuan (USD 181 billion). In 2025, the scope of the campaign for household appliances will be extended from eight categories to twelve adding microwave, water purifier, dishwasher, and rice cooker to the list. Besides, central government subsidies will also be offered to individuals who purchase digital products such as mobile phones, tablets, and smartwatches. Meanwhile, the central government will arrange ultra long-term special treasury bond funds for further subsidizing the interest discount on equipment renewal loans, and increase the subsidies for upgrading new energy city buses and their batteries, agricultural machineries, and home decoration-related consumer goods.⁹ According to the Ministry of Finance of the PRC, a preliminary amount of 81 billion yuan has been allocated lately to promote such campaigns.

Mitigating risks, particularly related to local government debt, have been another focused area for the Chinese central government. In November 2024, the PRC approved a total of 12 trillion yuan (USD 1.7 trillion) to help local governments to address their hidden debts. Specifically, in the next five consecutive years from 2024 on, the central government will set aside 800 billion yuan annually from the local governments’ new special-purpose bonds to ease their debt pressure, thus swapping cumulatively 4 trillion yuan of the hidden debts. Also, it raised the ceiling of local government debt by 6 trillion yuan, allowing them to swap their hidden debts of all categories that were monitored. Moreover, another 2 trillion yuan in hidden debts for shantytown renovation due in 2029 and beyond could still be repaid according to the original contract. “With all these supportive fiscal policies, the total amount of hidden debts that local governments need to manage by 2028 will significantly drop from 14.3 trillion yuan (USD 2.0 trillion) to 2.3 trillion yuan (USD 320 billion).”¹⁰, said Lan Fo’an, China’s Minister of Finance.

In terms of monetary policy, the People’s Bank of China (PBOC) in a recent work meeting reaffirmed that taking account of the domestic and international economic and financial situation as well as the operation of financial markets, the bank will “lower reserve requirement ratios (RRR) and interest rates at proper times, maintain sufficient liquidity and stable growth of financial aggregate, and match the expected targets of economic growth and overall price levels with the growth of social financing scale and money supply”¹¹ in 2025. As a practice to strengthen counter-cyclical adjustments and keep sufficient liquidity in the banking system, the PBOC injected a total of 1.7 trillion yuan (USD 237 billion) of cash to the market in December 2024 through large-scale outright reverse repurchase agreements and treasury bonds, following the injections of 500 billion yuan in October and 800 billion yuan in November.

Meanwhile, there have been already several signs indicating an acceleration of economic growth. In October, the consumer confidence index reflecting consumer expectations recovered by 1.2 percentage points compared with the previous month, the first rebound after dropping for six consecutive months.

⁶ See our last QEM (No.14) for more detailed comparison and analysis between countries.

⁷ The “old-for-new” promotional campaign is a policy instrument nationwide aimed to boost consumption of consumer goods (automobile and household appliance, in particular) through government subsidies.

⁸ Covering eight categories: TV, air conditioner, refrigerator, washing machine, range hood, gas stove, water heater, and computer.

⁹ https://www.gov.cn/zhengce/zhengceku/202501/content_6997129.htm (author’s translation)

¹⁰ https://www.gov.cn/lianbo/bumen/202411/content_6985603.htm (author’s translation)

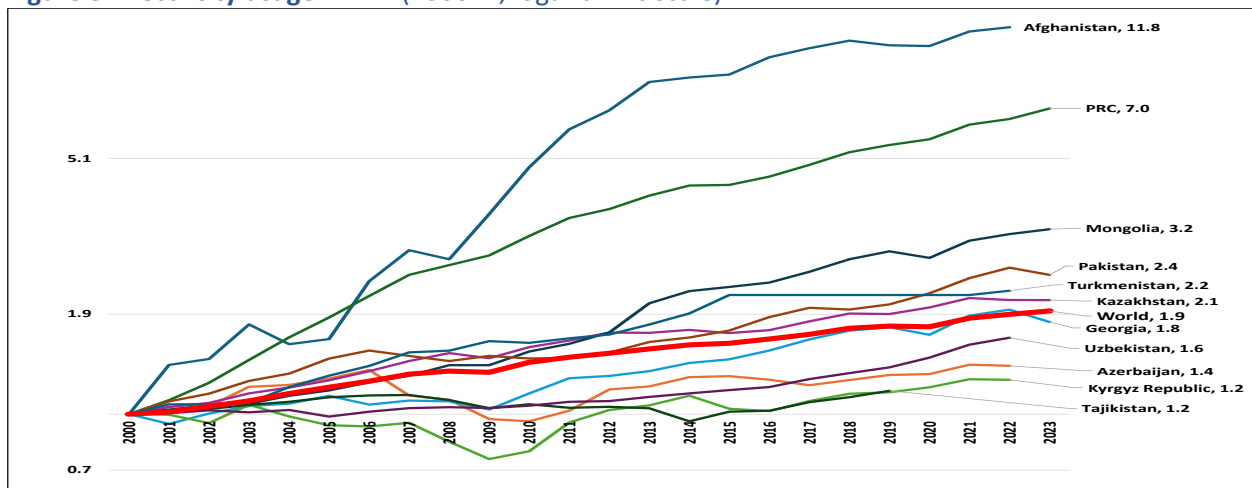
¹¹ <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5557009/index.html> (author’s translation)

Also, retail sales saw the highest growth in October since March, increasing by 4.8% yoy, which was 1.6 percentage points higher than in the previous month. The Purchasing Managers' Index (PMI) that traces the performance of the manufacturing sector turned upwards to 50.1%, 50.3%, and 50.1% in October-December 2024 from readings of less than 50%¹² since May 2024. In October-November, both year-on-year and month-on-month growth of the online registration of transactions of newly built commercial housing were positive, reversing the decline seen in the fifteen months before. The PRC's full year 2024 growth reached 5.0% yoy.

Excursion II: The electricity intensity of GDP

A major enabling source for modern production is electricity. It is needed for substituting fossil fuels, e-mobility, digitalization and AI, to name a few. And indeed, all CAREC economies use much more electricity now than in 2000, the base year of Figure 3. Most CAREC economies increased their electricity consumption faster than the World on average. The largest increase was recorded in Afghanistan (11.8 times higher in 2023 than in 2000), from a very low level though. This is followed by the PRC and Mongolia. In Pakistan, Turkmenistan and Kazakhstan, electricity usage has also grown slightly faster than in the World in general. Azerbaijan and Uzbekistan remained slightly below global growth. Electricity growth in Tajikistan and the Kyrgyz Republic more so, but these countries are already highly electrified. However, they have nevertheless big plans, and the construction of the Rogun project and the Kambar-Ata-1 and other power stations are under way.

Figure 3. Electricity usage - TWh (2000=1, logarithmic scale)

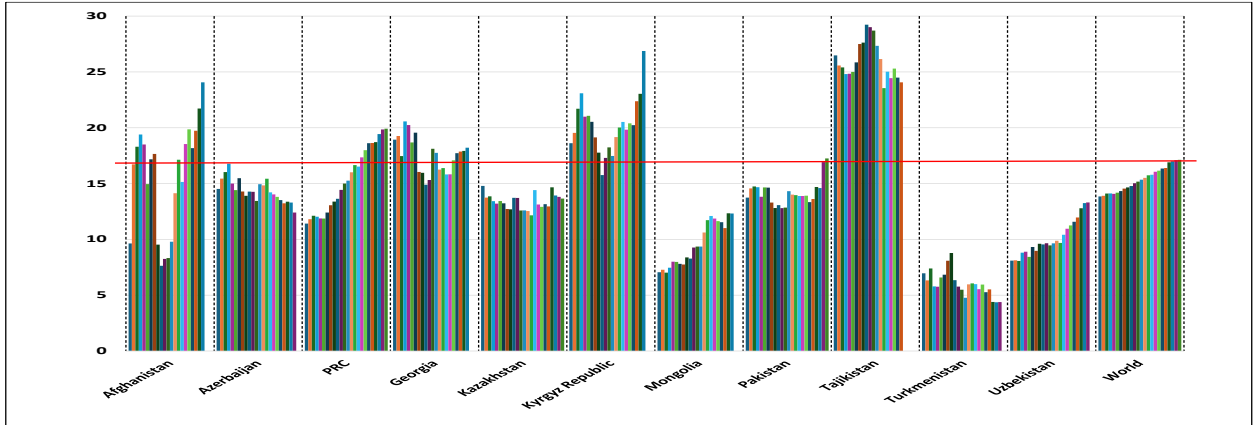


Source: Our World in Data, authors' calculations

In several CAREC countries the ratio of electricity usage compared to primary energy (fossil fuels, nuclear, hydro and other renewables) usage has substantially increased, a sign of progress in electrification (Figure 4). Afghanistan, the PRC, Georgia, and clearly the Kyrgyz Republic and Tajikistan use meanwhile a significantly higher ratio of electricity compared to primary energy than the World on average, even though the World as a whole has advanced as well. Turkmenistan and Mongolia have remained substantially below the global average, but Mongolia has begun to catch up. Azerbaijan and Kazakhstan are not as far behind as Turkmenistan and Mongolia, but they don't show an upward trend.

¹² A PMI reading above 50% indicates an expansion in overall economy, while a reading less than 50% signals a contraction.

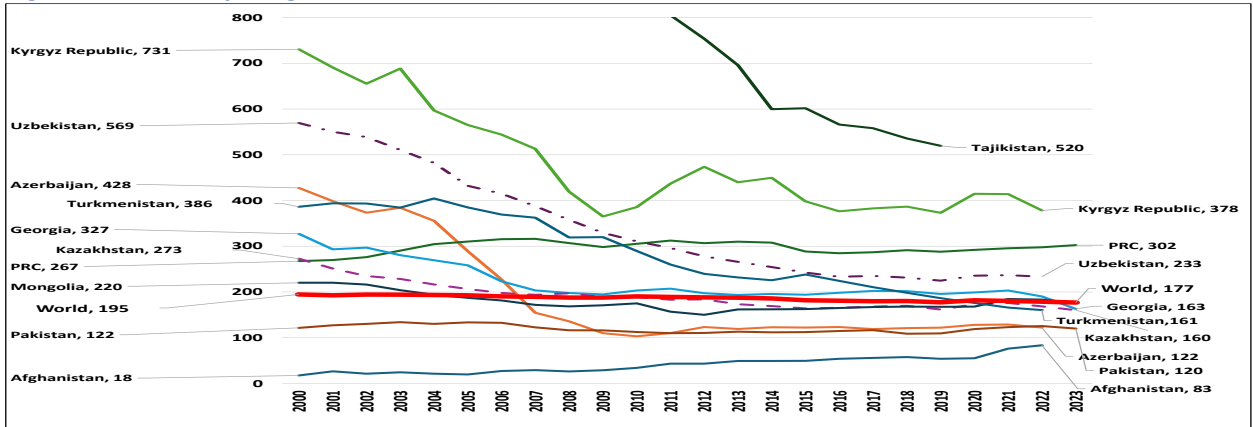
Figure 4. Electricity usage / Primary energy usage (2000 to 2023, %)



Source: Our World in Data, authors' calculations

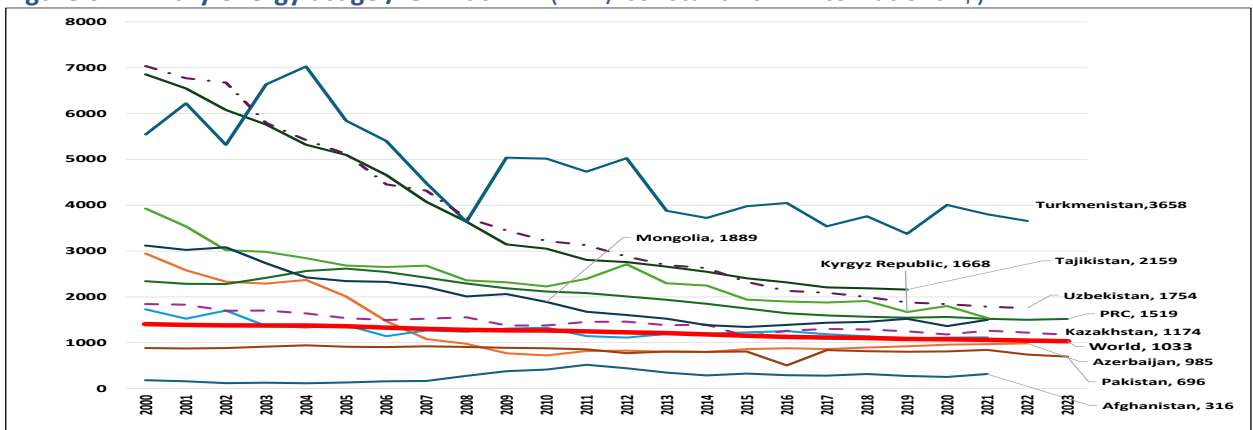
Despite the substantial increase in the CAREC region's electricity consumption, the electricity-intensity of GDP substantially decreased between 2000 and 2023 (or 2022) in several CAREC economies, indicating efficiency gains (Figure 5). However, this was not the case for Afghanistan, the PRC and Mongolia. This does not mean that they have not had efficiency gains, it rather reflects their accelerated electrification. Contrary to the electricity intensity, the primary energy intensity of GDP has decreased in the PRC and Mongolia (Figure 6). It has not done so in Afghanistan, where the energy intensity is well below both the global and the CAREC levels.

Figure 5. Electricity usage / GDP at PPP (Wh / constant 2021 international \$)



Source: Our World in Data, authors' calculations

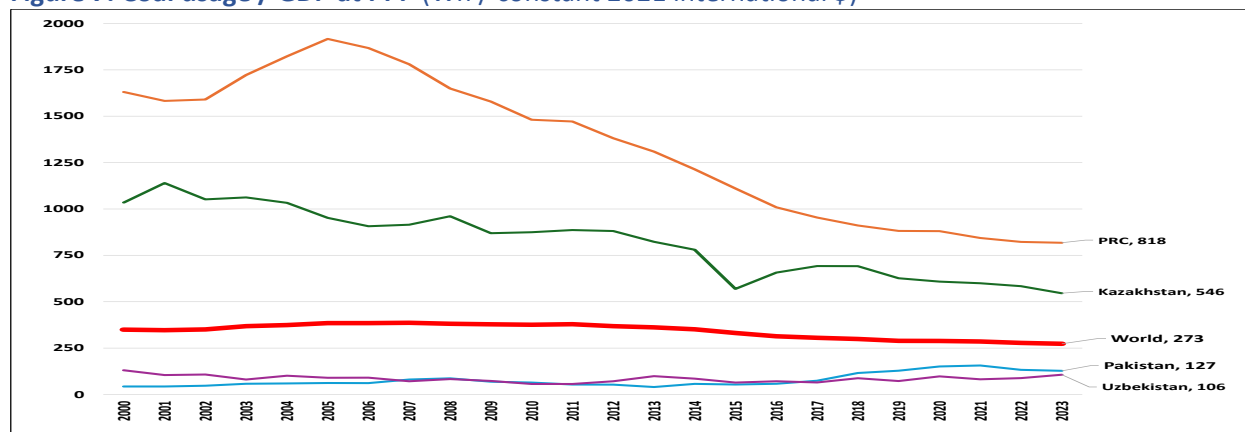
Figure 6. Primary energy usage / GDP at PPP (Wh / constant 2021 international \$)



Source: Our World in Data, authors' calculations

Coal is a specifically problematic resource of energy because of environmental and health issues. While also the coal intensity of GDP has come down, it has remained high compared to the global average for the PRC and Kazakhstan (Figure 7). Significant progress has been made, but it would be desirable to speed up this progress further.

Figure 7. Coal usage / GDP at PPP (Wh / constant 2021 international \$)

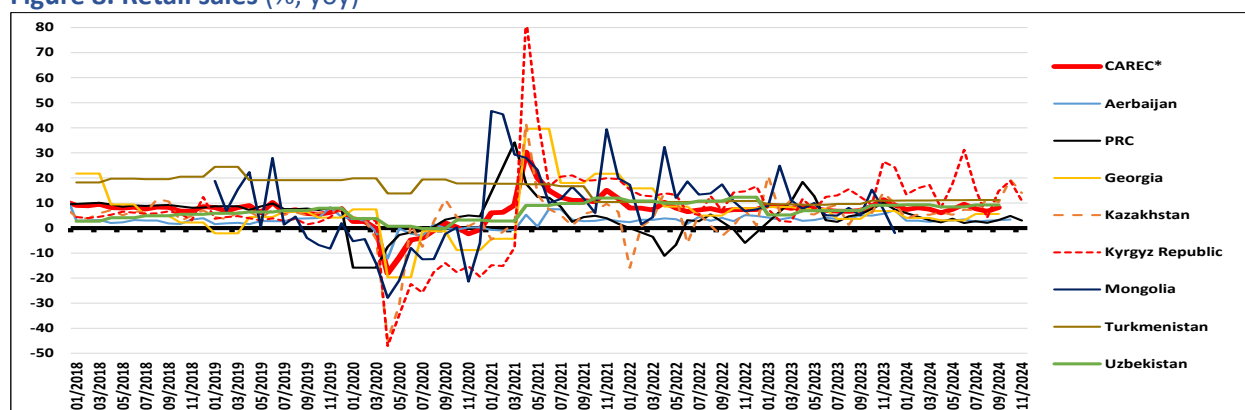


Source: Our World in Data, authors' calculations (data are available on for the economies in the chart)

High frequency indicators: retail sales growth was slightly lower in 2024 than in 2023 but still relatively strong; industrial output growth was generally slightly higher than in 2023

Retail sales were 7.7% higher at constant prices in January-September 2024 than in the same period a year earlier on average in the CAREC region, only slightly below the growth rate of 8.8% in 2023. Growth in retail sales has slowed in the PRC, Georgia and Azerbaijan after rather high growth in 2023, whereas the other CAREC members saw continued strong growth (Figure 8). During January to November 2024 or last available data, retail sales in Azerbaijan, the PRC, Georgia, Kazakhstan, and Uzbekistan grew by 3.0%, 3.0%, 4.2%, 8.7%, and 9.0% yoy, respectively. However, the Kyrgyz Republic and Turkmenistan had double-digit growth rates of 15.2% and 11.1%, respectively. For the Kyrgyz Republic, Turkmenistan, and this is somewhat higher than in 2023, for the other economies growth was somewhat lower.

Figure 8. Retail sales (% , yoy)

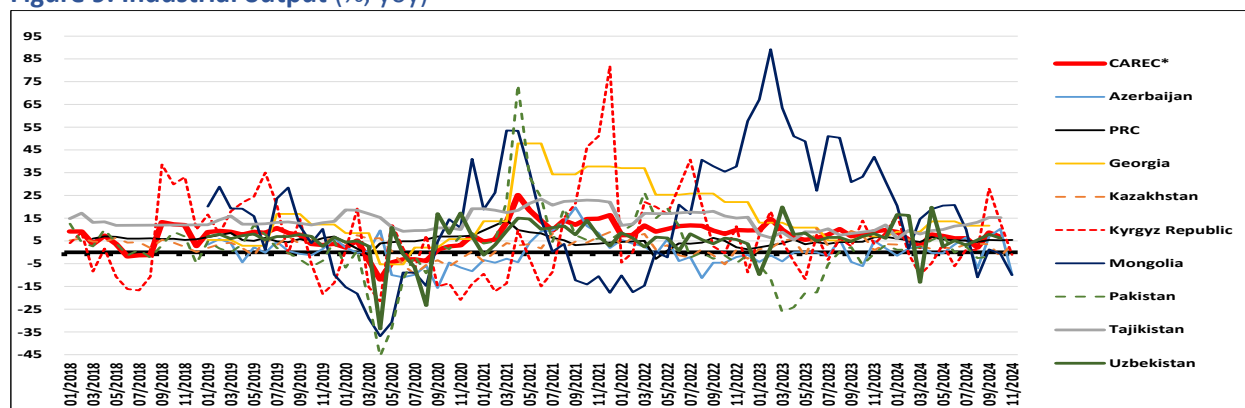


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Industrial output growth somewhat accelerated on average in the CAREC region in 2024 from 2023, net of the highly volatile readings for Mongolia. Average CAREC growth in industrial output¹³ turned out at 5.5% yoy in January-November 2024, up from 3.4% yoy in 2023, excluding Mongolia (Figure 9). Meanwhile Mongolia's growth decelerated from extraordinarily high 48.6% in 2023 to 7.8% yoy in Jan-Nov 2024, and became negative in October and November 2024. Countries with high growth rates were Georgia with 11.7% yoy (Jan-Sep) and Tajikistan with 11.0% yoy (Jan-Oct). In January-November 2024, Uzbekistan's growth reached 6.9% yoy, the PRC's 5.3% yoy. Azerbaijan's, Kazakhstan's and Pakistan's growth remained below 3% yoy. Growth in Kazakhstan, the Kyrgyz Republic, and especially Mongolia was lower in 2024 than in 2023, in the other CAREC economies higher.

Figure 9. Industrial output (% , yoy)



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

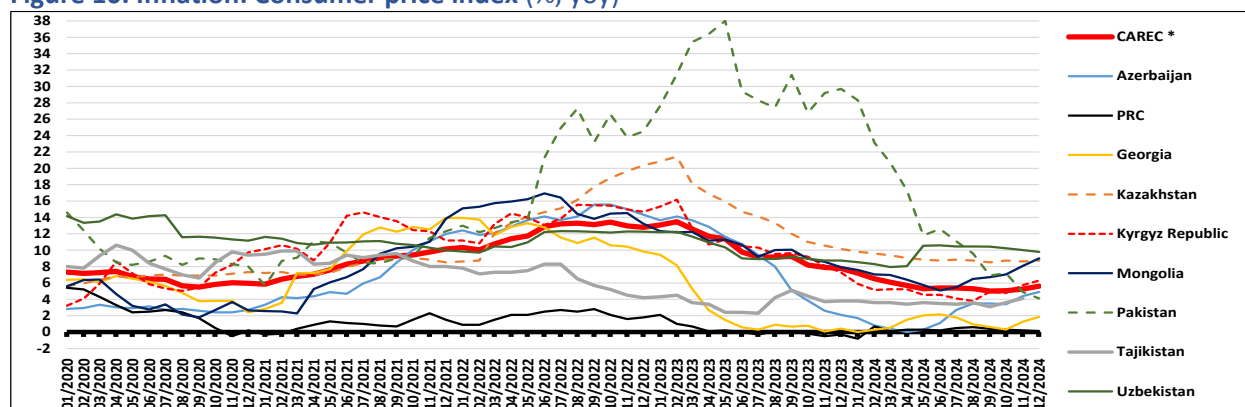
Source: CEIC, authors' calculations.

Inflation: slight re-acceleration in the second half of 2024

Inflation decelerated in the first half but regained momentum in the second half of 2024. The average inflation rate in the CAREC region declined from 13.5% at its peak in February 2023 to 5.6% in December 2024 (Figure 10). The most significant contribution to this deceleration came from Pakistan, where the annual inflation rate dropped from 31.5% to 4.9%, marking its lowest level since April 2018. While the most notable decline occurred in 2023 and the first half of 2024, inflation regained momentum in the second half of 2024. From June to December 2024, inflation increased in Azerbaijan (from 1.1% to 4.9%), the Kyrgyz Republic (from 4.5% to 6.3%), Mongolia (from 5.1% to 9.0%), and Tajikistan (from 3.5% in June to 4.1% in November 2024). Conversely, inflation declined in the PRC (from 0.2% in June to 0.1% in December 2024), Georgia (from 2.2% to 1.9%), Pakistan (from 12.6% to 4.1%), and Uzbekistan (from 10.6% to 9.8%). As a result of Pakistan's rapid disinflation, its inflation rate fell below the regional average. In Kazakhstan, Mongolia, and Uzbekistan, inflation remained above the regional average and central bank targets. Conversely, inflation in the PRC and Georgia was notably low and significantly below the regional average. Electricity tariff adjustments implemented in May 2024 in Uzbekistan, and in November 2024 in Mongolia, contributed to consumer price increases.

¹³ Industrial output includes mining; the volatility of mining in the economies with a large mining sector is reflected in the industrial output numbers.

Figure 10. Inflation: Consumer price index (% , yoy)

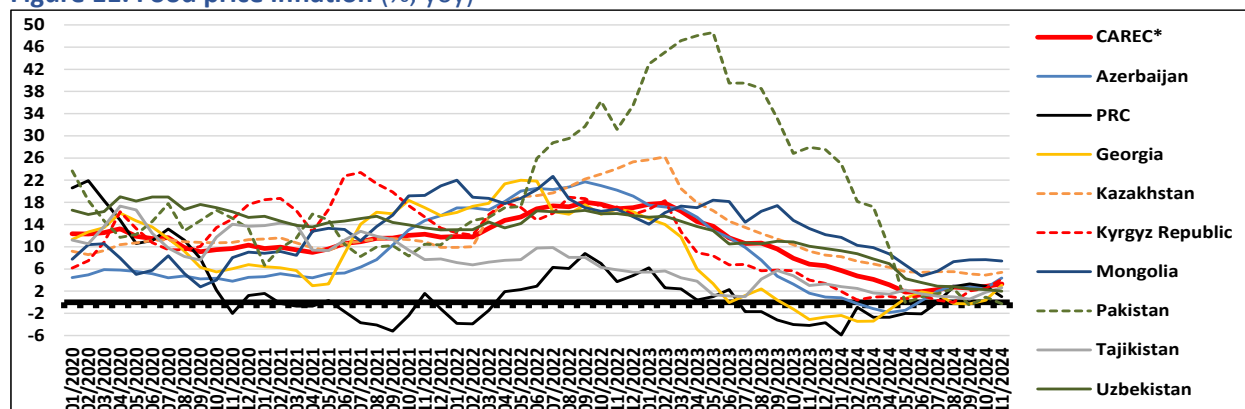


* Refers to the simple average of CAREC economies where data are available

Source: CEIC, authors' calculations

Global commodity prices, especially food costs, play a pivotal role in shaping inflation trends across the CAREC region, given the high reliance on imports of food. As global food prices continued to decline, disinflation persisted in the region. Food inflation in the CAREC region fell from 17.9% at the peak of growth in February 2023 to 1.9% in June 2024 (Figure 11). However, climate-related challenges, including droughts and floods, disrupted agricultural production globally, leading to a short-term increase in food prices during the second half of 2024. Consequently, food inflation in the region rose to 3.3% by November 2024. Food inflation was higher than CAREC average indicator in Kazakhstan (5.4%), Kyrgyz Republic (4.1%) and Mongolia (7.4%). In the PRC (1.0%) and Georgia (3.1%), the food price inflation was higher than the headline inflation in November 2024. Food prices in Pakistan decreased by 0.2% in November 2024. The most significant acceleration of food inflation in the second half of 2024 was observed in Azerbaijan (from 0.3% in June to 4.3% in November). In the meantime, in Uzbekistan food prices decelerated from 3.5% to 2.0%.

Figure 11. Food price inflation (% , yoy)



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

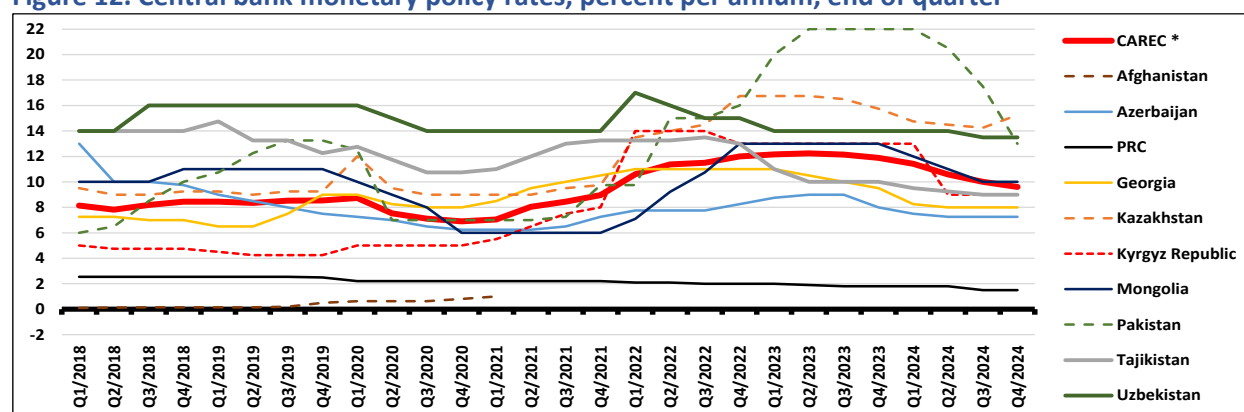
Source: CEIC, authors' calculations

The annual average inflation rate for the CAREC region (5.6%) is below the 6.7% projected by international organizations such as the IMF and ADB for 2024. The IMF and the ADB forecast the inflation rate in the region to remain around 6% in 2025. Inflation prospects will be shaped by global and domestic factors, including commodity prices, energy costs, exchange rate movements, and policy responses. As all countries in the region are prone to external shocks, pursuing macroeconomic discipline will be critical for stability. Structural reforms to diversify economies and improve monetary policy frameworks will also play a vital role in fostering long-term resilience.

Monetary policy: a cautious approach amidst the reacceleration of inflation

As inflation regained most central banks adopted a cautious approach to their policy rates. In 2024, most central banks in the CAREC region continued easing monetary policy, with the average policy rate decreasing from 11.9% to 9.6% (Figure 12). The sharpest reductions occurred during the first half of the year, as countries sought to support economic activity. By June 2024, the average policy rate was 10.6%. As inflation moderated, central banks adopted a cautious stance. During the last quarter of 2024, most central banks kept their policy rates unchanged. Notable exceptions included Pakistan, which reduced its policy rate by 450 basis points and Kazakhstan, where the central bank raised its rate by 100 basis points due to heightened inflation expectations.

Figure 12. Central bank monetary policy rates, percent per annum, end of quarter



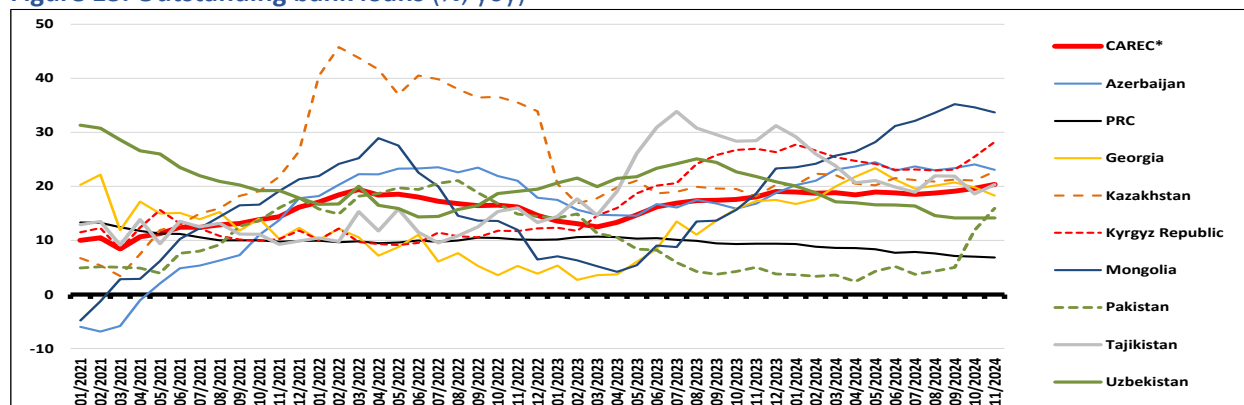
* Refers to the simple average of CAREC economies where data are available

Source: CEIC, authors' calculations

The cautious monetary policy stance was reflected in money supply growth. The average M2 growth rate in the CAREC region decreased in the second half of 2024 from 19.8% in June to 19.6% in November after an initial increase from 15.9% in December 2023. Fast decrease in money supply was observed in Azerbaijan (from 11.9% in June to 1.3% in November), Georgia (from 22.4% to 12.8%), Mongolia (from 31.9% to 17.2%). As of end-November 2024 high money growth was recorded in the Kyrgyz Republic, Tajikistan and Uzbekistan where M2 growth by the end-November 2024 reached 36.3%, 34.0% and 34.8%, respectively.

Bank loans' growth in all CAREC economies except for the PRC stayed in double-digits (Figure 13). In November 2024 bank loans' growth in Azerbaijan (23.1%), Kazakhstan (22.7%), Kyrgyz Republic (28.2%), Mongolia (33.7%) stayed above region's average (20.4%). The fast increase happened in Mongolia (from 23.3%) and Pakistan (from 3.8% in December 2023 to 15.9% in November 2024). Tajikistan (from 31.2% to 20.3%) and Uzbekistan (from 20.9% in December 2023 to 14.2% in September 2024) saw a stronger deceleration in bank loans' growth. In Kyrgyz Republic bank loans growth stayed high and in November 2024 was 1.9 percentage points higher than in December 2023 (26.3%). The PRC loan growth was 6.9% yoy in November 2024.

Figure 13. Outstanding bank loans (% , yoy)

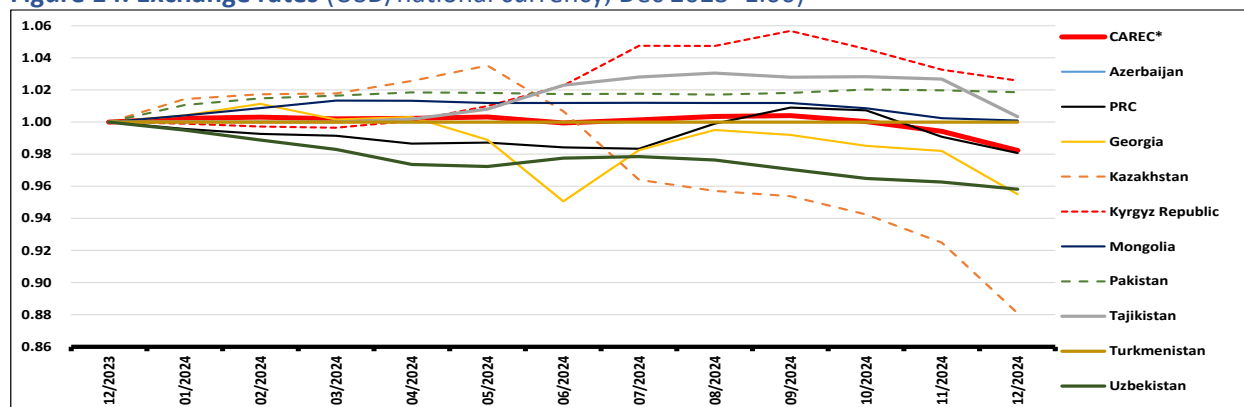


* Refers to the simple average of CAREC economies where data are available

Source: CEIC, authors' calculations

In four CAREC economies exchange rates were somewhat weaker against the USD by the end of 2024 than a year earlier, reflecting adjustments because of the inflation differential and still rather high money growth. Kazakhstan's currency was 11.9% weaker at the end of 2024 than at the end of 2023, Georgia's 4.4%, Uzbekistan's 4.2% (Figure 14). Monetary easing in the PRC let the RMB depreciate 1.9% yoy. At the same time the Kyrgyz Republic saw an appreciation of 2.6% yoy, despite its large official trade deficit. Pakistan's currency appreciated by 1.9% thanks to prudent policies related to the IMF stand-by agreement after sharply depreciating until mid-2023. Tajikistan's and Mongolia's exchange rates were little changed, though with some volatility during the year. Azerbaijan's and Turkmenistan's exchange rates are fixed.

Figure 14. Exchange rates (USD/national currency, Dec 2023=1.00)



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

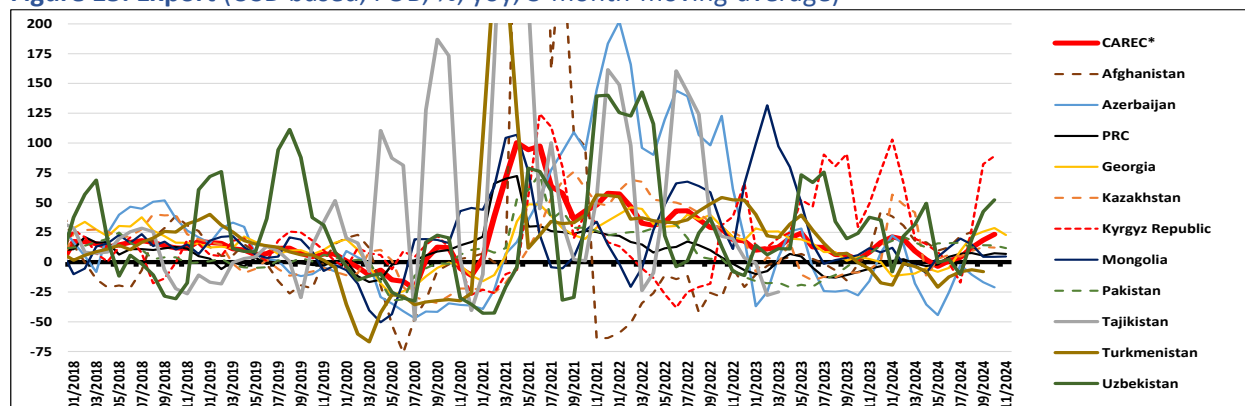
Source: CEIC, authors' calculations.

Foreign trade: strong exports growth supported improvements in CAREC economies' trade balances.

By September 2024 two oil and gas exporters saw a decline or weakened growth, while base metal and gold exporters saw high growth. Average growth of exports of CAREC region grew by 18.5% in September 2024 (Figure 15). The largest rate of growth was recorded by Tajikistan and Kyrgyz Republic (82.3%). The expansion in gold and other metals exports played a pivotal role in both countries' exports growth. Decline in exports was recorded in Azerbaijan (-16.8%) and Turkmenistan (-7.9%). PRC's trade has remained resilient, benefiting from real currency depreciation and strong demand from global markets. Its exports saw a notable recovery, accelerating growth from a decline by 3.3% in December 2023 to an increase of 5.5% in September 2024, supported by strong performance in high-tech sectors like electronic appliances

and electric vehicles. Kazakhstan, Pakistan, Afghanistan and Uzbekistan saw a robust export growth by 12.7%, 14.3%, 22.7% and 42.4%, respectively. Amid a real appreciation of its currency, Mongolian exports growth decelerated from 8.3% in December 2023 to 4.5% in September 2024.

Figure 15. Export (USD based, FOB, %, yoy, 3-month-moving-average)

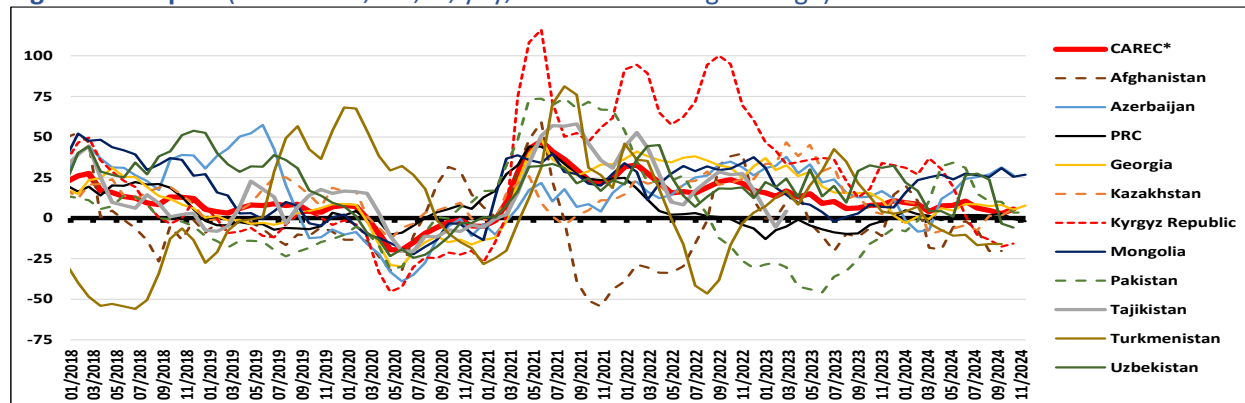


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Strong domestic demand and real appreciation of currencies supported an increase in imports of CAREC countries. CAREC countries' average growth of imports was 2.7% in September 2024 (Figure 16). Strong economic growth sustained demand for imported goods in Azerbaijan (imports grew by 31.3%), Mongolia (30.8%), Pakistan (10.0%) and Uzbekistan (11.7%). Appreciation of currencies supported increase in imports in Mongolia and Pakistan. Decline in imports was observed in Afghanistan (-20.3%), Turkmenistan (-15.9%), and Kyrgyz Republic (-17.8%).

Figure 16. Import (USD based, CIF, %, yoy, 3-month-moving-average)

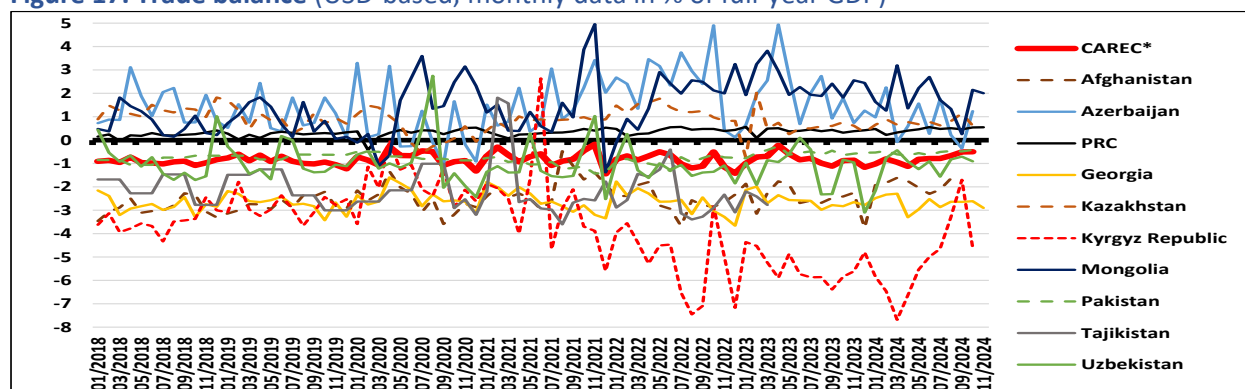


*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

With the improvement in the export performance, the deficit in the trade of goods of the CAREC economies has narrowed. The CAREC region's average trade deficit narrowed from 1.17% of GDP in December 2023 to 0.5% in January- September 2024 (Figure 17). The main driver of such dynamics was increase in trade surpluses in the PRC (from 0.42% of GDP in December 2023 to 0.46% of GDP in September 2024) and Kazakhstan (to 1.15% of GDP, up from 0.34% of GDP). There was decrease in trade deficits in Georgia (from 2.78% in December 2023 to 2.64% in September 2024), Kyrgyz Republic (from 4.79% to 1.7%), Pakistan (from 0.54% to 0.49%), and Uzbekistan (from 3.1% to 0.7%). At the same time, trade surplus in Azerbaijan (from 1.26% to 0.35%) and Mongolia (from 2.45% to 0.25%) has decreased.

Figure 17. 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.

Excursion III: The year 2024 brought decisive progress towards Uzbekistan's WTO accession – important for the CAREC region as a whole

After more than three decades of negotiations, a breakthrough for Uzbekistan's accession to the WTO was achieved in 2024. Azizbek Urunov, the Special Representative of Uzbekistan's President on WTO Affairs, announced the milestone, highlighting the country's commitment to global trade integration.

According to WTO accession rules, any state or customs territory having full autonomy in the conduct of its trade policies may become a member ("accede to") of the WTO, but all WTO members must agree on the terms. This is done through the establishment of a working party of WTO members and through a process of negotiations.

Following the establishment of an Accession Working Party (Working Party), bilateral, plurilateral and multilateral negotiations take place in parallel. If the government of the acceding country accepts the "terms of accession" - either by signature or ratification - the country becomes a full member of the WTO 30 days after it notifies the WTO Director-General of its acceptance of the Accession Protocol. Then, according to the principles of the Most-Favored-Nation treatment, generally speaking, the "terms of accession" will apply to the trade with all WTO members.

As a matter of fact, accession to the WTO is not only a painstaking process of negotiation but also a fundamental political and economic change for an acceding member. The application of Uzbekistan was first received on 8 December 1994 and the Working Party was established on 21 December 1994. Then, since the third Working Party Meeting in 2005, no progress has been made.

When the working party met again on 7 July 2020 — almost 15 years after its last formal meeting, the WTO members welcomed the resumption of WTO membership negotiations for Uzbekistan as an indication that the multilateral trading system is still attractive.

In addition to emphasizing its strong desire to join the WTO, Uzbekistan needs to demonstrate its activism by continuing measures aimed at liberalizing trade, modernizing all trade and policy instruments on the basis of the principles and rules of the WTO agreements, encouraging foreign investment and introducing international best practices in the interests of further sustainable economic development of Uzbekistan.

Indeed, President Mirziyoyev has made accelerating WTO membership a top priority, urging the government to speed up the accession process in order to increase Uzbekistan's export opportunities, particularly for manufactured goods. Measures included the appointment of a special representative for WTO affairs and the establishment of liaison units in 20 government agencies.

To date, Uzbekistan adopted over 30 legal acts aligned with WTO standards, including nine laws, six presidential decrees, and 12 Cabinet of Ministers resolutions. Ongoing reforms aim at further integration

of Uzbekistan into the world economic community and the multilateral trading system. Additionally, the nation hosted two Working Party meetings, two informal agricultural consultations, and two international events in collaboration with the World Bank, the International Monetary Fund, and the WTO in Tashkent and Washington.

The year 2024 was really fruitful and historic for Uzbekistan's WTO accession. President Shavkat Mirziyoyev met twice in person with WTO Director General Ngozi Okonjo-Iweala, underlining Uzbekistan's high-level commitment generating optimism for further decisive progress in 2025. Still in 2024, Uzbekistan concluded bilateral negotiations with 15 countries, including major economies such as China, the United States, Argentina and Brazil, bringing the total number of agreements with WTO members to 22, which allows confidence that Uzbekistan will have completed accession by the 14th Ministerial Conference in Cameroon in 2026.

In particular, at the 9th meeting of the Working Party on the Accession of Uzbekistan on 5 and 6 December 2024, the Working Party completed the first review of the Draft Report of the Working Party (the formal document which spells out the agreed-specific commitments that the acceding government would undertake as a WTO member). Members also reviewed the legislative developments on the basis of the Legislative Action Plan. Uzbekistan also circulated 21 pieces of draft and adopted legislation for members' review, bringing the total pieces of legislation submitted to 192 since 2020.

Meanwhile, Uzbekistan reaffirms commitment to conclude by 2026 by further intensifying efforts to finalize outstanding negotiations and harmonize its legal and regulatory frameworks with WTO agreements in order to ensure that by 2026 Uzbekistan not only becomes a full-fledged member of the WTO but also a model of successful integration into the multilateral trading system, fostering economic resilience and inclusivity.

Looking ahead, while significant progress has been made in 2024, Uzbekistan still needs to conclude negotiations with key partners such as Russia, the European Union, the United Kingdom and Switzerland in order to finalize the accession process in 2026. While Uzbekistan is expected to benefit from a transition period of 2-3 years, as a key player in Central Asia, Uzbekistan's local businesses will also need to adapt to open competition.

It is also worth noting that the CAREC region has only three non-WTO members to date, Azerbaijan, Uzbekistan and Turkmenistan, out of 11. If Uzbekistan becomes a WTO member, it could provide an impetus for Azerbaijan and Turkmenistan to accelerate its WTO accession.

Given Uzbekistan's position and weight for regional economic cooperation in the CAREC region, Uzbekistan's WTO accession would strongly contribute to further increase the weight of the region in the global trade and economy.

Conclusion: the relatively robust CAREC growth could and should be used to decisively address challenges and imminent opportunities

The CAREC region's real GDP growth remained generally rather robust in 2024. Disinflation has mostly come to an end as a result and monetary policy must remain careful. The PRC adopted a set of new policy initiatives in support of growth and high-quality development, which are still in the process of being further concretized. They will have a profound impact on the CAREC region as a whole. Climate change, technological change, geoeconomic shifts, all will strongly influence the CAREC region's opportunities and challenges already in the near future, that is still in 2025. The room for maneuver given by the rather favorable performance of the CAREC economies in 2023 and 2024 could and should be used to embark on active policies to moderate and facilitate the changes needed for further fast economic, social, and green development.

CAREC governments' cooperation initiatives

Commencement ceremony of China-Kyrgyzstan-Uzbekistan railway project held in Kyrgyzstan**Date: 2024-12-27**

The commencement ceremony of the China-Kyrgyzstan-Uzbekistan railway project was held in Jalalabad, Kyrgyzstan on Friday. The railway is a flagship project of the Belt and Road Initiative, personally promoted by the heads of state of China, Kyrgyzstan and Uzbekistan, said an official with China State Railway Group Co., Ltd. (China Railway). It is a strategic connectivity project linking China with Central Asia. The railway will start in Kashgar in China's Xinjiang Uygur Autonomous Region, cross the Torugart Pass into Kyrgyzstan, then proceed westward through the Kyrgyz border city of Jalalabad, and reach the eastern Uzbek city of Andijan, the official said. ... According to the current progress of the project, the construction of the Kyrgyz section of the railway project is scheduled to begin in July 2025 and last for six years.

MORE:<https://english.news.cn/asiapacific/20241227/6a6f582454934a6c81160d1871b13ea9/c.html>

Source: Xinhua**China Association for International Economic Cooperation interested in establishing regional logistics warehouses in Azerbaijan****Date: 2024-12-24**

The Azerbaijan Export and Investment Promotion Agency (AZPROMO) hosted a meeting with a delegation led by Wang Weiwei, Vice Chairman of China Association for International Economic Cooperation (CAFIEC) and Director of International Investments and Cooperation Committee. ... He reiterated AZPROMO's commitment to fully support the Chinese companies in expanding their activities in Azerbaijan. ... The Vice Chairman expressed their interest in participating in the reconstruction works in the liberated territories and establishing regional logistics warehouses in Azerbaijan.

MORE:https://azertag.az/en/xeber/china_association_for_international_economic_cooperation_interested_in_establishing_regional_logistics_warehouses_in_azerbaijan-3346963

Source: Azertac**Tajik-Pakistani relations expand in priority economic sectors****Date: 2024-12-12**

As part of the 7th meeting of the Tajik-Pakistani Joint Commission on Trade, Economic, Scientific and Technical Cooperation, the Minister of Energy and Water Resources of Tajikistan Daler Juma met with the Federal Minister for Energy of the Islamic Republic of Pakistan Sardar Awais Ahmad Khan Leghari. The parties, expressing satisfaction with the level and content of the current relations, noted that in the future, cooperation will expand and reach a qualitatively new level. It was paid much attention to expanding relations in priority sectors of the economy, trade, investment, energy, strengthening scientific, educational and educational ties, and developing cultural cooperation.

MORE:<https://eng.khovar.tj/2024/12/tajik-pakistani-relations-expand-in-priority-economic-sectors/>

Source: Khovar**Turkmenistan and Uzbekistan discussed expanding cooperation in customs activities****Date: 2024-12-12**

Employees of the Training Center under the State Customs Service of Turkmenistan held an online meeting with the teaching staff of the Customs Institute of the Customs Committee of the Republic of Uzbekistan. ... The sides discussed the issues of the exchange of educational technologies and teaching methods, the organization of mutual training courses. The participants also discussed the possibility of organizing mutual training courses, studying the experience of Uzbekistan in the application of a Harmonized Commodity Description and Coding System. ... Following the meeting, the sides agreed to develop an Action Plan for 2025 and draw up an annual schedule of online seminars.

MORE:<https://turkmenistan.gov.tm/en/post/90508/turkmenistan-and-uzbekistan-discussed-expanding-cooperation-customs-activities>

Source: Turkmenistan: Golden age

Kazakhstan, Kyrgyz Republic strengthen alliance with \$1.3 billion investments

Date: 2024-12-03

Kyrgyz President Sadyr Japarov has ratified a treaty deepening allied relations with Kazakhstan, signed in Astana on April 19. The treaty enhances cooperation across various sectors, building on agreements dating back to 1997. According to Kazinform, the law was adopted by the Jogorku Kenesh (Supreme Council) of the Kyrgyz Republic on Oct.30. The treaty aims to boost political, economic, military, and cultural collaboration while addressing migration, environmental security and energy challenges. Kazakhstan has invested \$1.3 billion in the Kyrgyz Republic since 2005, ... The forum showcased growing economic ties, with trade turnover reaching \$1.2 billion in 2023 and expected to approach \$1.8 billion in 2024.

MORE:<https://astanatimes.com/2024/12/kazakhstan-kyrgyz-republic-strengthen-alliance-with-1-3-billion-investments/>

Source: Astana Times

China, Central Asian nations to bolster solidarity

Date: 2024-12-02

China and the five Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan agreed to further enhance cooperation in all aspects as their foreign ministers met on Sunday in Chengdu, Sichuan province, to make preparations for the second China-Central Asia Summit. The six nations agreed to strengthen the China-Central Asia mechanism and lend full support to ensure the success of the summit, which is scheduled for next year in Kazakhstan, ... Wang announced that China will provide 1,500 training opportunities for people from the five Central Asian countries over the next three years and increase the number of scholarships by 600, in order to nurture more talent to contribute to the countries' development.

MORE:<http://global.chinadaily.com.cn/a/202412/02/WS674d1935a310f1265a1d07c5.html>

Source: China Daily

Turkmenistan, Tajikistan and Uzbekistan discuss further development of transit corridors

Date: 2024-11-29

The conclusion of a trilateral Agreement on mutual recognition of Authorized Economic Operators with the participation of Turkmenistan, Uzbekistan and Tajikistan was the key topic of the meeting between the Chairman of the State Customs Service of Turkmenistan and the Executive Secretary of the International Center for Transport Diplomacy Igor Runov. ... The implementation of this regional initiative will contribute to the development of transit corridors passing through these countries. Apprise about the progress of the phased implementation of the AEO program in Turkmenistan, the Turkmen side expressed its readiness to study the proposed trilateral project.

MORE:<https://turkmenistan.gov.tm/en/post/90023/turkmenistan-tajikistan-and-uzbekistan-discuss-further-development-transit-corridors>

Source: Turkmenistan: Golden age

Kazakhstan to increase oil shipment via Baku-Tbilisi-Ceyhan

Date: 2024-11-25

Kazakhstan is considering the possibility of increasing oil shipment through the Baku-Tbilisi-Ceyhan pipeline from the current 1.5 million tons to 20 million tons a year, Kazakh Energy Minister Almassadam Satkaliyev told the Government Hour at the Majilis, Kazinform News Agency reports. ... The minister said the Baku-Tbilisi-Ceyhan is one of the promising routes since Kazakhstan and Azerbaijan's partners vest interest in the development and systematic increase in Kazakhstani oil supplies through the pipeline. This year projects to ship 1.5 million tons of Kazakhstan's oil through the Baku-Tbilisi-Ceyhan pipeline.

MORE:<https://azertag.az/en/xeber/kazakhstan-to-increase-oil-shipment-via-baku-tbilisi-ceyhan-3301844>

Source: Azertac

Kyrgyzstan eliminates double taxation with Azerbaijan

Date: 2024-11-22

The agreement between Kyrgyzstan and Azerbaijan on the elimination of double taxation with respect to taxes on income and the prevention of tax evasion and tax avoidance has been ratified. The law was

signed by President Sadyr Japarov. The law was passed by Parliament on October 23, 2024. The presidential press service reports that the main objectives of the agreement are to protect residents of one state from discriminatory taxation in another contracting state, prevent tax evasion or abuse of the provisions of the agreement, and mutual exchange of information between the competent authorities of the contracting states to ensure compliance with the provisions of the agreement. «The agreement will create conditions for foreign companies to invest in various sectors of our country's economy,» the statement says.

MORE:https://24.kg/english/311967_Kyrgyzstan_eliminate_double_taxation_with_Azerbaijan/

Source: 24.kg

Kazakhstan, Uzbekistan sign over 70 agreements at Samarkand Forum

Date: 2024-10-23

Kazakh and Uzbek business leaders signed 76 documents worth more than \$352 million during the fourth Uzbekistan – Kazakhstan interregional cooperation forum, chaired by Prime Ministers of Kazakhstan Olzhas Bektenov and Uzbekistan Abdulla Aripov on Oct. 22 in Samarkand. ... Uzbekistan is Kazakhstan's main trading partner in the Central Asian region. ... The officials also focused on the development of industrial cooperation, which provides for the implementation of 74 joint projects with an investment volume of \$3.4 billion and the creation of 14,600 jobs.

MORE:<https://astanatimes.com/2024/10/kazakhstan-uzbekistan-sign-over-70-agreements-at-samarkand-forum/>

Source: Astana Times

CAREC cross-border business activities

Uzbekistan – China: new cooperation projects

Date: 2025-01-12

Work continues in Bukhara region on launching new projects with the attraction of foreign investments. In particular, economic cooperation with Chinese entrepreneurs is being strengthened. A portfolio of 72 projects worth \$2.1 billion has been developed, involving 45 companies interested in effectively utilizing the region's investment opportunities. The leaders of these companies have expressed their intention to visit the region in the first half of this year. ... According to the data, the Bukhara region has attracted approximately \$4 billion in investments over the past seven years. As a result, 90,000 jobs have been created, and export opportunities totaling \$1.8 billion have been secured. This year alone, 607 projects worth \$1.3 billion are being implemented in the region.

MORE:https://uza.uz/en/posts/uzbekistan-china-new-cooperation-projects_676776

Source: UZA

A Trading House of Uzbekistan for construction materials opened in Dushanbe

Date: 2025-01-08

On January 7, a Trading House of Uzbekistan for construction materials opened in Dushanbe, aiming to increase exports of construction materials and foster trade relations between entrepreneurs of the two countries, Tajikistan's state-run news agency Khovar reported. ... Mehroj Botirov, Head of the External Economic Relations Department of the Uzpromstroyaterialy Association, noted in his speech that Tajikistan ranks second in importing construction materials from Uzbekistan. ... The Uzpromstroyaterialy Association plans to double exports to Tajikistan in 2025 and open new trading houses in other regions, including Sughd province and the Gorno-Badakhshan Autonomous Region (GBAO).

MORE:<https://asiaplustj.info/en/news/tajikistan/economic/20250108/a-trading-house-of-uzbekistan-for-construction-materials-opened-in-dushanbe>

Source: Asia-Plus

Display centres to be set up to boost Pak-Kazakh trade

Date: 2024-12-18

In a high-level meeting chaired by Federal Minister for Board of Investment, Privatization & Communications Abdul Aleem Khan, it was decided to establish Display Centers for products and

machinery to promote bilateral trade between Kazakhstan and Pakistan. It was also agreed to showcase products of textiles, surgical equipment, sports, goods, handicrafts, leather and agricultural equipment. ... Federal Minister for Board of Investment Abdul Aleem Khan, while talking at the meeting, said that both Pakistan and Kazakhstan will provide all possible facilities to the business community of their sides under one roof on a large scale. He added that the volume of bilateral trade with Kazakhstan will be increased by 100 percent in the next three years.

MORE:<https://www.nation.com.pk/18-Dec-2024/display-centres-to-be-set-up-to-boost-pak-kazakh-trade>

Source: The Nation

Air China launches operations in Georgia - United Airports body

Date: 2024-12-16

Air China, the flag carrier of the country, has officially launched operations in the Georgian airline market, the United Airports of Georgia said on Monday. The airline completed its inaugural flight from Urumqi to Tbilisi International Airport in the Georgian capital late last night, carrying 98 passengers on a Boeing 737-800. In a return flight, 121 travellers departed Tbilisi for China, the body added. ... This development follows the recent implementation of visa-free travel between the two countries, which the United Airports said had spurred interest from Chinese airlines in expanding routes to Georgia. ... The United Airports noted about 66,485 tourists had travelled from China to Georgia between January and September.

MORE:<https://agenda.ge/en/news/2024/42167>

Source: Agenda.ge

Fund to empower Pakistani startups

Date: 2024-12-14

Gobi Partners, a pan-Asian venture capital firm, announced on Thursday in Shanghai the launch of a \$50 million fund aimed at strengthening China-Pakistan economic cooperation, fostering entrepreneurship and empowering Pakistani startups in high-potential sectors. The announcement of the Techxila Fund II was made during an investment conference attended by Maryam Nawaz Sharif, chief minister of Pakistan's most populous Punjab Province. ... Sharif said Pakistan and China share a strong bond and commitment to innovative and sustainable growth, and the nation is striving to deepen partnerships and promote high-quality development under the China-Pakistan Economic Corridor, or CPEC, 2.0, with a focus on sectors including the digital economy, renewable energy, cultural exchanges.

MORE:<http://global.chinadaily.com.cn/a/202412/14/WS675cbbfea310f1265a1d2d8c.html>

Source: China Daily

Uzbekistan and China establish a joint venture Silk Road Energy Planning and Engineering

Date: 2024-12-07

On the occasion of the launch of this enterprise, created by JSC Uzenergoengineering in cooperation with the China Energy Power Planning and Engineering Institute (EPPEI), a presentation was held. Representatives of ministries and agencies, as well as foreign and domestic specialists, attended the event. ... EPPEI and JSC Uzenergoengineering established a JV Silk Road Energy Planning and Engineering to implement international best practices in Uzbekistan. This venture will assist the Government of Uzbekistan in developing world-class energy development strategies and plans that will help determine the capacity and types of energy storage devices for renewable energy sources (solar and wind), traditional energy sources (thermal and hydro) taking into account the needs of the population and the economy, the capabilities of electrical networks, natural and other resources based on international experience and local conditions. The joint venture also actively seeks to participate in the digitalization of electrical networks.

MORE:https://uza.uz/en/posts/uzbekistan-and-china-establish-a-joint-venture-silk-road-energy-planning-and-engineering_665150

Source: UZA

Pak-China border land port in Xinjiang to operate year-round

Date: 2024-12-03

The Khunjerab Pass, a land port on the China-Pakistan border in northwest China's Xinjiang Uygur Autonomous Region, will operate year-round starting Sunday. Located approximately 5,000 meters above

sea level, the Khunjerab Pass is a major trade station between China and Pakistan, and an important gateway to South Asia and Europe. Due to high altitude and harsh weather conditions, the Khunjerab Pass was previously open only from April to November, closing from December to March. ... By the end of October, the number of inbound and outbound vehicles at the Khunjerab Pass exceeded 11,000, and the import and export cargo volume reached 40,900 tonnes, up 42.6 percent and 72.7 percent year on year respectively, according to the Khunjerab Customs.

MORE:<https://www.nation.com.pk/03-Dec-2024/pak-china-border-land-port-in-xinjiang-to-operate-year-round>

Source: The Nation

First export train heads from Azerbaijan to China

Date: 2024-11-24

For the first time in the history of Azerbaijan-China trade relations, a container train carrying export goods from Azerbaijan to China departed from Baku, Azerbaijan Railways CJSC told AZERTAC. The departure ceremony of the first export train was attended by high-level delegations from Azerbaijan and Kazakhstan railway authorities, leadership of the Trans-Caspian International Transport Route secretariat, as well as senior officials from China's Xi'an Chanba International Port Management Committee. The 62-container train will deliver the cargo multimodally via Kazakhstan to Xi'an Port, one of China's biggest dry ports. As part of the project, it's planned to send a total of 15,000 tons or 600 containers of export cargo to China via this route by the end of 2024.

MORE:https://azertag.az/en/xeber/first_export_train_heads_from_azerbaijan_to_china-3300780

Source: Azertac

Memorandum of Understanding signed with two Chinese companies for energy cooperation

Date: 2024-11-20

As part of COP29 in Baku, Azerbaijan's Ministry of Energy signed a Memorandum of Understanding with China Southern Power Grid International (HK) Co., Limited and Powerchina Huadong Engineering Corporation Limited. The memorandum outlines collaboration in areas such as pumped hydro storage (PHS), battery energy storage systems (BESS), high-voltage direct current (HVDC) transmission, and digitalization technologies for energy transmission and distribution networks. To ensure the effective implementation of the memorandum, working and steering groups will be established to strengthen coordination and monitor progress.

MORE:https://azertag.az/en/xeber/memorandum_of_understanding_signed_with_two_chinese_companies_for_energy_cooperation-3292792

Source: Azertac

Document on e-bus manufacturing localization signed with BYD

Date: 2024-11-13

Increasing energy efficiency, improving the safety and environmental friendliness of the transport system, and reducing atmospheric emissions are among the main objectives of Azerbaijan's sustainable development. ... A ceremony was held to sign a "Project Implementation Agreement" with China's BYD Company Limited (BYD) on the project to localize the manufacturing of electric buses in Azerbaijan. ... Under the agreement signed with the company, 160 BYD electric buses have been delivered to Azerbaijan as a pilot project within the framework of the COP29 conference and launched on route lines. ... It is planned to invest roughly \$17.1 million in the establishment of a joint venture for production of electric buses at a plant to be built by the Chinese company BYD in Sumgait Chemical-Industrial Park.

MORE:https://azertag.az/en/xeber/document_on_e_bus_manufacturing_localization_signed_with_byd-3283468

Source: Azertac

Grain transportation from Kazakhstan to Kyrgyzstan increases by 92 percent**Date: 2025-01-09**

Grain transportation through the network of NC Kazakhstan Temir Zholy JSC for 2024 amounted to 10.6 million tons. Including exports amounted to 8.1 million tons. The press service of the company reported. According to its data, grain transportation to Central Asian countries increased in 2024: to Tajikistan — by 20 percent, Kyrgyzstan — by 92 percent, as well as to Azerbaijan — by 86 percent. Grain shipments to Iran have doubled. Transportation of milling products also showed positive dynamics. ... Export of milling products to Central Asian countries including Tajikistan, Turkmenistan and Kyrgyzstan is on the rise, with significant growth of 4 percent, 5 percent and 41 percent, respectively. China increased imports of Kazakhstan's milling products by 34 percent.

MORE:[https://24.kg/english/316280 Grain transportation from Kazakhstan to Kyrgyzstan increases by 92 percent/](https://24.kg/english/316280_Grain_transportation_from_Kazakhstan_to_Kyrgyzstan_increases_by_92_percent/)

Source: 24.kg**China's trade turnover with Central Asia increased by 5.9 percent — PRC Customs****Date: 2024-12-24**

China's trade turnover with Central Asia increased by 5.9 percent. The General Administration of Customs of the PRC provided the data for the first 11 months of 2024. According to the agency, China's trade turnover with Central Asian countries from January to November reached \$85.58 billion. China's trade with Kazakhstan increased by 8.7 percent, with Kyrgyzstan — by 11 percent, with Turkmenistan — by 0.4 percent. Trade turnover with Uzbekistan fell by 3.3 percent (to \$12.34 billion), with Tajikistan — by 1.6 percent (to \$3.55 billion). Imports from Central Asian countries to China increased by 7 percent (to \$27.3 billion).

MORE:[https://24.kg/english/315184 Chinas trade turnover with Central Asia increased by 59 percent PRC Customs/](https://24.kg/english/315184_Chinas_trade_turnover_with_Central_Asia_increased_by_59_percent_PRC_Customs/)

Source: 24.kg**Tajikistan increases grain imports from Kazakhstan: over 1 million tons in 10 months****Date: 2024-12-18**

Over the first 10 months of this year, Tajikistan has imported over 1 million tons of grain from Kazakhstan, marking an 11% increase compared to the same period last year, according to the Ministry of Agriculture of Kazakhstan. Kazakhstan remains the main supplier of grain to Tajikistan. From January to October 2024, grain supplies reached 1.02 million tons, compared to 917,100 tons during the same period in 2023. ... Due to a growing population, Tajikistan plans to increase wheat imports to 1.285 million tons per year and boost domestic wheat production to 1.032 million tons.

MORE:<https://asiaplustj.info/en/news/tajikistan/economic/20241218/tajikistan-increases-grain-imports-from-kazakhstan-over-1-million-tons-in-10-months>

Source: Asia-Plus**Afghanistan's exports rise amid ongoing trade challenges with regional countries****Date: 2024-10-24**

Afghanistan's exports saw a notable rise in the month of Sunbula (solar calendar), with over \$173 million worth of goods shipped to various countries, according to the National Statistics and Information Authority. Imports, however, remained significantly higher, surpassing \$950 million. ... "We need customs, transit, and transport agreements with countries like Uzbekistan, Turkmenistan, and Tajikistan to facilitate access to markets in Russia and beyond," said Mir Zaman Popal, Acting Administrative and Financial Head of the Chamber of Commerce and Investment, in an interview with Tolo News. ... Since the start of this solar year, Afghanistan has exported approximately \$900 million worth of goods, with key export destinations including Pakistan, India, the UAE, Uzbekistan, China, Russia, Iran, and Turkey, ...

MORE:<https://wadsam.com/afghan-business-news/afghanistans-exports-rise-amid-ongoing-trade-challenges-with-regional-countries/>

Source: Wadsam

President Tokayev: Global warming – one of major challenges for Central Asia**Date: 2025-01-14**

In his remarks at the Abu Dhabi Sustainability Week Summit, President of Kazakhstan Kassym-Jomart Tokayev, spoke on the importance of transport infrastructure, Kazinform News Agency cites the Akorda press service. ... “Accelerating warming may threaten ecosystems, living conditions and food security, which requires urgent climate adaptation strategies. The region hugely depends on transboundary rivers. It is crucial to create early warning systems and improve water and land resources management. For this, we should invest in water saving technologies, modernize irrigation systems, enter into effective agreements on water resources management, use artificial intelligence, satellite monitoring and other digital tools,” the President stressed.

MORE:<https://azertag.az/en/xeber/president-tokayev-global-warming-one-of-major-challenges-for-central-asia-3371791>

Source: The Azerbaijan State News Agency**China submits documents on tackling climate change to UN****Date: 2025-01-13**

China has submitted two reports to the secretariat of the United Nations Framework Convention on Climate Change, detailing its climate actions and progress, according to the Ministry of Ecology and Environment. The reports encompass a wide range of information, including China's national greenhouse gas inventory, progress in nationally determined contribution, policy actions and their emission reduction effects, impacts of climate change and adaptation, and finance and technology needs and support.

MORE:<http://en.people.cn/n3/2025/0113/c90000-20265124.html>

Source: People’s Daily Online**China to increase finance support for green, low-carbon development: central bank official****Date: 2025-01-09**

China's financial sector will promote the steady growth of green finance in support of green and low-carbon development, as the world's second-largest economy presses ahead with building a beautiful China, a central bank official said at a conference on Wednesday. ... As of the end of the third quarter of 2024, China's outstanding balance of green loans exceeded 35 trillion yuan, and the stock of green bonds issued stood at nearly 2 trillion yuan, ranking among the top in the world.

MORE:<http://en.people.cn/n3/2025/0109/c90000-20263882.html>

Source: People’s Daily Online**Pakistan’s first Green Road inaugurated****Date: 2025-01-09**

Prime Minister’s Coordinator for Climate Change, Romina Khurshid Alam, inaugurated the Rashid Minhas Green Road, a milestone for environmental sustainability, at an event hosted by the Rawalpindi Chamber of Commerce and Industry (RCCI). ... Romina Khurshid Alam lauded RCCI’s Green Road initiative as a practical step toward combating climate change. She urged private sector involvement and collective responsibility, emphasizing the need to create a sustainable environment for future generations.

MORE:<https://www.nation.com.pk/09-Jan-2025/pakistan-s-first-green-road-inaugurated>

Source: The Nation

Eastern Kazakhstan to build new hydroelectric power plant

Date: 2025-01-08

A 16-megawatt hydroelectric power plant is set to be constructed in the Markakol district of Eastern Kazakhstan, said Nurlan Ramazanov, the head of the energy and housing and public utilities department of the East Kazakhstan Region, Kazinform reported on Jan. 8. ... This project is part of the overall strategy for Kazakhstan's green energy development. It will not only improve the region's energy security but also play a key role in reducing dependence on traditional energy sources. The project is also expected to generate hundreds of jobs.

MORE:<https://astanatimes.com/2025/01/eastern-kazakhstan-to-build-new-hydroelectric-power-plant/>

Source: The Astana Times

Major progress made toward carbon targets

Date: 2025-01-06

China made significant progress toward achieving its long-term climate targets in 2024, spearheading the global energy transition at an unprecedented rate of growth around the globe. ... In 2025, China will greenlight a series of coastal nuclear power projects and progressively propel the ongoing construction of others, he said. By the end of that year, the operational nuclear power capacity in China is projected to reach 65 million kilowatts.

MORE:<https://www.chinadaily.com.cn/a/202501/06/WS677b2c28a310f1265a1d9181.html>

Source: China Daily

Golomt Bank issues a 50 million USD green bond, setting a new sustainable finance standard

Date: 2025-01-06

Golomt Bank successfully issued a five-year green and social bond with an eight percent annual interest rate, raising 50 million USD on the international market. This bond is the lowest-interest bond ever issued by a Mongolian corporate entity on the global market. ... Following the bond's issuance, six of the world's top ten investment funds have invested in Golomt Bank, further solidifying the institution's reputation as a trusted player in the global financial market.

MORE:<https://www.mongolianminingjournal.com/a/73874>

Source: Mongolian Mining Journal

Kyrgyzstan to receive \$22.5 million from Asian Development Bank

Date: 2024-12-23

Kyrgyzstan will receive \$22.5 million from the Asian Development Bank in the form of a grant and a loan. Deputy Finance Minister Ruslan Tatikov announced at a meeting of the Committee on International Affairs, Defense, Security and Migration of the Parliament. ... The funds are planned to be spent on combating the effects of climate change, improving the environmental management system, and raising the standard of living in cities.

MORE:https://24.kg/english/315133_Kyrgyzstan_to_receive_225_million_from_Asian_Development_Bank/

Source: 24.kg

Tajikistan, Azerbaijan agree to develop "green" energy, create joint ventures

Date: 2024-12-20

The seventh meeting of the Tajik-Azerbaijani Intergovernmental Commission on Economic Cooperation headed by Minister of Economic Development and Trade of the Republic of Tajikistan Zavki Zavkizoda and Minister of Ecology and Natural Resources of the Republic of Azerbaijan Mukhtor Boboyev was held on December 18 in Dushanbe. ... The two sides agreed to strengthen cooperation in developing green energy,

establishing joint industrial enterprises, including aluminum production, oil refining and construction materials, as well as expanding cooperation in transport and logistics.

MORE: <https://eng.khovar.tj/2024/12/tajikistan-azerbaijan-agree-to-develop-green-energy-create-joint-ventures/>

Source: Khovar

Green Bond issued for waste recycling

Date: 2024-12-19

TJTB LLC, a company listed on the Mongolian Stock Exchange, has introduced the "Green Recycle" Green Bond for public offering. The primary market trading orders for the second tranche of the green bond will be accepted through the IPO system of the Mongolian Stock Exchange on December 20-26, 2024. ... By issuing this bond, the company aims to raise funds for its "TML Plastic" Recycle Plant, which specializes in recycling plastic bottles and products.

MORE: <https://montsame.mn/en/read/357946>

Source: Montsame

ADB to support Turkmenistan's green transformation with renewable energy project

Date: 2024-12-17

The Asian Development Bank (ADB) plans to provide technical support for a project aimed at implementing integrated renewable energy solutions to accelerate Turkmenistan's "green" transformation. According to Trend, citing the ADB, the project will contribute to the country's environmental sustainability and strengthen its position in the global transition to renewable energy sources. ... The pilot project is expected to generate over 4 GWh of renewable energy annually, which will significantly reduce greenhouse gas emissions by more than 3,000 tons per year. Turkmenistan aims to transition to renewable energy sources, which will open new opportunities for economic diversification, reduce carbon emissions, and develop new export markets, including the creation of "green" energy corridors connecting Central Asia with Europe.

MORE: <https://orient.tm/en/post/78591/adb-support-turkmenistans-green-transformation-renewable-energy-project>

Source: Orient

'Energy in Transition' Exhibition Concludes Central Asia Tour in Astana

Date: 2024-11-26

The "Energy in Transition – Powering Tomorrow" traveling exhibition opened on Nov. 25 at Nazarbayev University in Astana – its final stop in Central Asia after visiting Aktau and Tajikistan, the Kyrgyz Republic, Turkmenistan, and Uzbekistan. It aims to inspire discussions on energy transitions for a sustainable future. Initiated by the German Federal Foreign Office, the exhibition has traveled globally, including stops in China, the Czech Republic, Egypt, Ireland, Russia, the United Arab Emirates, and Vietnam. In cooperation with the European Union, the German government supports Kazakhstan's green transition through several projects implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

MORE: <https://astanatimes.com/2024/11/energy-in-transition-exhibition-concludes-central-asia-tour-in-astana/>

Source: The Astana Times

Kazakhstan presents initiative to develop carbon farming within COP29

Date: 2024-11-21

At the 29th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP29) held in Baku, Kazakhstan took the initiative to develop carbon farming. Azernews reports that

within the framework of the side event, the Deputy Minister of Ecology and Natural Resources of Kazakhstan, Mansur Oshurbayev, emphasized that the application of carbon farming can reduce carbon emissions and ensure the sustainable development of agriculture.

MORE:<https://www.azernews.az/nation/234185.html>

Source: Azernews

World Bank presents Tajikistan Country and Climate Development Report in Dushanbe

Date: 2024-11-19

The World Bank has presented Tajikistan Country and Climate Development Report (CCDR) in Dushanbe. The report, in particular, notes that more frequent and severe droughts, floods, landslides, heat, and air pollution are just some of the impacts Tajikistan faces from climate change. These disasters reportedly underscore the need for urgent action to protect the country's people and economy from climate shocks. ...Climate action reportedly offers Tajikistan an opportunity to transform its economy and create jobs while protecting its people from the growing risks of extreme weather events induced and exacerbated by climate change.

MORE:<https://asiaplustj.info/en/node/342711>

Source: Asia-Plus

ADB supports housing finance in Uzbekistan

Date: 2024-11-08

The Asian Development Bank (ADB) has approved a \$150 million loan that will help expand green renovation loans in Uzbekistan while boosting the funding available to commercial lenders in the country to continue providing affordable home loans. The loan, under ADB's Mortgage Market Sector Development Program, will supplement funding for the Mortgage Refinancing Company of Uzbekistan (UzMRC) to make local currency resources available to eligible financial institutions that provide residential mortgages, home improvement loans, and refinance green renovation loans.

MORE:<https://www.adb.org/news/adb-supports-housing-finance-uzbekistan>

Source: ADB

CAREC Ministers endorse Climate Change Action Plan and 2030 strategic priorities, launch Regional Climate Fund

Date: 2024-11-08

Member countries of the Central Asia Regional Economic Cooperation (CAREC) Program have endorsed a new Climate Change Action Plan (CCAP) and launched the CAREC Climate and Sustainability Project Preparatory Fund (CSPPF) to strengthen regional collaboration on climate resilience, low-carbon growth, and sustainable development. The endorsement took place at the 23rd CAREC Ministerial Conference held today in Astana. Ministers also endorsed the Midterm Review of the CAREC 2030 Strategy, which recommended reinvigorating regional cooperation and enhancing operations toward climate-smart development and regional public goods, among others.

MORE:<https://www.adb.org/news/carec-ministers-endorse-climate-change-action-plan-and-2030-strategic-priorities>

Source: ADB

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



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