CAREC Institute Quarterly Economic Monitor

Hans Holzhacker
Elvira Kurmanalieva
Shiliang Lu
Marina (Rui) Wang

April 2025

No. 16

CAREC Institute

Quarterly Economic Monitor

Hans Holzhacker
Elvira Kurmanalieva
Shiliang Lu
Marina (Rui) Wang

April 2025

Disclaimer

This 16th issue of the CAREC Institute Quarterly Economic Monitor is co-authored by Hans Holzhacker, consultant, Elvira Kurmanalieva, Senior Economist, Shiliang Lu, Research Specialist, and Marina (Rui) Wang, Senior Research Specialist.[1]

The views expressed in this Monitor are the views of the authors and do not necessarily reflect the views or policies of the CAREC Institute, its funding entities, or its Governing Council. The CAREC Institute does not guarantee accuracy of the data included in this Monitor and accepts no responsibility for any consequences of its use. The terminology used may not necessarily be consistent with the CAREC Institute's official terms. The CAREC Institute accepts no liability or responsibility for any party's use of this Monitor or for the consequences of any party's reliance on the information or data provided herein.

By making any designation of or reference to a particular territory or geographical area, or by using country names in the Monitor, the authors did not intend to make any judgment as to the legal or other status of any territory or area. Boundaries, colors, denominations, or any other information shown on maps do not imply any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

Central Asia Regional Economic Cooperation (CAREC) Institute
20th & 21st Floor, Commercial Building Block 8, Vanke Metropolitan,
No.66 Longteng Road, Shuimogou District, Urumqi, Xinjiang, the PRC
f: +86-991-8891151
km@carecinstitute.org
www.carecinstitute.org

[1] Contributions: Hans Holzhacker – Main text part, overall redaction; Elvira Kurmanalieva – Excursion I: On possible impact of global trade tensions on CAREC region, Annex I: CAREC economies' dynamics of 2024; Shiliang Lu – Excursion II: The PRC's "Two Sessions"- development goals and policy orientations for 2025, Annex II: overview of CAREC cooperation initiatives, Annex III: Overview of CAREC greening initiatives; Marina (Rui) Wang – Excursion III: Indications from Uzbekistan's WTO accession progress for Turkmenistan.

CONTENTS

Figures

Tables

Abbreviations

ADB	Asian Development Bank
ADO	Asian Development Outlook
CAREC	Central Asia Regional Economic Cooperation
CIF	Cost Insurance and Freight
COVID	Coronavirus Disease
CPI	Consumer Price Index
EUR	Euro
FOB	Free on Board
FY	Fiscal Year
GDP	Gross Domestic Product
GEP	Global Economic Prospects
IMF	International Monetary Fund
MSME	Micro-, Small and Medium-sized Enterprises
PBOC	People's Bank of China
PRC	People's Republic of China
QEM	Quarterly Economic Monitor
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
RMB	Renminbi
RUB	Russian Ruble
WB	World Bank
WEO	World Economic Outlook
yoy	year-on-year

Solid growth amidst heightened uncertainty

In most CAREC economies, GDP growth accelerated further in 2024 from strong growth also in 2023. The most dynamic growth element was services, while agriculture and manufacturing were more diverse between countries, and mining remained highly volatile. Inflation generally reaccelerated in late 2024 and early 2025, prompting more cautious monetary policies. The increase in broad money supply somewhat eased, but growth in loans to individuals remained high. Exchange rates, except for the fixed ones, slightly weakened against the USD; in real terms, most of them depreciated against the RUB and the EUR, while appreciating against the RMB. Export growth was significantly impacted by commodity price fluctuations, with gold and copper prices rising, whereas prices of fossil fuels were on a downward trend. Import growth differed between countries depending on the pace of economic growth and other factors. Overall, surpluses of net-exporters tended to shrink while the results for net-importers were more mixed.

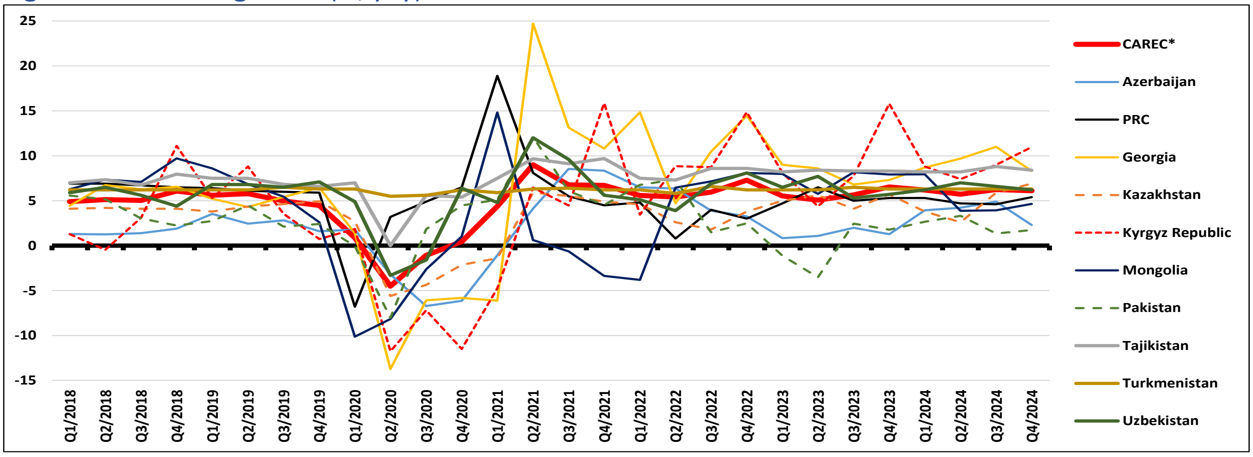
International Financial Institutions expect some slowdown in real GDP growth for most CAREC economies in 2025 and 2026, but average growth in the region - and for most individual economies - to remain above 4-5% yoy. Annex I below dives into the main macroeconomic developments in 2024 and outlooks for these countries more in detail. Excursion II gives an overview of measures initiated by the Two Sessions in the PRC to accelerate growth. Given intensified trade wars, geopolitical upheaval, with likely severe consequences for the global economic landscape, commodity prices, exchange rates and more, forecast risks are very high, of course, and negative consequences for the region can't be excluded. The possible impact of trade tensions on the CAREC region is discussed in Excursion I. Nevertheless, increased international interest in the region's mining sector and transportation corridors, combined with the continued development of the region's internal sectors, should be factors that support solid growth in the region also in the coming years. Even though the WTO is partially dysfunctional, WTO accession remains an important step to facilitate foreign trade. Excursion III discusses Turkmenistan's progress at the background of Uzbekistan's recent achievements.

Continued high real GDP growth; International Financial Institutions foresee some deceleration for 2025 and 2026, but a relatively moderate one.

CAREC real GDP growth remained generally high throughout the second half of 2024. Average regional growth was an estimated 6.1% yoy in Q4 2024, little changed from 6.2% yoy in Q3 2024 (Figure 1). The Kyrgyz Republic, Tajikistan, and Georgia achieved specifically high growth rates of estimated 11.0%, 8.4%, and 8.3% yoy, respectively, in Q4 2024, after 9.0%, 8.8%, and 11.0% in Q3 2024. Kazakhstan, Turkmenistan, and Uzbekistan had all growth rates of more than 6% in Q4 2024, Turkmenistan and Uzbekistan also in Q3 2024. The PRC's real GDP growth accelerated to 5.4% yoy in Q4 2024 from 4.6% yoy in Q3. Azerbaijan's growth rate came in at 2.3% yoy in Q4 after 4.9% yoy in Q3, and Pakistan's at 1.7% yoy after 1.3% yoy.

In most CAREC economies, GDP growth was higher in 2024 than in 2023. CAREC's average full year 2024 growth turned out to be 5.7% yoy, up from 4.6% yoy in 2023 (Table 1). Even in the countries which saw some slowdown, growth remained about 5% yoy. Except for the PRC and Pakistan, growth was also higher than in the pre-COVID years of 2015-19; in Turkmenistan it remained unchanged.

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.

Going forward, ADB/IMF/WB forecast some deceleration of growth. However, according to the forecasts, growth is to remain at still decent 4.9% yoy for 2025 and 4.5% yoy for 2026, for the CAREC region on average (under admitted high forecast risks). For Mongolia and Pakistan, they envisage an acceleration compared to 2024 in 2025 and 2026, for Afghanistan in 2025.

Table 1. Real GDP growth (%, yoy)

	2015-19	2020	2021	2022	2023	2024	2025F	2026F	2025F			2026F		
							Average ADB, IMF and WB		ADB	IMF	WB	ADB	IMF	WB
Afghanistan	1.9	-2.4	-2.1	-20.7	-6.2	2.3	2.6	2.2	2.6			2.2		
Azerbaijan	0.8	-4.3	5.6	4.6	1.1	4.1	3.2	2.7	3.4	3.5	2.7	3.3	2.5	2.4
PRC	6.7	2.3	8.6	3.1	5.4	5.0	4.4	4.1	4.7	4.0	4.5	4.3	4.0	4.0
Georgia	4.0	-6.3	10.6	11.0	7.8	9.4	6.0	5.0	6.0	6.0	6.0	5.0	5.0	5.0
Kazakhstan	2.5	-2.5	4.3	3.2	5.1	4.8	4.8	4.0	4.9	4.9	4.7	4.1	4.3	3.5
Kyrgyz R.	4.2	-7.1	5.5	9.0	9.0	9.0	6.6	6.1	8.5	6.8	4.5	8.6	5.3	4.5
Mongolia	3.9	-4.6	1.6	5.0	7.4	4.9	6.4	6.0	6.6	6.0	6.5	5.9	5.9	6.1
Pakistan*	3.8	-0.9	5.8	6.2	-0.2	2.5	2.6	3.3	2.5	2.6	2.8	3.0	3.6	3.2
Tajikistan	6.9	4.5	9.2	8.0	8.3	8.4	6.7	5.6	7.4	6.7	6.0	6.8	5.0	5.0
Turkmenistan	6.3	5.9	5.0	6.2	6.3	6.3	4.4	4.1	6.5	2.3		6.0	2.3	
Uzbekistan	5.8	1.6	8.0	6.0	6.3	6.5	6.1	6.1	6.6	5.9	5.8	6.7	5.8	5.9
CAREC avg.	4.3	-1.3	5.6	3.8	4.6	5.7	4.9	4.5	5.4	4.9	4.8	5.1	4.4	4.4

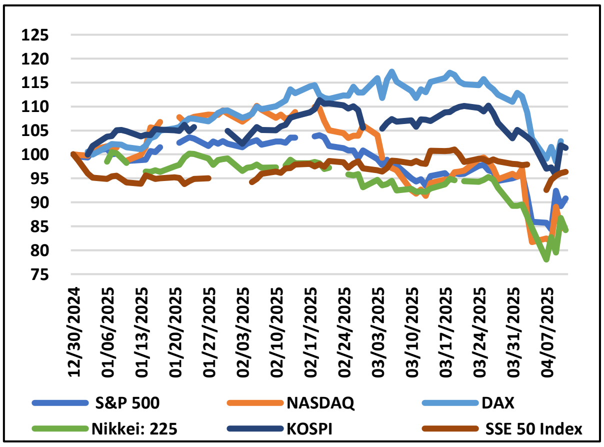
*The column labeled 2023 refers to FY2022/23, and so on.
Note: Green figures in 2024 indicate faster growth than in 2023, red figures slower growth. Green figures in the forecasts indicate faster growth than in 2024, red figures slower growth.
Sources: ADB (ADO, April 2025 forecast), IMF (WEO, April 2025 forecast), WB (GEP, Jan 2025 forecast).

Excursion I: On the possible impact of global trade tensions on CAREC region

The ongoing trade tensions began in early April when the United States introduced a 10% baseline tariff on all imports, with significantly higher rates – reaching up to 145% - applied to 57 trading partners, including CAREC members such as the PRC, Pakistan, and Kazakhstan. Several affected economies, including the PRC, responded with countermeasures. These actions have escalated trade protectionism, resulting in substantially higher tariff barriers globally.

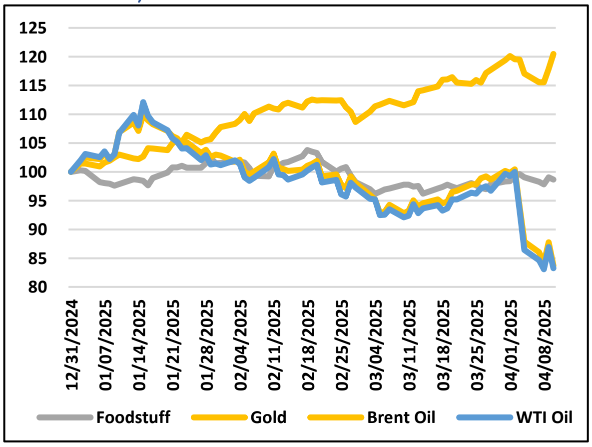
Financial markets responded with predictable alarm. Major global indices, including the NASDAQ, Nikkei 225 and DAX, posted significant declines (Figure 2). The sell-off reflected growing investors' concern about disrupted supply chains and slowing global growth. Commodity markets reacted even more sharply with Brent crude and WTI oil prices tumbling alongside agricultural commodities, while gold prices bucked the trend with continuing price increases (Figure 3).

Figure 2. Stock markets (end 2024=100)



Source: CEIC, authors' calculations.

Figure 3. Global Commodity Market Index (end 2024 = 100)



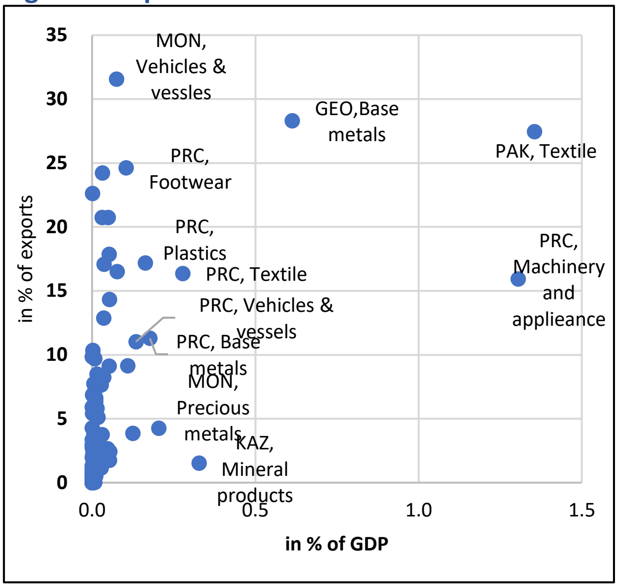
Source: CEIC, authors' calculations.

In the CAREC region, the initial effect was felt on some currencies like the Mongolian togrog, the Uzbekistani som and the Kazakhstani tenge, which exhibited slightly increased volatility in the aftermath of the tariff announcement. However, the broader CAREC currency basket demonstrated relative resilience, depreciating just by 0.3% on average against the US dollar since the beginning of 2025.

The apparent stability stems from the structural factors revealed in Table 2. Most CAREC economies maintain modest trade exposure to the US market, with only the PRC (2.1% of GDP) and Pakistan (0.9% of GDP) running meaningful surpluses. Figure 4 shows exports of the CAREC region to the USA. The majority of the PRC's exports to the USA are machinery and appliances. This product group accounts for 1.3% of the GDP of the PRC. Pakistan exports mostly textiles to the USA, about 1.4% of Pakistan's GDP. Among other CAREC countries the most notable share in exports is vehicles and vessels exported by Mongolia, base metals exported by Georgia, mineral products exported by Kazakhstan, as well as footwear, textile, plastics and vehicles exported by the PRC.

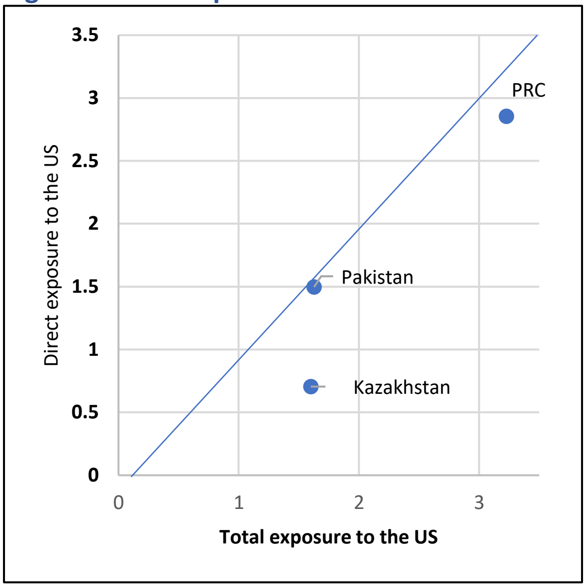
The PRC and Pakistan are more exposed to the US when considering all linkages (Figure 4). OECD's Trade in Value Added database provides data for the total exposure of some CAREC countries to the US market, which includes cases when goods are exported to a third country and serve as input into the production of goods that are later sold to the US. Figure 5 provides data for three economies in the CAREC region.

Figure 4. Export of CAREC to the USA



Source: Trademap, CEIC, authors' calculations.

Figure 5. Total exposure to the USA



Source: OECD, CEIC, authors' calculations.

The current trade tensions signal a fundamental restructuring of global economic relationships. For the CAREC region, this moment presents both perils and possibility. In the longer term they present the following challenges for CAREC region:

- **Slower global and regional demand.** Prolonged trade tensions could depress global demand and lower commodity prices – particularly for oil, gas and metals, which are crucial exports of several CAREC economies. Weaker global and regional growth would weigh heavily on CAREC economies that are increasingly dependent on global trade and investments, particularly from the PRC. For instance, exports to the PRC account for about 87.4% of Mongolian exports, and more than 10% for Georgia, Kazakhstan and Tajikistan (Table 2).

- **Lower capital and investments flow.** The trade tensions increase uncertainty in global markets, potentially affecting investor confidence. According to the State Council Information Office of the PRC[2], accumulated about USD 270 billion from 2013 to Oct 2023, the PRC's Belt and Road Initiative (BRI) investments have tremendous impact on economies of the CAREC region. If PRC's outward investment slows due to domestic headwinds, the BRI - linked infrastructure financing and implementation in the CAREC region could face delays or downsizing. At the same time, tightening global financial conditions may raise costs of capital for the CAREC economies, increasing their fiscal vulnerability.

- **Exchange rate and inflation pressure.** Volatile global financial markets and capital flows could put pressure on CAREC currencies, particularly in countries with managed exchange rate regimes and significant trade exposure. Depreciation could lead to an additional splash in inflation, especially in countries reliant on imported consumer goods and intermediate inputs.

- **Lower remittances flows.** Although less direct, a global economic slowdown could affect migrant receiving countries like Russia and Kazakhstan, with secondary effects on remittances flows to CAREC countries like Georgia, the Kyrgyz Republic, Tajikistan and Uzbekistan, where remittances comprise from 14.4% to 40.3% of GDP (Table 2).

[2] http://english.scio.gov.cn/beltandroad/2023-11/24/content_116837913.htm

Table 2. CAREC region's linkages and dependencies (in % of GDP)

		Main export commodities (% of total export)	Exports (% of total)				Trade balance (% of GDP)					Remittances (% of GDP)
			USA	PRC	Rest of CAREC	Russia	Total	USA	PRC	Rest of CAREC	Russia	
machinery exporter	**PRC**	Machinery & applieances (42.1%), chemicals & plastic (11.0%), textile & footwear (10.9%), base & precious metals (9.0%), vehicles & vessels (6.5%)	15.7		2.2	2.7	4.7	2.1		0.2	-0.1	0.1
textile exporter	**Pakistan**	Agriculture & food (22.1%), textile & footwear (58.6%), base & precious metals (4.3%)	19.0	8.9	4.5	0.3	-9.0	0.9	-3.8	0.2	-0.2	8.3
mineral product exporters	**Azerbaijan**	Mineral products (90.4%), agriculture & food (3.3%)	0.3	0.3	3.1	3.7	19.9	-1.1	-3.6	0.0	-2.6	3.5
	Kazakhstan	Mineral products (67.6%), base & precious metals (13.8%), chemicals & plastic (6.8%), agriculture & food (6.6%)	1.8	16.7	8.2	11.8	11.8	-0.1	1.0	1.5	-3.7	0.2
	Mongolia	Mineral products (84.8%), base & precious metals (8.6%), agriculture & food (2.3%)	0.4	87.4	0.1	0.8	14.2	-1.3	42.8	-0.2	-12.5	2.6
	Turkmenistar	Mineral products (81.7%), chemicals & plastic (9.3%), textile & footwear (5.7%)	0.0	0.6	0.2	0.0	15.0	-0.1	13.3	1.9	-0.4	0.0
metals exporters	**Kyrgyz Republic**	Base & precious metals (44.8%), agriculture & food (16.8%), mineral products (16.0%), textile & footwear (13.6%), machinery & appliances (8.7%)	0.2	2.8	29.0	26.8	-51.5	-1.9	-28.7	-4.2	-9.8	26.5
	Tajikistan	Base & precious metals (40.0%), mineral products (35.3%), textile & footwear (16.8%),	0.0	12.9	32.9	5.3	-31.1	-0.5	-7.3	-6.9	-13.5	40.3
	Uzbekistan	Base & precious metals (45.9%), textile & footwear (19.8%), agriculture & food (10.9%), mineral products (6.7%), chemicals & plastic (5.7%)	0.3	9.5	20.0	14.4	-14.2	-0.3	-6.8	-2.0	-4.0	14.4
agriculture and food exporters	**Afghanistan**	Agriculture & food (58.6%), mineral products (18.6%), textile & footwear (11.4%)	1.3	2.9	45.5	0.1	-31.7	-0.2	-5.2	-9.0	-0.5	2.1
	Georgia	Agriculture & food (34.5%), mineral products (24.0%), chemicals & plastic (10.3%), base & precious metals (7.2%)	5.0	13.6	9.2	17.6	-31.2	-4.4	-2.5	3.1	-3.5	14.4

Sources: CEIC, Trademap, national agencies, authors' calculations.

At the same time the current environment presents potential advantages:

- **Trade reorientation.** As tariffs make traded goods more expensive, there may be opportunities for CAREC exporters to adjust their trading partners – especially in sectors where they hold competitive advantages (Table 2). These include agriculture and food products (Afghanistan, Georgia and Pakistan), mineral products (like Azerbaijan, Kazakhstan, Mongolia and Turkmenistan) metals (like Kyrgyzstan, Tajikistan and Uzbekistan), and textiles (like Pakistan). However, capacity constraints and structural challenges in CAREC economies could limit their ability to fully capitalize on these opportunities.

- **Supply chain realignment**. Global trade tensions could accelerate shifts in global supply chains, creating opportunities for CAREC countries to position themselves as logistics hubs or alternative manufacturing bases. The Middle Corridor could emerge as a critical trade route, offering CAREC economies a chance to leverage their geographic position for logistics and transit. However, this would require significant investment in infrastructure, human capital and regulatory reforms to attract and attain investors.

Navigating this volatile landscape will require CAREC region to pursue coordinated multifaceted response. Trade diversification looks like an immediate priority. While the PRC will remain the dominant economic partner, strengthening ties with Europe, South Asia and Middle Eastern markets could provide crucial benefits.

Macroeconomic stabilization measures and structural reforms take on renewed urgency to build resilience and improve competitiveness. Building foreign exchange reserves, enhancing monetary policy frameworks, and developing local financial markets can help insulate economies from external shocks. Streamlining customs procedures, upgrading transport infrastructure and harmonizing regional trade regulations could help CAREC region to capitalize on global supply chain shifts.

Excursion II: The PRC's "Two Sessions" - development goals and policy orientations for 2025

For years, the annual meetings of China's National People's Congress (NPC) and National Committee of the Chinese People's Political Consultative Conference (CPPCC), known as the "Two Sessions", have been a highly anticipated event for all to know about the PRC's forthcoming national agenda. During the "Two Sessions", the central government not only sets annual growth targets for the year, but also publicizes many other economic, social and legislative plans that are crucial to the country's sustainable development.

The year 2025 witnesses a third year when the Chinese government targets its GDP growth rate to be around 5% (Table 3). While the target is well aligned with the country's mid- and long-term development goals, it seeks to stabilize employment, prevent risks, and improve the people's general wellbeing. As a result, the surveyed urban unemployment rate is set at around 5.5%, with a projection of over 12 million new urban jobs to be created. CPI target is adjusted from about 3% for 2024 to around 2% this year, reflecting a more pragmatic stance not only to ensure basic livelihood, but also to strengthen expectations, promote investment, improve economic circulation, and further sustained economic development.

Table 3. PRC's main targets for development in 2025

Indicator	Target
GDP	Around 5%
Surveyed urban unemployment rate	Around 5.5%
New urban jobs	Over 12 million
CPI	Around 2%
Grain output	Around 700 million metric tons
Energy consumption per unit of GDP	Drop by around 3%

Source: Report on the Work of the Government (2025)

To achieve these targets, the PRC has announced a batch of specific proactive policies. Fiscally, the intention is to increase the general government deficit-to-GDP ratio by one percentage point compared with the previous year to around 4% in 2025, with the deficit expanding by 1.6 trillion yuan to 5.66 trillion yuan (777 billion US dollars). The government also elevates the expenditure in the general public budget by 1.2 trillion yuan to reach 29.7 trillion yuan. Meanwhile, a total of 6.2 trillion yuan of treasury bonds will be issued this year, including 1.3 trillion yuan (an increase of 300 billion yuan over last year) of ultra-long special treasury bonds, 500 billion yuan of special treasury bonds, and 4.4 trillion yuan (500 billion yuan more than last year) of local government special-purpose bonds. These bonds serve different purposes but will be mainly used for supporting large state-owned commercial banks to supplement capital, construction investment, land acquisition and reserve, trade-ins of consumer goods, purchase of existing commercial housing, and settlement of overdue debts owed by local governments to enterprises. Collectively, the newly added government debt totals 11.86 trillion yuan, an increase of 2.9 trillion yuan from the previous year.

Monetarily, the People's Bank of China (PBOC, central bank) will implement an appropriately accommodative monetary policy by fully leveraging monetary policy instruments to maintain adequate liquidity, including a timely cut of the required reserve ratios and interest rates. The Bank will optimize and develop new structural policy instruments to further support the housing and stock market, promote consumption, scientific innovation, green development, and support private businesses and small and micro enterprises. To promote scientific innovation, for instance, the PBOC, together with China Securities Regulatory Commission and Ministry of Science and Technology, will soon launch a "sci-tech board" in the country's bond market, and further expand the scale of such re-lending from the current 500 billion yuan to 800 billion to 1 trillion yuan. As Pan Gongsheng, governor of the PBOC, commented, "These specific measures will help stimulate technological innovation and market vitality, and drive more private capital, government funds, and other social investments to contribute to technological innovation."[3] To support MSMEs with difficulties in financing, banks will continue to implement the policy on granting loan renewals without repayment of the principal, which will effectively help such enterprises overcome difficulties and maintain the stability of the industrial and supply chains.

With these supportive policies, the central government highlighted ten key assignments for 2025 in its government work report. In addition to the major tasks[4] announced in the Central Economic Work Conference held in December 2024, the report also stressed the importance of innovation and the efforts to be made in agriculture, rural areas, and rural residents, as well as the implementation of the strategy of invigorating the country through science and education. In the meantime, several specific arrangements have been made to carry out these tasks. For instance, the government will double the amount of the issuance of ultra-long special treasury bonds from the previous year to 300 billion yuan to spur consumer goods trade-in campaigns in 2025; the country will allocate 735 billion yuan from its central government budget to incentivize investment; a batch of zero-carbon industrial parks and factories will be established; to strengthen healthcare services and social security, government subsidies to rural and non-working urban residents will be elevated.

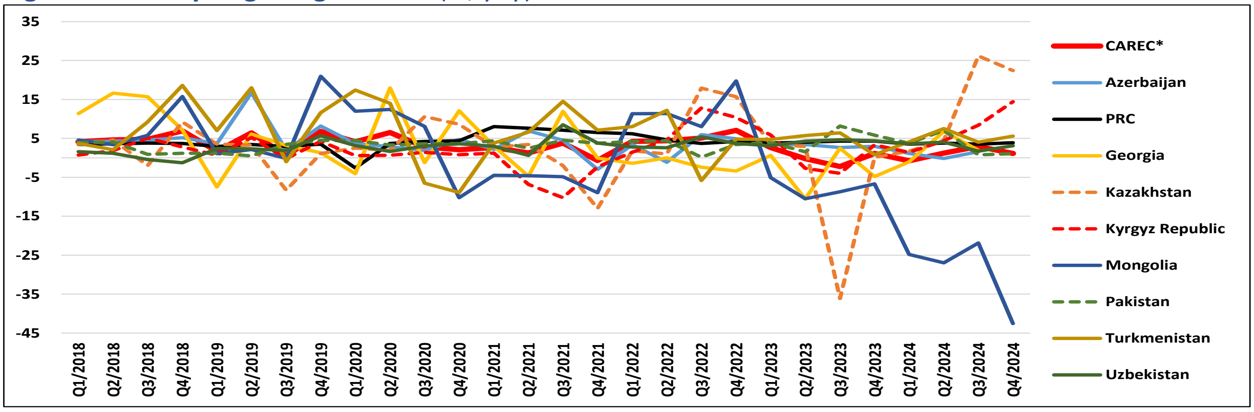
Following the "Two Sessions", the State Council of the PRC recently rolled out a multitude of concrete policies to implement the spirit of the meetings. These documents cover the aspects of boosting consumption, fiscal and financial policies to support banks, rural residents and land reserves, optimizing business environment, building a modernized industrial system, expanding high-standard opening up, and securing and improving people's livelihoods.

GDP by components: growth was primarily driven by services, partially by manufacturing, whereas mining results were still rather mixed.

Growth in agriculture saw some very high and some very low growth rates in the second half of 2024. On average in the CAREC region growth in value added[5] at constant prices in agriculture turned out to be 2.9% yoy and 1.2% yoy, respectively, in Q3 and Q4 2024 (Figure 6). However, the average masks highly diverse developments in the region. Whereas Mongolia's value added in agriculture dived by 22% yoy in Q3 and 43% yoy in Q4 because of a "dzud" (heavy snow), which caused the death of more than 5 million livestock animals[6], Kazakhstan had a growth rate of above 20% thanks to a record harvest, which was partially the result of increased financial government support for the sector. In Q4, the Kyrgyz Republic achieved an estimated growth of about 14% yoy. The other CAREC economies had more moderate growth rates in the lower single digits.

[3] http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5611263/index.html (author's translation)
[4] See our QEM15 for details. https://www.carecinstitute.org/wp-content/uploads/2025/01/QEM15_EN_Jan-20250210.pdf
[5] All GDP components are looked at in national currency at constant prices.
[6] https://mongolia.gogo.mn/r/oljgd

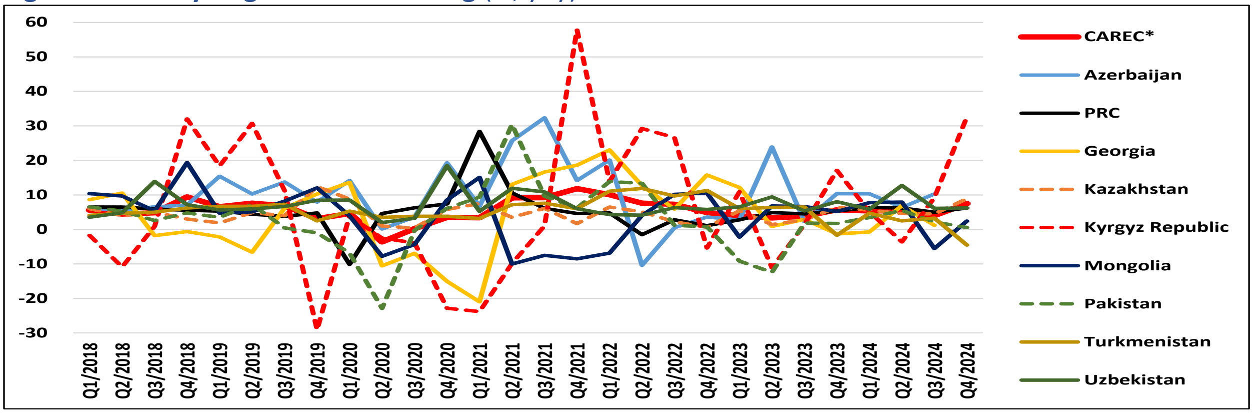
Figure 6. GDP by origin: Agriculture (%, yoy)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Growth in manufacturing value added remained respectable. Average CAREC growth in manufacturing was 7.5% yoy in Q4 2024 or still 3.3% yoy net of the outlier value of the Kyrgyz Republic, after 3.4% in Q3 2024, excluding the Kyrgyz Republic (Figure 7). The Kyrgyz Republic recorded very high growth of almost 33% yoy in Q4 2024, particularly thanks to strong food production. Kazakhstan, Uzbekistan, and the PRC reached growth of more than 6% yoy in Q4 2024, after decent growth of 4.5%-6% yoy also in Q3 2024. However, readings for Georgia, Mongolia, Pakistan, and Turkmenistan turned out below 3.5% yoy in both quarters.

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

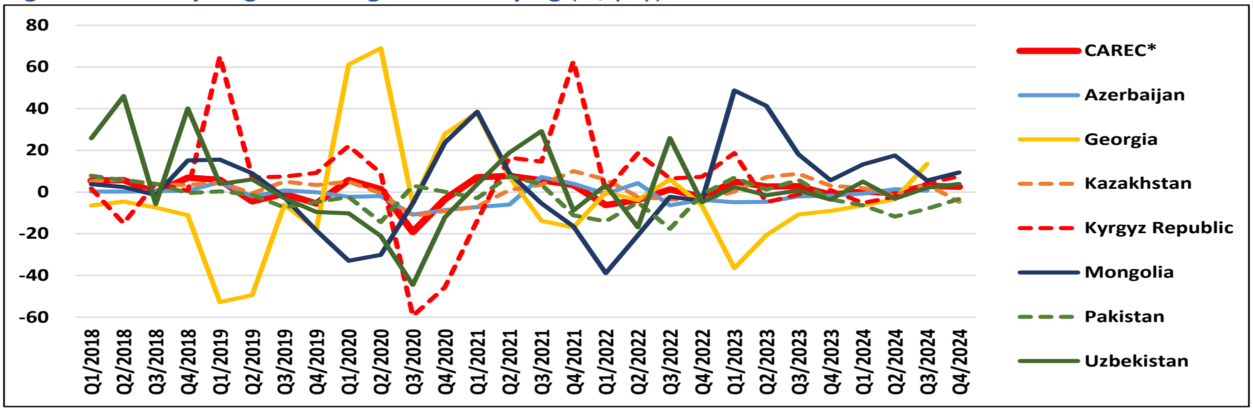


*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Growth in mining[7] value added was still volatile. In Mongolia mining continued to expand strongly, and also the Kyrgyz Republic showed relatively high growth rates of 4.2% yoy and 7.5% yoy in Q3 and Q4 2024, respectively, after negative growth the two quarters before (Figure 8). Uzbekistan's mining value added grew 2.1% yoy in Q3 2024, and 3.8% yoy in Q4 2024. Georgia's mining recovered in Q3 2024, only after severe contractions since 2023 though. Azerbaijan achieved 0.7% yoy growth in Q3 2024, after mostly negative readings since 2022. Kazakhstan saw a contraction of 4.7% yoy in Q4 2024 after growth of 3.7% in Q3, and somewhat higher growth in in mid-2023, following negative rates in most of 2022. Pakistan's mining value added contracted the fifth quarter in a row in Q4 2024.

[7] Mining includes oil and gas extraction.

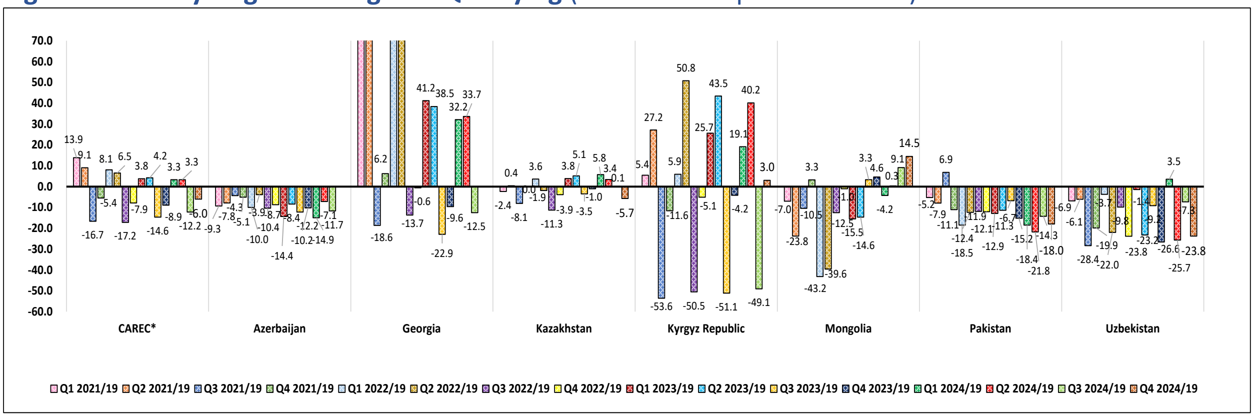
Figure 8. GDP by origin: Mining and Quarrying (%, yoy)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

As a result of the volatility, the mining value added in the region has still not consistently outperformed pre-COVID levels at constant prices. Only Mongolia reached a level in Q4 2024, which finally looks irreversible (Figure 9). However, with developments such as the Tengizchevroil Future Growth Project in Kazakhstan, scheduled for completion in the first half of 2025, and with heightened global interest in the region's critical minerals and other metals needed for electrification and digitalization, there might be a new surge in mining in the future.

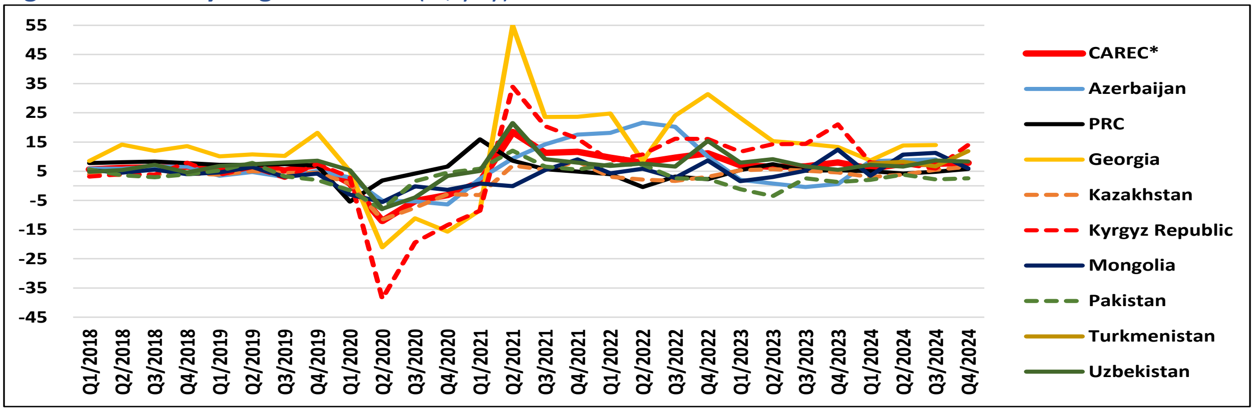
Figure 9. GDP by origin: Mining and Quarrying (% over same period in 2019)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Services remained the most dynamic element of GDP growth in the CAREC region. Average CAREC growth in services value added turned out to be 7.6% yoy in Q3 2024 and 7.9% yoy at constant prices in Q4 2024 (Figure 10). Georgia, the Kyrgyz Republic, and Turkmenistan all recorded double-digit growth in the second half of 2024. In Azerbaijan and Uzbekistan growth was higher than 8%. Kazakhstan and Mongolia reached growth rates of more than 6%, the PRC with 5.8% yoy almost. Only in Pakistan services growth was rather moderate at 2.2% yoy in Q3 2024, and 2.6% in Q4 2024.

Figure 10. 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.

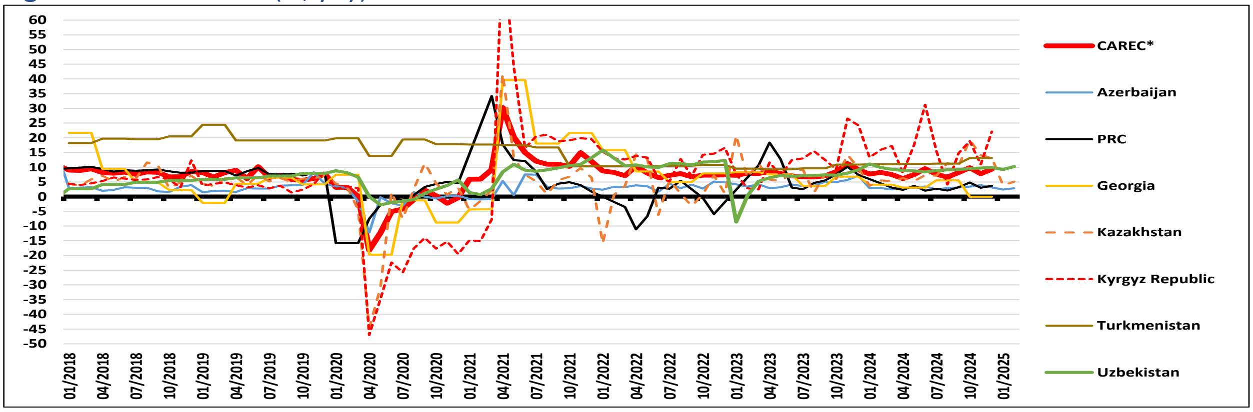
*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

Retail sales and industrial output both grew relatively fast in late 2024, with some divergence in growth rates between countries though, and perhaps some deceleration in early 2025.

Retail sales grew rather fast in most CAREC economies in the second half of 2024, with partially a slowdown in early 2025. Retail sales were on average 7.5% and 9.0% higher at constant prices in Q3 and Q4 2024, respectively, than in the same periods a year earlier (Figure 11)**.** Growth was particularly high in the Kyrgyz Republic with 17.3% yoy in Q4 2024, Kazakhstan with 15.5%, and Turkmenistan with 13.1%, after 11.4% yoy, 9.6% yoy, and 11.2% yoy in Q3 2024. Uzbekistan's growth reached 9.7% after 9.1% yoy in Q3. The PRC achieved a slight acceleration to 3.8% yoy from 2.7% yoy in Q3, Azerbaijan to 3.5% yoy from 2.8% yoy. Only Georgia saw a flat reading in Q4, after 5.6% growth in Q3. Among the three countries with data availability for 2025 already, Azerbaijan and Kazakhstan experienced some deceleration to 2.8% yoy and 5.1% yoy, respectively, by February 2025. However, Uzbekistan bucked the trend with an acceleration to 10.2% yoy in February 2025.

Figure 11. Retail sales (%, yoy)



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

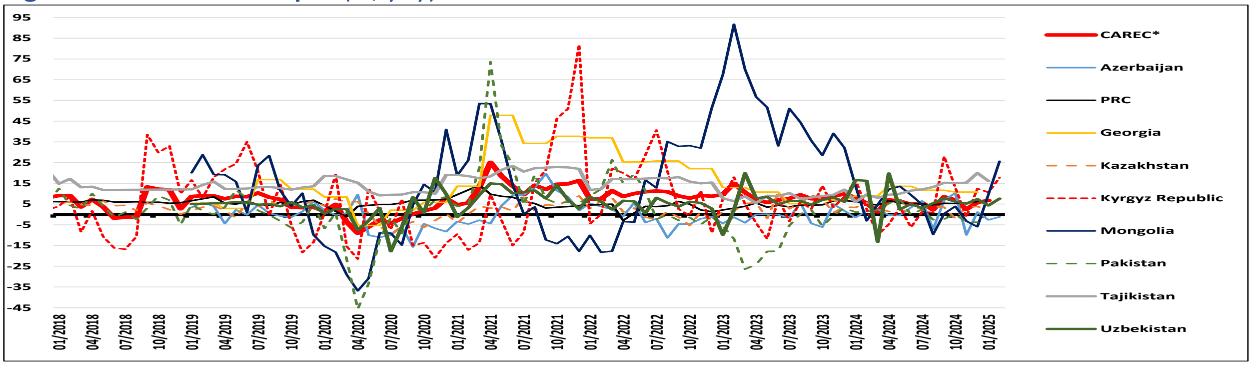
Source: CEIC, authors' calculations.

Industrial output growth remained generally strong, but at a rather broad spectrum of different growth rates between countries. On average, growth in industrial output[8] turned out to be 5.9% yoy in Q3 2024 and 5.1% yoy in Q4 2024 (Figure 12). Countries with particularly high growth rates were Tajikistan with

[8] Developments in industrial output reflect growth both in manufacturing and in mining.

15.3% and 16.8% yoy in Q3 and Q4 2024, respectively, Georgia with 11.3% and 10.8% yoy, and the Kyrgyz Republic with 10.4% and 8.1% yoy. Uzbekistan achieved 5.9% and 6.3% yoy, the PRC 5.3% and 5.6% yoy. At the same time, growth rates in Azerbaijan, Kazakhstan, Mongolia, and Pakistan remained below 3.5% yoy both in Q3 and Q4 2024 and turned negative in Q4 2024 in Mongolia and Pakistan. Early 2025 data indicate a strong recovery in Mongolia with growth of 9.7% and 25.6% yoy in January and February 2025, continued strong growth in the Kyrgyz Republic at 10.7% and 17.7% yoy, decent growth in Uzbekistan at 4.3% and 7.7% yoy, though in Azerbaijan some contraction of 2.6% and 1.2% yoy in January and February 2025, respectively.

Figure 12. Industrial output (%, yoy)

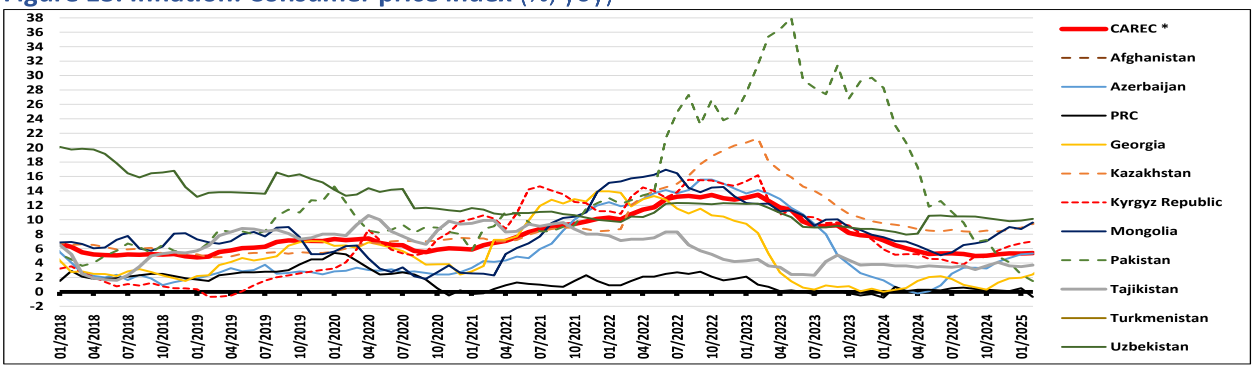


*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Inflation has somewhat re-accelerated in most CAREC economies.

Inflation rates have re-increased in the CAREC economies other than Pakistan, Uzbekistan, and the PRC. Average CAREC annual consumer price inflation was 5.4% in February 2025, 0.4 percentage points higher than at the low in September 2024 (Figure 13). However, Pakistan, Uzbekistan, and the PRC had 5.4, 0.3, and 1.1 percentage points, respectively, lower inflation rates in February 2025 than in September 2024. All other CAREC economies recorded higher rates in February 2025 than in September 2024, with inflation in Uzbekistan, Kazakhstan, and Mongolia around 10%, in the Kyrgyz Republic 7.0%, in Azerbaijan 5.3%, Tajikistan 3.7%, Georgia 2.4% in February 2025. All CAREC economies except for Pakistan and the PRC had higher inflation rates in February 2025 than in December 2024 as well. Uzbekistan experienced inflation of 10.1% in February 2025, down from 10.4% in September, but up from 9.8% in December 2024. In Pakistan inflation sharply receded to 1.5% yoy in February 2025 under Pakistan's IMF program from a peak of 38.0% in May 2023. The PRC's consumer price index was 0.7% lower in February 2025 than a year earlier, compared with inflation of 0.4% yoy in September 2024 and 0.5% yoy in January 2025.

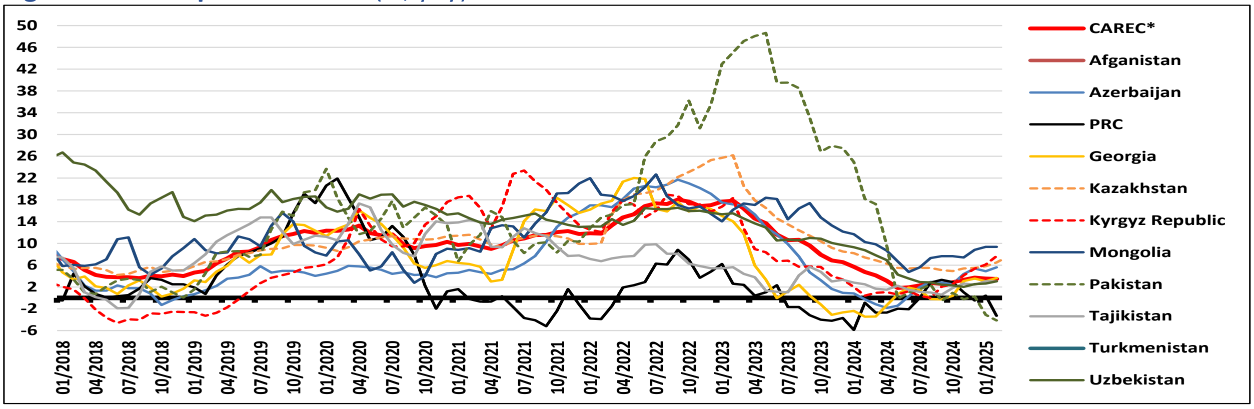
Figure 13. Inflation: Consumer price index (%, yoy)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Food price inflation was an important component of the re-acceleration in inflation. Average CAREC annual food price inflation reached 3.5% in February 2025, up from 2.6% in September 2024 (Figure 14). This was the case even though food price inflation in the PRC went sharply down from plus 3.3% in September 2024 to minus 3.3% in February 2025, and in Pakistan from minus 0.6% to minus 4.1%. All other CAREC economies saw an increase in food price inflation. In Mongolia food price inflation thus turned out to be 9.3% in February 2025, in the Kyrgyz Republic 7.6%, in Kazakhstan 6.5%, in Azerbaijan 5.6%, in Georgia 3.7%, and in Tajikistan and Uzbekistan 3.0%. All CAREC economies except for Pakistan and the PRC had higher food price inflation in February 2025 also than in December 2024.

Figure 14. Food price inflation (%, yoy)

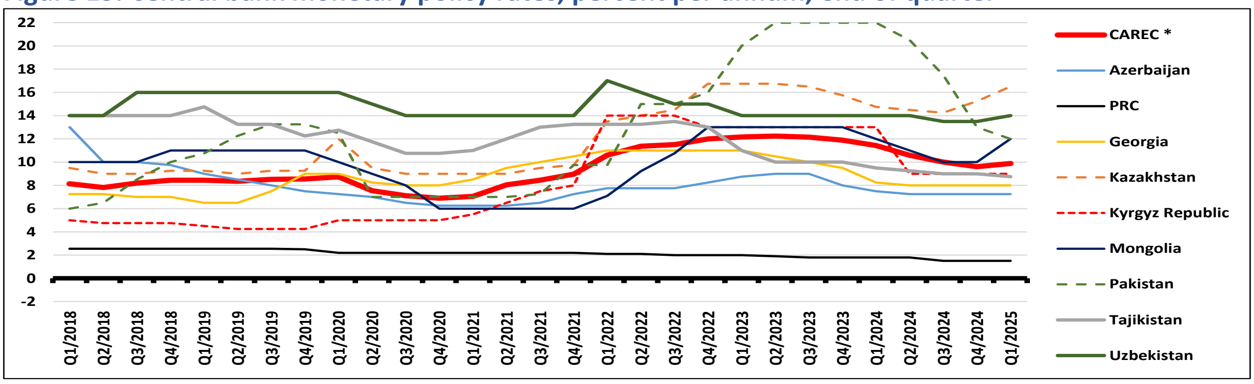


*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

The re-acceleration in inflation prompted some monetary policy tightening – growth in money supply slightly decelerated but growth in loans to individuals remained high.

As inflation re-accelerated, three CAREC member economies' central banks increased their policy rates. The central banks of Kazakhstan, Mongolia, and Uzbekistan hiked their rates by 125, 200, and 50 basis points, respectively, between end-December 2024 and end-March 2025 (Figure 15). Kazakhstan's central bank had already increased its rate by 100 basis points in Q4 2024. By contrast, Tajikistan's central bank cut its policy rate by 25 basis points in Q1 2025, and Pakistan's by another 100 basis points after several cuts before since Q2 2024. The other central banks kept their rates constant. The policy rates thus turned out to be 16.50% in Kazakhstan, 14.00% in Uzbekistan, 12.00% in Mongolia and Pakistan, 9.00% in the Kyrgyz Republic, 8.75% in Tajikistan, 8.00% in Georgia, 7.25% in Azerbaijan, and 1.50% in the PRC (the 7-Day Reverse Repo Rate) by the end of March 2025.

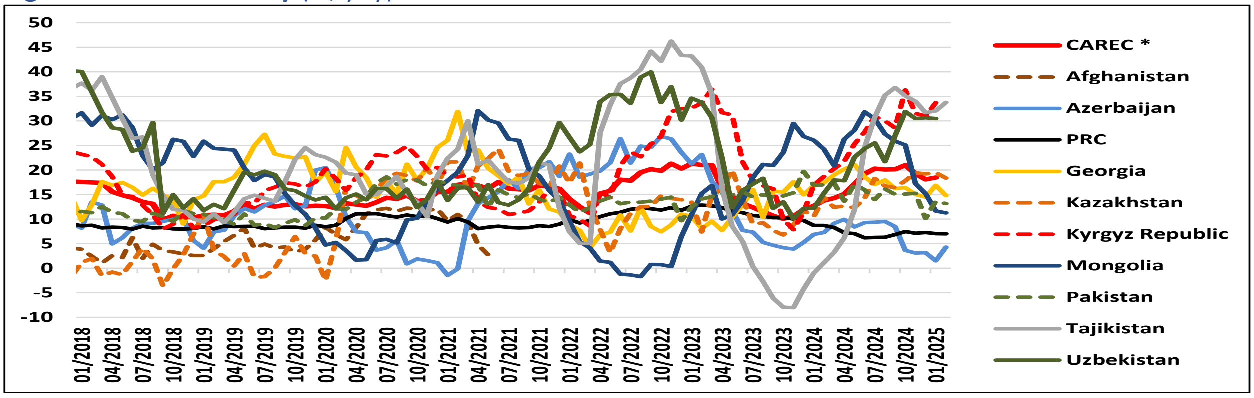
Figure 15. Central bank monetary policy rates, percent per annum, end of quarter



* Refers to the simple average of CAREC economies where data are available
Source: CEIC, authors' calculations

Thanks to cautious monetary policies, the growth in broad money supply generally decelerated somewhat since Q4 2024. All CAREC economies with data availability except for Azerbaijan and Kazakhstan had somewhat lower growth rates in money supply in January or February 2025 than in October 2024 (Figure 16). However, Tajikistan, the Kyrgyz Republic, and Uzbekistan had still growth rates of more than 30% yoy in early 2025, probably driven by higher business-related deposits. Azerbaijan's and the PRC's growth rates were at 4.3% and 7.0% yoy, respectively, much lower by comparison, the other CAREC economies recorded rates of between 11% and 18% yoy.

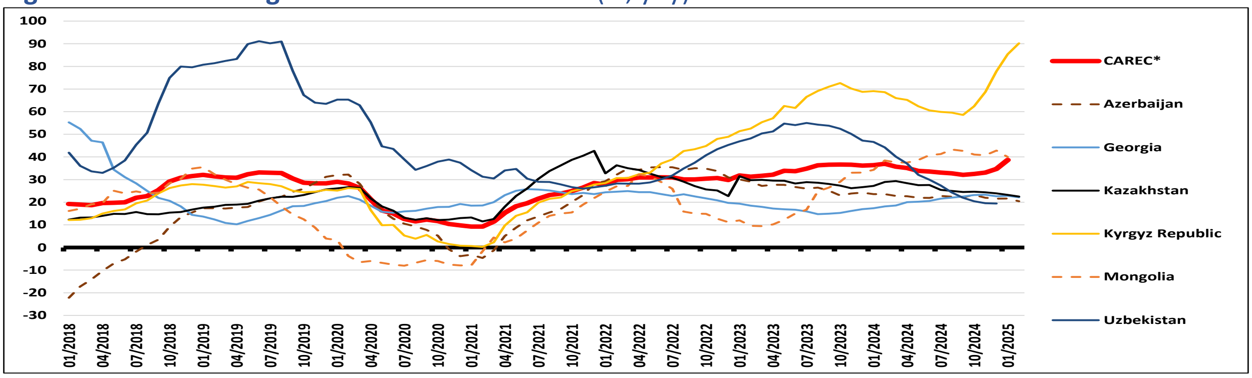
Figure 16. Broad money (%, yoy)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Despite relatively conservative monetary policies, growth in loans to individuals remained high, in the Kyrgyz Republic and Mongolia very high. The amount of outstanding loans to individuals was 90.2% higher in February 2025 in the Kyrgyz Republic than a year earlier, a new spike after some deceleration between October 2023 and October 2024 (Figure 17). In Mongolia, outstanding loans to individuals were 40.0% higher in January 2025 than the year before. Kazakhstan saw growth of 22.5% yoy in February 2025, Georgia 22.1% yoy, Azerbaijan 20.4% yoy. Uzbekistan recorded 19.5% yoy growth in December 2024. All these growth rates are substantially higher than the corresponding inflation rates, thus all these countries experienced substantial growth in loans to individuals in real terms as well. While such strong growth of loans to individuals supports consumption and thus GDP growth, it could cause over-indebtedness of households in the medium to long run and require restrictive measures later.

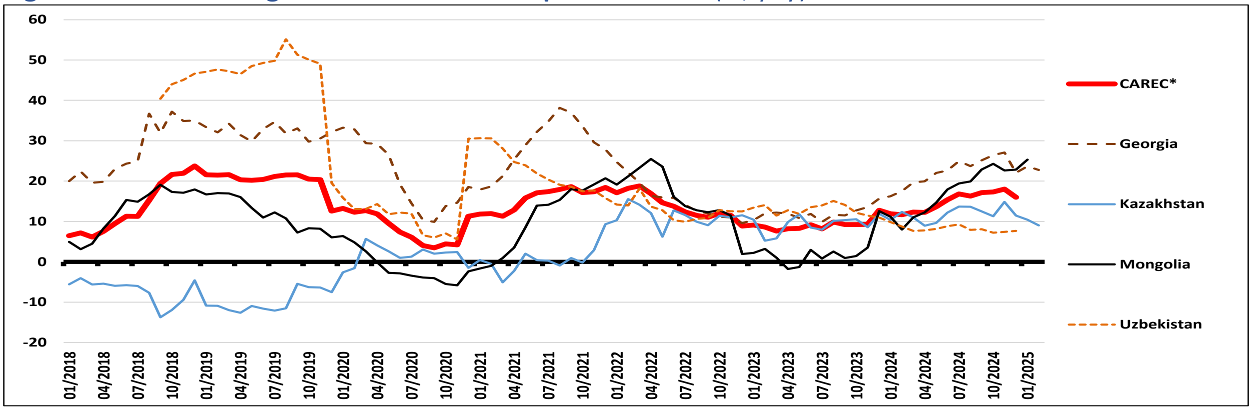
Figure 17. Outstanding bank loans to individuals (%, yoy)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Corporate loan growth was not as high as growth in loans to individuals. Corporate loan growth turned out at 25.3% yoy in Mongolia in January 2025, and 22.8% yoy in Georgia in February 2025. It was 9.0% yoy in Kazakhstan in February 2025, and 7.7% yoy in Uzbekistan in December 2024 (Figure 18), thus being roughly the same as inflation in Kazakhstan, and slightly below inflation in Uzbekistan.

Figure 18. Outstanding bank loans to the corporate sector (%, yoy)

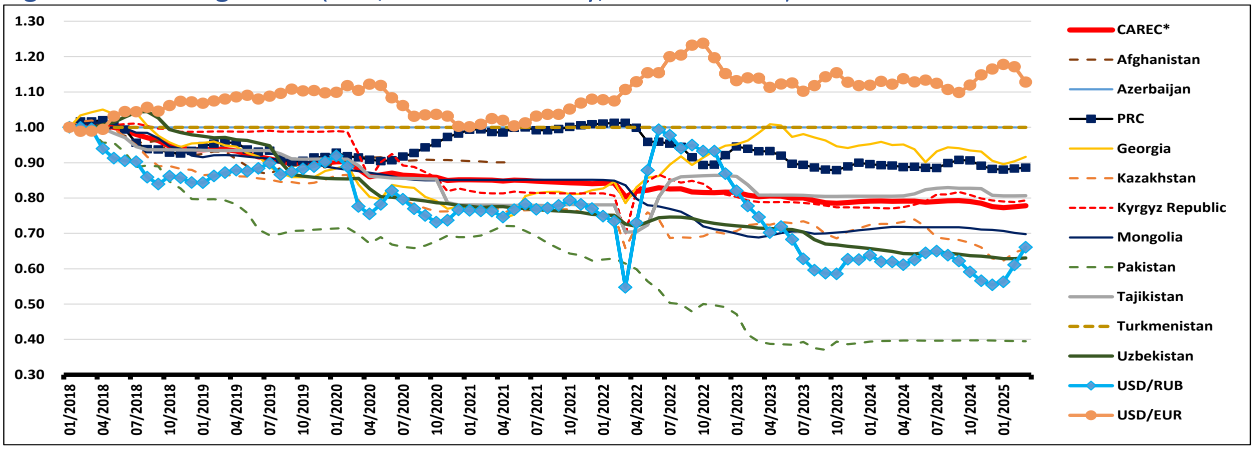


*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

CAREC currencies generally somewhat weakened against the RUB and EUR in real terms while appreciating against the RMB.

Despite tightened or constant central bank policies, nominal exchange rates depreciated against the USD to some extent. All CAREC currencies - except for Azerbaijan's and Turkmenistan's fixed ones - slightly depreciated against the USD between end-September 2024 and end-March 2025 (Figure 19). The USD value of the national currencies decreased by 3.6% in Kazakhstan and by 0.5% in Pakistan between end-September 2024 and end-March 2025; in the other CAREC economies between these readings. Compared to twelve months earlier, currencies weakened against the USD by 9.7% in Kazakhstan, 3.5% in Georgia, 2.9% in Mongolia and Uzbekistan, 0.7% in the PRC, and 0.3% in Pakistan. However, the Kyrgyz Republic saw appreciation by 2.9%, and Tajikistan by 0.2%.

Figure 19. Exchange rates (USD/national currency, Jan 2020=1.00)



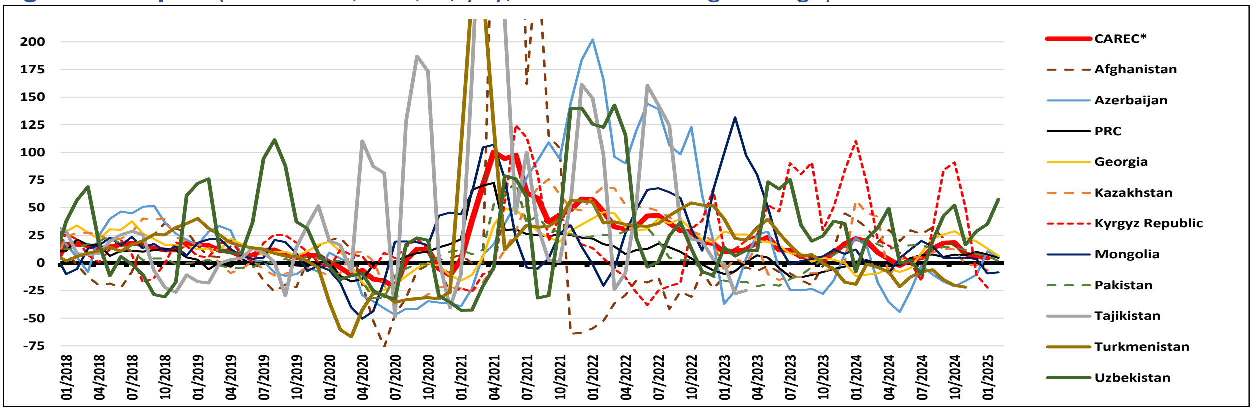
*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, Trading Economics, authors' calculations.

In real terms, most CAREC currencies depreciated against the RUB and the EUR while appreciating against the RMB. The RUB depreciated against the USD by 1.4% in the twelve months to February 2025, while consumer price inflation was 10.1% in Russia. The EUR appreciated by 3.7%, while the inflation rate was 2.3% in the euro area. As a result, all CAREC economies except for the Kyrgyz som depreciated against the RUB from a year earlier by February 2025 in real terms. While this contributed to an increase in CAREC's competitiveness vis-à-vis Russia, it contributed to consumer price inflation given CAREC imports from Russia include significant amounts of gasoline and food products. The currencies of the CAREC economies other than those of the Kyrgyz Republic, Mongolia, and Uzbekistan depreciated also against the EUR in real terms with a potentially favorable impact on exports of textiles and apparel, for example, while making the import of pharmaceuticals, equipment, and cars more expensive. All currencies of the CAREC economies except for those of Georgia and Kazakhstan appreciated against the RMB. These developments further strengthen the competitive position of the PRC in the region. The deep changes going on in the global economy currently will likely increase exchange rate volatility while impacting inflation rates in different countries differently. What the net outcomes will be remains to be seen.

External sector: whereas net-exporters' trade surpluses were mostly narrowing, the change in net-importers' trade deficits was rather mixed.

Except for Uzbekistan, export growth in the CAREC region slowed in early 2025. Georgia's 3-month moving average growth rate was 6.3% yoy in February 2025 after rates of around 20% in Q4 2024 (Figure 20). Pakistan's growth rate decelerated to 1.8% yoy in February, down from double-digit growth rates throughout all of 2024 till November. The PRC's 3-month moving average export growth hovered between 7.4% and 10.0% yoy in Q4 2024 and was 4.6% yoy in February 2025. Mongolia had negative growth rates in February 2025, the Kyrgyz Republic and Kazakhstan in January 2025, Turkmenistan in November 2024. Azerbaijan's export growth recovered to 5.5% yoy in the three months to February 2025, but from negative growth in most of 2024. However, Uzbekistan achieved export growth of 57.6% yoy in USD-terms in the three months to February 2025 after high growth rates also in the months before.

Figure 20. 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.

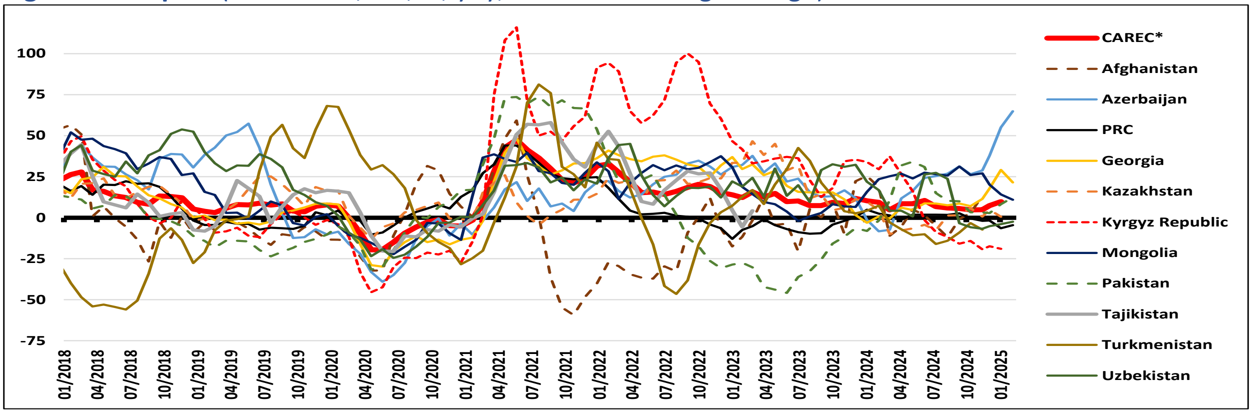
Commodity prices had partially contradictory impacts on CAREC exports as they developed in diverging directions. Gold-exporters such as Uzbekistan profited from the high gold price (Figure 21). The prices of copper, also a major export product of the CAREC region, developed also quite favorably. However, prices of fossil fuels and of agricultural products such as wheat and cotton were on a downward trend.

Figure 21. Commodity prices

Note for measurement units: Gold (USD/t.oz), Copper (USD/Lbs), Brent Crude Oil (USD/Bbl), Coal (USD/T), Cotton (USD/Lbs), Wheat (USD/Bu).

The CAREC economies' import performance was rather divergent. Azerbaijan's imports were impressively 64.9% higher than a year earlier in the three months to February 2025 in USD terms, after high growth rates also during Q2-Q4 2024, partially because of accelerated GDP growth but mainly because of elevated gold imports (Figure 22). In Georgia imports were up by 21.2% yoy in the three months to February 2025 following double-digit increases since November 2024, in Pakistan by 12.4% after readings in the low single-digits the months before though. Mongolia had 11.0% growth, a significant slow-down from a high peak of 31.3% in September 2024 as vehicle and equipment imports eased. At the same time, Kazakhstan saw meager import growth of only 0.6% yoy in the three months to February 2025 after low or negative growth rates throughout 2024 due to continued weak vehicles, machinery and pharmaceuticals imports. In the Kyrgyz Republic, Turkmenistan, and the PRC imports contracted. In the PRC this was mostly due to lower imports of fossil fuels and vehicles.

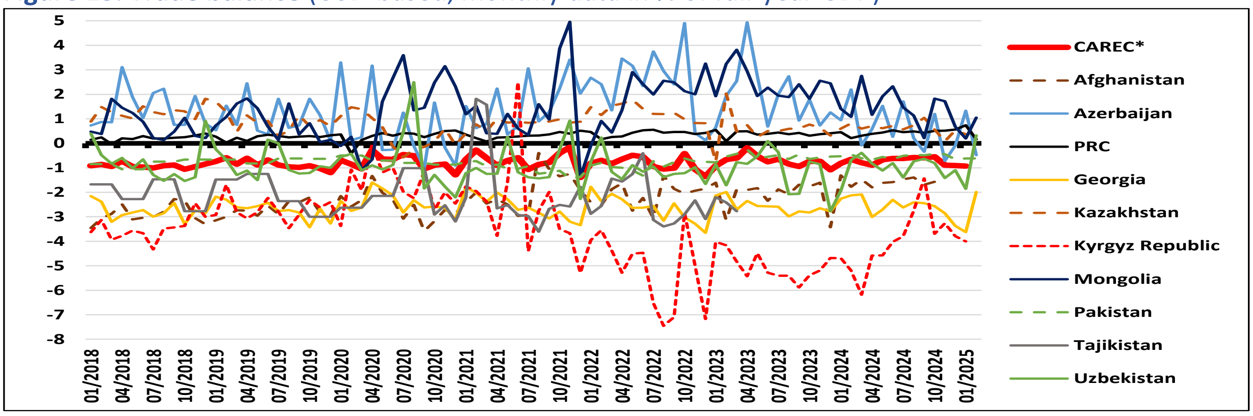
Figure 22. Import (USD based, CIF, %, yoy, 3-month-moving-average)



*Refers to the simple average of CAREC economies where data are available.
Source: CEIC, authors' calculations.

Most net-exporters experienced some shrinking of their trade surpluses, while half of net-importers had diminished trade deficits, the other half widened ones. Azerbaijan's trade surplus narrowed to an average of 0.3% of GDP in the three months to February 2025 from 1.5% in the same period a year earlier, Kazakhstan's to 0.5% from 0.6%, Mongolia's to 0.6% from 1.6% (Figure 23). At the same time the Kyrgyz Republic's trade deficit moderated to 3.9% from 4.9% of GDP, and Uzbekistan's to 0.9% from 1.8%. However, the PRC's surplus widened to 0.5% of GDP from 0.4%, Georgia's deficit to 3.0% from 2.4%, Pakistan's to 0.6% from 0.5%.

Figure 23. 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.

In 2024, the CAREC countries collectively recorded exports totaling US $3.8 trillion, with US $154.0 billion attributed to intra-regional exports. On average, intra-regional trade accounts for approximately 35.8% of the total exports within the CAREC region. Most of intra-regional exports are driven by mineral products, while textiles and footwear dominate intra-regional imports. Although mineral products, oil, and gas make up more than half of the exports for several CAREC countries, their share has been decreasing in recent years. In 2024 intra-regional trade expanded, particularly in exports of energy and minerals of Kazakhstan, Uzbekistan, and Turkmenistan. The PRC remained a key trading partner for most CAREC countries and had an increase in its trade surplus with the CAREC region together with Georgia and Kazakhstan, whereas Azerbaijan, Kyrgyz Republic, Tajikistan and Uzbekistan faced narrowing deficits with CAREC region.

Excursion III: Indications from Uzbekistan's WTO accession progress for Turkmenistan

Membership in the World Trade Organization (WTO) is seen as a major step forward for the Central Asian economies in their quest for economic development and integration. As a pioneer, the Kyrgyz Republic achieved membership nearly three decades ago, while Uzbekistan and Turkmenistan are still in the process of joining.

The Kyrgyz Republic became the first post-Soviet and the first Central Asian member of the WTO when it joined in December 1998. It took only 2 years and 10 months (1996-1998) to complete the process, which was quite remarkable, and during the accession period the country implemented radical economic liberalization measures, reducing average tariffs from 7% to 5% and opening about 90% of its economy to foreign investment. This also set an ambitious case for the Central Asian country to join the WTO, which also implied that profound economic changes are not an easy task.

The following cases were Tajikistan that applied in 2001 and joined in 2013, and Kazakhstan that applied in 1996 and joined in 2015. To take the nearest case as a good example, upon accession, Kazakhstan's average tariff was significantly reduced from about 10.4% to 6.1%, while import restrictions on certain goods were lifted to facilitate trade. In the services sector, market access has been eased in key industries such as finance, telecommunications and transport, encouraging greater foreign participation. In addition, domestic regulations have been reformed to comply with WTO rules, including adjustments to agricultural subsidies and strengthened intellectual property protection[9].

Currently, Uzbekistan and Turkmenistan represent the new round of accession candidates, but their progress is quite different (Table 4). Uzbekistan, which has accelerated comprehensive economic reforms since 2017, is now on the threshold of membership, with projections suggesting successful accession by 2026-2027[10]. By contrast, Turkmenistan still appears to be in the torturous progress, likely due to difficulties in implementing the necessary reforms[11]. World Bank (WB) data show that Turkmenistan's total trade is at 37 % of GDP on average from 2015 to 2022 below the average for its upper-middle-income peers[12], further underscoring the challenges Turkmenistan faces. Many fundamental structural impediments remain unresolved, such as the lack of reliable economic data for WTO review, the overwhelming state dominance in the economy (with gas exports accounting for 80% of GDP), and the manat (TMT) remaining wide disparities between the official and unofficial market rates. Considerable state companies continue to dominate critical sectors such as energy, transport, and telecommunications, and legislative alignment on broader WTO-compatible regulatory reforms needs to progress significantly.

It is also noted that Uzbekistan has adopted a multi-vector strategy, actively pursuing WTO accession as a tool for economic diversification through concrete policy actions. By contrast, Turkmenistan maintains a slow-paced nature in WTO accession and there is no further update on the WTO website since 2023. The country is supposed to finish completion of the Memorandum on the Foreign Trade Regime, which serves as the first document to kick-off accession negotiation, by mid-2024[13]. The good news is that many workshops are supported by the EU and ADB to progress towards membership[14].

Looking ahead, Uzbekistan is on track to likely accession by 2026-2027. If so, as the last former Soviet republic to initiate WTO accession negotiations, Turkmenistan will need to implement structural reforms earnestly and eagerly to maximize its benefits from WTO accession. In this case, WTO accession would

[9] https://www.wto.org/english/thewto_e/countries_e/kazakhstan_e.htm
[10] https://www.wto.org/english/thewto_e/acc_e/a1_ouzbekistan_e.htm
[11] https://www.wto.org/english/thewto_e/acc_e/a1_turkmenistan_e.htm
[12] World Bank Turkmenistan.pdf, p47
[13] https://www.wto.org/english/news_e/news23_e/acc_27oct23_e.htm
[14] https://www.intracen.org/news-and-events/news/turkmenistans-steps-toward-wto-membership

provide an important impetus for improving output markets and factor market efficiency across the board.

Finally, on 2 April, “Reciprocal Tariff” imposed by Trump Administration is significantly shattering the foundation of the WTO, which also casts uncertainty on the progress of the WTO Accession of Turkmenistan.

Table 4. Comparative Analysis of WTO Accession Progress (2024)

Key Factor	Uzbekistan	Turkmenistan
WTO Stage	Advanced market access negotiations	Preliminary FTR submission only
Economic Reforms	Currency floatation, SOE privatization	Minimal changes, dominance of state ownership
Main Obstacles	Agricultural subsidies, service sector restrictions	Insufficient economic transparency, currency controls, lack of reforms
Diplomatic Approach	Multi-engagement, proactive WTO strategy	Seems indifferent to WTO
Projected Accession	2026-2027	Beyond 2030 (if reforms materialize)

Source: WTO, authors’ compilation.

Conclusion: To preserve the region’s solid economic performance also in a shaken economic world order, the opening up new opportunities should be used

The CAREC region achieved a quite solid economic performance in 2023 and 2024 despite substantial geopolitical and geoeconomic turbulences already during this period. The year 2025 has delivered even more turbulences, and there is little hope of relief soon. This comes on top of challenges from global warming and deep technological change. However, there are also new opportunities opening up, especially for the mining of materials needed for accelerated electrification and digitalization and in transcontinental transportation and trade, potentially also for the export of electricity and hydrogen. While the CAREC countries need to make sure that foreign investment and other foreign engagement indeed serve their own interests via adopting safeguards and not letting external debt spiral, they should use these opportunities to preserve decent growth while continuing to develop their domestic services and production, not least to accelerate their own technological and green transition.

ANNEX I: CAREC ECONOMIES' DYNAMICS OF 2024

* Forecasts for all CAREC economies mentioned below are from Table 1 in the main text.

Afghanistan

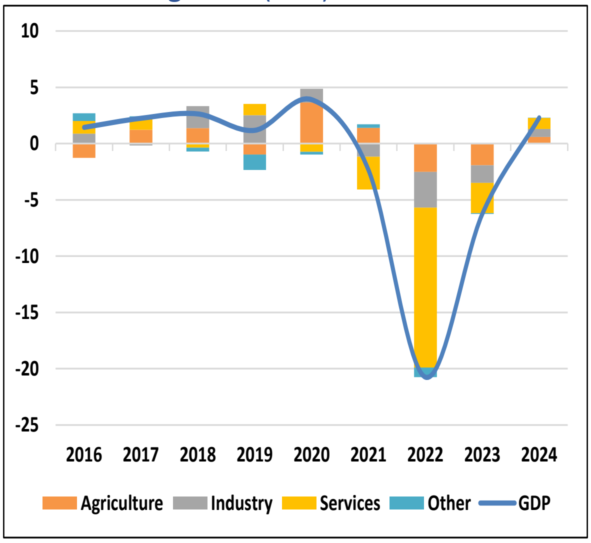
Output: Afghanistan's economy showed positive development supported by growth across all three sectors of economy: agriculture, industry and services. GDP grew by 2.3% in 2024. Gross value added (GVA) in agriculture increased by 2.1% in 2024. GVA in industries increased by 2.6%, while GVA in manufacturing increased by 1.7%. The services sector grew by 2.3% in 2024. Real GDP per capita was $379.7 in 2024, growing by 0.5% compared to the previous year.

Inflation: The economy experienced deflation starting in April 2023 due to subdued domestic demand and low import prices for essential items. Food prices dropped by 4.5% (year-on-year) in December 2024, while non-food inflation remained positive at 0.98%. Core inflation (excluding food and energy) increased by 1.8%, indicating a modest recovery in domestic demand. The appreciation of the Afghan currency made imported goods, especially food, more affordable. Annual deflation eased to 1.8% in December 2024, down from 10.2% in January.

Trade: The trade deficit widened in 2024 amid to appreciation of the national currency and increased purchase of essential goods such as food and machinery, which account to about half of Afghanistan's imports. The major exporting commodities are agricultural goods, coal and cotton. The majority of coal and cotton are exported within the CAREC region. The major export destination is Pakistan, while intra-regional partners for imports include also PRC, Kazakhstan and Uzbekistan.

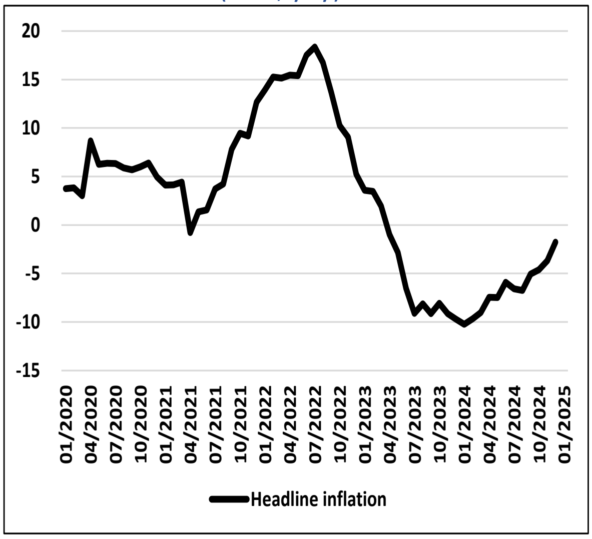
Outlook: The economic outlook remains highly uncertain due to high dependence on international humanitarian aid. Poverty remains widespread, with vulnerable groups continuing to face lack of social safety nets. Long-term economic growth in Afghanistan depends on improving the living conditions of people, reducing high unemployment, and addressing needs in basic healthcare and education.

Chart A: GDP growth (in %)



Source: World Bank, author's calculations.

Chart B: Inflation (in %, yoy)



Source: World Bank, author's calculations.

Azerbaijan

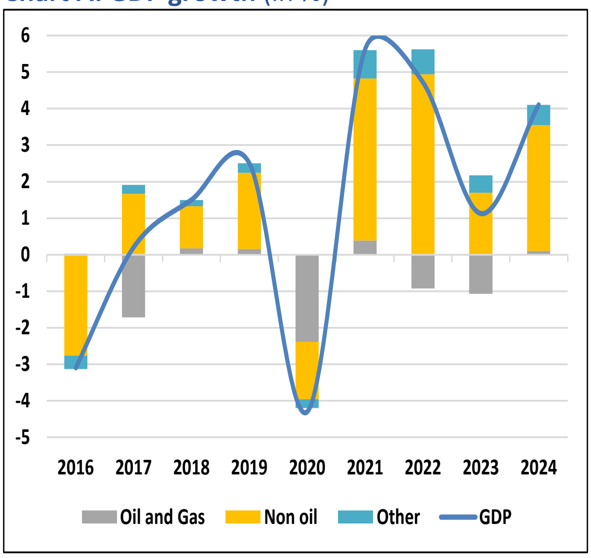
Output: In 2024, the economy grew by 4.1%. This significant improvement in GDP growth from 1.1% in 2023 was driven by the non-oil sector, which grew by 6.2%. Key contributors to this growth included strong performance in the construction and services sectors. Industrial production, however, showed mixed results: while the mining sector experienced a modest recovery, the manufacturing sector saw stronger growth, particularly in the petrochemical and food industries.

Inflation: Inflation fluctuated from 0% (yoy) in April to 4.9% (yoy) in December. The Central Bank of Azerbaijan (CBA) implemented a cumulative reduction of 75 basis points in the key policy rate, lowering it to 7.25% by May 2024. The rate has remained unchanged since then, reflecting the central bank's efforts to balance inflation control with support for economic growth. Despite a reduction in revenues from the State Oil Fund and increase in spending on the national economy, general administration and defense, the consolidated government balance remained in surplus at 4.0% of GDP.

Trade: The foreign trade recorded a surplus of 7.4% of GDP in 2024, reflecting a continued drop in demand for oil exports and an increase in domestic demand for imported goods. There was a gradual increase in demand for Azerbaijani gas in European markets, providing some offset to the decline in oil revenues. Intra-CAREC exports is small (about 3.7% of total), while imports comprise about 22.5% of total Azerbaijani imports.

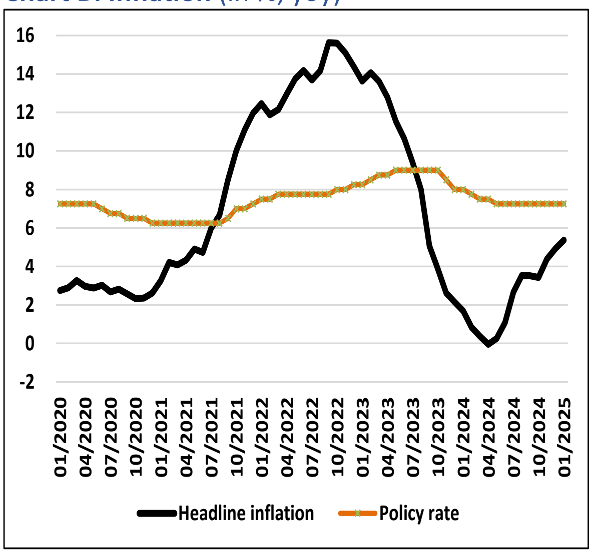
Outlook: Short-term growth prospects remain positive based on the assumption of stable revenues from production and exports of oil and gas. At the same time, ample foreign reserves will continue to support public infrastructure investments. GDP is forecast to increase by 3.2% in 2025 and 2.7% in 2026. Fluctuating oil and gas prices and regional geopolitical developments remain the main risks that can affect the forecast in both directions.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

People's Republic of China

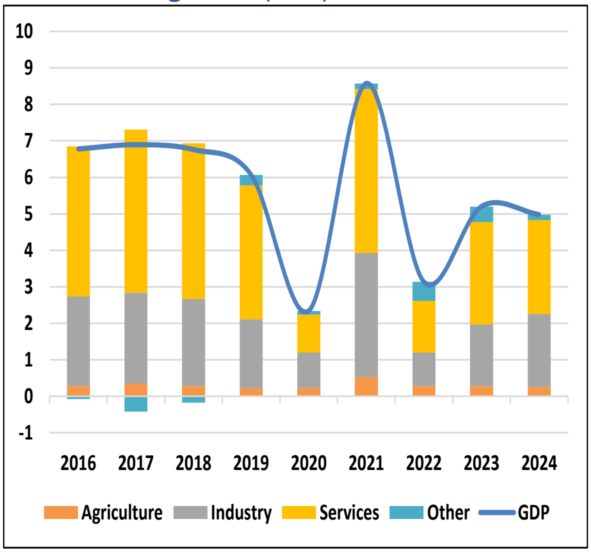
Output: In 2024, GDP grew by 5.0% aligned with the government's target. The industrial sector was a key driver, with valued added increasing by 5.7%, up from 3.8% in 2023. This growth was largely fueled by the manufacturing sector, which bolstered export performance. However, the wholesale and retail trade sector grew at a slower pace, indicating subdued consumer spending. Additionally, the construction sector experienced a significant slowdown, increasing by only 3.8% compared to 7.1% in 2023, which dampened overall investment activity.

Inflation: Inflation in 2024 averaged 0.2%, well below the government's target of 3.0%. This low inflation rate was primarily attributed to weak domestic demand, as consumer confidence remained subdued and spending hesitant. A notable decline in global food prices further contributed to the subdued inflationary environment. To stimulate domestic demand, the government implemented proactive fiscal policies, including tax cuts, expanded infrastructure investment, and the issuance of government bonds. These efforts were complemented by monetary policy easing, aimed at addressing deflationary pressures.

Trade: Foreign trade surplus reached a record high of 5.3% of GDP in 2024, driven by strong global demand for machinery, electrical equipment, electric vehicles, and other transportation goods. This improvement in the trade balance was reflected in the increase in the surplus of the current account balance. Despite its small share (2.7% of exports, and 1.8% of imports) intra-CAREC trade of PRC expanded by 7.4% in 2024.

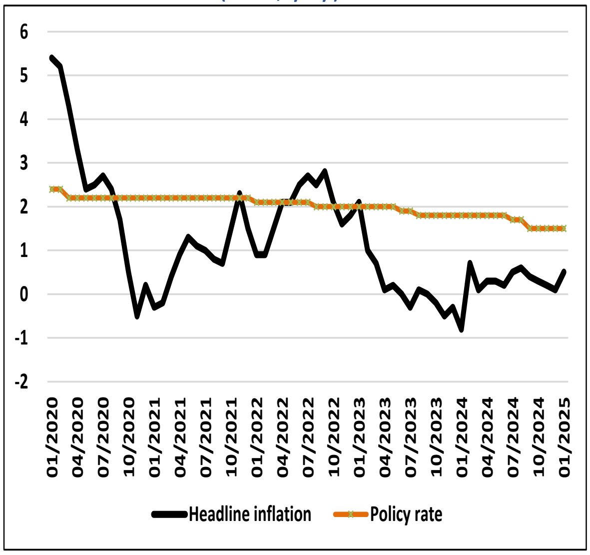
Outlook: International organizations expect a modest slowdown to 4.4% in 2025 and 4.1% in 2026 due to the global economic slowdown and geopolitical tensions that pose challenges to export growth. The government adopted a plan that is aimed at boosting consumption and investment with a special focus given to advanced manufacturing and renewable energy.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC database, National Bureau of Statistics

Georgia

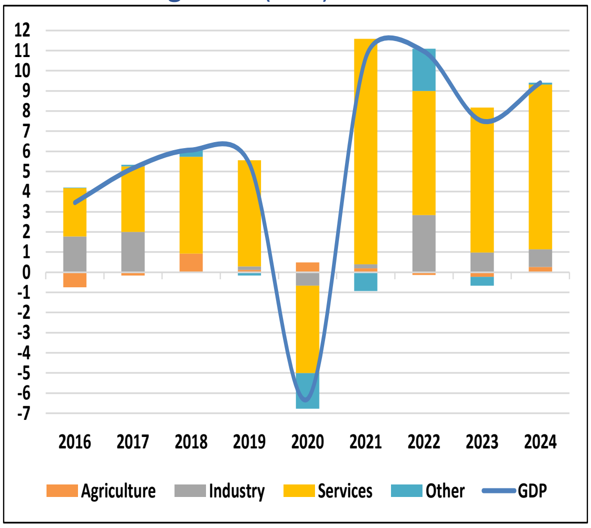
Output: Georgia's economy has grown by 9.4% in 2024, surpassing expectations and accelerating from 7.8% in 2023. The service sector, particularly information and communication, domestic trade and transportation, education and public administration, contributed 7.8 percentage points of this growth. The construction sector was backed by public infrastructure projects, and grew by 14.2%, contributing 0.8 p.p to GDP growth. Agriculture grew by 4.4%, mining and quarrying by 7.4% and manufacturing by 2.1%, while the electricity, gas, steam, and air conditioning supply sector contracted by 8.3% in 2024.

Inflation: Inflation stayed low in 2024, averaging 1.1% (2.5% in 2023), well below the National Bank of Georgia's (NBG) target of 3%. The NBG has maintained its policy rate at 8% since May 2024, following a cumulative reduction by 150 basis points earlier in 2024. Monetary policy stance remained cautious, with the real interest rate staying high to anchor inflation expectations. Fiscal deficit has shrunk to 2.0% of GDP (down from 2.3% in 2023). Recent years government's focus on fiscal consolidation is backed by improved tax administration and increase in tax revenues (25.3% of GDP in 2024 compared to 22.0% in 2021).

Trade: Exports of goods experienced a 7.8% increase, while imports were up by 8.6%, which led to a slight widening of trade deficit. There was a notable increase in the share of vehicles in exports and a reduction in exports of mineral products. The exports of Georgia to CAREC countries have increased by 23.7%, with a greater share of vegetables, vehicles, optical instruments, machinery and appliances sold within the CAREC region.

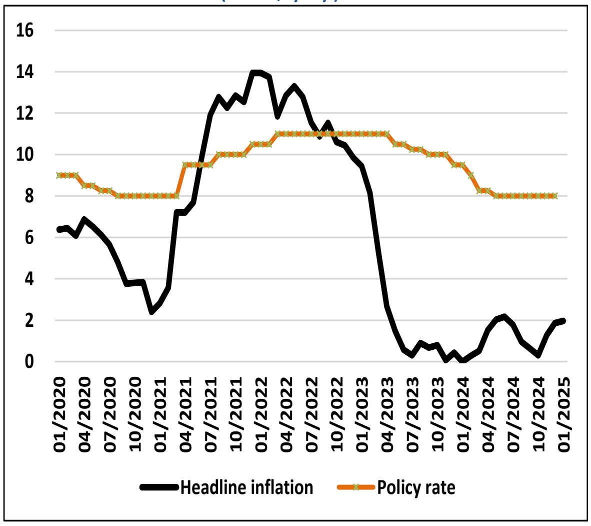
Outlook: GDP growth is forecast to moderate 6.0% in 2025 and 5.0% in 2026. Structural challenges persist, including high unemployment and gaps in education and productivity, particularly in agriculture. Risks to the outlook include potential reversals in financial inflows, geopolitical tensions, and domestic reform slowdowns.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

Kazakhstan

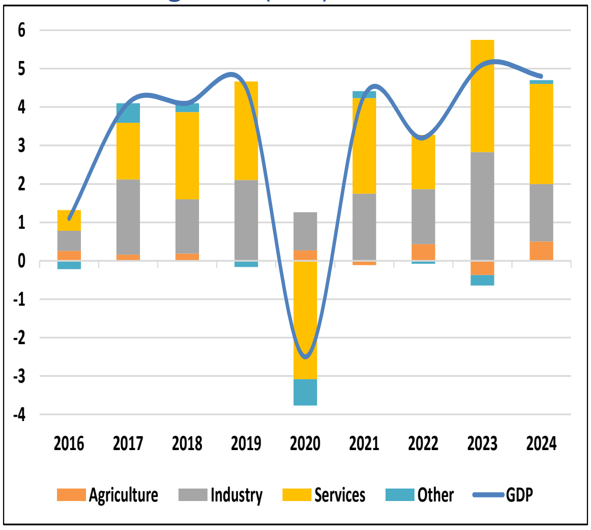
Output: Robust economic growth continued in 2024, with GDP expanding by 4.8%. On the production side, all sectors except mining recorded positive growth. The manufacturing sector accelerated significantly, averaging 6.1% growth in 2024 compared to 4.0% in 2023, driven by strong performance in chemicals, pharmaceuticals, metallurgy, and oil refining. The decline in mining was due to extensive maintenance at major oilfields. Services expanded, led by trade, transportation, and ICT. Fixed capital investment also increased, reflecting positive momentum in public infrastructure spending.

Inflation: Inflation remained a key concern for monetary policymakers. After a gradual decline early in the year, inflationary pressures intensified toward the end of 2024, with inflation reaching 8.6% in December. Demand-side factors drove the increase, including fiscal stimulus measures aimed at supporting growth and fulfilling social commitments, as well as the depreciation of the national currency in late 2024. In response, the National Bank of Kazakhstan (NBK) raised its policy rate by 100 basis points to 15.25% in November, reinforcing its commitment to anchoring inflation expectations.

Trade: Foreign trade saw steady surplus in 2024 (7.7% of GDP, rebounding from a 6.7% in 2023). The energy sector remained pivotal, with oil exports via the Caspian Pipeline Consortium staying on track despite regional challenges. Within the CAREC region, Kazakhstan strengthened its position as a reliable supplier of critical minerals for electric vehicle batteries.

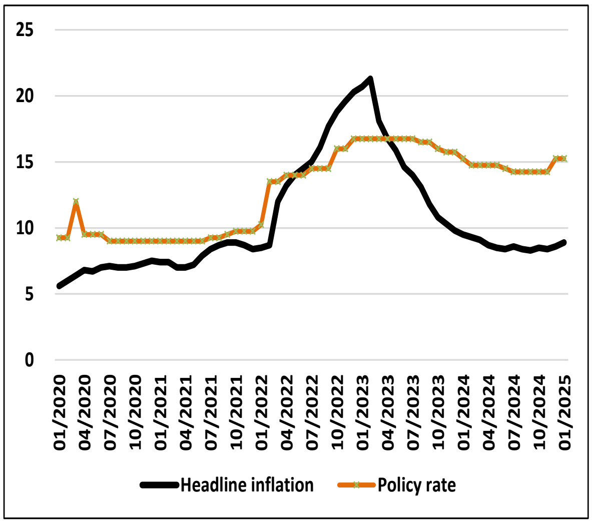
Outlook: GDP growth is projected to accelerate to 4.8% in 2025, supported by the planned expansion of the Tengiz oil field, before moderating to 4.0% in 2026. While Kazakhstan's economic fundamentals remain strong, its trajectory hinges on infrastructure development and the ability to mitigate external risks, such as geopolitical tensions and commodity price volatility.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

Kyrgyz Republic

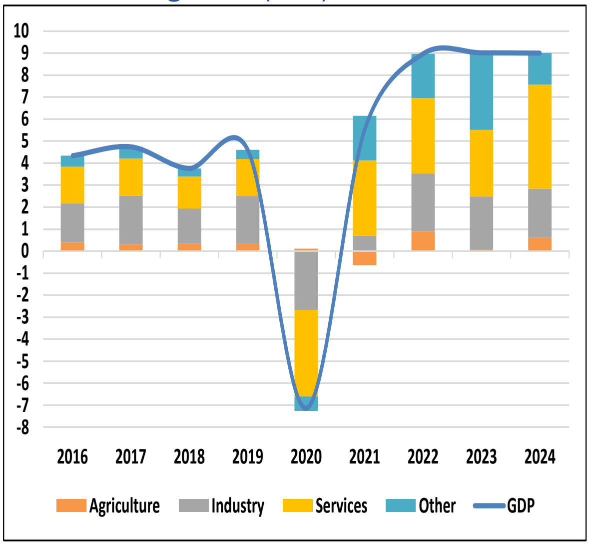
Output: The economy is experiencing an annual GDP growth rate of 9.0% between 2022 and 2024. This expansion, driven by rising real wages and increased public investment, is reflected in strong imports volumes and resilient domestic demand. In 2024, the service sector made the largest contribution to GDP growth, accounting for 4.7 percentage points (p.p.). Retail trade contributed 2.7 p.p., being the main driver of GDP growth. Favorable weather conditions enabled the agricultural sector to grow by 6.3%, contributing 0.6 p.p. to overall GDP growth.

Inflation: Annual inflation declined to 3.8% by August 2024, prompting the National Bank of the Kyrgyz Republic (NBKR) to reduce its policy rate by 300 basis points. However, by December 2024, inflation had accelerated to 6.3%, driven by demand-side factors. This placed inflation at the upper bound of the NBKR's target range of 5–7%, signaling the need for cautious monetary policy. The NBKR maintained its policy rate at 9.0% from May 2024 onward. The fiscal stance remained prudent, supported by strong revenue performance and controlled expenditure growth.

Trade: Exports increased by 43.9%, underpinned by favorable gold prices and strong demand for textiles and footwear in the Russian market. Conversely, imports declined by 9.2%, largely due to reduced purchases of textiles, footwear, and vehicles. The trade balance remained in deficit, primarily driven by high demand for imported machinery, vehicles, and petroleum products. Approximately 80% of textiles, footwear, and machinery imported by the Kyrgyz Republic originate from the CAREC region, particularly from the PRC. Imports from CAREC constituted about 58% of total imports, while intra-CAREC exports accounted for approximately 19% in 2024.

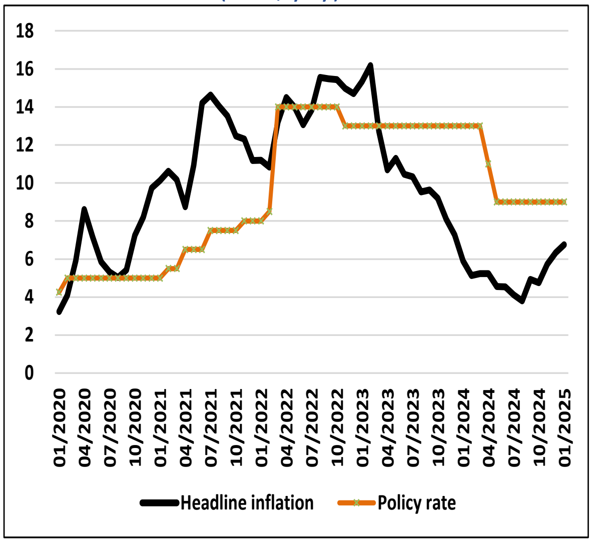
Outlook: While the Kyrgyz Republic is experiencing robust growth, challenges such as inflationary pressures, dependence on imports, and volatility in global commodity markets persist. These issues highlight the need for diversified economic strategies to sustain growth. Current forecasts predict a moderation in GDP growth to 6.6% in 2025 and 6.1% in 2026.

Chart A. GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B. Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

Mongolia

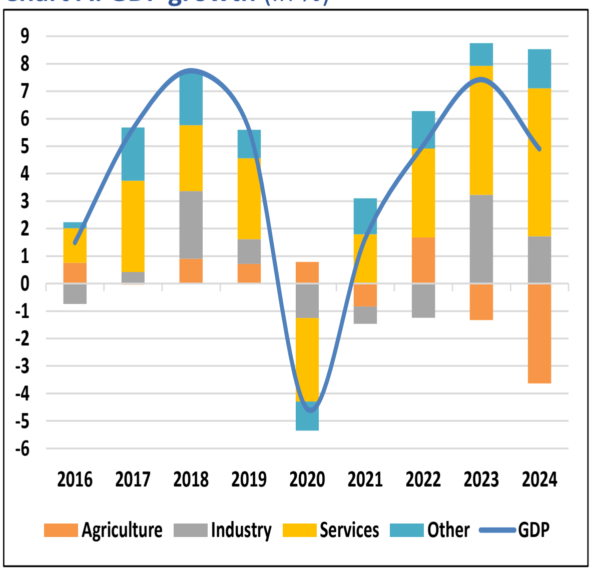
Output: Mongolia's GDP growth slowed to 4.9% in 2024, down from 7.4% in 2023, primarily due to significant challenges in the agricultural sector. A severe winter, known as dzud, caused substantial livestock losses. Despite this setback, the mining sector remained a key driver of growth, with the Oyu Tolgoi mine playing a critical role in copper and oil exports. Domestic trade, construction, and services also contributed positively to economic growth. From the expenditure side, domestic demand was the primary driver of growth, fueled by increases in salaries, pensions, and benefits.

Inflation: Inflationary trends in 2024 were marked by a decline in the first half of the year, prompting the Bank of Mongolia to cut its policy rate to 11%. However, strong domestic demand and a significant increase in electricity tariffs implemented in November 2024 led to an acceleration in inflation during the second half of the year. Headline inflation reached 9% in December 2024. Despite an increase in government revenues, the fiscal position weakened in 2024 as the government ramped up consumption and capital spending on infrastructure projects to stimulate the economy.

Trade: The foreign trade surplus narrowed significantly, falling to US$4.2 bln from US$5.9 bln in 2023. The increase in imports was largely attributed to higher purchases of mineral products, machinery, equipment, and electrical appliances. CAREC region, especially the PRC, remained Mongolia's largest trading partner, accounting for more than 80% of Mongolian exports and more than 30% of imports. Apart from coal, the main export commodities are copper, wool and agricultural products.

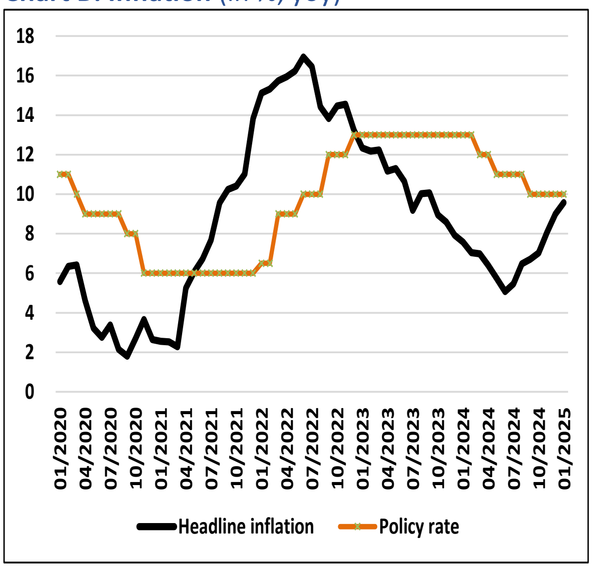
Outlook: Mongolia's economy remains vulnerable to commodity price fluctuations and external demand, particularly from the PRC, its largest trading partner. Climate-related events like the dzud highlight the need for greater resilience in the agricultural sector. Enhancing climate resilience and attracting green investments are critical for sustainable growth.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

Pakistan

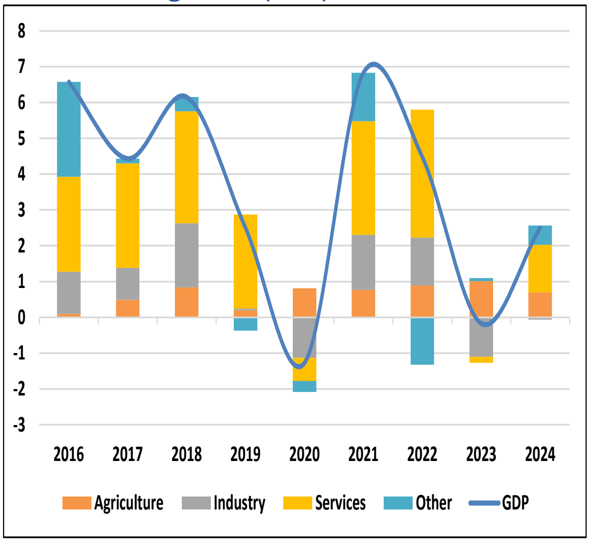
Output: The economy grew by 2.5% in 2024, showing stability after the economic downturn. This growth was primarily driven by higher domestic consumption and services sector, supported by workers' remittances. Agricultural growth slightly weakened due to heavy monsoon rains in the second half of 2024. The industrial sector benefited from structural reforms, including the suspension of import restrictions, improved business confidence, and easier access to foreign exchange. Meanwhile, the services sector expanded, boosting consumer confidence and contributing positively to economic growth.

Inflation: In 2024, Pakistan experienced a significant decline in inflation from 38% in May 2023 to 4.1% in December 2024, thanks to favorable global commodity prices and prudent macroeconomic management. Monetary tightening by the State Bank of Pakistan (SBP), rationalization of energy subsidies, and other structural reforms[15] helped to restore price stability. Given the sharp drop in inflation, the State Bank of Pakistan (SBP) implemented a series of interest rate cuts to stimulate economic activity.

Trade: Currency stabilization and lower inflation improved export competitiveness, particularly in the textile and food sectors. Meanwhile, macroeconomic stabilization and large-scale infrastructure projects drove demand for imported consumer goods, machinery, and equipment. Within the CAREC region, the PRC remains Pakistan's largest trading partner, accounting for roughly 30% of total imports and 12% of exports.

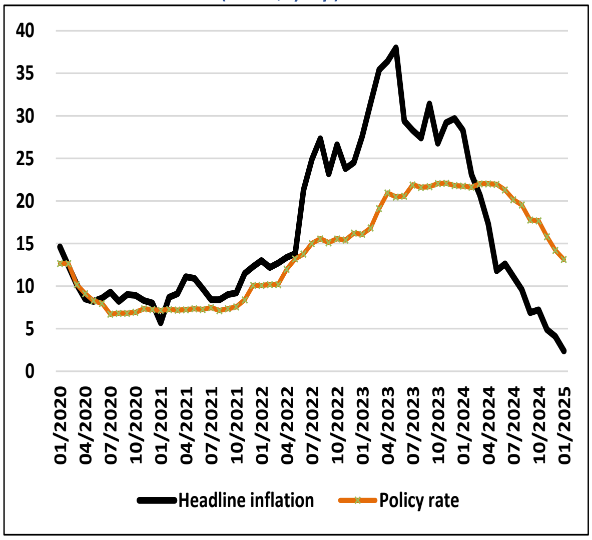
Outlook: Economic growth is projected at 2.6% in 2025 and 3.3% in 2026. Continued economic stability and structural reforms should support further recovery. However, risks remain, including declining remittances, geopolitical uncertainties, and persistent macroeconomic imbalances.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

[15] Under the IMF program the government focuses on reforms to improve the tax base, reduce inefficiencies in state-owned enterprises, and enhance private sector participation, especially in energy and trade.

Tajikistan

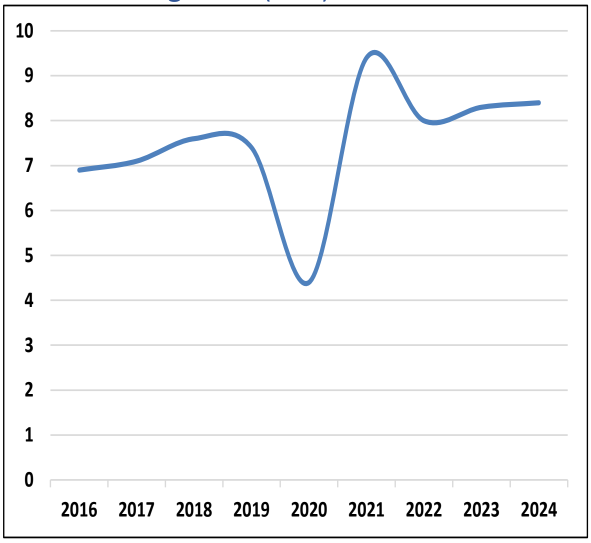
Output: In 2024, Tajikistan's economy expanded by 8.4%, driven by strong domestic demand and increased exports of precious metals. Key growth sectors included metal mining, energy, food industries, and services. However, the economy remains heavily dependent on remittances from labor migrants, which continue to fuel retail trade and services. Public infrastructure spending also contributed significantly, boosting fixed capital investment.

Inflation: Despite monetary easing and a growing money supply, inflation remained stable at 3–4% throughout the year, supported by a stronger somoni and moderate import costs. The National Bank of Tajikistan (NBT) adopted a more accommodative stance, cutting its policy rate three times (February, May, and August 2024) by a total of 100 basis points (from 10% to 9%). Concurrently, the nominal exchange rate appreciated by an average of 0.2% in 2024.

Trade: Goods exports surged by 39.6%, accounting for 12.9% of GDP. Nearly 30% of export earnings came from gold and other precious metals shipped to Switzerland. About 49% of exports went to CAREC countries—primarily Kazakhstan, Uzbekistan, the PRC, and Pakistan. However, the trade balance recorded a deficit of 17.4% of GDP, driven by higher imports of mineral products, food, and chemicals. Tajikistan's main import partners include CAREC economies and Russia, which is also the primary source of remittances. These inflows, along with export revenues, helped maintain a current account surplus.

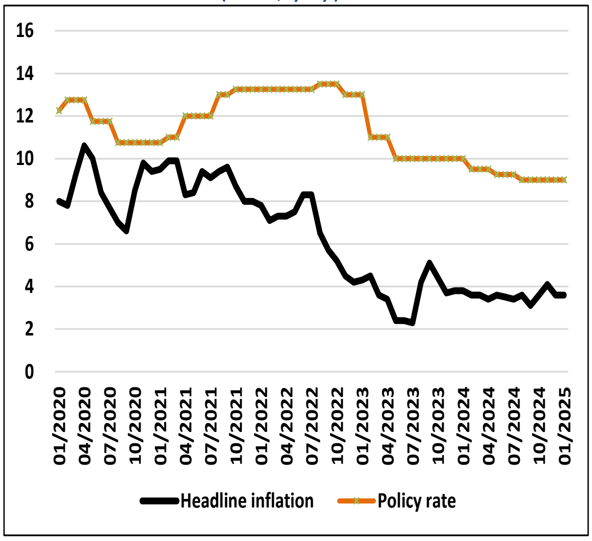
Outlook: Growth is expected to moderate to 6.7% in 2025 and 5.6% in 2026, with fluctuations in remittances from Russia posing a key downside risk. Tajikistan's long-term growth potential lies in its young population, hydropower resources, and opportunities in agriculture and tourism. Sustaining this growth will require structural reforms to improve the business climate, transparency, and financial access.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

Turkmenistan

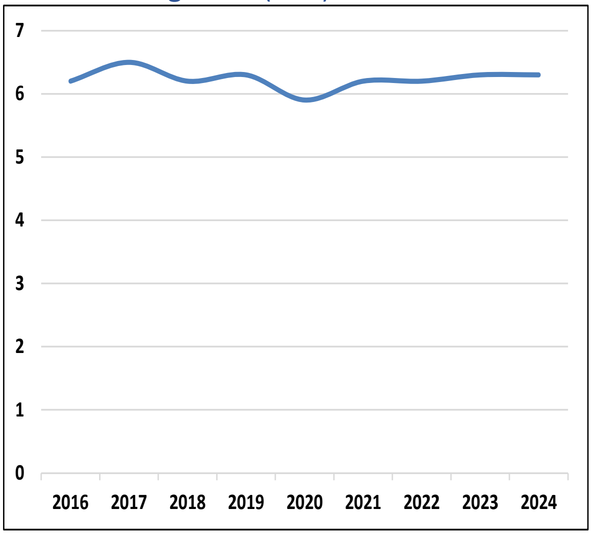
Output: According to official announcements the economy has demonstrated stability, growing by 6.3% for two consecutive years in 2023 and 2024. Investment was one of the major growth drivers, supported by public infrastructure projects, which also spurred expansion in the construction sector. The services sector grew by 7.9%, as higher wages and pensions (increased by 10% in 2024) helped sustain consumption.

Inflation: While there is no official inflation data available, the IMF expected inflation at around 5.0% in 2024.

Trade: Turkmenistan's exports declined by 14.3% in 2024 compared to 2023 mostly due to drop of fuel exports to emerging markets. The share of intra-regional exports to CAREC countries rose to 84.1% of total exports (up from 75.8% in 2023). Imports declined by 4.3% due to a sharp decline in fuel imports from emerging markets, whereas non-fuel commodity imports saw a modest rise. The share of intra-regional imports from CAREC countries decreased to 20.1%. The PRC is the primary export destination for Turkmenistan's natural gas, accounting for over 80% of total exports to the CAREC region and more than 60% of Turkmenistan's total exports. Uzbekistan is the second-largest export destination in the CAREC region, with a share of about 9%.

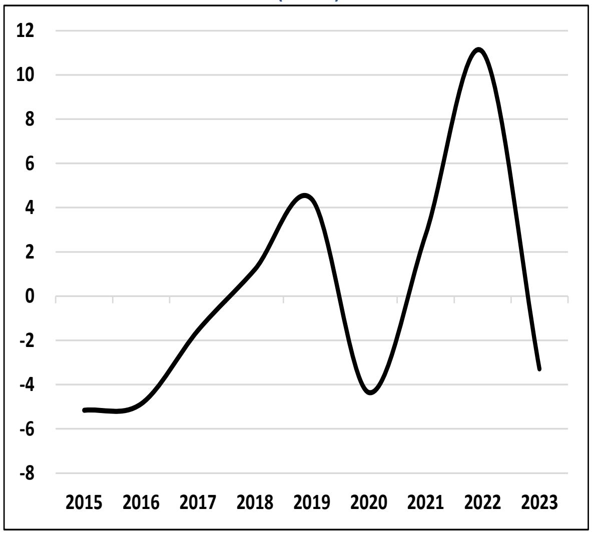
Outlook: Real GDP is forecast to grow at 4.4% in 2025 and 4.1% in 2026, supported by continued investments in energy, infrastructure, agriculture, and food processing. However, Turkmenistan's heavy reliance on hydrocarbons remains a challenge. Important direction of reforms is promotion of diversification through human capital development, institutional reforms, and climate adaptation measures.

Chart A: GDP growth (in %)



Source: CEIC, World Bank, www.business.com.tm.

Chart B: GDP Deflator (in %)



Source: CEIC, World Bank.

Uzbekistan

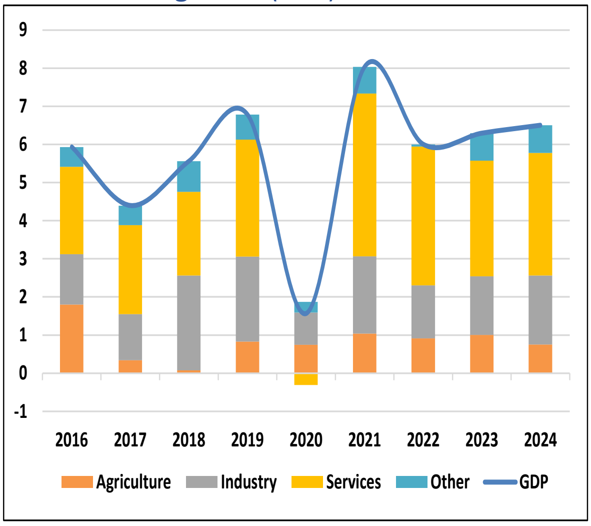
Output: The economy expanded by 6.5% in 2024, driven by acceleration in industry, construction and services. The services sector made the largest contribution of 3.4 percentage points (p.p.) to GDP growth and was supported by increased remittances and tourist arrivals. Despite energy shortages, industrial growth added 1.7 p.p., fueled by a recovery in mining and faster manufacturing output. Infrastructure investments boosted construction, contributing 0.6 p.p.

Inflation: In December 2024, inflation slightly exceeded the Central Bank's revised forecast of 9.5%, though the annual average declined from 10.0% in 2023 to 9.6% in 2024. Soaring energy costs were the primary driver: gas tariffs more than doubled, and electricity prices rose by nearly 70%. The Central Bank aims to reduce inflation to 5–6% over the next five years. Fiscal consolidation continued in 2024, aided by lower energy subsidies following tariff hikes. Additional budgetary savings are planned for 2025 to keep spending in check.

Trade: Imports continue to outpace exports due to demand for capital goods and energy, yet the trade deficit in goods and services fell to 10.6% of GDP (down from 13.5% in 2023). Though gold exports declined in 2024, they remain critical, accounting for 38% of total goods exports. The current account deficit likely narrowed over the past year, thanks to a 30% surge in remittances. Foreign reserves rose to US$42.9 billion in January 2025, partly reflecting higher gold prices.

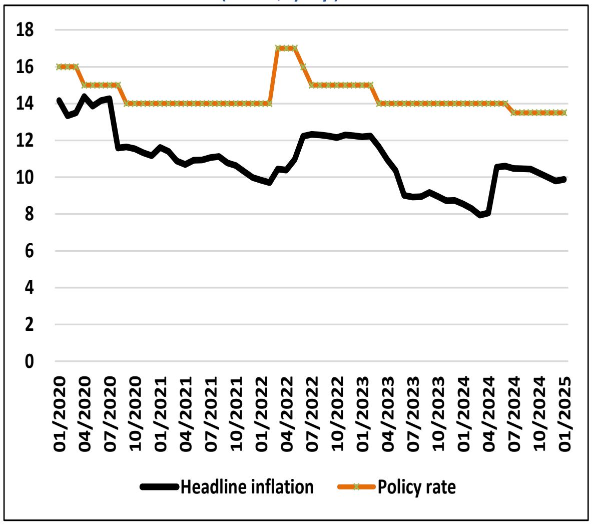
Outlook: Uzbekistan faces challenges such as inflationary pressures, water shortages affecting agriculture, and geopolitical risks dampening remittances. However, opportunities in renewable energy, green finance, and industrial development position it as a key regional investment destination.

Chart A: GDP growth (in %)



Source: CEIC, national agencies, author's calculations.

Chart B: Inflation (in %, yoy)



Source: CEIC, national agencies, author's calculations.

ANNEX II: CAREC COOPERATION INITIATIVES IN THE MEDIA

CAREC governments' cooperation initiatives

Azerbaijani Speaker Sahiba Gafarova visits Georgia, signs Memorandum of Understanding

Date: 2025-03-11

The Speaker of Azerbaijan's National Assembly (Milli Mejlis), Sahiba Gafarova, is on an official visit to Georgia, where she met with her counterpart, the Speaker of the Georgian Dream Parliament, Shalva Papuashvili, on March 10. During the meeting, the two sides signed a Memorandum of Understanding (MoU) aimed at strengthening parliamentary cooperation. … On March 11, Gafarova met with GD PM Irakli Kobakhidze, where discussions focused on the strategic partnership between Georgia and Azerbaijan, joint regional projects, and economic cooperation.

MORE:https://civil.ge/archives/668500

Source: Civil.ge

Free trade regime introduced between Uzbekistan and Turkmenistan

Date: 2025-03-09

The Ministry of Investment, Industry and Trade of Uzbekistan announced the completion of the bilateral implementation of the necessary procedures for the entry into force of the Protocol on exemptions from the free trade regime to the Agreement between the Government of the Republic of Uzbekistan and the Government of Turkmenistan on the main directions of long-term trade and economic cooperation, signed on July 16, 2024 in Tashkent. Thanks to this, a free trade regime was introduced between Uzbekistan and Turkmenistan on February 25, 2025. As a result of the introduction of the regime, customs duties on goods produced in the territory of the two countries have been abolished, with the exception of certain types of products, existing restrictions in mutual trade in goods have been eliminated, and trade procedures have been simplified.

MORE:https://orient.tm/en/post/82344/free-trade-regime-introduced-between-uzbekistan-and-turkmenistan

Source: Orient

Central Bank of Azerbaijan, National Bank of Georgia ink MoU

Date: 2025-03-06

Taleh Kazimov, Chairperson of the Central Bank of Azerbaijan, met with a Georgian delegation led by Natia Turnava, Chairman of the Board of the National Bank of the country. During the meeting, the sides discussed the current state of cooperation between the two institutions and exchanged views on matters of mutual interest. To further strengthen the collaboration, the parties signed a Memorandum of Understanding, marking a crucial step in enhancing the partnership between the central banks and reinforcing the financial sectors of both countries.

MORE:https://azertag.az/en/xeber/central_bank_of_azerbaijan_national_bank_of_georgia_ink_mou-3449043

Source: Azertac

Kyrgyzstan and Kazakhstan to sign cooperation plan for 2025-2027

Date: 2025-02-25

The Chairman of the Cabinet of Ministers of Kyrgyzstan Adylbek Kasymaliev met with the Prime Minister of Kazakhstan Olzhas Bektenov in a narrow format as part of his official visit to Astana. The parties paid special attention to promoting the agreements reached in priority areas of Kyrgyzstan-Kazakhstan cooperation, which were previously identified by the presidents of the two countries. The issues of holding the 7th meeting of the Supreme Interstate Council and the 2nd meeting of the Interregional Forum, signing of a comprehensive cooperation plan between Kyrgyzstan and Kazakhstan for 2025-2027, as well as the current state and future of bilateral cooperation were discussed.

MORE: https://24.kg/english/321011_Kyrgyzstan_and_Kazakhstan_to_sign_cooperation_plan_for_2025-2027/

Source: 24.kg

Kazakhstan, Turkmenistan set to double trade and strengthen ties

Date: 2025-02-04

Kazakhstan and Turkmenistan are strengthening their ties with a renewed commitment to boosting trade, energy, and regional cooperation. Murat Nurtleu congratulated Turkmenistan on the start of the International Year of Peace and Trust, declared by the UN General Assembly at Turkmenistan's initiative. Photo credit: Kazakh Foreign Ministry. Kazakh Deputy Prime Minister and Foreign Minister Murat Nurtleu and Turkmen Deputy Chairman of the Cabinet of Ministers and Foreign Minister Rashid Meredov discussed the prospects of their countries' relationship, focusing on key areas such as politics, trade, energy, transport, and cultural exchanges during an official meeting on Feb. 3. … A major topic was expanding trade, with both sides agreeing to push efforts to reach the goal of $1 billion in trade turnover, doubling the current trade volume, which has consistently exceeded $500 million over the past two years. They also highlighted the significant potential for collaboration in energy and transport, emphasizing the need to explore these areas.

MORE:https://astanatimes.com/2025/02/kazakhstan-turkmenistan-set-to-double-trade-and-strengthen-ties/

Source: Astana Times

CAREC cross-border business activities

Kyrgyzstan and Tajikistan complete work on CASA-1000 project, Afghanistan and Pakistan to complete by 2027

Date: 2025-04-02

According to the Ministry of Energy, construction work on the CASA-1000 project in Tajikistan and Kyrgyzstan was completed in 2025, and the completion of construction in Pakistan is expected in the current year. By 2027, the full completion of construction in Afghanistan and the start of commercial operation of the CASA-1000 project are anticipated. The total cost of the entire project is more than US$1.2 billion, with the construction in the Tajik and Kyrgyz sections of the project amounting to about US$544 million, which constitutes 45.3% of the total project cost. The CASA-1000 project is financed by the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Islamic Development Bank, and other international partners. Green electricity will be exported from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan during the summer months.

MORE:https://asiaplustj.info/en/news/tajikistan/economic/20250402/kyrgyzstan-and-tajikistan-complete-work-on-casa-1000-project-afghanistan-and-pakistan-to-complete-by-2027

Source: Asia-Plus

Uzbekistan and Kazakhstan to expand cooperation in the oil and gas sector

Date: 2025-03-31

A Cooperation Agreement in the oil and gas industry was signed in Almaty, Kazakhstan, between Uzbekneftegaz JSC and KazMunayGas JSC. The document aims to foster a long-term partnership between the two companies, providing for expert-level dialogue, the exchange of experiences, and the joint development of strategic initiatives. As part of the agreement, the parties plan to expand the geographic scope of joint projects, ensure the efficient use of available resources, and enhance the utilization of transport infrastructure.

MORE:https://uza.uz/en/posts/uzbekistan-and-kazakhstan-to-expand-cooperation-in-the-oil-and-gas-sector_703765

Source: UzA

Huawei, AE Power forge partnership to introduce commercial battery energy storage system in Pakistan

Date: 2025-03-27

In a landmark move towards advancing sustainable energy solutions in Pakistan, Huawei and AE Power have officially entered into a strategic partner-ship to bring the LUNA2000-107kwh/167kwh/215kwh Commercial Battery Energy Storage System (BESS) to the local market. The agreement was formalized at

a signing cer-emony attended by Rana Abbas, CEO of AE Power, and Mr Kevin, Technical Sales Director Huawei. The LUNA2000- is Huawei's latest innovation in energy storage, designed to provide efficient, reliable, and scalable energy solutions for commer-cial applications. This cutting-edge BESS is expected to play a pivotal role in enhancing ener-gy security and promoting the adoption of renewable energy sources across Pakistan.
MORE:https://www.nation.com.pk/27-Mar-2025/huawei-ae-power-forge-partnership-to-introduce-commercial-battery-energy-storage-system-in-pakistan
Source: The Nation

Azerbaijan to invest $2b in Pakistan to improve roads infrastructure: NHA head

Date: 2025-03-25
Azerbaijan will invest $2 billion in Pakistan to improve roads infrastructure while Islamic Development Bank has agreed to make investment for the first two sections of Sukkur-Hyderabad (M-6) Motorway. This was disclosed by Chairman National Highway Authority while briefing the Senate Standing Committee on Planning, Development and Special Initiatives. … The briefing covered the allocation status, fund releases, and the progress of ongoing projects.
MORE:https://www.nation.com.pk/25-Mar-2025/azerbaijan-to-invest-dollar-2b-in-pakistan-to-improve-roads-infrastructure-nha-head
Source: The Nation

Kazakhstan is considering participation in the construction of a gas pipeline in Turkmenistan

Date: 2025-03-21
The Kazakh national company QazaqGaz is conducting negotiations with the group of companies "Turkmengaz" regarding the joint implementation of significant energy projects. As reported by LS with reference to the Ministry of Energy of Kazakhstan, the parties are discussing the possibility of participation in the construction of the Turkmenistan–Afghanistan–Pakistan–India (TAPI) main gas pipeline. Furthermore, within the framework of cooperation, the matter of developing Turkmenistan's largest gas field, Galkynysh, is under consideration. The negotiations are aimed at strengthening the partnership between the two countries and developing energy infrastructure in the region.
MORE:https://orient.tm/en/post/82926/kazakhstan-considering-participation-construction-gas-pipeline-turkmenistan
Source: Orient

The 2024 trade turnover between Turkmenistan and Georgia has exceeded $81 million USD

Date: 2025-03-07
According to the National Statistics Office of Georgia (Geostat), the foreign trade volume between Turkmenistan and Georgia reached $81.03 million USD in 2024. The export of Georgian products to Turkmenistan increased by 158% compared to 2023, totaling $22.939 million USD, as reported by Business Georgia. In 2023, this figure stood at $8.888 million USD. The import of Turkmen products to Georgia in 2024 amounted to $58.090 million USD.
MORE:https://orient.tm/en/post/82294/2024-trade-turnover-between-turkmenistan-and-georgia-has-exceeded-81-million-usd
Source: Orient

SOCAR signs quadrilateral document with Kazakh, Russian and Uzbek companies

Date: 2025-03-05
SOCAR, the State Oil Company of Azerbaijan, Kazakhstan's "KazMunayGas, Russia's "Tatneft," and Uzbekistan's “Uzbekneftegaz” have signed quadrilateral and bilateral documents on the sidelines of the international conference on "Digitalization, Industrial Safety, and Procurement in the Energy Sector" held in Baku. … The conference featured panel discussions on issues such as modern emergency response approaches and the importance of joint response teams, open digital solutions for the oil and gas industry, advantages of joint procurement activities and etc.
MORE:https://azertag.az/en/xeber/socar_signs_quadrilateral_document_with_kazakh_russian_and_uzbek_companies-3446503
Source: Azertac

Kazakhstan, Uzbekistan to open four trade corridors

Date: 2025-03-04

Kazakhstan and Uzbekistan plan to enhance their trade relationship with the planned opening of four new trade corridors. This initiative, aimed at increasing bilateral trade turnover, was announced by Bakhtiyor Ibragimov, Uzbekistan's Ambassador to Kazakhstan, during a meeting with entrepreneurs from the Zhetysu Region. … More than 1,000 enterprises with Kazakhstan's capital operate in Uzbekistan, deepening interregional ties between the two countries. In 2024, trade between Kazakhstan and Uzbekistan surpassed $4.2 billion, with Uzbekistan exporting goods worth $1.4 billion to Kazakhstan and importing more than $2.8 billion. In the past five months, Kazakhstan has also supplied 2 million tons of grain to Uzbekistan.

MORE:https://astanatimes.com/2025/03/kazakhstan-uzbekistan-to-open-four-trade-corridors/

Source: Astana Times

Companies of Kazakhstan invested almost $49 million in Kyrgyzstan's economy

Date: 2025-02-25

A meeting of the Chairman of the Cabinet of Ministers of Kyrgyzstan Adylbek Kasymaliev with the Prime Minister of Kazakhstan Olzhas Bektenov took place in Astana in an expanded format. … He emphasized that Kazakhstan is one of the key trading partners of Kyrgyzstan; in recent years, there has been a positive trend in the growth of trade turnover between the countries. For example, in 2024, the trade turnover amounted to $1,340 billion. According to him, the figures inspire a certain amount of optimism. Over the first nine months of 2024, Kazakh companies invested almost $49 million in the economy of Kyrgyzstan. … According to him, at the end of last year, mutual trade indicators increased again and amounted to $1.7 billion. At the same time, the Kazakh side stated that serious work will be carried out to further increase trade and economic cooperation.

MORE:https://24.kg/english/321020_Companies_of_Kazakhstan_invested_almost_49_million_in_Kyrgyzstans_economy/

Source: 24.kg

Azerbaijan, Asian Development Bank discuss cooperation on railway projects

Date: 2025-02-20

Rovshan Rustamov, Chairman of Azerbaijan Railways CJSC (ADY), met with Sunniya Durrani-Jamal, Country Director of the Asian Development Bank (ADB) for Azerbaijan, to discuss cooperation. During the meeting, the sides reviewed projects such as digitalization of the Azerbaijani railway system and restoration of the Sumgayit-Yalama railway line implemented with the support of the ADB, and explored opportunities for collaboration in new areas. The two hailed the fruitful partnership between the two institutions and ADB's support for the development of Azerbaijan's railway infrastructure.

MORE:https://azertag.az/en/xeber/azerbaijan_asian_development_bank_discuss_cooperation_on_railway_projects-3428051

Source: Azertac

Azerbaijan Trade House inaugurated in Pakistan's second largest city Lahore

Date: 2025-02-12

The Azerbaijan Trade House was inaugurated in Lahore, Pakistan's second largest city and the capital of the Punjab province. The inauguration ceremony was attended by diplomats, notable dignitaries, and businessmen. Speaking at the well-attended event, Provincial Finance Minister Mian Mujtaba Shuja-ur-Rehman stated that the initiative would strengthen bilateral trade and cultural ties between Pakistan and Azerbaijan. He reaffirmed the provincial government's commitment to fostering business-friendly policies, promoting trade, and unlocking global investment opportunities. He noted that substantial investments are being made to facilitate industrial growth and improve the ease of doing business across the province.

MORE:https://azertag.az/en/xeber/azerbaijan_trade_house_inaugurated_in_pakistans_second_largest_city_lahore-3415211

Source: Azertac

China’s BYD to launch electric bus production facility in Azerbaijan

Date: 2025-02-06

“China’s BYD Company Limited is set to launch an electric bus production facility in Azerbaijan this year,” Seymur Adigozalov, Chairman of the Board of the Economic Zones Development Agency, announced at a briefing. “The necessary infrastructure for the facility has already been established, and the installation of the production line is expected to begin soon. The total investment in the project will exceed 29 million manat,” Adigozalov stated.

MORE:https://azertag.az/en/xeber/chinas_byd_to_launch_electric_bus_production_facility_in_azerbaijan-3406143

Source: Azertac

CAREC intra-regional economic highlights

China-Pakistan trade surges as Khunjerab Pass opens year-round

Date: 2025-03-28

Following customs clearance, a convoy of 25 domestically manufactured tractor trucks, valued at a total of USD 1.5 million, departed from Khunjerab Pass in Xinjiang, China. These “Made in China” machines will travel along the Karakoram Highway to reach Sost Port in Pakistan, serving as a gateway for distribution along the Belt and Road Initiative (BRI) and to global markets, Gwadar Pro reported on Thursday. Since the beginning of this year, 1,271 vehicles have crossed the border, transporting 12,432 tons of goods valued at over USD 95.26 million, according to local customs data. Located in Tashkurgan Tajik Autonomous County in Kashgar, Khunjerab Pass is the only land border crossing between China and Pakistan. Previously, due to high-altitude conditions and severe winter weather, it operated for only eight months each year.

MORE:https://www.nation.com.pk/28-Mar-2025/china-pakistan-trade-surges-as-khunjerab-pass-opens-year-round

Source: The Nation

Mongolia receives highest number of Chinese tourists in 2024

Date: 2025-03-27

Mongolia received the highest number of Chinese tourists in 2024, with a total of 221,250 visitors, according to official data released by the Mongolian Tourism Organization on Thursday. The Chinese tourists accounted for 30.4 percent of the total international tourist arrivals to Mongolia, the report said, adding that the landlocked Asian country attracted a total of 727,400 foreign visitors at the end of 2024, up 11.9 percent from the 650,000 international guests in the same period of last year. … China has become one of the biggest sources of foreign tourists to Mongolia in 2024, leaving behind Russia and South Korea, according to the report.

MORE:https://english.news.cn/asiapacific/20250327/88e38ffa45544f46a25e65d2d21afbb1/c.html

Source: Xinhua

Kazakhstan increased imports of Turkmen products and expanded exports of several goods

Date: 2025-03-25

In 2024, trade turnover between Kazakhstan and Turkmenistan demonstrated positive dynamics across several key sectors, as reported by LS. A particularly notable increase was observed in imports from Turkmenistan, which nearly doubled, reaching 144.3 thousand tonnes. In monetary terms, the volume of supplies grew by 32.8%, amounting to $220.7 million. Among the most sought-after goods from Turkmenistan was natural gas, the volume of which increased by 1.5 times, totaling 608.3 million cubic meters. … Kazakhstan's exports also showed growth in a number of categories. Exports of potatoes to Turkmenistan increased by 2.2 times (18.5 thousand tonnes), and instant coffee exports rose by 1.5 times (993 tonnes). …

MORE:https://orient.tm/en/post/83057/kazakhstan-increased-imports-turkmen-products-and-expanded-exports-several-goods

Source: Orient

Kyrgyzstan and China intend to increase trade turnover to $45 billion by 2030

Date: 2025-03-17

Deputy Chairman of the Cabinet of Ministers of Kyrgyzstan Bakyt Torobaev met in Urumqi with Ma Xingrui, member of the Politburo of the Central Committee of the Communist Party of China and Secretary of the Party Committee of the Xinjiang Uyghur Autonomous Region. During the meeting, the parties particularly noted that during the state visit of President Sadyr Japarov to China in February of this year, more than 20 bilateral documents were signed and important cooperation agreements were reached during a meeting with PRC Chairman Xi Jinping. In particular, the issue of intensifying work to increase the volume of trade between the Kyrgyz Republic and China to $45 billion by 2030 was considered.

MORE:https://24.kg/english/323008_Kyrgyzstan_and_China_intend_to_increase_trade_turnover_to_45_billion_by_2030/

Source: 24.kg

Trade turnover between Uzbekistan and Afghanistan will reach $3 billion

Date: 2025-03-04

The Minister of Investment, Industry and Trade of the Republic of Uzbekistan, Laziz Kudratov, met with a delegation led by the Minister of Commerce and Industry of Afghanistan, Nooruddin Azizi, at the Termez International Trade Centre. The development of trade-economic cooperation was discussed, and measures to increase trade turnover between the two countries to $3 billion were identified. The parties analyzed methods for the development of industrial cooperation by establishing collaboration in the agriculture, textile, pharmaceutical, food, and mining industries. B2B negotiations were held with the participation of 60 entrepreneurs from each side, and agreements were reached on the implementation of joint projects.

MORE:https://uza.uz/en/posts/trade-turnover-between-uzbekistan-and-afghanistan-will-reach-3-billion_694279

Source: UzA

Pakistan, Uzbekistan set $1 billion trade target: Uzbek envoy

Date: 2025-03-02

Ambassador of the Republic of Uzbekistan to Pakistan, Alisher Tukhtaev says Pakistan and Uzbekistan are committed to achieve target of the bilateral trade volume worth one billion dollar. Talking to Uzbek media, he said both the countries were actively working on joint measures aimed at further increasing the volume of mutual trade. The ambassador said specific measures were being taken to expand the export and import structure of food, textile, and electrical products. … He said at the same time, Pakistan's potential in the pharmaceutical, textile, construction materials, and information technology sectors is also of great importance for the Uzbek market.

MORE:https://www.nation.com.pk/02-Mar-2025/pakistan-uzbekistan-set-dollar-1-billion-trade-target-uzbek-envoy

Source: The Nation

Azerbaijan-Georgia trade turnover surpasses $1.3 billion

Date: 2025-02-12

Chairman of the Economic Policy, Industry, and Trade Committee of the Milli Majlis, Azer Amiraslanov, met with Chairman of the Economy and Economic Policy Committee of the Georgian Parliament, Shota Berekiashvili, in Tbilisi. The meeting focused on strengthening the strategic partnership between Azerbaijan and Georgia. The discussion highlighted the significance of the transport corridor and its transit potential, emphasizing the need to maximize these opportunities for deeper cooperation. They noted that trade turnover between the two countries has exceeded $1.3 billion, with $780 million attributed to exports between Azerbaijan and Georgia. Both sides reaffirmed their commitment to further expanding trade volume.

MORE:https://azertag.az/en/xeber/azerbaijan_georgia_trade_turnover_surpasses_13_billion-3415483

Source: Azertac

ANNEX III: CAREC GREENING AND CLIMATE ADAPTATION INITIATIVES IN THE MEDIA

Samarkand Climate Summit: Central Asia seeks ways to sustainable development

Date: 2025-04-05

On 4 April 2025, the international First Climate Forum "Central Asia in the Face of Global Climate Challenges: Consolidation for Common Prosperity" was held in Samarkand. The forum was chaired by President of Uzbekistan Shavkat Mirziyoyev. … In accordance with the agenda, the current climate challenges facing Central Asia were discussed, issues of environmental sustainability, green economic development and regional cooperation in combating climate change were considered. … The Government has adopted a Roadmap for Turkmenistan's international cooperation with foreign countries and international organizations to reduce methane emissions into the atmosphere. … Uzbekistan plans to increase the share of energy obtained from renewable energy sources to 54%. … Kazakhstan will create an International Fund for Biodiversity. … Kyrgyzstan proposes steps to expand access to climate finance. … Tajikistan: glacier conservation and development of "green" energy are the key to the region's climate sustainability

MORE:https://www.newscentralasia.net/2025/04/05/samarkand-climate-summit-central-asia-seeks-ways-to-sustainable-development/

Source: News Central Asia

Azerbaijan, Kazakhstan, Uzbekistan to cooperate with ADB and AIIB on Caspian Green Energy Corridor

Date: 2025-04-04

A signing ceremony of a Memorandum of Understanding between the Ministry of Energy of the Republic of Azerbaijan, the Ministry of Energy of the Republic of Kazakhstan, the Ministry of Energy of the Republic of Uzbekistan and the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) was held during the 11th Southern Gas Corridor Advisory Council Ministerial Meeting and the 3rd Green Energy Advisory Council Ministerial Meeting in Baku. Representatives of ADB and AIIB joined the energy ministers of Azerbaijan, Kazakhstan, and Uzbekistan in signing the document. This memorandum envisions cooperation between Azerbaijan, Kazakhstan, and Uzbekistan to support the first stage of the feasibility study for the "Caspian Green Energy Corridor" project. … The Agreement between the governments of the Republic of Azerbaijan, the Republic of Kazakhstan, and the Republic of Uzbekistan on Strategic Partnership in the Development and Transmission of Green Energy was signed by the leaders of the three countries on November 13, 2024, at the COP29 climate conference.

MORE:https://azertag.az/en/xeber/azerbaijan_kazakhstan_uzbekistan_to_cooperate_with_adb_and_aiib_on_caspian_green_energy_corridor-3488143

Source: Azertac

Climate change caused temperatures in Kyrgyzstan to rise at twice global average

Date: 2025-03-26

Climate change has caused temperatures in the Kyrgyz Republic to rise at twice the global average, exacerbating water stress and the risk of natural disasters. A new Atlas of Environmental Change launched by the UN Environment Programme (UNEP) says. … Thus, according to UNEP, since 2000, forest cover has increased from 6.2 percent to 6.9 percent of the Kyrgyz Republic due to afforestation. In 2000, protected areas made up only 0.5 million hectares of the country, but this increased to 1.5 million hectares by 2023. By 2040, protected areas are planned to cover as much as 10 percent of the country.

MORE:https://24.kg/english/324039_Climate_change_caused_temperatures_in_Kyrgyzstan_to_rise_at_twice_global_average/

Source: 24.kg

Pakistan's first PKR-denominated Green Bond launched to accelerate climate finance

Date: 2025-03-23

In a groundbreaking move for Pakistan's sustainability-focused financial sector, Parwaaz Financial Services Limited (PFSL), a subsidiary of Karandaaz Pakistan, has launched the country's first-ever PKR-denominated Green Bond under the Parwaaz Green Action Bond initiative. The bond, which is also the first ever Green

Bond to be listed on the Pakistan Stock Exchange (PSX), aims to mobilise capital for environmentally sustainable projects and strengthen Pakistan's green investment ecosystem. … At the launch, Muhammad Aurangzeb, Federal Minister for Finance and Revenue, underscored its importance: "Pakistan's economic resilience depends on our ability to embrace sustainability in finance. The launch of this Green Bond is a testament to our commitment to fostering an investment-friendly environment for climate initiatives. This initiative not only aligns with the transformation of Pakistan's financial sector but also paves the way for attracting green investments at scale."
MORE:https://www.nation.com.pk/23-Mar-2025/pakistan-s-first-pkr-denominated-green-bond-launched-to-accelerate-climate-finance/
Source: The Nation

China to build waste-to-energy power plant in Osh city

Date: 2025-03-04
China will build a waste-to-energy power plant in Osh. The press service of the City Hall of Osh reported. As noted, following the directive of President Sadyr Japarov, the mayor of the city, Zhenishbek Toktorbaev, and his deputy, Sonunbek Zhunusbaev, signed a framework agreement during a working trip to Changsha, Hunan Province, China, for the construction of an eco-technological waste processing plant to generate electricity in Osh. They visited the site and familiarized themselves with the operations of Hunan Junxin Huanbao KG Invest LLC. A feasibility study for the project is currently being developed. Construction will begin in the coming months.
MORE:https://24.kg/english/321638_China_to_build_waste-to-energy_power_plant_in_Osh_city/
Source: 24.kg

The Danghara - Guliston road will become the first "green corridor" in Tajikistan

Date: 2025-02-26
In Tajikistan, the rehabilitation of the Danghara - Guliston road will begin with financial support from the Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD), the press center of the Ministry of Transport (MoT) reports. The implementation of the project will begin in March 2025 and is expected to be completed by 2030. A contract for the works was signed on February 24, 2025, between the Ministry of Transport of Tajikistan and the Chinese company, Hunan Road and Bridge Construction Group. The ADB on October 23, 2024 approved a US$86.67 million grant to help Tajikistan further improve national road connectivity by developing a demonstration green corridor in the country. … A green road corridor is a network of land that connects natural areas, such as parks, forests, and nature reserves, which have been separated by human development. Green corridors can be natural, semi-natural, or artificial, and are also known as ecological corridors or biodiversity corridors.
MORE:https://asiaplustj.info/en/news/tajikistan/economic/20250226/the-danghara-guliston-road-will-become-the-first-green-corridor-in-tajikistan
Source: Asia-Plus

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

20th & 21st Floor, Commercial Building Block 8, Vanke Metropolitan,
No.66 Longteng Road, Shuimogou District, Urumqi, Xinjiang, PRC

f: +86-991-8891151

km@carecinstitute.org

LinkedIn

www.carecinstitute.org