



**CAREC Institute**

# **Quarterly Economic Monitor**

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July 2025**

*No. 17*



**CAREC Institute**

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**July 2025**

## Disclaimer

This 17<sup>th</sup> 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 of the CAREC Institute.<sup>1</sup>

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## Abbreviations

|       |  |
|-------|--|
| ADB   | Asian Development Bank                     |
| ADO   | Asian Development Outlook                  |
| ASEAN | Association of Southeast Asian Nations     |
| CAREC | Central Asia Regional Economic Cooperation |
| CIF   | Cost Insurance and Freight                 |
| 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                |
| 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                     |
| WTO   | World Trade Organization                   |
| yoy   | year-on-year                               |

## Robust economic performance in the first half of 2025, with potentially some cooling of ahead as global uncertainty remains high

*Driven by services, partially by manufacturing, GDP growth further accelerated in most CAREC economies in the first quarter of 2025 from the already strong growth of 2024. As indicated by retail sale figures, especially household consumption supported this growth. Industrial production results were more mixed, and divergent between countries, partially affected by ongoing volatility in mining. 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 of this Quarterly Economic Monitor (QEM) sheds light on macroeconomic developments by individual countries.*

*Inflation continued to accelerate in the majority of the CAREC economies to some extent, but not in all. In the second quarter of 2025, monetary policy was not further tightened even in countries where inflation rates increased, in some countries monetary policy was eased. Growth in broad money supply slightly slowed but has generally remained high. Banks continued their strong expansion of loans to individuals, much more than the loans to corporates, only moderately reducing the speed. Despite USD weakness, several CAREC currencies slightly depreciated against the USD in 2025, others somewhat appreciated. All CAREC currencies depreciated against RUB and EUR between December 2024 and June 2025, most also slightly against the RMB. Adjusting for inflation, most CAREC currencies depreciated against the RUB and the EUR but appreciated against the RMB.*

*Exports of commodity exporters - other than gold - mostly contracted in the first half of 2025 due to lower export prices, exports of others continued to grow at various speeds. The CAREC economies' import performance remained quite volatile and dependent on specific products and periods. However, in recent years some countries have embarked more decisively on policies aimed at diversifying their economies and expanding industrial output, particularly in sectors like metallurgy, chemical products, textiles, and electronics, and thus trade within specific sectors has become more important.*

*Excursion I of this QEM discusses the trade features of the CAREC region in more detail, particularly intra-industry trade. The topic of Excursion II, emission trading schemes, will also have a substantial impact on regional trade: The EU's Carbon Border Adjustment Mechanism (CBAM) will conclude its transition period on 1 January 2026 by effectively imposing a tax on the embedded carbon of imported products. This highlights the growing importance of carbon pricing not only for decarbonization but also for the region's foreign trade.*

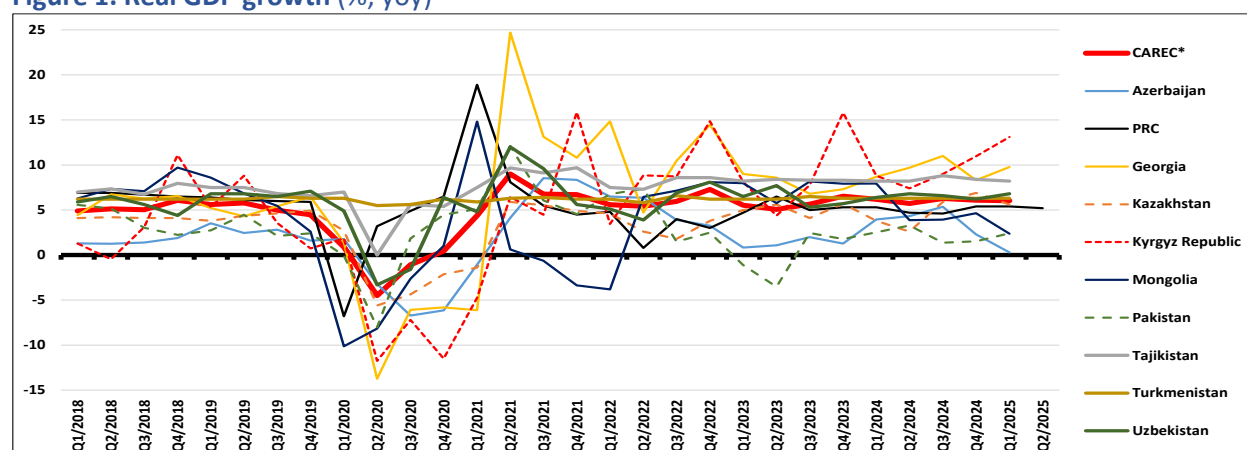
*Excursion III discusses the China-Central Asia summit which is likely to further enhance regional cooperation. CAREC economic cooperation is the core mandate of the CAREC Institute. Cooperation initiatives are also summarized in Annex II. Annex III gives an overview over greening initiatives in the region.*

## Continued high real GDP growth - driven especially by services, but manufacturing also grew decently.

**CAREC real GDP growth remained high in the first quarter of 2025.** Growth reached 6.0% yoy on average in the region, only marginally down from an estimated 6.1% in Q4 2024 and 6.3% yoy in Q3 2024 (Figure 1, Table 1). The Kyrgyz Republic, Georgia, and Tajikistan recorded outstandingly high growth rates of 13.1%, 9.8%, and 8.2% yoy, respectively, after 11.0%, 8.3%, and 8.4% in Q4 2024. Uzbekistan's growth accelerated to 6.8% yoy in Q1 2025 from 6.2% yoy in Q4 2024, Pakistan's to 2.4% yoy from 1.5% yoy. Turkmenistan recorded growth of 6.3% yoy, the same growth rate achieved since Q4 2023. Kazakhstan's growth turned out to be 5.6% yoy, somewhat below the 6.9% of Q4 2024, but still relatively high.

Mongolia's growth decelerated 2.4% yoy in Q1 2025 from 4.7% in Q4 2024, and Azerbaijan's to 0.3% yoy from 2.3% yoy. The PRC's growth rate was 5.4% yoy in Q1 2025 after same 5.4% also in Q4 2024, followed by a slight deceleration to 5.2% yoy in Q2 2025.

**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.

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

|              | 2015<br>-19 | 2020 | 2021 | 2022  | 2023 | 2024 | 2025<br>Q1 | 2025F                         | 2026F | 2025F |     |     | 2026F |     |     |
|--------------|-------------|------|------|-------|------|------|------------|-------------------------------|-------|-------|-----|-----|-------|-----|-----|
|              |             |      |      |       |      |      |            | Average<br>ADB, IMF<br>and WB |       | ADB   | IMF | WB  | ADB   | IMF | WB  |
| Afghanistan  | 1.9         | -2.4 | -2.1 | -20.7 | -6.2 | 2.3  |            | 2.4                           | 2.3   | 2.6   |     | 2.2 | 2.2   |     | 2.4 |
| Azerbaijan   | 0.8         | -4.3 | 5.6  | 4.6   | 1.1  | 4.1  | 0.3        | 3.2                           | 2.7   | 3.4   | 3.5 | 2.6 | 3.3   | 2.5 | 2.4 |
| PRC          | 6.7         | 2.3  | 8.6  | 3.1   | 5.4  | 5.0  | 5.4        | 4.7                           | 4.2   | 4.7   | 4.8 | 4.5 | 4.3   | 4.2 | 4.0 |
| Georgia      | 4.0         | -6.3 | 10.6 | 11.0  | 7.8  | 9.4  | 9.8        | 5.8                           | 5.0   | 6.0   | 6.0 | 5.5 | 5.0   | 5.0 | 5.0 |
| Kazakhstan   | 2.5         | -2.5 | 4.3  | 3.2   | 5.1  | 4.8  | 5.6        | 4.9                           | 4.1   | 5.1   | 5.0 | 4.5 | 4.3   | 4.3 | 3.6 |
| Kyrgyz R.    | 4.2         | -7.1 | 5.5  | 9.0   | 9.0  | 9.0  | 13.        | 7.4                           | 6.5   | 8.5   | 6.8 | 6.8 | 8.6   | 5.3 | 5.5 |
| Mongolia     | 3.9         | -4.6 | 1.6  | 5.0   | 7.4  | 4.9  | 2.4        | 6.3                           | 5.7   | 6.6   | 6.0 | 6.3 | 5.9   | 5.9 | 5.2 |
| Pakistan*    | 3.8         | -0.9 | 5.8  | 6.2   | -0.2 | 2.5  | 2.4        | 2.6                           | 3.2   | 2.5   | 2.7 | 2.7 | 3.0   | 3.6 | 3.1 |
| Tajikistan   | 6.9         | 4.5  | 9.2  | 8.0   | 8.3  | 8.4  | 8.2        | 7.0                           | 5.6   | 7.4   | 6.7 | 7.0 | 6.8   | 5.0 | 4.9 |
| Turkmenistan | 6.3         | 5.9  | 5.0  | 6.2   | 6.3  | 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  | 6.8        | 6.1                           | 6.1   | 6.6   | 5.9 | 5.9 | 6.7   | 5.8 | 5.9 |
| CAREC avg.   | 4.3         | -1.3 | 5.6  | 3.8   | 4.6  | 5.7  | 6.0        | 5.0                           | 4.5   | 5.4   | 5.0 | 4.8 | 5.1   | 4.4 | 4.2 |

\*The column labeled 2020 refers to FY2019/20, 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 and July update forecasts), IMF (WEO, April 2025 and July update forecasts), WB (GEP, June 2025 forecasts).

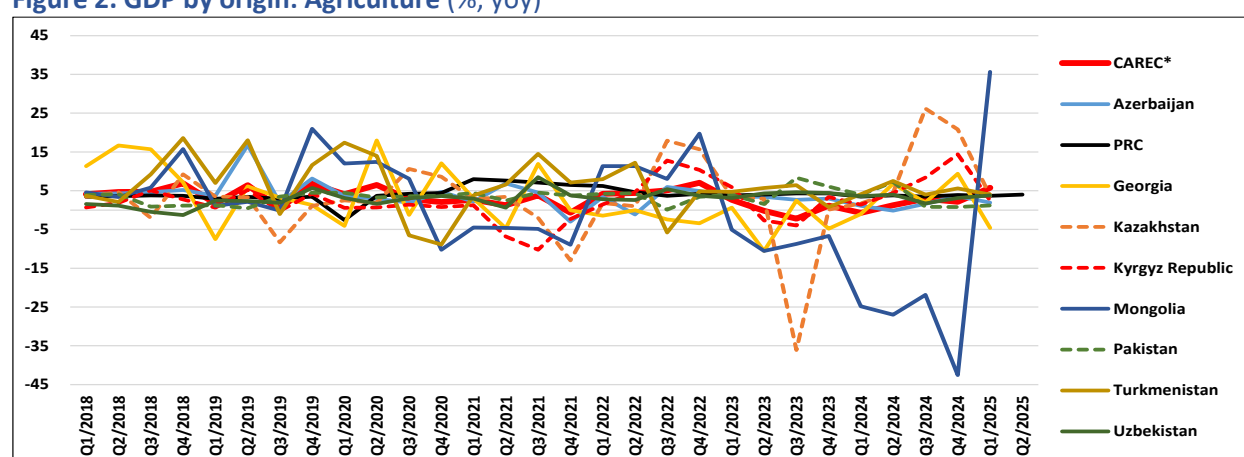
**The international financial institutions ADB/IMF/WB expect some deceleration of growth.** However, it is expected to remain at still solid 5% yoy in 2025 and 4.5% yoy in 2026 for the CAREC region on average according to their forecasts, admittedly under high forecast risks due to global uncertainty (Table 1). For Mongolia and Pakistan they envisage an acceleration compared to 2024 in 2025 and 2026, for Afghanistan and Kazakhstan in 2025.



**GDP growth continued to be driven predominantly by services in Q1 2025, but manufacturing grew in line with GDP.** While growth in overall GDP was 5.6% yoy on average in CAREC, growth in services was 7.6% and the same 5.6% yoy in manufacturing. Agriculture grew 5.8% yoy, but net of Mongolia's high jump only by 2.0% yoy. Growth in mining reached a moderate 1.0% yoy.

**Growth in agriculture somewhat slowed in early 2025 compared to late 2024, net of Mongolia.** It turned out to be 2.0% yoy, down from 7.7% in Q4 2024 (Figure 2). Mongolia's value added generation in agriculture soared by 35.6% yoy at constant prices in Q1 2025 after a sharp contraction all last year because of a "dzud" (heavy snowfall) in the winter of 2024 that caused the death of more than 5 million livestock animals<sup>2</sup>. Most other CAREC economies reached growth rates of between 1.2% (Pakistan) and 4.0% (Turkmenistan, and in Q2 also the PRC). Except for Uzbekistan and Pakistan this was lower than in Q4 2024. Georgia saw a 4.6% yoy contraction in its agriculture value added after relatively high growth rates in the three quarters before.

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



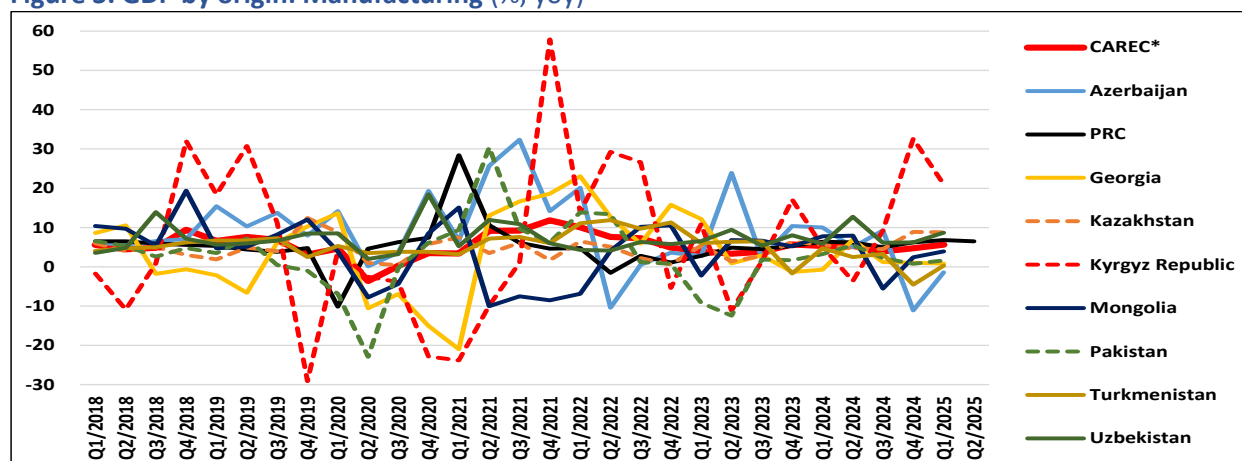
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Growth in manufacturing mostly accelerated in Q1 2025.** Average CAREC growth in manufacturing value added reached 5.6% yoy at constant prices in Q1 2025 after 4.7% yoy in Q4 2024 (Figure 3). Excluding the Kyrgyz Republic it was 3.7% yoy, accelerating from 1.2% in Q4 2024. Particularly thanks to strong production of food and non-metallic minerals such as sand, gravel, limestone the Kyrgyz Republic recorded an impressive growth rate of 21.0% yoy in Q1 2025 after an estimated rate of 32.6% yoy also in Q4 2024. Uzbekistan's growth accelerated to 8.7% yoy in Q1 2025 from 6.2% in Q4 2024, Mongolia's to 3.9% yoy from 2.4%, Pakistan's to 1.6% yoy from 0.8%. Readings for Turkmenistan turned out at 0.3% after minus 4.5% in Q4 2024, for Azerbaijan at minus 1.4% yoy after minus 11.4% yoy in Q4 2024. The PRC reached growth rates of 6.8% yoy in Q1 2025 and 6.5% yoy in Q2 2025, after 6.2% yoy in Q4 2024. Georgia saw a deceleration to 0.8% from 1.1% yoy in Q4 2024, Kazakhstan a marginal one to 8.8% from a high rate of 8.9% in Q4 2024.

<sup>2</sup> <https://mongolia.gogo.mn/r/oljgd>

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

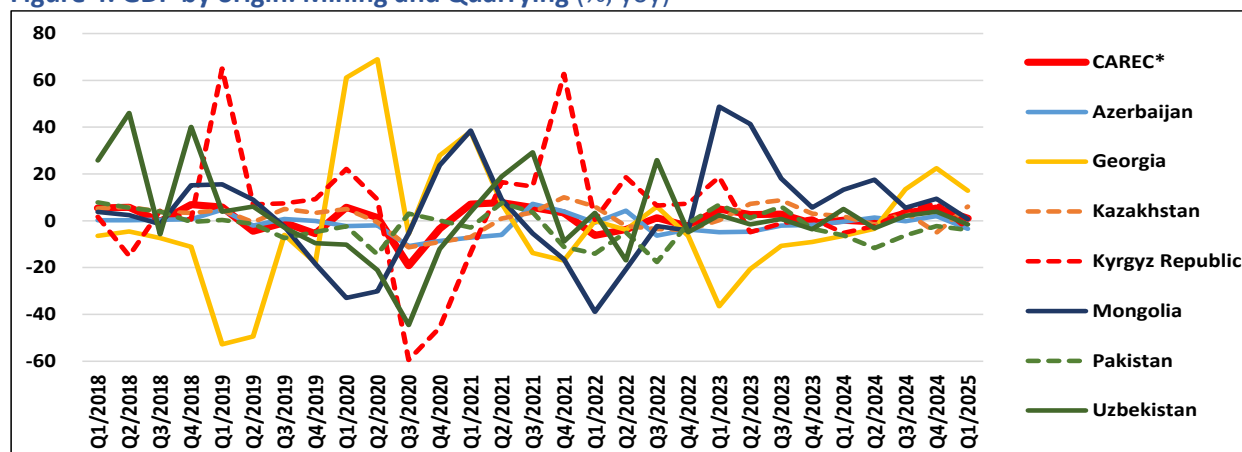


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Results in mining<sup>3</sup> have remained highly mixed.** In Kazakhstan constant price value added growth in mining recovered to 6.1% yoy in Q1 2025 from minus 5.1% yoy in Q4 2024 (Figure 4). At the same time, Mongolia's mining growth decelerated to 0.8% yoy in Q1 2025 from 9.5% in Q4 2024, Uzbekistan's to minus 1.5% yoy from +3.8%, Azerbaijan's to minus 3.4% yoy from +2.0%, and the Kyrgyz Republic's to minus 3.6% from +7.5%. Pakistan's mining value added contracted the sixth quarter in a row. However, Georgia's mining continued to recover and grew 12.9% yoy in Q1 2025 after 22.5% in Q4 2024, partially offsetting the severe contractions since 2023.

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



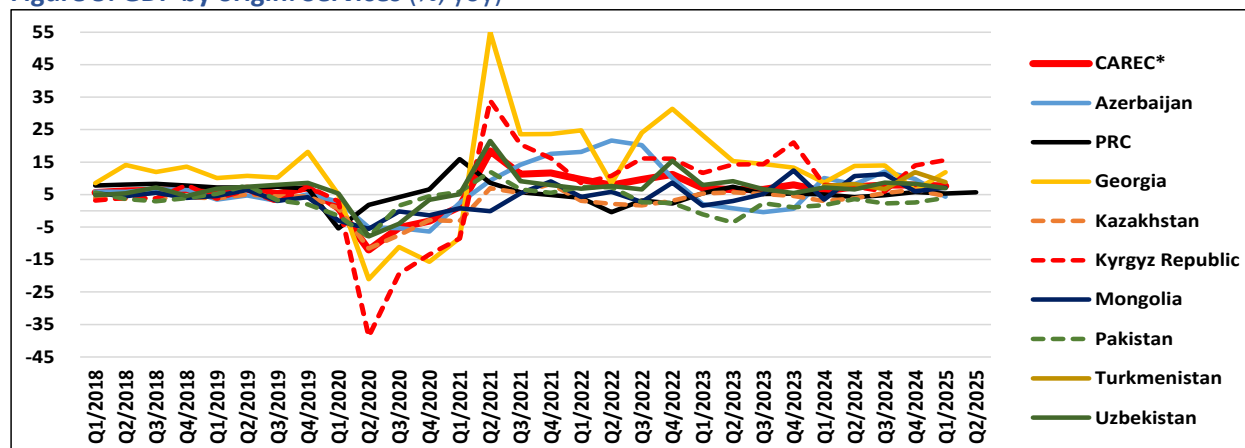
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Services continued to be the most dynamic element of GDP growth in the CAREC region.** Average CAREC growth in services' value added was 7.6% yoy at constant prices in Q1 2025, only marginally down from 7.9% yoy in Q4 2024 (Figure 5). Growth in the Kyrgyz Republic reached 15.6% yoy after an estimated 14.0% in Q4 2024, and in Georgia 11.9% after 6.3% yoy in Q4 2024. Mongolia achieved an acceleration to 7.1% yoy from 6.0%, Pakistan to 4.0% yoy from 2.6%. Turkmenistan, Uzbekistan, and Azerbaijan saw some slowdown, from very high rates though: growth turned out at 8.8%, 7.0%, and 4.3%, respectively, after 11.9%, 8.3%, and 9.8% in Q4 2024.

<sup>3</sup> Mining includes oil and gas extraction.

Figure 5. GDP by origin: Services (% , yoy)



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

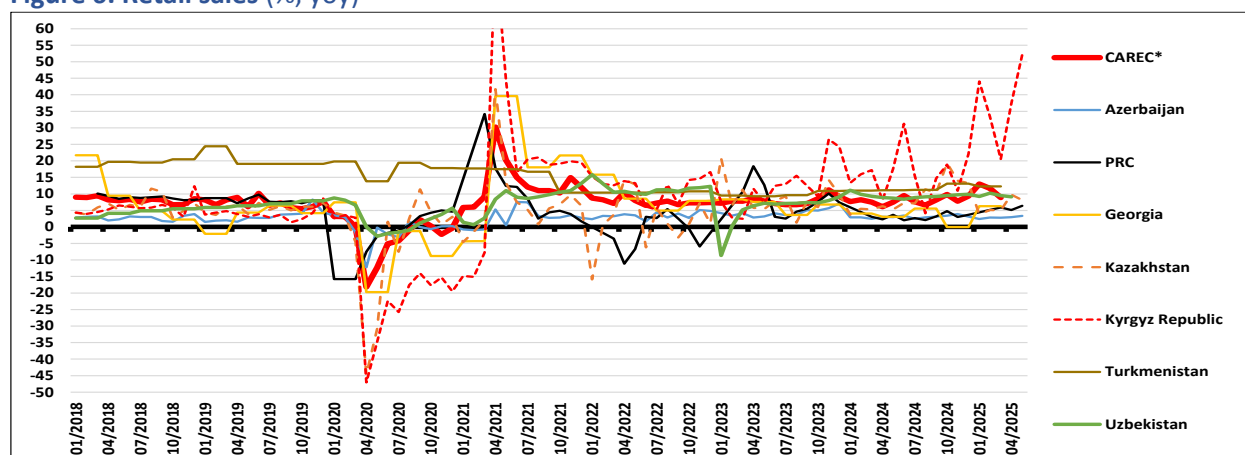
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Growth in retail sales remained solid in the first half of 2025, and generally also growth in industrial production, with significant differences between countries though**

**Net of the Kyrgyz Republic's exceptionally high rates, growth in retail sales slowed in Jan-May 2025, very moderately though.** Retail sales grew 6.9% yoy at constant prices on average in the CAREC region in Jan-March 2025 after 7.6% yoy in Oct-Dec 2024, excluding the Kyrgyz Republic (Figure 6). For the countries with data availability growth then slightly eased to 6.7% yoy in April-May 2025. Growth in the Kyrgyz Republic averaged 32.7% yoy in Jan-March 2025 and 44.7% yoy in April-May 2025, up from 12.6% yoy in Oct-Dec 2024. Turkmenistan had still double-digit growth of 12.3% yoy in Jan-March 2025 after 13.1% yoy in Oct-Dec 2024. Uzbekistan's growth reached 9.6% yoy and 9.1% in the two periods, respectively, only marginally down from 9.7% yoy in Oct-Dec 2024. Georgia's growth recovered to 6.3% yoy in Jan-March 2025 from a flat reading of 0.0% in Oct-Dec 2024. The PRC achieved an acceleration to 5.9% in Jan-March 2025 and 5.8% yoy in April-May 2025 from 3.8% yoy in Oct-Dec 2024. Kazakhstan had growth of 4.6% in Jan-March 2025 and 9.0% yoy in April-May 2025 after 15.5% in Oct-Dec 2024, and Azerbaijan growth of 2.7% in Jan-March 2025 and 3.2% yoy in April-May 2025 after 3.5% yoy in Oct-Dec 2024.

Figure 6. Retail sales (% , yoy)

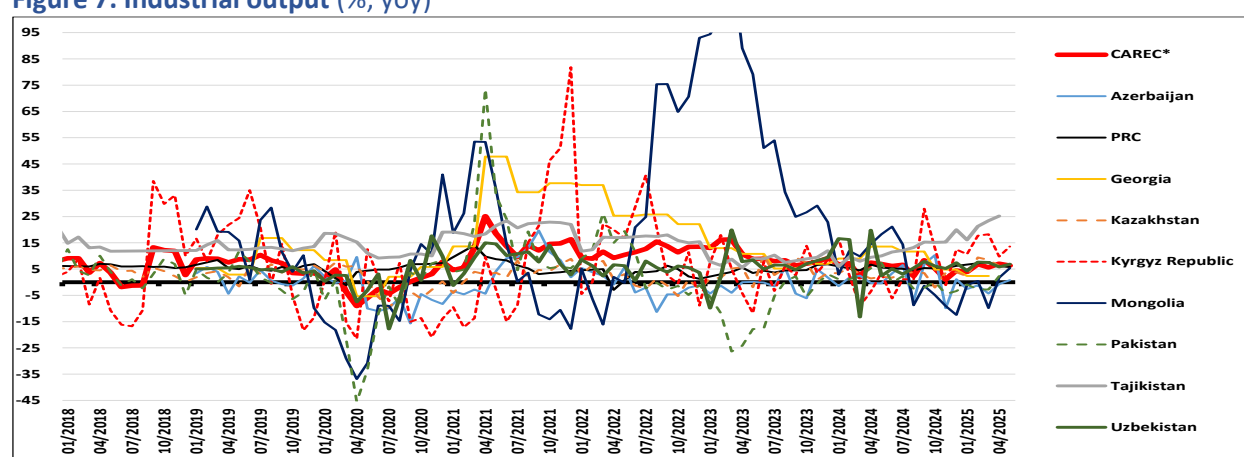


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Results for industrial output were very high for some countries, still strong for others, and somewhat weaker but recovering for the rest.** On average in CAREC growth in industrial output<sup>4</sup> turned out to be 5.6% yoy in Jan-March 2025 and for the countries with data availability at 7.6% yoy in April-May 2025, up from 3.6% yoy in Oct-Dec 2024 (Figure 7). Tajikistan and the Kyrgyz Republic had particularly high growth rates of 20.3% and 15.6% yoy, respectively, in Jan-March 2025, then 11.7% yoy in April-May 2025 for the Kyrgyz Republic and 25.2% for Tajikistan in April. This was an acceleration from 16.8% in Tajikistan in Oct-Dec 2024, and from 8.1% yoy in the Kyrgyz Republic. The PRC, Kazakhstan, and Uzbekistan also achieved high rates of 7.7%, 6.7%, and 6.5% yoy, respectively, in Jan-March 2025, after 5.6%, 1.8%, and 6.3% yoy in Oct-Dec 2024. In April-May 2025 they saw growth rates of 6.0%, 6.0%, and 6.3%. Industrial output growth was less strong in other countries, with Georgia recording growth of 2.4% yoy in Jan-March 2025 after 4.8% yoy in Oct-Dec 2024, Pakistan minus 2.1% after minus 2.6% yoy, Azerbaijan minus 2.7% after +0.5%, and Mongolia minus 3.5% after minus 8.8%. However, growth recovered to plus 2.3% yoy in Pakistan in April 2025, to plus 0.1% in Azerbaijan in April-May 2025, and to plus 3.5% yoy in Mongolia.

**Figure 7. Industrial output (% yoy)**



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

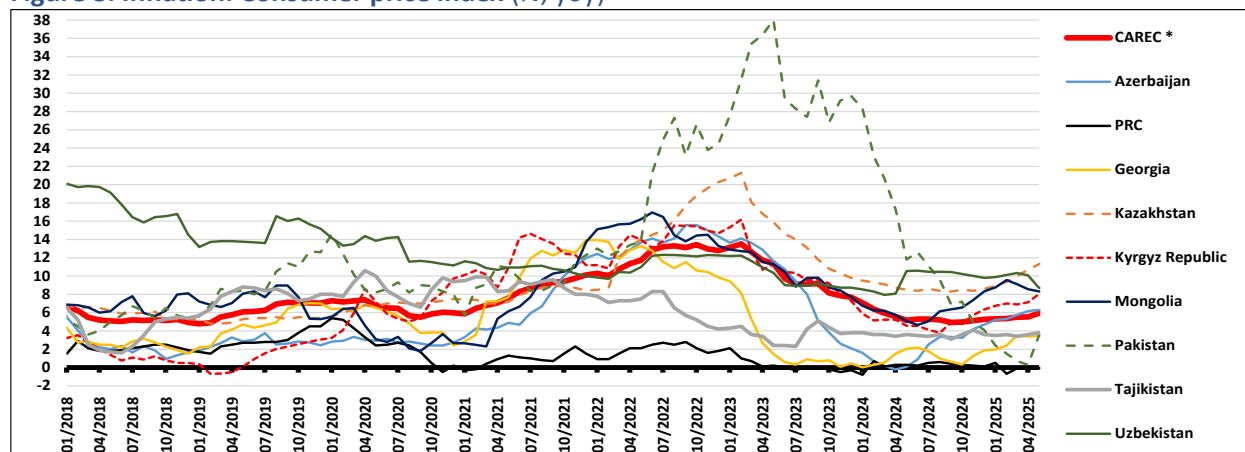
Source: CEIC, authors' calculations.

**In most CAREC countries inflation accelerated in Q2 2025 though in some it has eased.**

**Average CAREC annual consumer price inflation turned out at 6.3% in June 2025, one percentage point higher than in December 2024, and 0.7 percentage points higher than in March 2025.** Pakistan, Kazakhstan, the Kyrgyz Republic, Georgia, Azerbaijan, and the PRC all recorded higher inflation rates in June 2025 than in March 2025 (Figure 8). Kazakhstan, Georgia, the Kyrgyz Republic, and Azerbaijan had also higher inflation in June than in December 2024. However, Tajikistan, Uzbekistan, and Mongolia had lower inflation rates in June 2025 than both in March 2025 and in December 2024, Pakistan a lower inflation rate than in December 2024. In Kazakhstan the inflation reached a reading of 11.8% in June 2025 as a result, in Uzbekistan, Mongolia, and the Kyrgyz Republic inflation came in between 8% and 9%. Azerbaijan's inflation was 6.0% in June 2025, Georgia's 4.0%, and Pakistan's 3.2%. The PRC had an inflation rate of 0.1% in June, up from a low of minus 0.7% in February 2025.

<sup>4</sup> Developments in industrial output reflect growth both in manufacturing and in mining.

**Figure 8. Inflation: Consumer price index (% , yoy)**

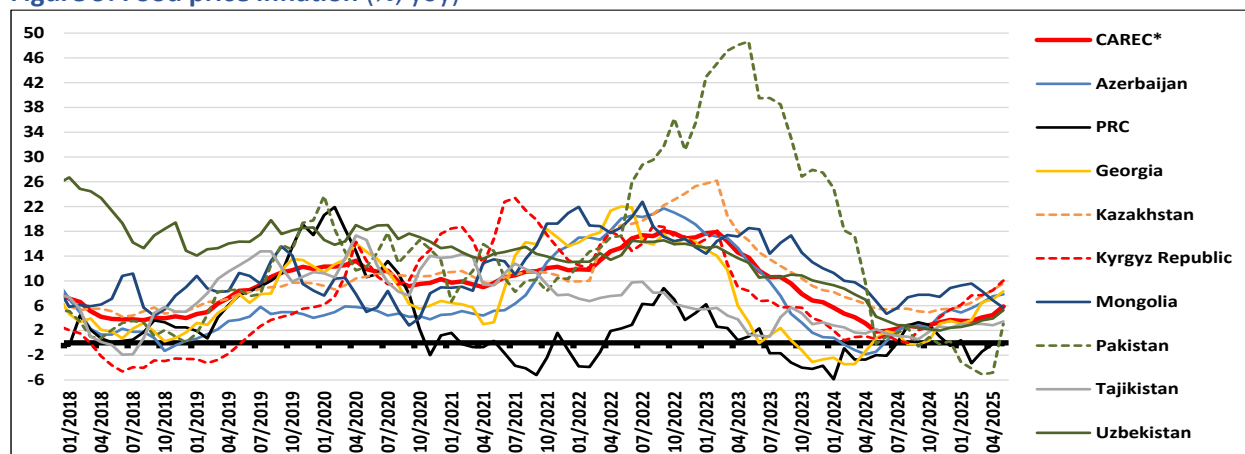


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Food price inflation accelerated in all CAREC economies except Mongolia, in most CAREC economies not more than overall inflation though.** Average CAREC annual food price inflation reached 5.9% in May 2025, the same rate as overall inflation (Figure 9). It was 2.2 percentage points up from December 2024, and 1.8 percentage points from March 2025. The Kyrgyz Republic had food price inflation of 10.1% in May 2025, up from 7.7% in March 2025 and 5.4% in December 2024. This was followed by Kazakhstan with 9.6%, up from 7.6% and 5.5%, respectively, Georgia with 8.3%, up from 6.6% and 3.6%, Azerbaijan with 7.8%, up from 6.4% and 5.4%, and Uzbekistan with 5.3%, up from 3.6% and 2.4%. Mongolia had food price inflation of 5.7% in May 2025, but this was less than the 8.3% in March 2025 and 8.8% in December 2024. In the PRC food prices were down by 0.4% yoy in May 2025, after rates of minus 1.4% in March 2025 and minus 0.5% in December 2024. Food price inflation was higher than overall inflation in Georgia, the Kyrgyz Republic, and Azerbaijan, in the other economies it was lower.

**Figure 9. Food price inflation (% , yoy)**



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

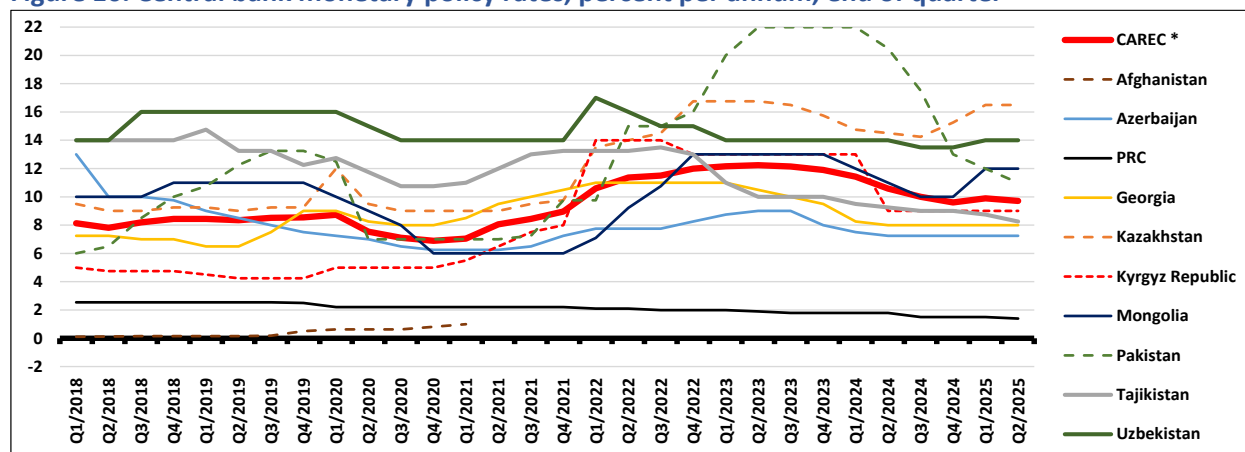
Source: CEIC, authors' calculations.

**Monetary policy was not further tightened in Q2 2025, even in countries where inflation accelerated.**

**The central banks of Pakistan, Tajikistan, and the PRC cut their policy rates, the central banks of the other countries left them unchanged.** Pakistan's central bank reduced its rate by 100 basis points to 11.00% during Q2 2025, following a cut by 100 basis points already in Q1 2025 (Figure 10). Tajikistan's central

bank lowered its rate to 8.25% during Q2 2025, down from 8.75% at the end of Q1 2025 and 9.00% at the end of 2024. The PRC's 7-day reverse repo rate was further reduced to 1.40% during Q2 2025 from 1.50% at the end of 2024. The other central banks kept their rates unchanged during Q2 2025 after hikes in Mongolia, Kazakhstan, and Uzbekistan, and the cuts in Pakistan and Tajikistan in Q1 2025. As a result, policy rates stood at 16.50% in Kazakhstan, 14.00% in Uzbekistan, 12.00% in Mongolia, 9.00% in the Kyrgyz Republic, 8.25% in Tajikistan, 8.00% in Georgia, 7.25% in Azerbaijan, and 1.40% in the PRC at the end of Q2 2025.

**Figure 10. 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

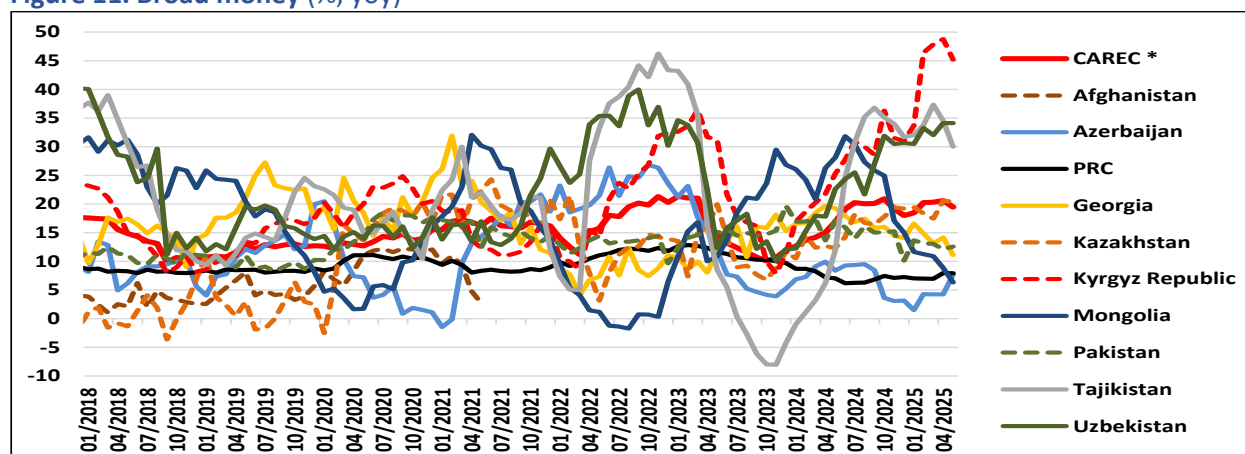
**Growth in money supply slightly slowed but has remained in general rather high, as has growth in loans to individuals.**

### **Growth in broad money decelerated somewhat in Q2 2025, not much though, and not in all countries.**

Average CAREC broad money growth was 19.5% yoy in May 2025, 0.8 percentage points lower than in March 2025, but still 1.5 percentage points higher than in December 2024 (Figure 11). Money growth was significantly lower than before in Mongolia, helped by an increase in the reserve requirements for loans; growth decelerated to 6.3% yoy in May 2025 from 10.9% yoy in March and 15.0% yoy in December 2024. In Tajikistan money growth eased to 30.0% yoy in May, down from 37.4% in March 2025 and 31.7% yoy in December 2024. Georgia had a more moderate money growth of 11.1% yoy in May 2025 after 13.1% yoy in March and 14.0% yoy in December. The Kyrgyz Republic saw a deceleration by 2.6 percentage points in May 2025 compared to March, but an acceleration by impressive 14.2 percentage points compared to December, resulting in a still extraordinarily high growth rate of 45.2% yoy in May. In Pakistan money growth was 12.6% yoy in May, slightly lower than in March but still 2.4 percentage points higher than in December. The other CAREC economies experienced an acceleration of money growth: the PRC to 7.9% yoy in May from 7.0% in March and 7.3% in December, Azerbaijan to 7.7% from 4.2% and 3.2%, Uzbekistan to 34.1% in April from 32.0% in March and 30.6% in December. Kazakhstan's broad money growth was 18.3% yoy in June, one percentage point lower than in December but 0.8 percentage points higher than in March.



Figure 11. Broad money (% yoy)



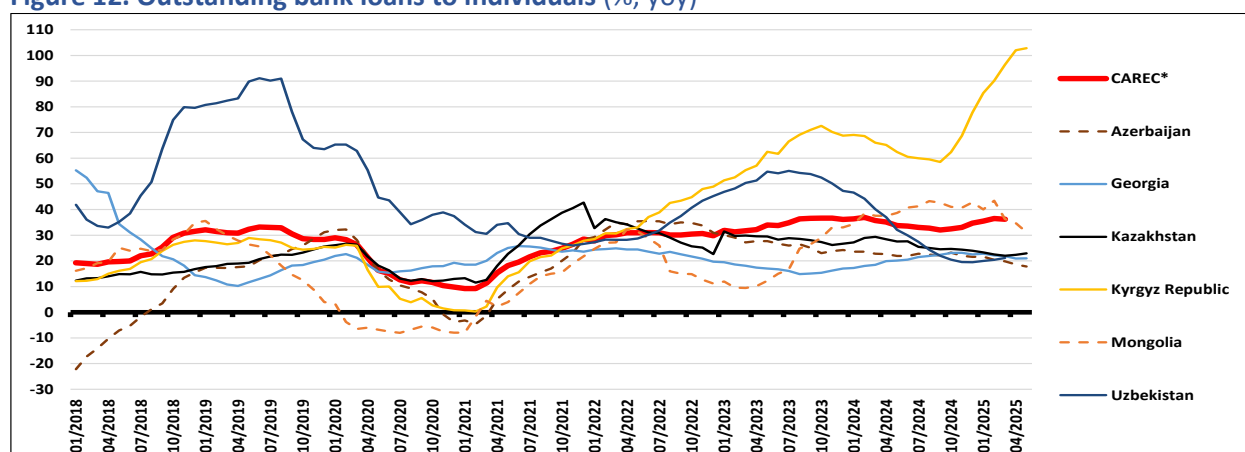
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

### Growth in outstanding loans to individuals also slowed a bit, not so in the Kyrgyz Republic, however.

The amount of outstanding loans to individuals was 102.8% higher in May 2025 in the Kyrgyz Republic than a year earlier (Figure 12). This made loans to individuals account for 32.2% of overall outstanding loans in May 2025, up from 12.2% in February 2022 when their share in total loans began its steady rise. In Mongolia, growth eased to still quite high 31.1% yoy, down from a peak of 43.5% yoy in February 2025. Kazakhstan, Uzbekistan, Georgia, and Azerbaijan had growth rates of around 20% yoy in May 2025. Net of the Kyrgyz Republic (and because of missing data yet in April and May 2025 also net of Uzbekistan), growth in loans to individuals was 23.2% yoy in May 2025, down from 25.0% in March 2025 and 27.7% in December 2024 on average in the CAREC region.

Figure 12. Outstanding bank loans to individuals (% yoy)

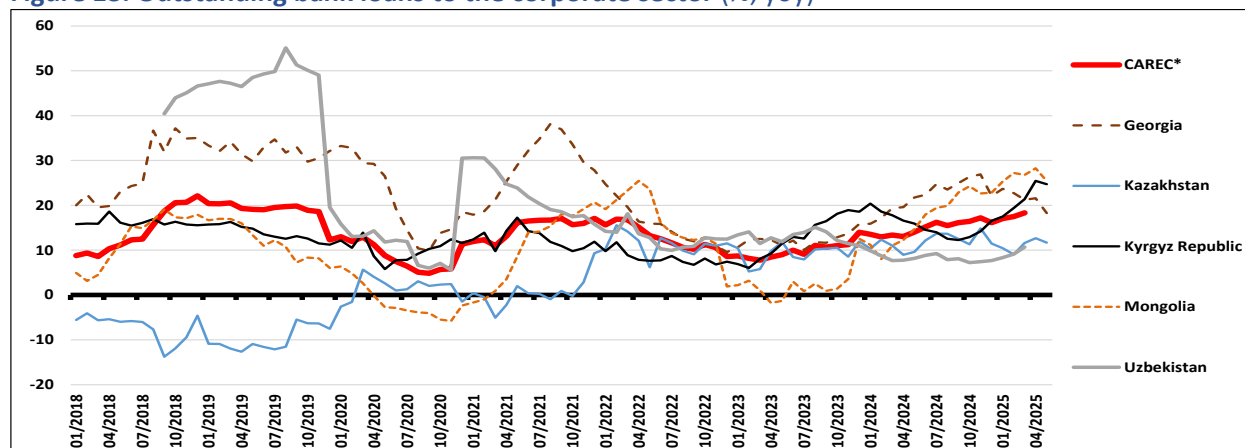


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Corporate loan growth was more moderate than growth in loans to individuals.** Corporate loan growth turned out at 25.4% yoy in Mongolia in May 2025 after 26.8% yoy in March 2025 and 22.8% yoy in December 2024 (Figure 13). The Kyrgyz Republic had corporate loan growth of 24.7% yoy after 21.4% in March and 16.6% in December, Georgia of 18.3% yoy after 21.3% and 22.1%. Kazakhstan's corporate loan growth was 11.7% in May - not much above the inflation rate of 11.3% - after 11.6% in March and 11.5% in December, and Uzbekistan's 10.7% in March - at an inflation rate of 10.3% - after 7.7% in December 2024.

**Figure 13. Outstanding bank loans to the corporate sector (% , yoy)**



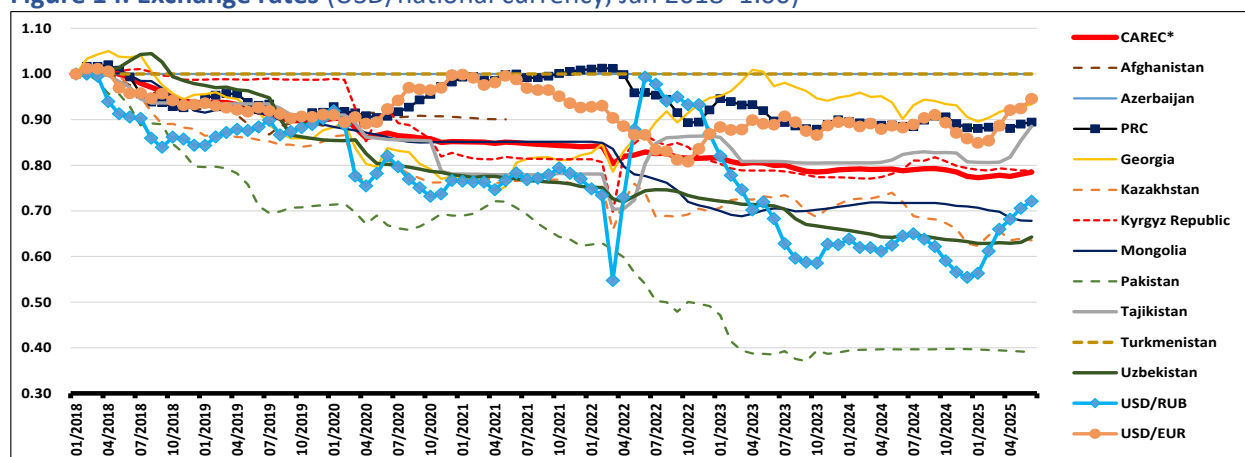
\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**Amidst global USD weakness CAREC currencies depreciated inflation-adjusted against the RUB and mostly the EUR, whereas mostly appreciating against the RMB.**

**Despite USD weakness, several CAREC exchange rates slightly depreciated against the USD in 2025.** The USD value of national currencies decreased by 4.5% for Mongolia between December 2024 and June 2025, and by 2.9% between March and June; by 1.7% and 1.0% for Pakistan, and 0.6% and 0.5% for the Kyrgyz Republic (Figure 14). Kazakhstan's currency depreciated by 3.3% against the USD between March and June but appreciated by 1.0% compared to December 2024. By contrast, the PRC's currency appreciated by 1.4% against the USD between December and June, and by 1.0% between March and June, Georgia's by 3.1% and 1.8%, and Tajikistan's by more significant 9.6% and 9.8%. Azerbaijan and Turkmenistan have their exchange rates fixed against the USD. Compared to twelve months earlier, currencies weakened against the USD by 11.7% for Kazakhstan, 5.5% for Mongolia, 1.6% for Pakistan, 0.4% for Uzbekistan, and 0.3% for the Kyrgyz Republic. However, the PRC saw an appreciation by 1.0%, Georgia by 3.6%, and Tajikistan by 7.5%. At the same time, the RUB and the EUR - CAREC's main trading partner currencies – appreciated by 11.8% and 7.2%, respectively, against the USD.

**Figure 14. Exchange rates (USD/national currency, Jan 2018=1.00)**



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

Source: CEIC, Trading Economics, authors' calculations.

**As a result, all CAREC currencies depreciated against RUB and EUR between December 2024 and June 2025, despite some differences in their developments against the USD; most also slightly depreciated against the RMB.** Except for the currency of Tajikistan, they depreciated also between March 2025 and



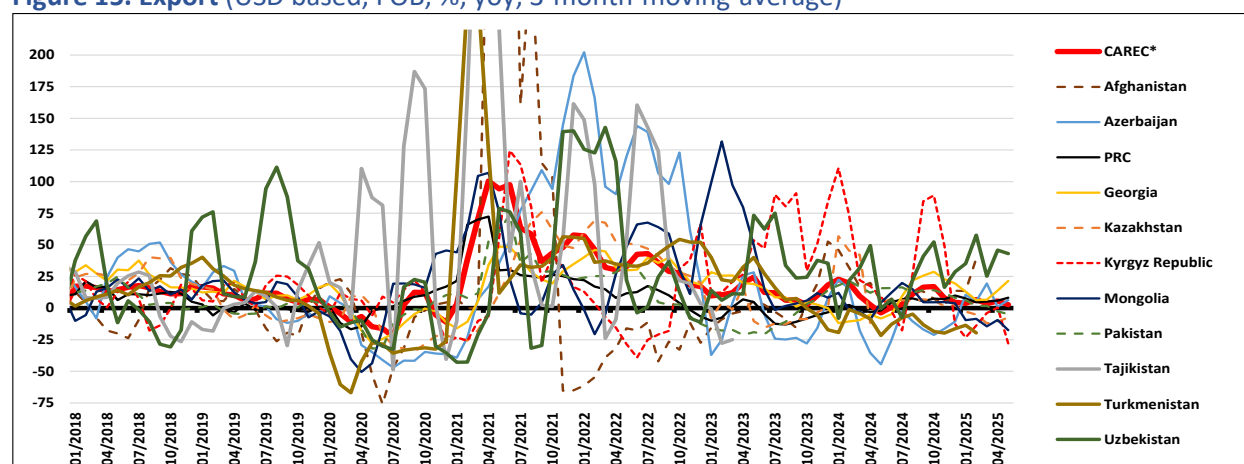
June 2025 against the RUB and the EUR. As the RMB appreciated by 1.4% against the USD between December 2024 and June 2025 and by 1.0% between March and June, the fixed exchange rate countries Azerbaijan and Turkmenistan had their currencies slightly depreciate against the RMB. The currencies of Mongolia, Kazakhstan, Pakistan, and the Kyrgyz Republic also slightly depreciated against the RMB. By contrast, Georgia and Uzbekistan had their currencies marginally appreciate against the RMB; Tajikistan at more than 8% significantly.

**Most CAREC currencies depreciated also in inflation-adjusted terms against the RUB and the EUR compared to a year earlier but appreciated against the RMB.** Consumer price inflation was 9.4% in Russia in June 2025, and 2.0% in the Euro-area. Consequently, all CAREC currencies depreciated against the RUB from a year earlier in inflation-adjusted terms by June 2025. All CAREC currencies, except for Tajikistan's currency, also depreciated against the EUR in inflation-adjusted terms; Tajikistan's currency appreciated by 2.3%. All CAREC currencies except for Kazakhstan's currency appreciated against the RMB in inflation-adjusted terms; only Kazakhstan's currency depreciated by 2.4%. These developments give the PRC some additional competitive advantage in the CAREC region compared to 2024.

**External sector: foreign trade balances generally slightly deteriorated in the first five months of 2025 compared to a year earlier, but not in all CAREC economies.**

**Exports of commodity exporters - other than gold - mostly contracted in the first half of 2025 due to lower export prices, exports of others continued to grow at various speeds.** Uzbekistan - a major gold exporter - had 43% higher exports than a year earlier in the three months to May 2025 in USD terms as gold prices surged to 40% higher than the year before (Figure 15). Copper prices also substantially increased, whereas other commodity prices were significantly lower than a year earlier (Figure 16). The Kyrgyz Republic's export statistics showed a drop in exports the three months to May 2025, because of not including the 2025 gold exports yet, after record-high gold exports in 2024. Countries that saw their exports contracting in the three months to May 2025 were Mongolia with a decrease by 17.5% yoy, Kazakhstan with a decrease by 7.3%, and Pakistan - a major exporter of textiles and apparel - with a decrease by 4.8% yoy. However, Georgia's 3-month moving average growth reached 21.5% yoy in May 2025. Georgia's export is quite diversified, but a major export item is beverages, including wine and other alcoholic spirits. The PRC achieved growth of 8.2% yoy, and Azerbaijan growth of 6.3% yoy mostly thanks to higher natural gas exports. As a result of these mixed developments, average CAREC export growth slowed to a mere 2.7% yoy in the three months to May 2025.

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



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

Source: CEIC, authors' calculations.

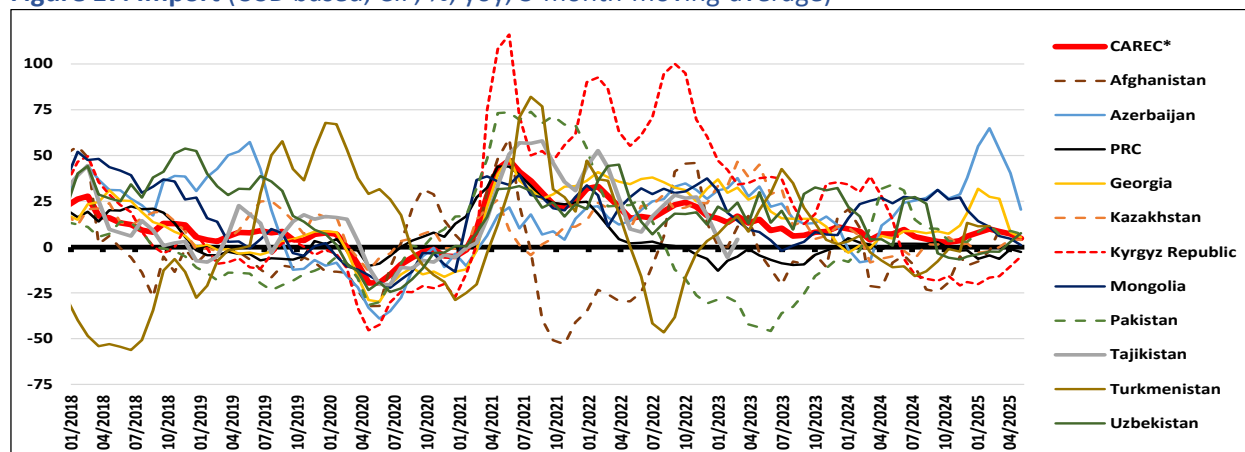
Figure 16. Commodity prices



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).

As is the case also with exports, the CAREC economies' import performance remains quite volatile and dependent on specific products and periods. Azerbaijan's imports were 20.3% higher than a year earlier in the three months to May 2025 in USD terms, after even higher growth rates in Q1 2025 alone mainly because of elevated gold imports (Figure 17). In Uzbekistan import growth recovered to 7.6% yoy after negative readings in Q4 2024 and Q1 2025. Pakistan's imports grew by 7.3% after much higher growth rates in mid-2024, Georgia's import growth eased to 5.3% yoy from double digit growth in Q4 2024 and Q1 2025. Kazakhstan had 4.0% yoy import growth after relatively minor volatility before, Mongolia rather weak 1.1%, down from above 20% growth rates in 2024. The Kyrgyz Republic's imports continued their decrease, which began in mid-2024, but at a more moderate pace of 5.2% yoy. In the PRC imports contracted by 2.6% yoy in the three months to May 2025, roughly in line with the average 3% contraction pace since Q4 2024, mostly because of lower oil and other commodity imports. Average CAREC import growth slowed to 4.7% yoy in the three months to May 2025, somewhat less though than the slowdown in export growth.

**Figure 17. Import (USD based, CIF, %, yoy, 3-month-moving-average)**

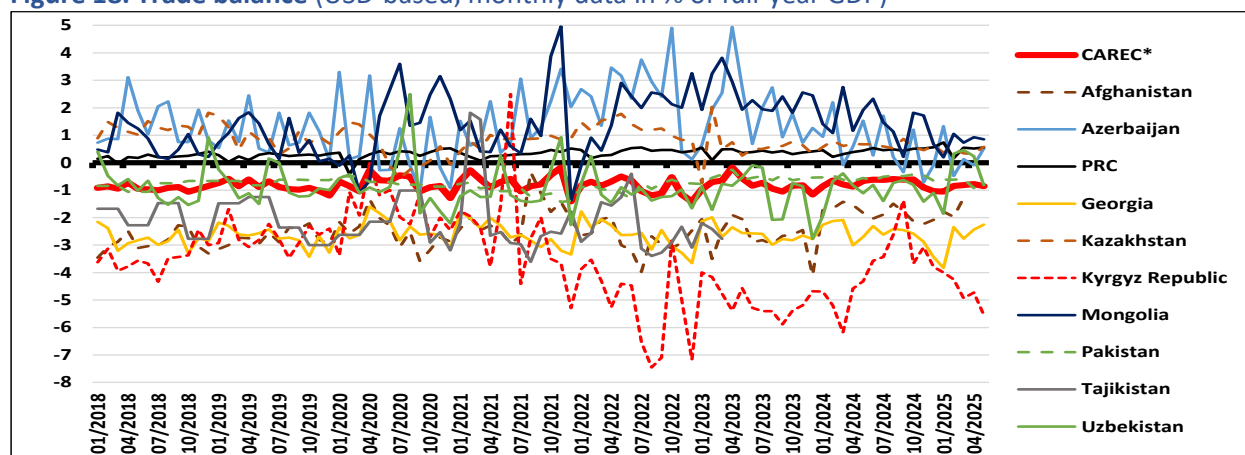


\*Refers to the simple average of CAREC economies where data are available.

Source: CEIC, authors' calculations.

**CAREC net-importers such as Georgia and Pakistan had their trade deficits widen in Jan-May 2025 compared to a year earlier, exporters of commodities other than gold experienced some narrowing of their trade surpluses.** Georgia's deficit widened to 2.7% in Jan-May 2025 from 2.4% a year earlier, Pakistan's to 0.7% from 0.6% (Figure 18). Azerbaijan's trade surplus narrowed to an average of 0.3% of GDP from 1.0% in the same period a year earlier, Kazakhstan's to 0.4% from 0.7%, Mongolia's to 0.8% from 1.7%. At the same time, Uzbekistan's trade deficit moderated to 0.3% from 1.0%, and the Kyrgyz Republic's extraordinarily high deficit to 4.7% from 5.0% of GDP. The PRC's trade surplus widened to 0.5% of GDP in Jan-May 2025 from 0.4% in Jan-May 2024. The CAREC region's average trade balance slightly changed from a deficit of 0.8% of GDP in Jan-May 2024 to a deficit of 0.9% of GDP 0.8% in Jan-May 2025.

**Figure 18. Trade balance (USD-based, monthly data in % of full-year GDP)**



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

Source: CEIC, authors' calculations.

### **Excursion I: On Broad Intra-Industry Trade of the CAREC Region**

The CAREC region includes a mix of economies – mostly landlocked, resource-rich and some industrially diversified. Most countries in the CAREC region are historically known as exporters of raw materials and energy resources such as oil, gas, metals and minerals, while importing machinery, industrial goods, and consumer products. However, over recent years, some countries have embarked on policies aimed at diversifying their economies, moving away from raw materials dependency and expanding industrial output, particularly in sectors like metallurgy, chemical products, textiles, and electronics.

Intra-industry trade (IIT) is the exchange of similar or closely related goods between countries within the same industry. Unlike cross-industry trade, where countries exchange completely different types of goods, intra-industry trade involves trade in differentiated goods belonging to the same category. Intra-industry trade is important because it promotes economic diversification and technological advancement by providing consumers with a wider range of choices, at the same time stimulating competition that encourages firms to specialize and innovate. It also contributes to increase in investments, balanced trade and the growth of global value chains, making modern economies more resilient and interconnected.

The Grubel-Lloyd Index, introduced by economists Herbert Grubel and Peter Lloyd in 1975, reflects the scale of intra-industry trade<sup>5</sup>. The GL index ranges from 0 to 1, where higher values indicate a larger share of intra-industry trade and X here denotes for exports and M – for imports, and i stands for industry:

$$GL = \frac{(X_i + M_i) - |X_i - M_i|}{X_i + M_i} = 1 - \frac{|X_i - M_i|}{X_i + M_i} ; \quad 0 \leq GL_i \leq 1$$

So, we calculate a broad definition of intra-industry trade for CAREC region by matching US dollar value of bilateral trade data from Trademap ([www.trademap.org](http://www.trademap.org)) using industry codes of Broad Economic Classification (BEC). The GL index is calculated for all goods and intermediate goods in eight broad industrial categories of the BEC<sup>6</sup>.

Figure 19 shows by-country dynamics of intra-industry trade over two decades from 2005 to 2024. It shows that the CAREC region's intra-industry trade has witnessed an initial gradual decline in 2005-2014 and then the steady rise afterwards, with its share in total trade increasing from 27% in 2015 to 35% in 2024. This growth reflects the region's gradual shift from traditional inter-industry trade—based on raw material exports—toward more sophisticated exchanges of processed and semi-processed goods. The PRC remains the dominant player, with an IIT intensity (Grubel-Lloyd Index) of 60% in 2024, driven by its dual role as a supplier of intermediate goods and a consumer of high-value products. Kazakhstan and Pakistan follow closely, each with a GL index of 43%, indicating their growing integration into regional value chains, particularly in agriculture and textiles.

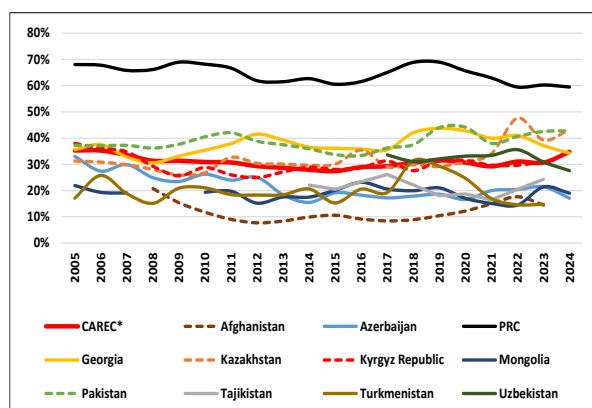
IIT in intermediate goods is especially important because it reflects the growing fragmentation of production across borders, where countries specialize in specific stages of the production process rather than in complete goods. This type of trade is a key feature of a global value chain, enabling companies, especially multinationals, to source inputs from various countries based on comparative advantages, cost efficiency, and technological capabilities. By facilitating the exchange of similar or related inputs within the same industry, intra-industry trade promotes productivity, innovation, and learning through exposure to advanced technology and methods. It also supports product differentiation and quality upgrading, allowing countries to participate more effectively in the global economy.

IIT in intermediate goods of the CAREC region is relatively limited but holds potential for growth. Figure 20 illustrates that the PRC (65%), Kazakhstan (57%), Pakistan (46%) and Georgia (44%) exhibit the highest shares of intra-industry trade of intermediate goods in overall trade in the region. Uzbekistan, Azerbaijan and Kyrgyz Republic are more moderate performers and hover around 30-40% with gradual increases. Azerbaijan's growth aligns with energy exports, while the Kyrgyz Republic benefits from re-export and regional partnerships. IIT in intermediate goods remains at around 20-30% level in Afghanistan, Turkmenistan, Tajikistan and Mongolia, reflecting their reliance on raw materials.

<sup>5</sup> Grubel, Herbert G.; Lloyd, Peter J. (1975). Intra-industry trade: the theory and measurement of international trade in differentiated products. New York: Wiley. ISBN 0-470-33000-7.

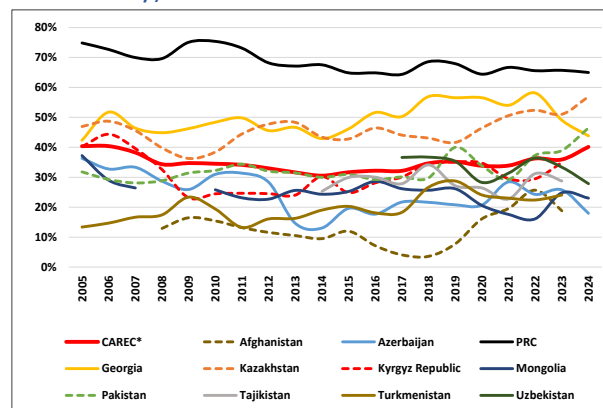
<sup>6</sup> BEC categories include: (1) Agriculture, forestry, fishing, food, beverages, tobacco; (2) Mining, quarrying, refinery, fuels, chemicals, electricity, water, waste management; (3) Construction, wood, glass, stone, basic metals, housing, electrical appliances, furniture; (4) Textile, apparel, shoes, jewelry, leather; (5) Transport equipment and services, travel, postal services; (6) ICT, media, computers, business and financial services; (7) Health, pharmaceuticals, education, cultural, sport; (8) Government, military and other.

**Figure 19. Intra-industry trade of CAREC: total: by country (% of total trade of a country)**



\*Refers to the simple average of CAREC economies.  
Source: [www.trademap.org](http://www.trademap.org), author's calculations

**Figure 20. Intra-industry trade of CAREC: intermediate goods: by country (% of total trade of a country)**



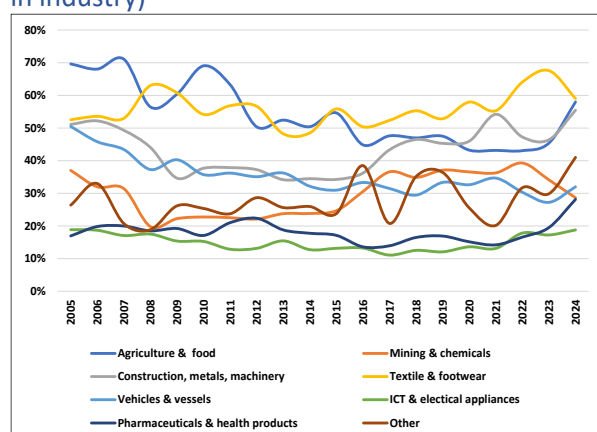
\*Refers to the simple average of CAREC economies.  
Source: [www.trademap.org](http://www.trademap.org), author's calculations

There are three commodity groups where intra-industry trade is above the regional average (Figure 21). These groups are agricultural products and food, textile and footwear, and construction products, machinery and metals:

- The intra-industry trade represented the CAREC region's 59% trade in textile and footwear industry in 2024. It exemplifies vertical IIT, where CAREC countries engage in different stages of production. For instance, the PRC imports high-quality fabrics for its garment industry while exporting synthetic fibers to the CAREC region. Uzbekistan supplies raw cotton to the CAREC region, which processes, and re-exports finished apparel to other countries. This two-way trade highlights the region's move up the value chain, from raw material exports to semi-processed and finished goods.
- IIT accounted for approximately 58% of CAREC's trade in agricultural and food products in 2024, up from 43% in 2021. This growth highlights the region's increasing integration into global food supply chains, driven by rising demand for processed and high-value agricultural goods. Kazakhstan exports mainly grain but imports processed foods, reflecting demand for diversified agriproducts. Pakistan's trade in fruits and vegetables under the China-Pakistan Economic Corridor (CPEC) has surged, while Afghanistan's reintegration into regional markets has boosted cross-border food trade.
- IIT in construction goods, metals and machinery accounted for 55% of total trade in this industry in 2024. Most CAREC countries specialize in selling steel, copper and cement but import processed construction goods. Kazakhstan and Uzbekistan export steel and copper but import machinery components from the PRC. Downstream processing is expanding, with Tajikistan adding value to aluminum before export. This sector's growth underscores CAREC's potential as a hub for metal processing.

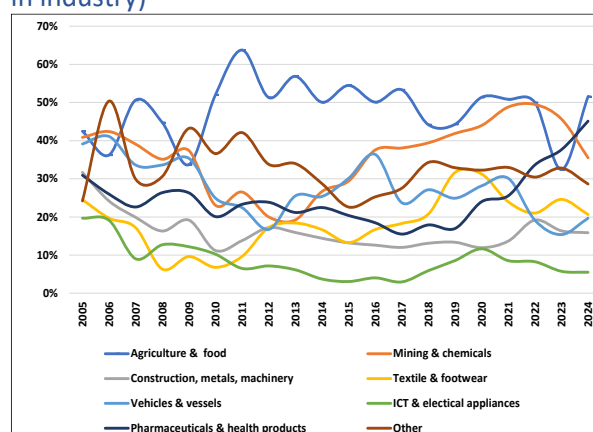
Figure 22 shows the intra-CAREC IIT for intermediate goods. The highest share of intra-industrial trade (above 45-46% in 2021-2024) is in traditional products like agriculture & food and mining & chemicals. Interestingly there was a sharp increase in IIT exchanges within CAREC region in pharmaceutical and health products (from 22% in 2014 to 45% in 2024).

**Figure 21. Intra-industry trade of CAREC: intermediate goods: by industry (% of total trade in industry)**



Source: [www.trademap.org](http://www.trademap.org), author's calculations

**Figure 22. Intra-industry trade within CAREC: intermediate goods: by industry (% of total trade in industry)**



Source: [www.trademap.org](http://www.trademap.org), author's calculations

The Intra-industry trade of the CAREC region is in its nascent stages but holds significant potential for growth. As countries diversify their economies, develop industrial sectors, and integrate into global value chains, intra-industry trade is likely to expand. By fostering closer economic ties and addressing structural challenges, the region can benefit from enhanced cooperation and trade diversification.

Challenges like infrastructure and trade barriers limit the scope of trade, including intra-industry trade. Regulatory barriers and tariffs can hinder the smooth flow of goods. Moreover, CAREC's industries are still developing, and in many cases, they struggle to compete on equal footing with other countries in terms of productivity, innovation, and quality. Overcoming this challenge will require ongoing investment in education, technology, and infrastructure.

As CAREC countries continue to invest in industrial sectors, particularly in machinery and chemicals, there is significant potential for intra-industry trade to expand. Sectors such as renewable energy, automotive, and textiles are ripe for further development. Advanced countries' technology and expertise present opportunities for the CAREC region to continue upgrading its industries and to become a more competitive player in global markets.

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### ***Excursion II: Forward looking discussion of the decarbonization evolution due to ETS in the CAREC Region***

Following extensive policy discussions, carbon pricing, particularly via the Emissions Trading Scheme (ETS), has emerged as a key means of reducing emissions cost-effectively. Despite incomplete global adoption, ETS frameworks have advanced significantly and provide valuable insights for climate policy. The EU's Carbon Border Adjustment Mechanism (CBAM), which will conclude its transition period on 1 January 2026 by effectively imposing a tax on the embedded carbon of imported products, highlights the growing importance of carbon pricing in trade and decarbonization. While there is much debate about the direct impact on regional trade and economic development, the indirect impact of redirecting trade flows is also of high significance. This must be taken into account by policymakers when making long-term strategic decisions.



The ETS is the market-oriented carbon pricing system on which CBAM is based. By 2025, a total of 38 national and local ETSs were in operation worldwide, accounting for 19% of global emissions<sup>7</sup>. The EU ETS remains the most dominant mechanism globally, and it charges prices of €80–85/tCO<sub>2</sub>. In the CAREC region, only PRC and Kazakhstan have established ETSs and are operating them. The PRC's national ETS is the world's largest by coverage, at 4.5 Gt CO<sub>2</sub>/year, which is higher than the EU ETS's about 1.3 Gt CO<sub>2</sub>/year.<sup>8</sup> It uses intensity-based benchmarks with prices of around \$12/tCO<sub>2</sub>.<sup>9</sup> Kazakhstan's ETS, launched in 2013, focuses on energy and heavy industry. However, its low prices (around \$5/tCO<sub>2</sub>) reflect the huge potential of its developing carbon trading market<sup>10</sup>. Although Pakistan has officially announced its intention to introduce an ETS, the timeline for implementation remains unclear<sup>11</sup>. Other member states have not yet adopted any policies regarding ETSs.

For the PRC's national ETS, which was launched in 2021, the initial target was the power sector, comprising 2,225 coal and gas plants. In order to promote the development of the ETS, it was expanded in 2025 to include the steel, cement, and aluminum industries, adding a further 3 Gt CO<sub>2</sub> per year (5% of global emissions). The PRC's ETS primarily involves free allocation via output-linked benchmarks, which limits the carbon trade revenue but eases the transition for industries. After 2026, reforms will increase auctioning and tighten benchmarks. Another significant development is the introduction of a parallel voluntary market in 2024 to support offsets for renewable energy sources and carbon sinks.

Kazakhstan's ETS, the first national carbon market in Central Asia, was launched in 2013. However, it was temporarily suspended between 2016 and 2017 due to operational challenges, including weak monitoring and low compliance rates. Significant reforms were introduced when the system was resumed in 2018, including stricter emission caps (reduced by 1.5–2.5% annually) and a benchmarking approach to improve fairness across industrial sectors.

Currently covering 41% of Kazakhstan's national greenhouse gas emissions<sup>12</sup>, the ETS applies to the energy, mining, and manufacturing industries. Despite its broad scope, the market faces persistent liquidity issues caused by an oversupply of allowances and limited trading activity<sup>13</sup>. To address these issues, Kazakhstan plans to introduce auctioning mechanisms and enhance monitoring systems<sup>14</sup>.

Long-term ambitions include linking with the EU ETS, though this requires the alignment of regulations and carbon pricing levels. The government also intends to extend the scope of the ETS and reinforce compliance measures to help achieve its goal of carbon neutrality by 2060<sup>15</sup>.

Future policy trends could support the development of a CAREC-wide carbon market. The analysis of government documents suggests that Uzbekistan and Mongolia are expected to launch pilot schemes by 2030. If this scenario plays out, the revenue collected through the ETSs could be used to finance worker retraining and green industry diversification, provided that Monitoring, reporting and verification (MRV) is strengthened through collaboration with international organizations to promote transparency.

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<sup>7</sup> World Bank. (2024). State and Trends of Carbon Pricing 2024

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023D1575>

<sup>9</sup> Interim Regulations on the Management of National Carbon Emissions Trading, <https://www.cneecx.com/zhhg/quotshown.html>

<sup>10</sup> KAPSARC. (2022). Kazakhstan's Carbon Pricing Experience.

<sup>11</sup> Pakistan Ministry of Climate Change. (2021). Updated Nationally Determined Contributions 2021.

<sup>12</sup> World Bank. (2023). State and Trends of Carbon Pricing 2023.

<sup>13</sup> ICAP. (2023). Emissions Trading Worldwide: Status Report 2023

<sup>14</sup> Ministry of Ecology, Geology and Natural Resources of Kazakhstan. (2022). National Emissions Trading System Progress Report.

<sup>15</sup> ADB. (2023). Carbon Pricing in Central Asia: Progress and Challenge

Other regional members could consider tailoring systems for export-exposed industries (e.g. cement and metals) to address CBAM risks and to develop a visionary regional ETS. They can build on the evidence-based approaches of the PRC and Kazakhstan. The PRC and Kazakhstan could use their experience for supporting the development of a regional ETS and fostering a coordinated CAREC approach that balances climate goals with economic growth by using carbon pricing to encourage sustainable transitions.

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### ***Excursion III: China-Central Asia Summit – a catalyst to promote cooperation within the CAREC region***

In recent years, the Central Asia region has been under the global spotlight, and many big powers in the world have developed cooperation mechanisms with the countries in the region, including the PRC. Beside initiatives such as the Shanghai Cooperation Organization (SCO) Summit and Conference on Interaction and Confidence Building Measures in Asia (CICA), China-Central Asia Summit is another platform that further narrows the distance between the PRC and the five Central Asian countries. These initiatives are built upon strong partnerships that have evolved between these partners (Table 2).

The year 2023 witnessed the commencement of the 1<sup>st</sup> China-Central Asia Summit in Xi'an, the PRC, signifying a new era of relationship between the PRC and the five Central Asian countries. One of the biggest achievements of the Summit was the signing of the “Xi'an Declaration”, a blueprint that not only institutionalized the fundamentals of the meeting but also set the basic direction for cooperation. It specified that the summit would be convened every other year alternately in the PRC and in one of the Central Asian countries in alphabetical order. It also announced the establishment of a secretariat of the China-Central Asian cooperation mechanism<sup>16</sup>, injecting new momentum into the collaboration between the PRC and the Central Asian countries.

The 2<sup>nd</sup> China-Central Asia Summit took place as scheduled in Astana, Kazakhstan, during 16-18 June 2025, the first summit held outside the PRC. During the summit, a multitude of consensuses were achieved between the PRC and the five Central Asian countries. Quantitatively, the cooperation agreements reached in this summit significantly outnumbered the ones in the 1<sup>st</sup> Summit by 46 to 55, and for the first time also included a massive number of bilateral agreements between the PRC and the five Central Asian countries (Table 2). It is noteworthy that apart from traditional economic and trade cooperation, collaboration in the field of technology, artificial intelligence, and media becomes a major topic. For example, a Memorandum of Understanding (MoU) between the PRC and the Kyrgyz republic was signed to establish the China-SCO Member States (the Kyrgyz Republic) Artificial Intelligence Application Cooperation Center, and a MOU between the PRC and Tajikistan to deepen cooperation on AI. As for media cooperation, China Media Group reached an agreement with the Khabar Agency and the Television and Radio Complex of the President of the Republic of Kazakhstan, with Kyrgyz National Kabar News Agency of the Kyrgyz republic, and with the People's Newspaper of Tajikistan.

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<sup>16</sup> The secretariat of the China-Central Asian cooperation mechanism was actually inaugurated and put into operation in Xi'an, the PRC, in March 2024. The current secretary-general of the secretariat is Mr. Weidong Sun, from the PRC.



**Table 2. Number of cooperation documents and key areas of the China-Central Asia Summits**

|  | China-Central Asian countries  | Kazakhstan   | Kyrgyz Republic   | Tajikistan   | Turkmenistan   | Uzbekistan  | Total |
|--|--|--|---|--|--|---|-------|
| <b>Partnership level</b>                               |  | Permanent comprehensive strategic partnership (2019)   | Comprehensive strategic partnership for a new era (2023)  | Comprehensive strategic cooperation partnership for a new era (2024)   | Comprehensive strategic partnership (2023)   | All-weather comprehensive strategic partnership for a new era (2024)  |       |
| <b>1<sup>st</sup> China-Central Asia Summit (2023)</b> | 9  | -  | -   | -  | -  | -   | 9     |
|  | <ul style="list-style-type: none"> <li>• Cooperation in economy and (digital) trade, industry and investment, infra. and project construction, and SPS.</li> <li>• Meeting mechanism between heads of customs and agriculture ministers</li> <li>• Establishment of China-Central Asia Entrepreneur Committee</li> </ul>       | -  | -   | -  | -  | -   |       |
| <b>2<sup>nd</sup> China-Central Asia Summit (2025)</b> | 14   | 25   | 7   | 5  | 2  | 2   | 55    |
|  | <ul style="list-style-type: none"> <li>• Treaty on Eternal Good-Neighborliness, Friendship and Cooperation</li> <li>• Cooperation in personnel exchanges, BRI, China-Europe (Central Asia) freight train, transportation, economy and trade facilitation, industry and investment, risk management of customs, etc.</li> </ul> | <ul style="list-style-type: none"> <li>• Establishment of China-KAZ Cooperation Committee</li> <li>• Cooperation in economy and technology, investment protection, energy, application of BeiDou System, personnel exchanges, e-commerce, tourism, medical care, SPS, IP, media, geoscience, and earthquake hazard reduction</li> <li>• Establishment of a sister-city relationship</li> </ul> | <ul style="list-style-type: none"> <li>• Build of China-SCO (KGZ) AI Application Cooperation Center</li> <li>• Cooperation in industry, SPS, media</li> <li>• Project on agricultural machinery equipment</li> <li>• Establishment of a sister-city relationship</li> </ul> | <ul style="list-style-type: none"> <li>• Cooperation in economy and trade, AI, and media</li> <li>• Establishment of strategic dialogue mechanism between foreign ministers, and a sister-region relationship</li> </ul> | <ul style="list-style-type: none"> <li>• Cooperation in economy and technology</li> <li>• Establishment of a sister-region relationship</li> </ul> | <ul style="list-style-type: none"> <li>• Bilateral Protocol between the PRC and Uzbekistan regarding Uzbekistan's WTO accession</li> <li>• Establishment of a sister-city relationship</li> </ul> |       |

Source: Outcomes of China-Central Asia Summit (2023, 2025); author's compilations.

Promoting personnel mobility and exchange was another key area for cooperation. Highlighted in 3 out of 14 China-Central Asia cooperation documents in the outcome list of the 2<sup>nd</sup> Summit, people-to-people exchanges together with smooth trade, industrial investment, connectivity, green minerals and agricultural modernization were identified as the six priority areas. Indeed, back in 2022 when Chinese President Xi Jinping held a meeting with the heads of the five Central Asian states, he announced provision to them of 1,200 Chinese government scholarships during the next five years. In the recent summit, the PRC pledged to offer 3,000 personnel training opportunities to the Central Asian countries in the next two

years. Meanwhile, the recent mutual visa-free agreements between the PRC and Kazakhstan<sup>17</sup> and the PRC and Uzbekistan<sup>18</sup>, newly launched air routes, and the increased frequency of flights have unleashed great potential for China-Central Asia cross-border visits.

Pursuing high-quality development is the goal for the next phase of China-Central Asia cooperation. Following the “Xi’an Declaration” signed two years ago, the signing of the “Astana Declaration” in this summit marked another milestone achieved by both sides, in which the China-Central Asia Spirit of “mutual respect, mutual trust, mutual benefit and mutual assistance for the joint pursuit of modernization through high-quality development” was underscored. Proposed for the first time by Chinese President Xi Jinping, the Spirit deeply reflects the essence of cooperation between the PRC and the Central Asian countries. Echoing the Spirit, it was decided that 2025 and 2026 would be “Years of High-Quality Development of China-Central Asia Cooperation”, under which the implementation of a batch of projects would be accelerated. Specifically, apart from advancing the construction of the China-Kyrgyzstan-Uzbekistan railway, the PRC will work with Kazakhstan to accelerate the construction of the third China-Kazakhstan cross-border railway, with Tajikistan to implement the renovation of key sections of the second phase of the China-Tajikistan highway, and with all sides to deepen cooperation on the China-Europe (Central Asia) freight train and the Trans-Caspian International Transport Route. Also, during the 2<sup>nd</sup> Summit, the National Development and Reform Commission (NDRC) of the PRC signed an agreement on “The Action Plan for High-Quality Belt and Road Cooperation between China and the Central Asian Countries” with relevant departments of the Central Asian countries, aimed at forging higher-quality cooperation in areas such as strategic alignment, connectivity, trade and investment, green and low-carbon development, agricultural development, scientific and technological innovation, health and well-being, and people-to-people exchanges.

As a tangible asset to implement the China-Central Asia Spirit and promote high-quality cooperation, this summit saw the inauguration of three cooperation centers and one platform, that is, the China-Central Asia poverty reduction cooperation center, the China-Central Asia education exchange cooperation center, the China-Central Asia desertification control cooperation center, and the China-Central Asia trade facilitation cooperation platform. With the PRC’s best practices and technological advances, these new institutions are expected to further help the Central Asian countries to alleviate poverty, cultivate talents, enhance ecological sustainability, expand trade volume and quality, among progress in other important fields.

In addition to the above, this summit concluded with many other outcomes. For example, the PRC elevated non-repayable grants for the Central Asian countries significantly from a total of 500 million RMB for 2022-2024 to 1.5 billion RMB (around 209 million USD) in 2025 dedicated to the improvement of people’s livelihood and implementation of development projects. Also, the summit saw the birth of several more sister-city and sister-region partnerships, namely between Shanghai and Almaty, Sichuan province and Bishkek, Shaanxi province and the Sughd Region of Tajikistan and the Ahal Region of Turkmenistan, Urumqi and Samarkand, making the number of sister cities and regions officially surpassing 100 pairs. Meanwhile, complementary to the 2<sup>nd</sup> China-Central Asia Summit, a group of more than 20 China-Central Asia related events took place before or after the summit, including the first China-Central Asia Education Ministers’ Meeting, the second China-Central Asia Transport Ministers’ Meeting, and the second China-Central Asia Industrial and Investment Cooperation Forum, to name but a few.

The next China-Central Asia Summit will be held in the PRC in 2027.

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<sup>17</sup> The agreement on the visa-free regime between the PRC and Kazakhstan entered into force on 10 November 2023. Under the agreement, citizens of both countries for the purpose of private affairs, tourism, businesses, medical treatment, international transportation and transit can stay for up to 30 days in each other’s country each time without the need for a visa.

<sup>18</sup> Starting from 1 June 2025, citizens from the PRC and Uzbekistan are allowed to stay for 30 days visa-free in the host country.

**Conclusion: the CAREC region's growth is currently solid, but there might be more potential in mining, and the region needs to continue to embrace technological change, especially also in support of decarbonization, manufacturing, and agriculture.**

The CAREC region's growth has remained high amidst geopolitical and geoeconomic turbulences, driven mostly by services and consumption. However, mining has remained quite volatile despite its high importance for the region, and fossil fuels continue to account for a substantial part of the mining activities. But new opportunities open up, especially for the mining of critical materials. In manufacturing, there are also new opportunities such as the production or assembly of electric vehicles. Technology also changes fast in all sectors, including agriculture. CAREC countries need to live up to the new opportunities and production methods, including by education and attracting investment, to further boost productivity and preserve competitiveness and produce the goods and services in demand both in the region and in potential export markets.

## ANNEX I: CAREC ECONOMIES' DYNAMICS IN THE BEGINNING OF 2025

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

### Afghanistan<sup>19</sup>

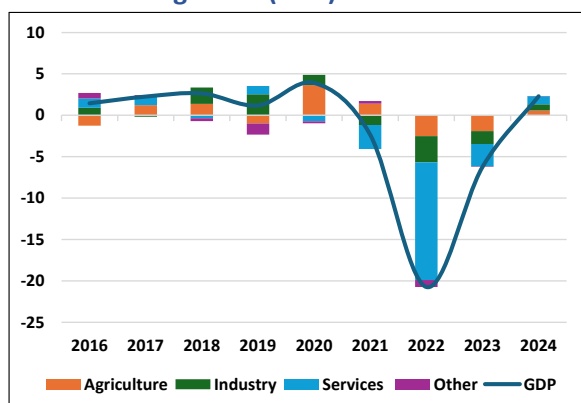
**Output:** Economy shows signs of gradual improvement, yet significant uncertainty persists amid ongoing political instability and humanitarian challenges. In 2024, GDP growth reached 2.3%, but economy remains dependent on informal trade and subsistence agriculture. Real GDP per capita stood at \$379.7 in 2024, reflecting a modest 0.5% increase from the year before.

**Inflation:** Inflation rose to 0.1% yoy by April 2025, marking a significant turnaround from the -7.5% yoy deflation recorded in April 2024. This shift was primarily fueled by a gradual rebound in domestic demand and slight enhancements in economic performance. Meanwhile, food prices remained in the deflationary zone (-0.7%, yoy) under the influence of strong currency. Core inflation (excluding food and energy) rose to 1.2% yoy, further indicating a soft rebound in underlying price momentum.

**Trade:** Despite strong reliance on imports of essential goods such as food and machinery, which accounts to about half of Afghanistan's imports, trade deficit narrowed in Q1 2025, supported by a rise in exports. Key export commodities include agricultural products, coal, and cotton. About 30% of exports, mainly coal and cotton, are sold within the CAREC region. The major export destination is Pakistan, while partners for imports include also PRC and Kazakhstan.

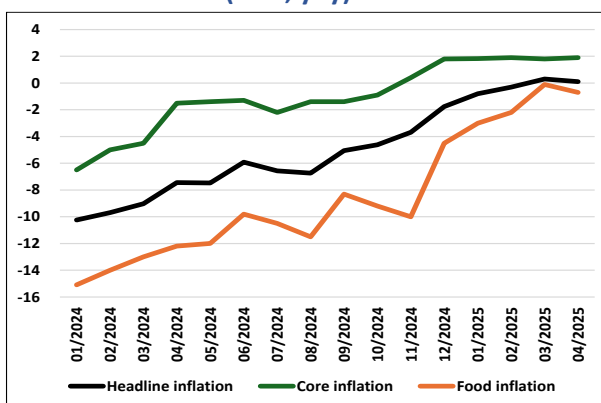
**Outlook:** The economic outlook is clouded by uncertainty, exacerbated by Afghanistan's heavy reliance on international humanitarian assistance. Widespread poverty persists, and vulnerable populations still lack adequate social safety nets.

Chart A: GDP growth (in %)



Source: World Bank

Chart B: Inflation (in %, yoy)



Source: World Bank

<sup>19</sup> Primary source of statistics on Afghanistan is World Bank's "Afghanistan Economic Monitor"  
[www.worldbank.org/en/country/afghanistan/publication/afghanistan-economic-monitors](http://www.worldbank.org/en/country/afghanistan/publication/afghanistan-economic-monitors)

## Azerbaijan

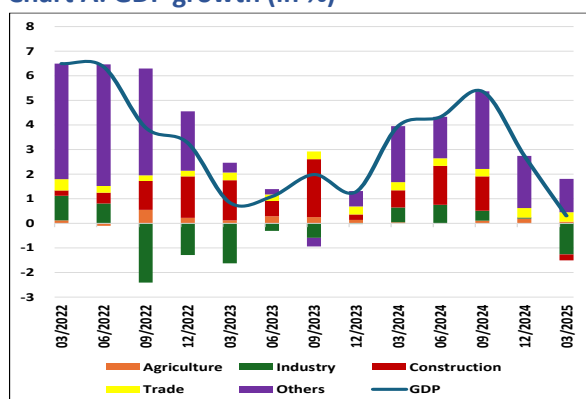
**Output:** In Q1 2025, Azerbaijan's economy grew modestly by 0.3% yoy, a slowdown from the 4.0% yoy expansion recorded in Q1 2024. This deceleration was driven by a 3.8% yoy contraction in the oil and gas sector, though the non-oil sector posted steady growth of 2.5% yoy. The services sector, particularly retail trade, transport, logistics, and tourism, remained a key contributor. By May 2025, GDP growth had improved to 1.5% yoy, according to the fast-track indicator, supported by recovering oil exports to European markets.

**Inflation:** Inflation rose from 4.9% yoy in December 2024 to 6.0% yoy by June 2025, primarily due to rising food prices, which kept headline inflation above the target range. The Central Bank of Azerbaijan (CBA) maintained a cautious monetary policy, holding the policy rate at 7.25% through May 2025 to balance price stability with support for non-oil sector growth. Despite lower revenues from the State Oil Fund and increased spending on the national economy, administration, and defense, the consolidated government balance remained in Q1 2025 robust at a surplus of 5.6% of GDP.

**Trade:** Net exports recorded a surplus of 1.4% of GDP in Q1 2025, fueled by stronger demand for Azerbaijani gas in Europe and a double-digit increase in imports, reflecting growing domestic demand for foreign goods. Intra-CAREC trade accounted for only 3.9% of total exports but 22.2% of imports. Trade with China surged by 34.7% in Q1 2025, reaching \$1.0 billion, with exports tripling. Meanwhile, trade with Central Asian partners grew by 16.9% to \$267 million.

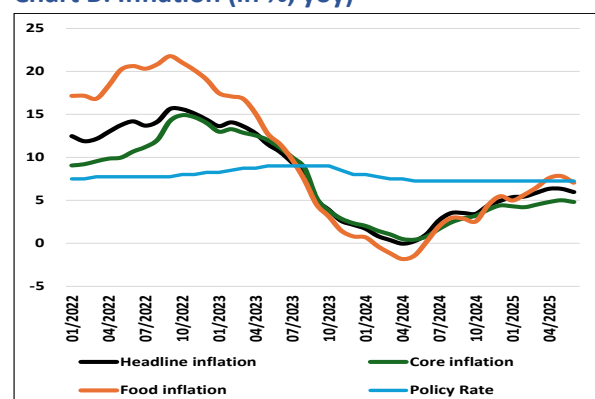
**Outlook:** International forecasts project growth to accelerate to 3.2% in 2025, assuming stable non-oil activity and no further declines in the energy sector. Ample foreign reserves are expected to sustain public infrastructure investments. However, volatility in oil and gas prices, along with regional geopolitical risks, could sway the outlook in either direction.

Chart A: GDP growth (in %)



Source: CEIC database, State Statistical Committee of the Republic of Azerbaijan

Chart B: Inflation (in %, yoy)



Source: CEIC database, State Statistical Committee of the Republic of Azerbaijan

## People's Republic of China

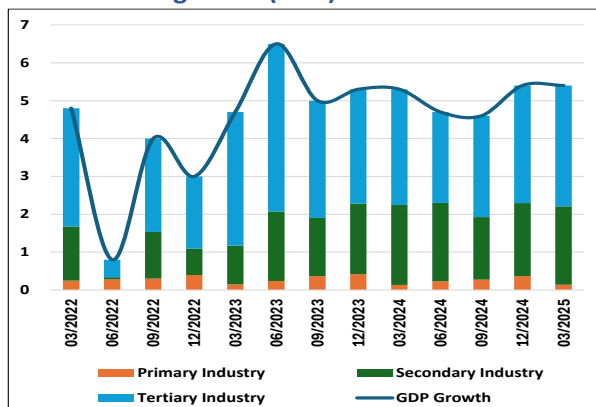
**Output:** The PRC's economy exceeded expectations in Q1 2025, achieving real GDP growth of 5.4% yoy — surpassing the official annual target of 5.0%. This robust performance was driven by strong industrial output, which expanded by 6.5% yoy, with high-tech and equipment manufacturing sectors leading the charge (notably, March saw a 7.7% yoy surge); fixed asset investments, up 4.2% yoy, fueled by infrastructure projects and manufacturing capacity upgrades; and retail sales growth of 4.6% yoy, supported by government stimulus programs aimed at reviving consumer confidence.

**Inflation:** Annual inflation remained muted at 0.1% yoy in June 2025, reflecting weak food and energy prices, influenced by declining global commodity costs; and cautious consumer spending, as households prioritized savings amid economic uncertainty. To counter deflationary pressures, the People's Bank of China (PBoC) implemented aggressive monetary easing, including cutting the policy rate to 1.4% and the 1-year loan prime rate to 3%, and reducing reserve requirements to boost liquidity.

**Trade:** The PRC's trade surplus hit a record 6.5% of GDP in Q1 2025, driven by strong exports of high-value goods, such as electric vehicles (EVs), lithium batteries, and solar panels, which are gradually replacing traditional labor-intensive exports, and intra-CAREC trade growth of 18% in March 2025, though it remains a small share of total trade (2.6% of exports, 1.9% of imports). Key challenges include reliance on external demand and potential disruptions from geopolitical tensions, particularly with major trading partners.

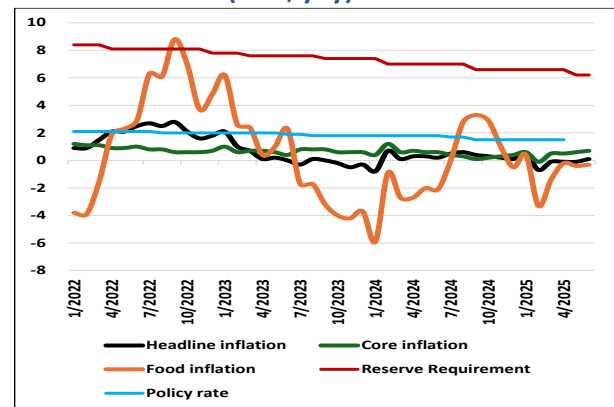
**Outlook:** International organizations project a modest slowdown to 4.7% growth in 2025, with further easing to 4.2% in 2026, due to global economic uncertainty and trade disputes, and structural domestic issues. The government's response focuses on boosting high-tech manufacturing and renewable energy sectors and expanding fiscal support for consumption and infrastructure.

Chart A: GDP growth (in %)



Source: CEIC database, National Bureau of Statistics

Chart B: Inflation (in %, yoy)



Source: CEIC database, National Bureau of Statistics

## Georgia

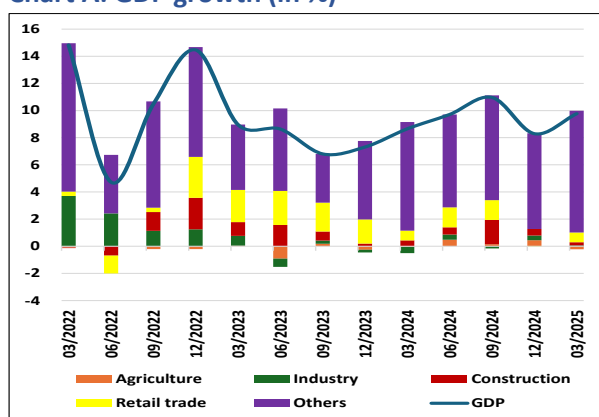
**Output:** Georgia's economy surged by 9.8% yoy in Q1 2025, marking one of the fastest growth rates in the region. However, the performance varied significantly across sectors: the services sector expanded robustly, led by ICT, real estate, finance, healthcare, education, and retail trade. Tourism and transportation rebounded strongly, supported by regional demand and infrastructure investments. Value-added in construction surged due to public investment projects and real estate development. At the same time agriculture contracted due to short-term pressures (e.g., weather, input costs), manufacturing grew only marginally, highlighting lingering structural challenges.

**Inflation:** Inflation accelerated from 1.9% yoy (December 2024) to 4.0% yoy (June 2025), slightly above the National Bank of Georgia's (NBG) 3% target. Key driving factor is domestic demand recovery and wage growth, and global commodity price pass-through. The NBG maintained a cautious stance, holding the policy rate at 8% since May 2024 to anchor expectations. Real interest rates remained high, ensuring inflation control without stifling growth.

**Trade:** In January–May 2025, trade dynamics shifted favorably. Exports rose 14.6% yoy, driven by vehicles (39% share, up from 35% in 2024) and agricultural goods. Imports grew 12.8% yoy, reflecting stronger domestic demand. Over 51.5% of Georgia's exports went to CAREC countries, with machinery and vehicles leading the expansion.

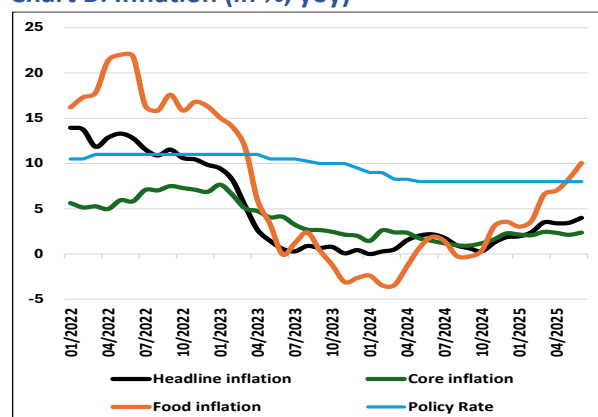
**Outlook:** GDP growth is forecast to moderate to 5.8% in 2025 and 5.0% in 2026. Key structural risks include low agricultural productivity and skills gaps in manufacturing, and high youth unemployment (especially youth). At the same time the economy is prone to potential slowdown in remittances or foreign direct investment (FDI), and the influence of geopolitical tensions (e.g., regional conflicts). The key policy priorities would be diversification and reforms to enhance education, infrastructure, and business climate.

**Chart A: GDP growth (in %)**



Source: CEIC database, national agencies, CI estimations

**Chart B: Inflation (in %, yoy)**



Source: CEIC database, National Statistics Office of Georgia

## Kazakhstan

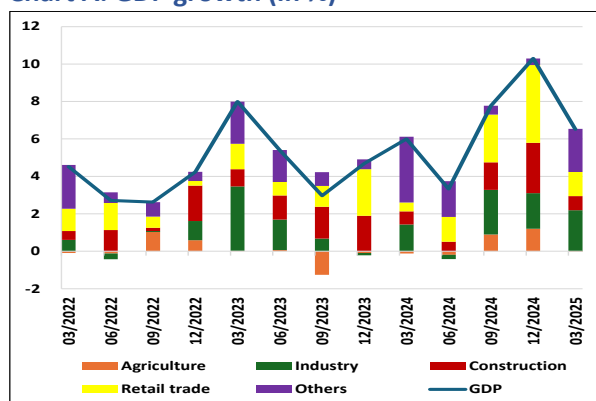
**Output:** Kazakhstan's economy began 2025 with remarkable 6.5% yoy GDP growth in Q1, outpacing the 6.0% yoy expansion in Q1 2024. This acceleration was driven by the launch of expanded production at the Tengiz oilfield in January 2025 and growth in the mining sector, which surged by 10.9% yoy, offsetting earlier volatility. Manufacturing expanded by 6.9% yoy (vs. 3.0% yoy in Q1 2024), led by chemicals, pharmaceuticals, and metallurgy. Services grew steadily, with trade, transportation, and ICT as key contributors. At the same time challenges persist. Heavy reliance on oil revenues leaves the economy vulnerable to commodity price swings.

**Inflation:** Inflation climbed to 11.8% yoy by June 2025, up from 8.6% yoy in December 2024, due to fiscal stimulus measures, social spending and wage growth, which are increasing domestic demand. The National Bank of Kazakhstan (NBK) raised rates by 125 bps in March 2025 to 16.5%, prioritizing inflation control and reinforcing its commitment to anchoring inflation expectations.

**Trade:** Exports fell 13.1% yoy in Q1 2025, reflecting lower oil prices whereas imports grew 2.1%, driven by machinery and consumer goods. The energy sector remained the most significant, with oil exports gradually increasing together with production at the extended Tengiz oilfield. Within the CAREC region, Kazakhstan exports critical minerals for electric vehicle batteries with the region's share taking about 14.2% of exports and 22% of imports.

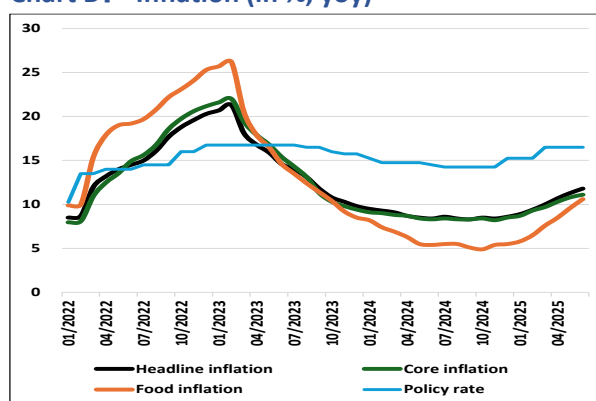
**Outlook:** GDP growth is projected to grow at 4.9% in 2025, supported by the planned expansion of the Tengiz oil field, before moderating to 4.1% in 2026. While Kazakhstan's economic fundamentals remain strong, its trajectory hinges on infrastructure development and the ability to mitigate external risks, such as geopolitical tensions and commodity price volatility.

Chart A: GDP growth (in %)



Source: CEIC database, Bureau of National Statistics

Chart B: Inflation (in %, yoy)



Source: CEIC database, Bureau of National Statistics



## Kyrgyz Republic

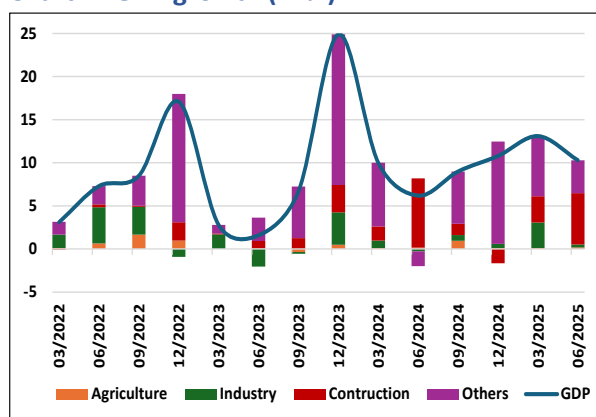
**Output:** The economy experienced a high GDP growth rate of 13.1% yoy in Q1 2025. This is the fastest growth rate in Central Asia, which is due to the combination of short-term external drivers and internal economic momentum, particularly in re-exports and construction. The service sector makes the largest contribution to GDP growth, driven by strong remittances inflows and re-exporting activity. Public and private investments in infrastructure, housing and energy fuel growth in the construction sector.

**Inflation:** Driven by strong domestic demand, annual inflation rose to above the National Bank's mid-term target of 5-7%. In June 2025 it reached 8.0% yoy, up from 6.3% yoy in December 2024. The NBKR maintained its policy rate at 9.0%. The fiscal stance remains prudent, supported by strong revenue performance and controlled expenditure growth.

**Trade:** In the first quarter of 2025 exports continued to increase. According to IMF DOTs statistics it rose by 176.6% yoy, supported by favorable gold prices. Conversely, imports declined by 24.5% yoy. The trade balance remained in deficit, primarily driven by 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 54.2% of total imports, while intra-CAREC exports accounted for approximately 19.4% in Q1 2025.

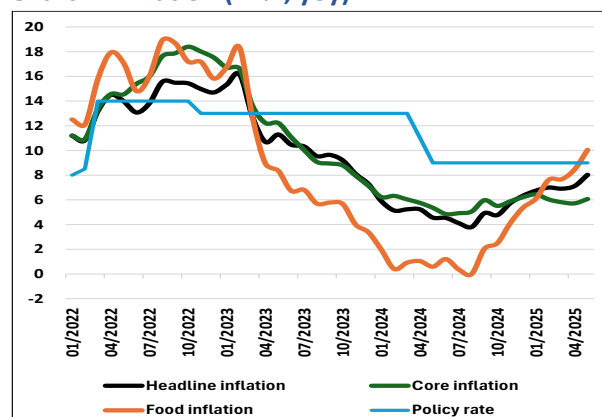
**Outlook:** While the Kyrgyz Republic is experiencing robust growth, challenges such as inflationary pressures, dependence on imports, and volatility in global commodity markets persist. These issues highlight the need for diversified economic strategies to sustain growth. Current forecasts predict a moderation in GDP growth to 7.4% in 2025 and 6.5% in 2026.

Chart A. GDP growth (in %)



Source: national agencies, CEIC database

Chart B. Inflation (in %, yoy)



Source: national agencies, CEIC database

## Mongolia

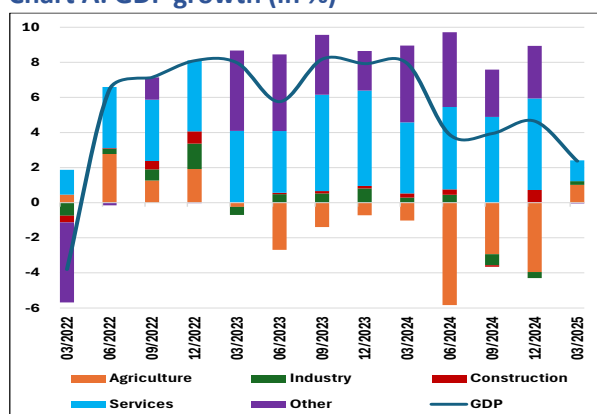
**Output:** Mongolia's GDP growth slowed to 2.4% yoy in Q1 2025, down from 7.9% yoy in Q1 2024, primarily due to the decrease in the price and demand for its exports. Coal prices fell from over USD 150 / ton in October 2024 to USD 50-60\$ / ton in May 2025, with the drop in export revenues by nearly USD 1 billion in January-May 2025. The services sector, that includes domestic trade, construction, and financial services remained a key driver of growth, accounting for a half of GDP. From the expenditure side, the increase in domestic demand was the primary driver supported by increases in real wages.

**Inflation:** Inflationary pressures intensified significantly in early 2025, with prices rising 9-10% yoy. This surge was fueled by multiple factors, including the depreciation of the Mongolian Tugrik, which increased the cost of imported goods, particularly food and energy. Fiscal policy measures, including increased government spending on infrastructure projects, further contributed to inflationary pressures despite weakening revenues. The Bank of Mongolia hiked its policy rate in March 2025 and maintained it then at 12% to combat inflation.

**Trade:** At the beginning of 2025 Mongolia's foreign trade surplus narrowed by more than half, falling to US\$0.9 bln (from US\$2.0 bln in January-May 2024). The decrease in exports was largely due to lower prices and demand for mineral products. The CAREC region, especially the PRC, is Mongolia's largest trading partner, accounting for 92% of Mongolian exports and 37% of imports. Apart from coal, the main export commodities are copper, wool and agricultural products.

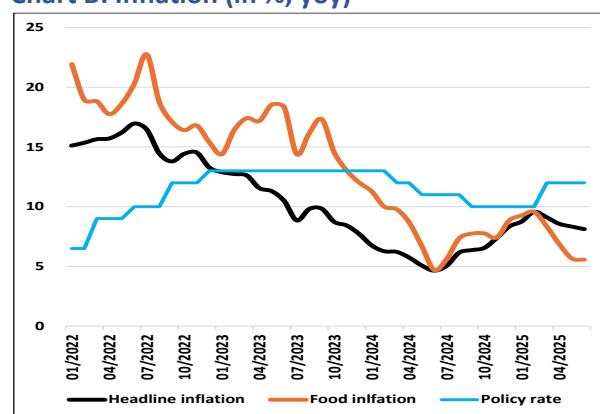
**Outlook:** Looking ahead, Mongolia's economic trajectory remains heavily dependent on external factors. The current forecast anticipates a recovery to 6.3% growth in 2025, followed by 5.7% in 2026, contingent on stabilizing commodity prices and maintaining access to key export markets. However, significant risks persist, including potential disruptions from climate-related events like the dzud (severe winter weather) and ongoing dependence on Chinese demand. To enhance resilience, Mongolia must pursue structural reforms to diversify its economic base beyond mining. Potential growth areas include value-added agriculture, renewable energy development, and tourism.

Chart A: GDP growth (in %)



Source: CEIC database, National Statistics Office of Mongolia

Chart B: Inflation (in %, yoy)



Source: CEIC database, National Statistics Office of Mongolia

## Pakistan

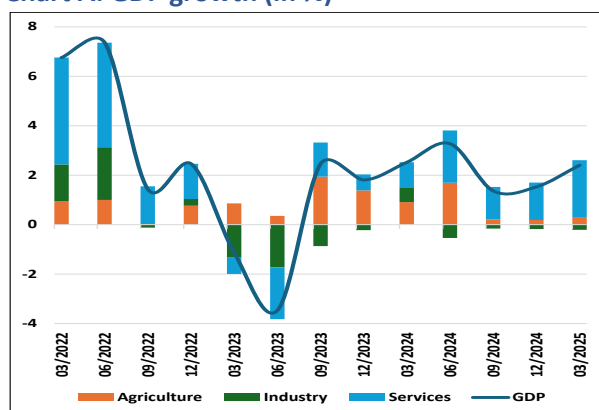
**Output:** Pakistan's economy grew by 2.4% yoy in Q1 2025, showing gradual improvement from recent crises. The expansion was primarily driven by public sector spending on infrastructure and social programs, strong remittance inflows and industrial sector growth. However, agricultural output slowed to 1.2% due to severe monsoon impacts on crops, while services grew moderately at 4.0% yoy, led by retail and telecommunications.

**Inflation:** After peaking at 38% yoy in mid-2023, inflation dramatically eased to 0.3% yoy by April 2025 benefiting from global commodity price declines and tight monetary policy maintained through most of 2024. By June 2025 inflation increased to 3.2% yoy in June 2025 as food prices rebounded. Given the sharp drop in inflation, the State Bank of Pakistan (SBP) implemented a series of interest rate cuts to stimulate economic activity by lowering its policy rate from 13% at the end of 2024 to 11% by June 2025.

**Trade:** Trade dynamics continue to reflect structural imbalances in the economy. The first quarter of 2025 saw exports contract by 1% yoy, while imports grew 10.7% yoy as economic activity picked up. This divergence has kept the trade deficit elevated at approximately USD 5.2 billion for the quarter. The country's trade composition reveals concerning dependencies: textiles still account for 58% of merchandise exports, energy imports consume about 25% of total import spending, China dominates trade flows, representing 30% of imports and 12% of exports.

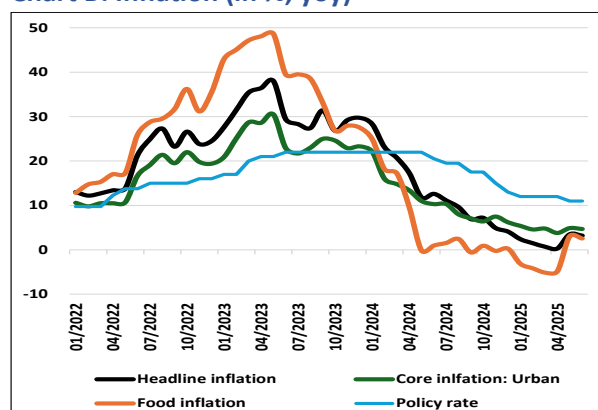
**Outlook:** Economic growth is projected by international organizations at 2.6% in 2025 and 3.2% in 2026. Pakistan's economic trajectory faces multiple headwinds like debt sustainability concerns with high public debt, energy sector inefficiencies, and climate vulnerability. Continued economic stability and structural reforms should support further recovery.

**Chart A: GDP growth (in %)**



Source: CEIC database, Pakistan Bureau of Statistics

**Chart B: Inflation (in %, yoy)**



Source: CEIC database, Pakistan Bureau of Statistics

## Tajikistan

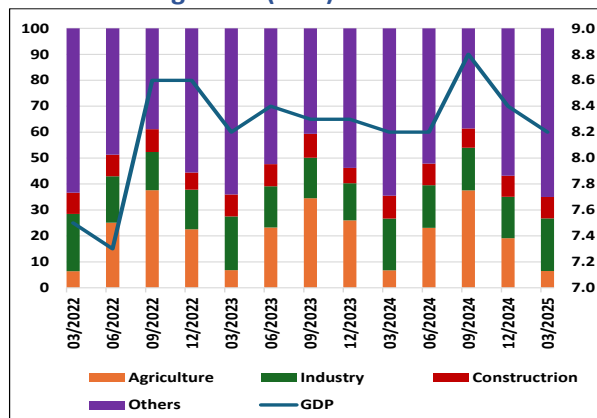
**Output:** In Q1 2025, Tajikistan's economy expanded by 8.2% yoy, driven by strong domestic demand and increased exports of precious metals. The industrial sector served as the primary growth engine, with mining activity - particularly gold extraction - increasing compared to Q1 2024. The Rogun Hydropower Project, now in its advanced stages of construction, has supported economic activity. The services sector also expanded robustly, fueled by rising consumer spending and continued recovery in transport and logistics.

**Inflation:** Despite monetary easing and a growing money supply, inflation remained stable at 3.4–3.8% yoy throughout the first half of 2025, supported by a stronger somoni and strong currency. The National Bank of Tajikistan (NBT) adopted a more accommodative stance, cutting its policy rate twice in February, and May 2025 bringing it down from 9.0% to 8.25%. Concurrently, the nominal exchange rate of Somoni appreciated on average by 8.8% in first half of 2025.

**Trade:** Exports of goods increased by 26.5% yoy and imports – by 38.4% yoy in Q1 2025. Nearly 30% of export earnings come from gold and other precious metals, and about 43.1% of exports is exported to CAREC countries—primarily the PRC (24%), Afghanistan (10%), and Kazakhstan (5%). However, the trade balance recorded a deficit of 26.9% 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.

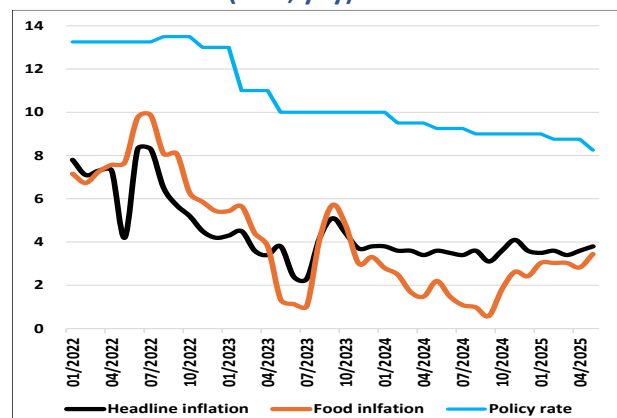
**Outlook:** Growth is expected to moderate to 7.0% in 2025 and 5.6% in 2026, with fluctuations in remittances from Russia and slowing down of demand from the PRC posing a key downside risks. Tajikistan's long-term growth potential lies in its young population, hydropower resources, and opportunities in agriculture and tourism.

**Chart A: GDP growth (in %)**



Source: CEIC database, Agency on Statistics under the President of the Republic of Tajikistan

**Chart B: Inflation (in %, yoy)**



Source: CEIC database, National Bank of Tajikistan

## Turkmenistan

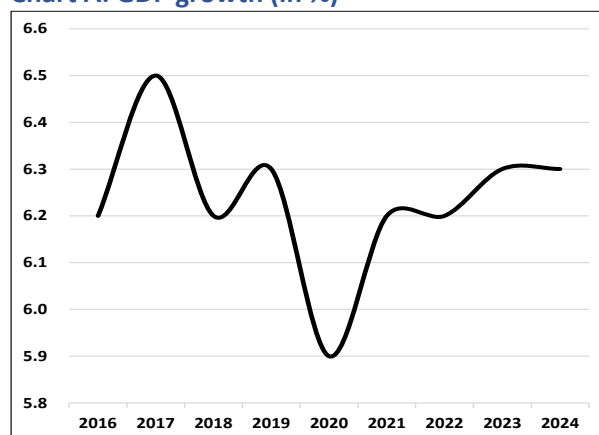
**Output:** According to official announcements the economy is demonstrating stability in early 2025. It has grown by 6.3% for two consecutive years in 2023 and 2024. Investment was one of the major growth drivers, supported by public infrastructure projects, which also spurred expansion in the construction sector. The growth in the services sector was supported by higher wages and pensions, and helped to sustain consumption.

**Inflation:** While there is no official inflation data available, the IMF' projected inflation is around 7.0% in 2025.

**Trade:** Turkmenistan's exports declined by 19.4% in Q1 2025 compared to the same period of 2024. Fuel exports to emerging markets fell by 35.2% yoy, while non-fuel commodity exports dropped by 18.7% yoy. The share of intra-regional exports to CAREC countries dropped to 82.5% of total exports (down from 84.4% in 2024). Imports increased by 15.3%. Fuel imports from emerging markets declined sharply by 13.3% yoy, whereas non-fuel commodity imports saw a modest rise of 15.7% yoy. The share of intra-regional imports from CAREC countries decreased to 39.9% yoy (down from 39.9% in 2024). 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%.

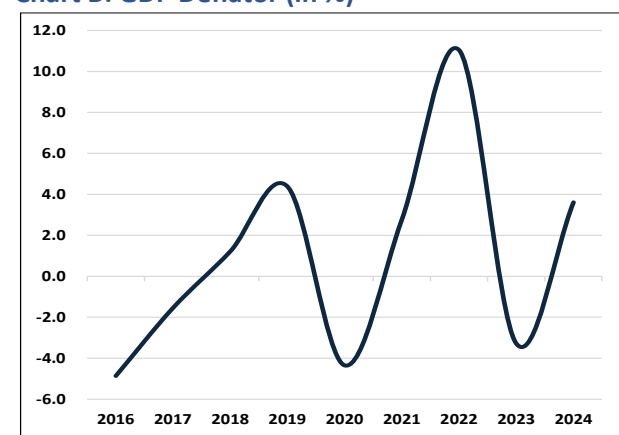
**Outlook:** Real GDP is forecast to grow at 4.4% in 2025 and 4.1% in 2026, supported by continued investments in energy, infrastructure, agriculture, and food processing. However, Turkmenistan's heavy reliance on hydrocarbons remains a challenge. The Asian Development Bank's 2024–2028 partnership strategy aims to promote diversification through human capital development, institutional reforms, and climate adaptation measures.

Chart A: GDP growth (in %)



Source: CEIC database, World Bank,  
[www.business.com.tm](http://www.business.com.tm)

Chart B: GDP Deflator (in %)



Source: CEIC database, World Bank

## Uzbekistan

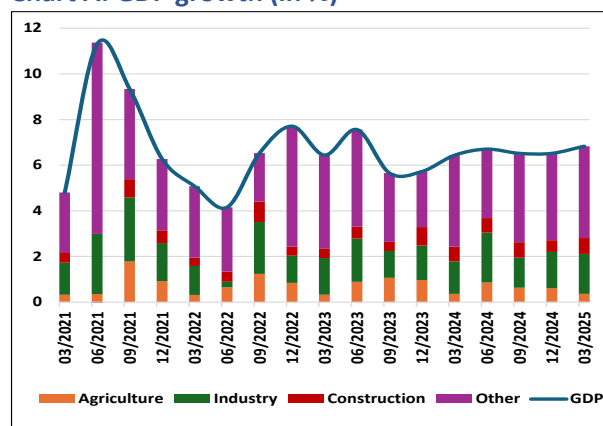
**Output:** In Q1 2025 strong household demand, partially fueled by remittances, significantly boosted consumption and pushed GDP growth to 6.8% yoy. Investments rose robustly with construction surging by 10.7% yoy. Industrial production grew by 6.5% yoy, with manufacturing output increasing 7.2% yoy as automotive and electronics assembly gained momentum. The construction sector surged 10.7% yoy, fueled by infrastructure projects and housing development. The services sector contributed 48% of GDP growth, led by tourism and ICT services.

**Inflation:** Inflation hovered around 10% yoy, slightly down from 10.4% yoy in mid-2024. Strong domestic demand driven by wages and remittances, and public and SOE spendings were the primary drivers of inflation. Another driver is the significant increase in electricity and gas tariffs in May 2024. The Central Bank pursued a tight monetary policy stance, lifting rates to around 14% in early 2025 with the aim to gradually reduce inflation toward the 5% target.

**Trade:** Though according to IMF DOTs statistics exports increased by 27.4% yoy in Q1 2025 the trade balance was negative at 13.9% of GDP. Imports continue to outpace exports due to demand for capital goods and energy. The share of intra-regional exports to CAREC countries takes about 18.4% of total exports (down from 27.5% in 2024). Imports in Q1 2025 increased by 17.1%, while intra-CAREC imports decreased by 2.4%. Intra-CAREC imports takes about 34.1% of total imports.

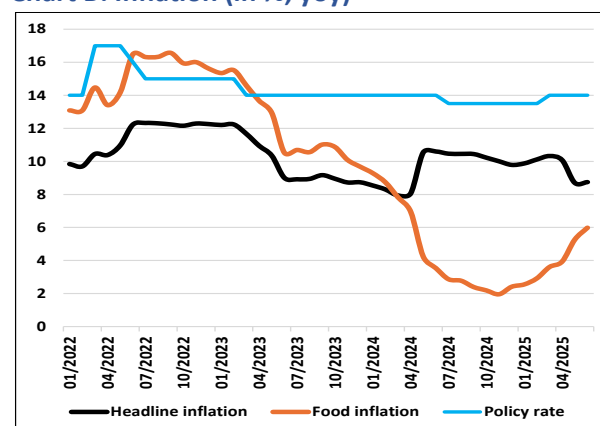
**Outlook:** Uzbekistan is demonstrating sustained economic momentum in 2025 driven by strong domestic demand, structural reforms and proactive integration into global markets. Looking forward, trade expansion, income growth and continued structural reforms should help maintain growth around 6.1% in 2025-2026.

Chart A: GDP growth (in %)



Source: CEIC database, State Committee of the Republic of Uzbekistan on Statistics

Chart B: Inflation (in %, yoy)



Source: CEIC database, State Committee of the Republic of Uzbekistan on Statistics

## CAREC governments' cooperation initiatives

**Mongolia and Uzbekistan to develop cooperation in tourism****Date: 2025-06-24**

At the invitation of President of Mongolia Khurelsukh Ukhnaa, President of the Republic of Uzbekistan Shavkat Mirziyoyev will pay a State Visit to Mongolia on June 24-25, 2025. Within the framework of the State Visit, "The Pearl of Silk Road" Tourism Forum was held on June 23, 2025, in Ulaanbaatar. The first Tourism Forum, aimed at exploring cooperation opportunities in the tourism sector of the two countries, specifically developing and promoting the Silk Road and special interest tours and increasing the flow of tourists brought together more than 150 representatives of the tourism sectors of the two countries. ... The two sides plan to cooperate by participating in the "Silk Road Tourism " International Tourism Fair in Tashkent, Uzbekistan, organizing tour operator familiarization tours, and exchanging experiences.

MORE: <https://montsame.mn/en/read/372710>

Source: MONTSAME News Agency

**Uzbekistan and Mongolia cooperate in the mining industry****Date: 2025-06-20**

Bilateral cooperation issues were thoroughly discussed during a meeting between the Deputy Minister of Mining Industry and Geology, Ural Yusupov, and the delegation led by the Vice President of the Mongolian company Steppe Copper, Badarch Enkhbat. ... According to the Ministry's press service, the meeting addressed the operations of the Uzbek Overseas Geology Company's representative office in Mongolia and the prospects for practical bilateral cooperation. ... At the meeting, agreements were reached on implementing joint projects in the extraction and processing of uranium, gold, copper, and rare earth metals, as well as on producing high-value-added products.

MORE: [https://uza.uz/en/posts/uzbekistan-and-mongolia-cooperate-in-the-mining-industry\\_732642](https://uza.uz/en/posts/uzbekistan-and-mongolia-cooperate-in-the-mining-industry_732642)

Source: Uza

**Tajikistan and China to establish joint working group on artificial intelligence****Date: 2025-06-19**

On June 17, following the meeting between the President of the Republic of Tajikistan, H.E. Emomali Rahmon, and the President of the People's Republic of China, H.E. Xi Jinping, held in Astana, several new bilateral cooperation documents were signed. Among them was a Memorandum of Understanding on strengthening cooperation in the field of artificial intelligence between the Agency for Innovation and Technology under the President of the Republic of Tajikistan and the National Development and Reform Commission of the People's Republic of China. According to the Agency for Innovation and Digital Technologies, the two sides agreed to establish a Joint Working Group on Artificial Intelligence to effectively implement the provisions of the Memorandum.

MORE: <https://eng.khovar.tj/2025/06/tajikistan-and-china-to-establish-joint-working-group-on-artificial-intelligence/>

Source: Khovar

**China, Central Asian countries sign Astana Declaration****Date: 2025-06-17**

China and Central Asian countries agreed to deepen cooperation in key sectors, such as agriculture and energy, according to a joint declaration released on Tuesday. The six countries – China, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan – made the commitment in the Astana Declaration of the China-Central Asia Summit. The countries affirmed their commitment to further tapping the potential of agricultural cooperation. ... They expressed their willingness to develop smart agriculture, and enhance the application of water-saving, green and other efficient technologies, ...

MORE: <https://news.cgtn.com/news/2025-06-17/Xi-Central-Asian-leaders-sign-declaration-on-cooperation-1EhEzjFo676/p.html>

Source: CGTN



## **"China Tourism Year" kicks off in Kazakhstan**

**Date: 2025-06-17**

The opening ceremony of Kazakhstan's "China Tourism Year" was held on Monday at the National Museum of Kazakhstan, with around 300 guests from China and Kazakhstan in attendance. ... As a major highlight of the "China Tourism Year" in Kazakhstan, the exhibition titled "Silk and the Silk Road: From China to Kazakhstan" also opened on the same day at the National Museum. ... The exhibition will run through August 8.

MORE: <https://english.news.cn/asiapacific/20250617/159f7d22dfa54ee8b757313254ca69cf/c.html>

**Source: Xinhua**

## **Azerbaijan and China to sign bilateral protocol as part of WTO accession process**

**Date: 2025-06-13**

As part of his visit to China, Azerbaijan's Deputy Minister of Economy Samad Bashirli met with Yan Dong, Vice Minister of Commerce of the People's Republic of China. During the meeting, both sides emphasized that Azerbaijan-China relations - founded on mutual friendship and trust - are based on a strong foundation. They also noted the broad opportunities for further expansion of trade ties between the two countries. The two officials discussed the prospects for deepening economic and trade cooperation. The meeting also included bilateral discussions on goods and services in the context of Azerbaijan's accession to the World Trade Organization (WTO). As a result, negotiations on goods and services between Azerbaijan and China were concluded, and both parties agreed to sign a bilateral protocol within the WTO accession framework.

MORE: [https://azertag.az/en/xeber/azerbaijan\\_and\\_china\\_to\\_sign\\_bilateral\\_protocol\\_as\\_part\\_of\\_wto\\_accession\\_process-3609199](https://azertag.az/en/xeber/azerbaijan_and_china_to_sign_bilateral_protocol_as_part_of_wto_accession_process-3609199)

**Source: Azertac**

## **Kyrgyzstan and China stepping up cooperation in science and technology**

**Date: 2025-06-13**

As part of the Shanghai Cooperation Organization (SCO) events, Deputy Minister of Education of Kyrgyzstan Albert Makhmetkulov met with Deputy Minister of Science and Technology of China Chen Jiachang. ... During the talks, the parties discussed priority areas for bilateral cooperation, as well as ways to further expand cooperation in the scientific and technical sphere. ... It was noted that the following initiatives and projects are already being implemented between the Kyrgyz Republic and China:

A protocol on the establishment of a joint commission on scientific and technical cooperation (signed in May 2023); Dozens of inter-university agreements and academic exchanges; Joint educational projects, double degree programs, workshops; Training of specialists in priority areas: wind energy, digital engineering, automation, and etc.; Practical cooperation in the field of scholarships: 25 grants from the government of XUAR; 100 quotas for 2024-2025; 200 places for citizens of the Kyrgyz Republic at universities in Jinan.

MORE: [https://24.kg/english/332641\\_Kyrgyzstan\\_and\\_China\\_stepping\\_up\\_cooperation\\_in\\_science\\_and\\_technology/](https://24.kg/english/332641_Kyrgyzstan_and_China_stepping_up_cooperation_in_science_and_technology/)

**Source: 24.kg**

## **Tajikistan, Uzbekistan and Kazakhstan agree on summer water use schedule**

**Date: 2025-06-03**

Kazakhstan, Tajikistan, and Uzbekistan have agreed on the 2025 summer schedule for the use of Bahri Tojik reservoir. The Ministry of Water Resources and Irrigation of Kazakhstan reported. ... The document outlines the operational schedule for the reservoir and aims to ensure efficient and balanced distribution of water among the three countries. ... The water is intended for irrigating agricultural land and maintaining optimal groundwater levels.

MORE: [https://24.kg/english/331397\\_Tajikistan\\_Uzbekistan\\_and\\_Kazakhstan\\_agree\\_on\\_summer\\_water\\_use\\_schedule/](https://24.kg/english/331397_Tajikistan_Uzbekistan_and_Kazakhstan_agree_on_summer_water_use_schedule/)

**Source: 24.kg**



## **Mongolian and Turkmen businesses lay foundation for long-term cooperation**

**Date: 2025-06-02**

At the invitation of President of Mongolia Khurelsukh Ukhnaa, President of Turkmenistan Serdar Berdimuhamedow is paying a State Visit to Mongolia. During the State Visit, the Mongolia-Turkmenistan Business Forum was held at the Mongolian National Chamber of Commerce and Industry on June 2, 2025. ... The Business Forum served as a platform for businesses of Mongolia and Turkmenistan to enhance cooperation in food, agriculture, textiles, and knitwear. ... During the Forum, business representatives from Mongolia and Turkmenistan held B2B meetings and discussed implementing joint trade and investment projects and programs. The Forum is considered a crucial impetus for businesses of the two countries to establish direct contacts and lay the foundation for long-term cooperation.

MORE: <https://montsame.mn/en/read/371119>

Source: MONTSAME News Agency

## **Uzbekistan plans to simplify entry for Kazakh citizens**

**Date: 2025-05-26**

Uzbekistan plans to introduce simplified entry procedures for citizens of Azerbaijan, Kazakhstan, and Russia. The proposed changes would permit entry for up to 30 days using an internal identity document or ID card. For minors under 16, entry would be allowed with the so-called “kinder passports” for children aged under 16. ... The measure is part of broader efforts by Uzbekistan to facilitate cross-border travel and strengthen regional cooperation in tourism and mobility. ... To attract foreign investment, Uzbekistan will also introduce a simplified procedure for issuing 5-year residence permits starting June 1.

MORE: <https://astanatimes.com/2025/05/uzbekistan-plans-to-simplify-entry-for-kazakh-citizens/>

Source: The Astana Times

## **Tajikistan and Kazakhstan sign technical terms of protocol on preliminary customs information exchange**

**Date: 2025-05-22**

Tajikistan and Kazakhstan have signed the technical terms of a protocol for exchanging preliminary customs information, reported the Press Center of the Customs Service under the Government of Tajikistan. This agreement was finalized during the Second Meeting of Heads of Customs Authorities of Central Asian Countries and China, held in Almaty. During the visit, the Tajik delegation also held bilateral discussions with the leadership of the State Revenue Committee of the Ministry of Finance of Kazakhstan. ... The agreement is expected to improve the efficiency of data exchange, facilitate timely risk assessment and analysis during the movement of goods, and strengthen the region’s transit capacity.

MORE: <https://eng.khovar.tj/2025/05/tajikistan-and-kazakhstan-sign-technical-terms-of-protocol-on-preliminary-customs-information-exchange/>

Source: Khovar

## **Uzbekistan – China: Scientific and technological cooperation agreements signed**

**Date: 2025-05-02**

During a visit to the Xinjiang Uyghur Autonomous Region of the People’s Republic of China, a delegation from Uzbekistan’s Ministry of Higher Education, Science, and Innovation held a series of meetings aimed at expanding cooperation and exploring opportunities for implementing investment projects in promising sectors. Notably, an agreement was signed with the agricultural science and technology company Tianfeng to establish a laboratory center dedicated to ensuring food safety. ... The Uzbekistan delegation also discussed implementing academic exchange programs with Xinjiang Beixin Road & Bridge Group. ... Plans are also underway to establish a joint scientific laboratory between the Tashkent Institute of Chemical Technology and Xi'an Petroleum University. Additionally, discussions were held regarding opening a branch of Beijing Institute of Technology in Tashkent.

MORE: [https://uza.uz/en/posts/uzbekistan-china-scientific-and-technological-cooperation-agreements-signed\\_715783](https://uza.uz/en/posts/uzbekistan-china-scientific-and-technological-cooperation-agreements-signed_715783)

Source: UZA

## **National Bank of Georgia signs cooperation memorandum with China's Central Bank**

**Date: 2025-03-29**

The National Bank of Georgia (NBG) and the People's Bank of China (PBOC) have signed a memorandum of cooperation aimed at strengthening financial ties between the two countries. ... According to the National Bank of Georgia, the memorandum focuses on addressing global financial challenges, reducing systemic risks, boosting trade and business relations, and enhancing financial stability through closer collaboration. ... The agreement includes cooperation in monetary policy, financial technology, payment systems, and capital market development.

MORE: <https://frontnews.ge/en/news/saqarthvelos-erovnul-banksa-da-chinethis-tsentrallur-banks-shoris-urthierththanamshromlobis-memorandum-i-gapormda>

**Source: Front News - Georgia**

## **CAREC cross-border business activities**

### **"Transport and Logistics Center of Turkmenistan" organized the delivery of a container train from China to Baku through Turkmenistan**

**Date: 2025-07-08**

The Open Joint Stock Company "Transport and Logistics Center of Turkmenistan" (TULM) arranged the dispatch of a test container train assembled in the Chinese city of Zhejiang, heading to the international seaport of Baku. According to the website of the agency "Türkmendeňizderýaýollary," the train, consisting of 50 forty-foot containers, traveled through Kazakhstan and the Turkmenistan border railway crossing. The Chinese test train was sent to the city of Baku via the international seaport in Turkmenbashi aboard a Turkmen national feeder vessel. As the operator of container transportation on Turkmenistan's railways, TULM continues to carry out large-scale cargo shipments within the framework of international multimodal transport and transit corridors.

MORE: <https://turkmenistan.gov.tm/en/post/96791/transport-and-logistics-center-turkmenistan-organized-delivery-container-train-china-baku-through-turkmenistan>

**Source: Turkmenistan: Golden age**

### **Trade Representative Office of Azerbaijan to be established in Uzbekistan**

**Date: 2025-06-20**

"A Trade Representative Office of Azerbaijan will be established in Uzbekistan," said Azerbaijan's Minister of Economy Mikayil Jabbarov during his speech at the 3rd Azerbaijan-Uzbekistan Interregional Forum in Baku. The minister noted that the Trade Representative Office will become a key tool for promoting exports, developing investment cooperation, establishing direct business contacts between entrepreneurs of the two countries, and implementing joint cooperation projects in the region.

MORE: <https://azertag.az/en/xeber/trade-representative-office-of-azerbaijan-to-be-established-in-uzbekistan-3620975>

**Source: Azertac**

### **First delivery along Uzbekistan-Kyrgyzstan-China-Mongolia corridor takes place**

**Date: 2025-06-05**

The first pilot cargo shipment along the Uzbekistan—Kyrgyzstan—China—Mongolia transport corridor has been successfully completed. The Ministry of Transport of Uzbekistan reported. The project is aimed at expanding sales markets for the products of domestic entrepreneurs and developing road freight transportation along new logistics routes. «Thanks to the coordinated efforts of the participating countries and joint development of this direction, new prospects are emerging for increasing trade turnover and strengthening transport and logistics ties. The implementation of this corridor will promote growth of export-import transportation volumes, expand the geography of trade partners, and reduce cargo delivery times,» the statement reads.

MORE: <https://24.kg/english/331716-First-delivery-along-Uzbekistan-Kyrgyzstan-China-Mongolia-corridor-takes-place/>

**Source: 24.kg**

## **AZPROMO, China Council for Promotion of International Trade Guangdong Committee sign MoU**

**Date: 2025-06-05**

Azerbaijan's Export and Investment Promotion Agency (AZPROMO) and the China Council for the Promotion of International Trade Guangdong Committee (CCPIT Guangdong) have signed a Memorandum of Understanding on cooperation on the sidelines of the Azerbaijan-China Economic and Trade Cooperation Forum. The document was inked by Yusif Abdullayev, Executive Director of AZPROMO and Bai Mingshao, a first-level bureau-official of the Guangdong Provincial Department of the CCPIT. The memorandum envisages enhancing economic cooperation between the two countries.

MORE:[https://azertag.az/en/xeber/azpromo\\_china\\_council\\_for\\_promotion\\_of\\_international\\_trade\\_guangdong\\_committee\\_sign\\_mou-3598739](https://azertag.az/en/xeber/azpromo_china_council_for_promotion_of_international_trade_guangdong_committee_sign_mou-3598739)

**Source: Azertac**

## **Uzbekistan Trade House opens in Pakistan**

**Date: 2025-06-04**

An opening ceremony of the Uzbekistan Trade House took place in Pakistan's Lahore, attended by a delegation from the Chamber of Commerce and Industry, representatives of the city administration, and members of Pakistan's business community. This new facility is expected to contribute to the further strengthening of direct trade and cooperation between entrepreneurs of both countries.

MORE:[https://uza.uz/en/posts/uzbekistan-trade-house-opens-in-pakistan\\_727078](https://uza.uz/en/posts/uzbekistan-trade-house-opens-in-pakistan_727078)

**Source: Uza**

## **Kazakhstan to reduce freight transit tariffs for Kyrgyzstan**

**Date: 2025-05-30**

Kazakhstan will reduce freight transit tariffs for Kyrgyzstan by rail through the two countries. NC Kyrgyz Temir Zholu state enterprise reported. The tariff reduction will take place from June 8, 2025. The relevant agreements were previously reached at a meeting between the company's CEO Azamat Sakiyev and the Chairman of the Board of NC Kazakhstan Temir Zholy JSC Nurlan Sauranbayev. According to the decision of the Kazakh colleagues, tariffs for the transportation of grain cargo have been reduced to 55 percent, oil cargo — to 20 percent, and other types of cargo — up to 50 percent.

MORE:[https://24.kg/english/330916\\_Kazakhstan\\_to\\_reduce\\_freight\\_transit\\_tariffs\\_for\\_Kyrgyzstan/](https://24.kg/english/330916_Kazakhstan_to_reduce_freight_transit_tariffs_for_Kyrgyzstan/)

**Source: 24.kg**

## **Chinese investors to set up mini truck assembly plant in Karachi**

**Date: 2025-05-21**

Chinese investors have agreed to set up Super Mini Truck assembly plant in Karachi. ... The announcement to this effect was made by Sindh's Senior Minister Sharjeel Inam Memon during the unveiling ceremony of the Super Mini Truck in Bozhou, China, Gwadar Pro reported. ... He also revealed plans to establish electric vehicle (EV) charging stations across Sindh in the near future. Super Mini Truck is a kind of revolutionary vehicle developed jointly by China's Chery Holding and Peddy Technology Company Limited.

MORE:<https://www.nation.com.pk/21-May-2025/chinese-investors-to-set-up-mini-truck-assembly-plant-in-karachi>

**Source: The Nation**

## **Kazakhstan plans to open trading house in Afghanistan**

**Date: 2025-04-22**

Kazakh Deputy Prime Minister and Minister of National Economy Serik Zhumangarin proposed opening Kazakhstan's trading house in Kabul during a meeting with Afghan Deputy Prime Minister Abdul Ghani Baradar on April 22, reported the Prime Minister's press service. ... In general, Kazakhstan is among Afghanistan's top ten trading partners, with significant exports including grain and flour. In 2024, Kazakh sugar exports to Afghanistan surged to 143,000 tons, up from 19,100 tons in 2023. There is also growing potential for increased supplies of confectionery and flour products to the Afghan market, while Kazakhstan is interested in importing early-season Afghan vegetables.

MORE:<https://astanatimes.com/2025/04/kazakhstan-plans-to-open-trading-house-in-afghanistan/>

**Source: The Astana Times**

**Chinese investments in Tajikistan surpass US\$5 billion****Date: 2025-07-08**

From 2007 to the beginning of the second quarter of this year, China has invested US\$5.1 billion in Tajikistan's economy, Sadoi Mardum, a mouthpiece of Tajikistan's parliament, reported, citing Sulton Rahimzoda, Chairman of the State Committee on Investment and State-owned Property Management (GosKomInvest) of Tajikistan. ... Chinese capital has been directed primarily toward the mining and processing industries, geological exploration, light industry, telecommunications, construction, equipment installation, and other sectors. Currently, more than 700 companies with participation of Chinese capital are operating in Tajikistan.

MORE: <https://asiaplustj.info/en/news/tajikistan/economic/20250708/chinese-investments-in-tajikistan-surpass-us5-billion>

**Source: Asia-Plus News Agency****Pakistan, Uzbekistan eye \$2b trade target amid renewed economic engagement****Date: 2025-06-28**

In a significant step towards deepening economic cooperation between Pakistan and Uzbekistan, an 18-member high-level delegation of Uzbek businessmen led by Mr Bakhrom Yusupov, Commercial Attaché, visited the Islamabad Chamber of Commerce and Industry (ICCI) on Friday. ... Welcoming the delegation, ICCI President Nasir Mansoor Qureshi emphasised the strong commitment of both nations to expand their trade, enhance connectivity, and promote people-to-people linkages. He appreciated Uzbekistan's rapidly growing economy and underscored the need to elevate bilateral trade to the \$2 billion mark. He also stressed the importance of launching direct flights to facilitate business, tourism, and educational exchange.

MORE: <https://www.nation.com.pk/28-Jun-2025/pakistan-uzbekistan-eye-dollar-2b-trade-target-amid-renewed-economic-engagement>

**Source: The Nation****Azerbaijan sharply increases grain imports from Kazakhstan by 116.6 times****Date: 2025-06-21**

Kazakhstan's export volume of new grain products reached 8.7 million tons from September 2024 to June 18, 2025. A significant increase - by 116.6 times - was recorded in grain exports from Kazakhstan to Azerbaijan. According to Kazakhstan's Ministry of Agriculture, total grain exports grew by 58.7 percent compared to the same period in 2023–2024.

MORE: [https://azertag.az/en/xeber/azerbaijan\\_sharply\\_increases\\_grain\\_imports\\_from\\_kazakhstan\\_by\\_1166\\_times-3621787](https://azertag.az/en/xeber/azerbaijan_sharply_increases_grain_imports_from_kazakhstan_by_1166_times-3621787)

**Source: Azertac****Kyrgyzstan shows highest retail trade growth rates in Central Asia****Date: 2025-06-20**

Kyrgyzstan demonstrated the highest growth rate in retail trade among Central Asian countries in 2024, INFOLine reports. The analysis shows a 14.6 percent increase in comparable prices (compared to 10.9 percent in 2023) and an 18.5 percent increase in current prices. This indicates a continued recovery in consumer activity. ... Wholesale and retail trade remains a key sector of the national economy, contributing around 18 percent of the country's GDP, the report states. A significant driver of growth is the re-export of goods from China to other Central Asian countries and Russia, positioning Kyrgyzstan as a vital logistics and trade hub in the region.

MORE: [https://24.kg/english/333512\\_Kyrgyzstan\\_shows\\_highest\\_retail\\_trade\\_growth\\_rates\\_in\\_Central\\_Asia/](https://24.kg/english/333512_Kyrgyzstan_shows_highest_retail_trade_growth_rates_in_Central_Asia/)

**Source: 24.kg**

### **Azerbaijan-Georgia trade turnover amounts to \$523 million this year**

**Date: 2025-06-19**

In the first five months of 2025, trade between Azerbaijan and Georgia amounted to \$523 million, the National Statistics Service of Georgia reported. During the reporting period, Azerbaijan held a 5.3 percent share of Georgia's total trade turnover. Thus, Azerbaijan became Georgia's sixth trading partner, following Türkiye, the US, Russia, China, and Kyrgyzstan. Georgia imported \$282.3 million worth of goods from Azerbaijan, which is 12.4 percent higher than in the same period last year.

MORE: [https://azertag.az/en/xeber/azerbaijan\\_georgia\\_trade\\_turnover\\_amounts\\_to\\_523\\_million\\_this\\_year-3619311](https://azertag.az/en/xeber/azerbaijan_georgia_trade_turnover_amounts_to_523_million_this_year-3619311)

**Source: Azertac**

### **Tajikistan–Uzbekistan trade turnover reaches \$184 Million**

**Date: 2025-06-07**

During the 11th CIS Council on Industrial Policy meeting in Dushanbe, Tajikistan's Minister of Economic Development and Trade Zavki Zavkizoda met with Uzbekistan's Minister of Investments, Industry, and Trade Laziz Kudratov. It was noted that bilateral trade turnover between Tajikistan and Uzbekistan reached \$184 million in January–April 2025 — an increase of \$6.1 million (3.4%) compared to the same period last year.

MORE: <https://eng.khovar.tj/2025/06/tajikistan-uzbekistan-trade-turnover-reaches-184-million/>

**Source: Khovar**

### **Kyrgyzstan and Kazakhstan intend to increase bilateral trade to \$3 billion**

**Date: 2025-05-31**

First Deputy Chairman of the Cabinet of Ministers of Kyrgyzstan Daniyar Amangeldiev met with Deputy Prime Minister — Minister of National Economy of the Republic of Kazakhstan Serik Zhumangarin. The press service of the Cabinet of Ministers reported. ... The parties discussed issues of trade and economic cooperation, including reaffirming their mutual readiness to intensify the implementation of joint investment projects to achieve the goals of increasing bilateral trade to \$3 billion by 2030.

MORE: [https://24.kg/english/331083\\_Kyrgyzstan\\_and\\_Kazakhstan\\_intend\\_to\\_increase\\_bilateral\\_trade\\_to\\_3\\_billion/](https://24.kg/english/331083_Kyrgyzstan_and_Kazakhstan_intend_to_increase_bilateral_trade_to_3_billion/)

**Source: 24.kg**

### **Trade turnover between Uzbekistan and Kazakhstan approaches \$1.4 billion**

**Date: 2025-05-24**

According to Kazakhstan News Agency (Kazinform), Kazakhstan remained among Uzbekistan's top three main trading partners based on January-April 2025 results. ... Among Uzbekistan's main partners, China leads, with bilateral trade exceeding \$4.1 billion during the reporting period, accounting for 17 percent of total turnover. Russia ranks second with 15.1 percent. The third-largest partner is Kazakhstan, with trade turnover between the two countries reaching nearly \$1.4 billion (5%) from January to April, an increase of \$168 million compared to the same period last year.

MORE: <https://uza.uz/en/posts/trade-turnover-between-uzbekistan-and-kazakhstan-approaches-14-billion-723452>

**Source: Uza**

### **Pakistan's exports to Afghanistan up by 64.48pc in 9 months**

**Date: 2025-05-11**

Pakistan's export of goods and services to Afghanistan witnessed an increase of 64.48 percent during the first nine months of the fiscal year (2024-25) as compared to the exports of the corresponding period of last year, State Bank of Pakistan (SBP) reported. The overall exports to Afghanistan were recorded at \$623.285 million during July-March (FY2024-25) against exports of \$378.922 million during July-March (FY2023-24), SBP data revealed.

MORE: <https://www.nation.com.pk/11-May-2025/pakistan-s-exports-to-afghanistan-up-by-64-48pc-in-9-months>

**Source: The Nation**

**Azerbaijan, China sign agreement on renewable energy sector****Date: 2025-06-27**

During his visit to Ningbo, China, Azerbaijan's Minister of Energy Parviz Shahbazov met with Xu Lu, Vice President of China Energy Engineering Corporation Limited (CEEC). The meeting focused on the implementation of the Action Plan under the Comprehensive Strategic Partnership Agreement signed in June between the Ministry of Energy and CEEC. The cooperation agenda includes initiatives such as electricity planning and grid studies in Azerbaijan, the establishment of a Joint Green Energy Research Center, as well as water, solar, and offshore wind power plant projects, and the development of "green energy" interconnectors. ... During the meeting, an "Agreement on the Study of Azerbaijan's Electricity Transmission Network" was signed between the Ministry of Energy and the China Electric Power Planning and Engineering Institute (EPPEI). The agreement envisions the development of the transmission network in line with Azerbaijan's renewable energy targets for 2030 and beyond, with EPPEI providing technical advisory services for this purpose.

MORE: [https://azertag.az/en/xeber/azerbaijan\\_china\\_sign\\_agreement\\_on\\_renewable\\_energy\\_sector-3631803](https://azertag.az/en/xeber/azerbaijan_china_sign_agreement_on_renewable_energy_sector-3631803)

**Source: Azertac****Memorandum of Understanding signed with China's Datang Corporation for Green Energy Corridor development****Date: 2025-06-26**

During a visit to China, Azerbaijan's Energy Minister Parviz Shahbazov met with Lyu Jun, Chairman of China Datang Corporation. The meeting highlighted that Chinese companies are key partners in Azerbaijan's "green energy" strategy, with interest expressed in further expanding this cooperation. ... The significance of agreements signed with Chinese companies, including China Datang Overseas Investment Co. Ltd, in the renewable energy sector was emphasized. ... During the meeting, a Memorandum of Understanding was signed between the State Agency for Renewable Energy of Azerbaijan and China Datang Overseas Investment Co. Ltd for cooperation in developing the "green energy" corridor. The memorandum aims to ensure the safe integration of electricity generated from renewable energy sources into the grid and to facilitate its reliable and stable transmission.

MORE: [https://azertag.az/en/xeber/memorandum\\_of\\_understanding\\_signed\\_with\\_china\\_039s\\_datang\\_corporation\\_for\\_green\\_energy\\_corridor\\_development-3630619](https://azertag.az/en/xeber/memorandum_of_understanding_signed_with_china_039s_datang_corporation_for_green_energy_corridor_development-3630619)

**Source: Azertac****Tajikistan unveils green energy roadmap at international conference in Dushanbe****Date: 2025-06-10**

Tajikistan presented its first-ever national Green Energy Roadmap at the 3rd International Conference on the "Prospects for the Development of Renewable Energy in the Republic of Tajikistan," held in Dushanbe from June 23-25. The roadmap, developed jointly by the Ministry of Energy and Water Resources of Tajikistan (MoEWR) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), outlines strategic pathways for achieving the 7th Sustainable Development Goal (SDG 7) — ensuring access to affordable, reliable, sustainable, and modern energy for all. ... Currently, Tajikistan ranks 6th globally in terms of the percentage of electricity generated from renewable energy sources. Specifically, Tajikistan gets 98% of its electricity from hydropower, which is a renewable energy source. However, the country has only tapped into 5% of its hydropower potential, which is estimated at 527 billion kWh per year. This leaves substantial room for growth in the renewable sector.

MORE: <https://asiaplustj.info/en/news/tajikistan/economic/20250625/tajikistan-unveils-green-energy-roadmap-at-international-conference-in-dushanbe>

**Source: Asia-Plus News Agency**



### **Pakistan's renewable energy capacity nearly doubles amid shift toward greener power mix**

**Date: 2025-06-10**

Pakistan's installed renewable energy capacity nearly doubled during the first nine months of the current fiscal year, rising from 2,867 MW to 5,680 MW, primarily due to a significant increase in net metering connections to the national grid. By 2030, the share of green energy generated from hydropower, wind, and solar sources is expected to increase to around 59 percent of the country's total energy mix, disclosed by the Pakistan Economic Survey 2024-25, released here Monday. ... By 2030, the share of electricity generated from hydropower, wind, and solar sources is expected to increase from the current levels of 28 percent, 4 percent, and 1 percent to 39 percent, 10 percent, and 10 percent, respectively.

MORE: <https://www.nation.com.pk/10-Jun-2025/pakistan-s-renewable-energy-capacity-nearly-doubles-amid-shift-toward-greener-power-mix>

**Source: The Nation**

### **Profitability of small solar energy for Turkmenistan**

**Date: 2025-05-14**

Innovative technologies that can accelerate and strengthen the implementation of Nationally Determined Contributions (NDCs) are being discussed on the sidelines of the CACIC-2025 conference, with significant attention being paid to the potential of small-scale energy. High solar activity in Turkmenistan makes small-scale solar energy a cost-effective way to provide electricity to hard-to-reach areas. ... Turkmenistan is already demonstrating its readiness to implement solar technologies by implementing pilot projects at experimental sites and in the social sphere. An example of this is the installation of solar panels in the clinic of the village of Pelvert of the Lebap velayat. In accordance with the best international practices, solar panels will be integrated into national infrastructure projects.

MORE: <https://turkmenistan.gov.tm/en/post/94913/profitability-small-solar-energy-turkmenistan>

**Source: Turkmenistan: Golden age**

### **Kyrgyzstan approves green taxonomy**

**Date: 2025-05-14**

A green taxonomy has been approved in Kyrgyzstan. The press service of the Cabinet of Ministers reported. According to it, this is the first list of technologies, goods and services in the country that can be considered environmentally friendly. «The taxonomy will help attract more investment in the green economy, support environmentally friendly projects, simplify state regulation in this area and strengthen the republic's position on the international sustainable finance market,» the statement says. The Cabinet of Ministers instructed the Ministry of Economy, together with the Tax and Customs Services, to create an open database of «green» goods and services and special reference books and instructions for businesses and government agencies. A simplified accounting of carbon emissions will be introduced, and a document will be developed confirming the compliance of the project with the taxonomy requirements. The relevant departments will update statistical classifiers to meet the new standards.

MORE: [https://24.kg/english/328977\\_Kyrgyzstan\\_approves\\_green\\_taxonomy/](https://24.kg/english/328977_Kyrgyzstan_approves_green_taxonomy/)

**Source: 24.kg**

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





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