

ECO  
Annual  
Economic  
Report

2020

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The present report reflects main economic development highlights of the ECO region and country reports of the ECO member economies.

EAER

## Foreword



This publication is an information and analysis to a wide regional audience in ECO. The report naturally reflects the pulse of time impacted by the covid19-triggerred crisis, which started in 2020. Economic development of the ECO region, as elsewhere in the world, has experienced a setback during 2020. Production has temporarily halted during that period, to prevent regional community from covid-19-related hazards. Investment which naturally feeds real sector economy has largely been crowded out by pandemic-styled prudence thereby suppressing regional economic activity. That, has especially impacted export-oriented and commodity-linked investments in the ECO region. On the positive side, many see the global crisis as a catalyst for process of structural transformation of international production and supply chains that may, in turn, lead to adequate adjustments in financial systems. The expected transformation has been echoed in the ECO's high level decision making bodies' decisions during 2020. Transformation brings new opportunities in the ECO's core activity areas, such as Transport & Communications, Trade & Investment, Energy, Minerals & Environment, Agriculture & Industry, Human Resources & Sustainable Development, and Tourism. The new change also includes building regional value chains via digital platforms inter alia regional payment systems, pharmaceutical industry, strengthening health care system among others.

The annual economic report, currently in its 11th edition, supports ECO policy making by regularly monitoring ECO's economic trends and documenting national and regional economic developments. The chapters of the report are aligned with the design and thematic contents of previous publications. Moreover, a chapter on regional economic developments is, in effect, based on country reports of the Member States.

As such, the report is for policymakers and an important tool for ECO regional economic community.

We are now entering into the finalizing four years of implementation of the “ECO Vision 2025” targets. I hope that good practices shared through this publication among regional economies on developing their resilience in building back a better ECO growth will to usher in stable economic normalcy.

**Secretary General**

## Acknowledgements

In preparing the present issue of the ECO Annual Economic Report a participatory approach has been adhered to.

Thus, the present document is a collective effort of ECO Secretariat staff involved in the pertinent area and of the Representatives of relevant authorities of the ECO Member States.

Special contributions to the Annual Economic Report have been received in the form of country reports from the Member States. To that impact, the Secretariat appreciates the deep rooted and thoughtful insights and expertise from Turkey, Pakistan, Kazakhstan, Kyrgyz Republic, Uzbekistan, Turkmenistan and other ECO members.

Sectoral Directorates of ECO Secretariat have had their helpful say in providing inputs for reflecting “Main developments in ECO’s core activity areas”, chapter II of the report.

The National Statistical Offices of ECO Member States, in turn, have made tremendous contributions by providing accurate and reliable data for the analyses under the Annual Economic Report.

For technical matters and digitizing the contents of the publication, the Secretarial internal staff’s tireless efforts are being paid the genuine tribute of appreciation.

## Acronyms and Abbreviations

ECO- Economic Cooperation Organization  
RPC- Regional Planning Council  
WB - World Bank  
UNCTAD – United Nations Conference for Trade and Development  
UNFPA – United Nations Population Fund  
IMF- International Monetary Fund  
ILO – International Labor Organization  
n.c.u. - National Currency Unit  
ave – average  
a. – annual  
CB - Central Bank  
NB - National Bank  
BoP- Balance of Payments  
ADB-Asian Development Bank  
ASEAN – Association of South East Asian Nations  
CAREC – Central Asian Regional Economic Cooperation Programme  
ITI – Islamabad-Tehran-Istanbul  
KTI – Kazakhstan-Turkmenistan-Iran  
EX – exports  
IM – imports  
FDI – Foreign Direct Investment  
COM – Council of Ministers Meeting

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### ***Explanatory Note***

The forecast of a decline in the global trade by 14.5 percent in 2020 has proven acute, according to World Trade Organization (WTO, 2020). To help countries' economies to resist the global crisis, US\$ 12.7 trillion in varied forms have been injected in the global economy. The impact of the covid19 pandemic has been unprecedented, not even seen during great economic depression of the 30' since the past century. According to estimates of the International Labor Organization the strata of world's population numbering from 110 to 170 million has turned into poverty as the impact of the covid-19 pandemic (ILO, 2020). Given such dire economic circumstances, the ECO member economies have been coping with the pandemic and parallel in time have developed resilience to future economic shocks.

## **PART I. MAJOR MACROECONOMIC INDICATORS OF PERFORMANCE OF THE ECO REGION IN 2020**

Economic Cooperation Organization (ECO) pursues a clear vision as follows: ***"ECO will pave the way to a territory of integrated and sustainable economies as well as free trade area achieved by highly educated societies and improved governance through enhanced cooperation"*** (ECO, 2017, p.5)



Source: ECO web

## GDP Growth Rate

As with the above-described expectations and estimates, in the actual terms, the combined ECO regional GDP (current prices) contracted by 0.9 percent by end of 2020. As earlier predicted, the setback has, in effect, absorbed the impact of the globally increased spillover from covid-19 pandemic on multiple economic sectors. In comparing the growth dynamics of 2020 with one in the preceding year (2019) to capture historic coherence, the deep ups and downs were observed in a few regional countries, only.

Naturally, economic growth should vary from country to country as the latter have differing levels of natural resource endowments, among other factors. The growth rate measures of the ECO regional economies, during 2020, have been reflected in (figure 1) through their comparisons with indicators in the preceding year (2019).

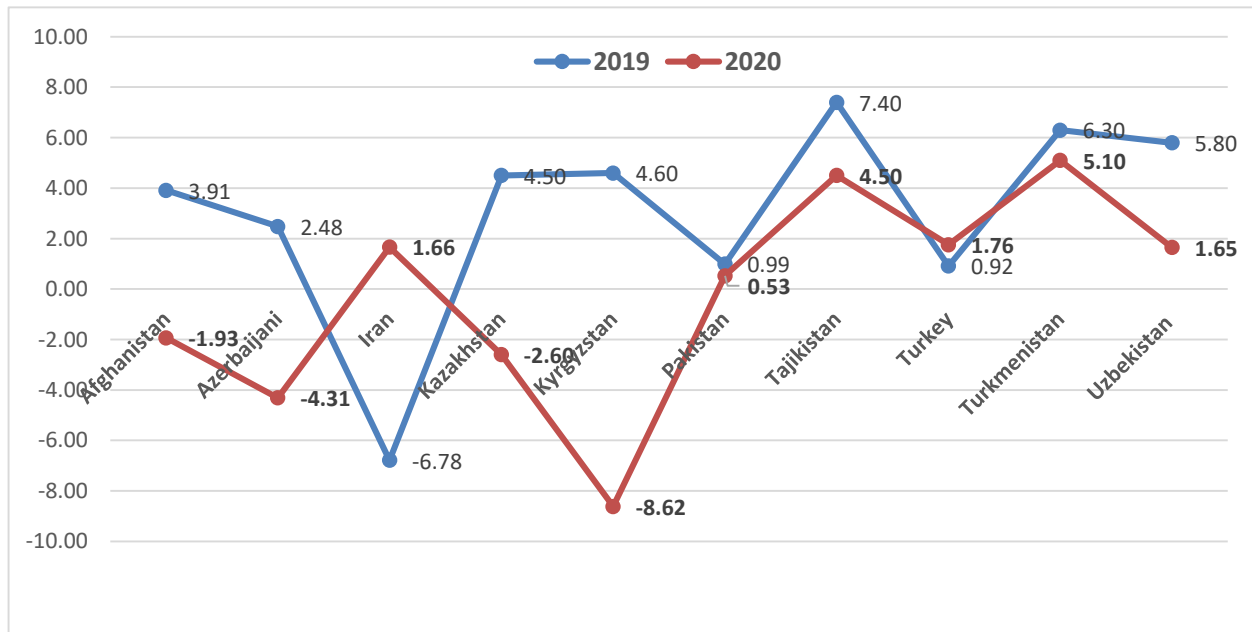


Figure 1: GDP growth rate (%) in 2020 vs. 2019

On the positive side of the ECO regional economic landscape in 2020, Iran being one of the largest economies in ECO, even in the face of economic sanctions which placed the country under more complex circumstance during covid-19 compared to other countries of the region has sustained the 1.6 percent of its GDP growth rate.

The highest economic growth rate in 2020 was recorded by Turkmenistan at 5.1 percent. In growth terms, Turkmenistan is the country of the region who obtained the highest GDP growth rates in preceding years as well. Thus, in 2013, it recorded the above 10 percent, notably, 10.2 percent growth. Likewise, in 2012, Turkmenistan staged the 11.1 percent growth rate of GDP.

The negative effects of the covid-19 pandemic, by end 2020, has hit the heaviest the Kyrgyz Republic' economy as the latter's growth slid down to 8.6 percent whereas those of Azerbaijan 4.3 percent, Kazakhstan 2.6 percent and Afghanistan 1.9 percent. The remaining economies of the region have remained in the positive zone.

When comparing the previous trends, the 2016 growth rates were similar as almost all countries of the ECO region in that year were in the positive zone. Furthermore, in 2017, all countries with no exception succeeded grew at positive rates of GDP.

### **Growth in regional population**

Production volumes of every country are obtained by effort of country's population. The more the population the wealthier is the country. Over the past decade, visible growth has been observed in the populations of the ECO regional countries. Since the population measurement is by mid-periods, therefore estimated figures of countries have been provided. To obtain greater harmony in indicators, the United Nations Population Fund (UNFPA) estimated data has been used. According to UNFPA, an estimated 4.3 million died of covid-19, during 2020, but the causes have yet to be confirmed. Thus, by midyear 2020, the ECO region's overall population reached the estimated 521 million people. The growth rate has been estimated at average 1.1 percent rate compared to the same period in the preceding year (2019). That, in the structure of world's total estimated population accounted to the 6.5 percent share (figure).



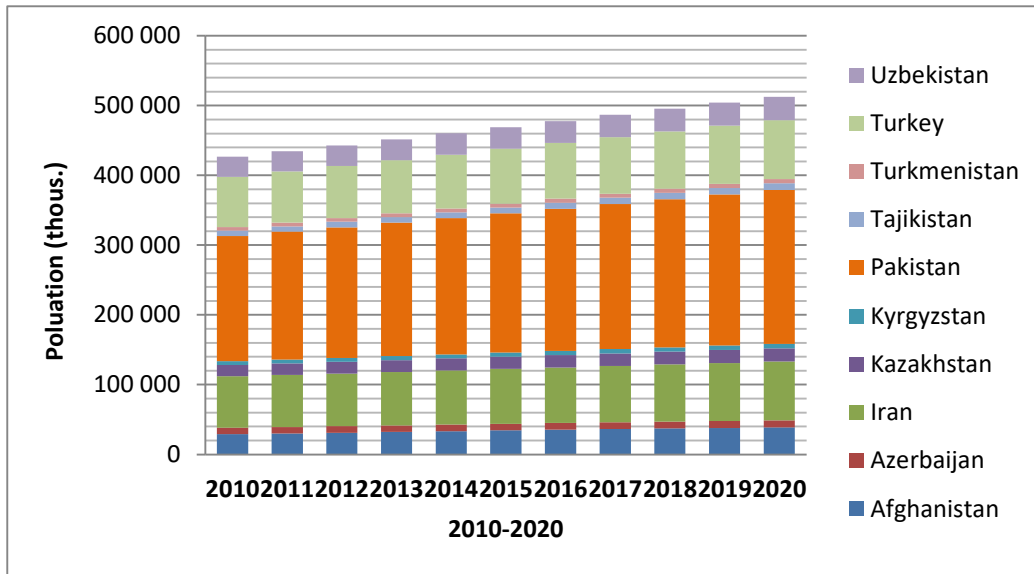


Figure 2: Growth rate (%) of population of ECO countries in 2010-2020

To better conceptualize the regional dynamics in population growth, the comparisons of growth rates in this economic measurement have been reflected in figure 2 to picture dynamics over the time span of 2010-2020. Pakistan emerged as the first largest populated country with 220.8 million people in 2020 whereas Turkey with 84.3 million as the second largest and Iran with 83.9 million as the third largest populated country in the ECO region (figure below).

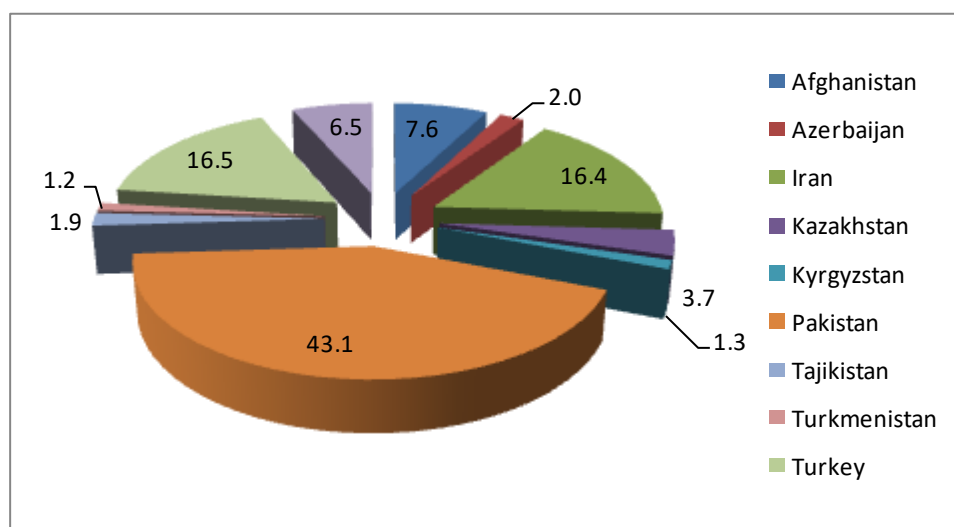


Figure 3: By-country share of regional population (%) 2010-2020, on average

In view that the population dynamics is better seen throughout lengthier time frame, the average percent of growth in the share of ECO in world’s total population has been increasing at 6 percent over the period of 2000-2020 (figure below).

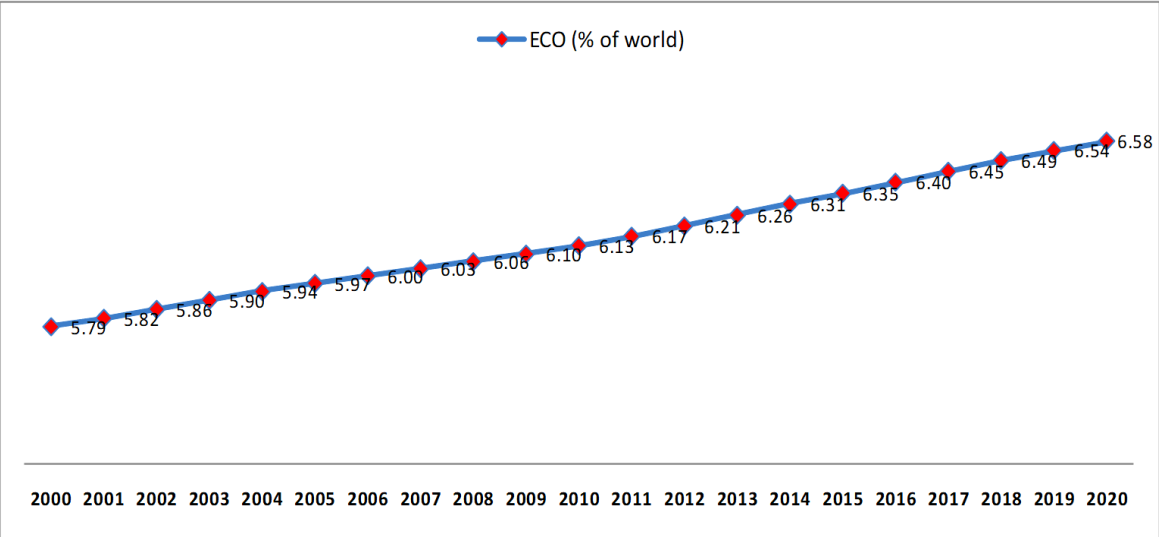


Figure 4: ECO share in world’s total population 2000-2020

The comparison of the ECO region’s population growth with that of world’s advance countries’ groupings, including the middle income countries, does not resist comparison because the latters have been experiencing low population growth rates over the decade. In terms of average population growth rates of world vs. of the ECO region, the former has been growing at average 3 percent rate over the period of seven decades in a row, from 1950 to 2020, whereas that of the ECO region at 2 percent in the same period.

**By-sector economy**

In observing, through comparisons, the by-sector performance of the ECO regional countries in 2010 and 2020, the expansion in the share of the manufacturing sector has expanded by 3.48 percent from 12.8 percent of GDP current prices in 2019 to 13.4 percent in 2019 (figure 2).

The upward shift in the size of a by-sector GDP's share has largely attributed to the services sector in 2019. The share has increased from the average 44.5 in the same year to 46.28 percent in 2019 indicating the 3.7 percent expansion (ibid).

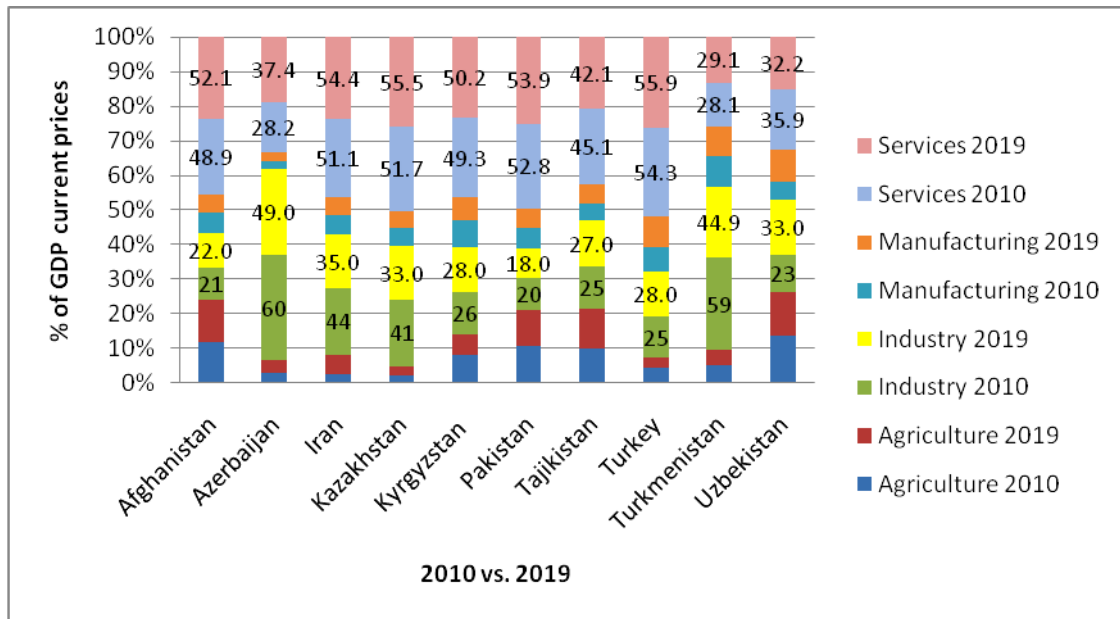


Figure 5: By-sector share as percent of GDP (current prices) 2010 vs. 2019

During 2020, the by-sector structure of the ECO regional economies has undergone certain changes (figure 3). In specific terms, agriculture expanded to 15.5 percent share of GDP in 2020 from 13.6 percent in the preceding year (2019) thus indicating the 12 percent expansion growth. By contrast, the industrial sector shrank by 0.06 percent in 2020 against the preceding period's indicator. Overall decline in industrial production has been noted by international sources (UNCTAD, 2020). The services sector has expanded by 4.4 percent in the size of its share of GDP in 2020. Such growth came as no surprise for the region as the dynamism in logistics largely increased in countries due to lockdowns and the rising need for delivery services for covid19-secluded citizenry. Concomitantly, the manufacturing sector also grew by 4.2 percent in 2020 compared to 2019. Overall, the agriculture sector has turned out to be well positioned at the backdrop of world's average 5.1 percent share of agriculture in total GDP. The industrial sector, despite its slight setback in 2020, has nevertheless surpassed world's average 24.8 percent in the global industry share of global GDP. Based on the above-described

dynamism, the by-sector performance of ECO regional countries has come to be well-established in 2020.

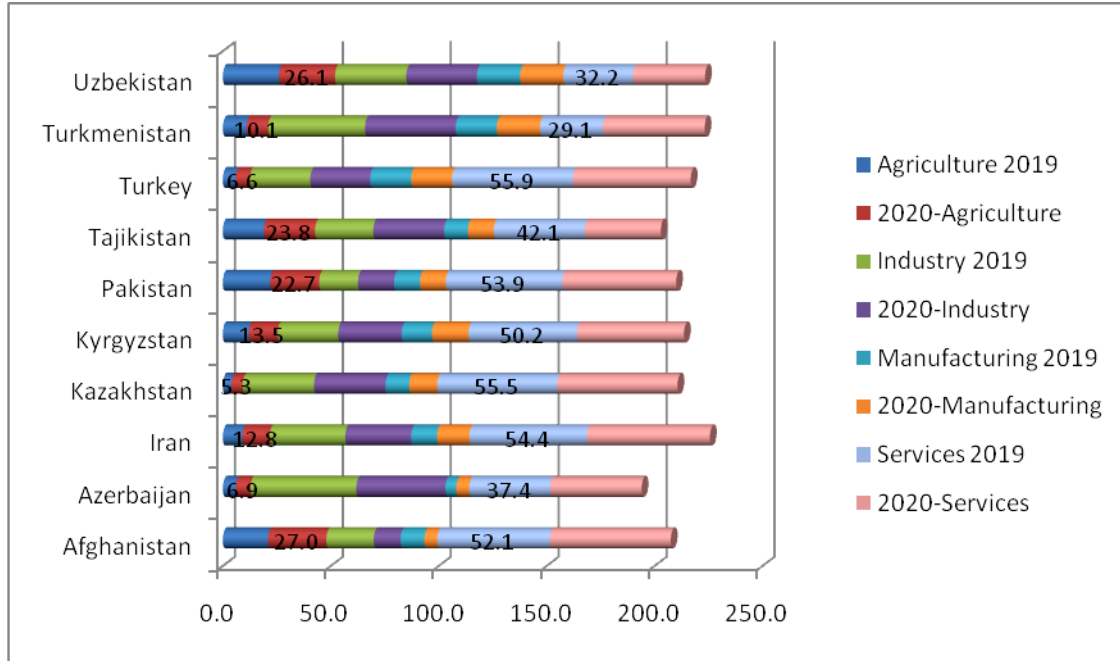


Figure 6: By-sector share as percent of GDP (current prices) 2019 vs. 2020

## Labor force

Driven by the population growth dynamics, labor force in the ECO region has, accordingly, increased. Such increase averaged to the 3.9 percent rate over the preceding eight years in a row. In 2020, owing to the global disruptions in the demand for labor force, a slight contraction of 2.7 percent in the combined regional labor force has occurred against the 2019 indicator. In overall, the number of persons involved in the ECO region's labor force in 2020 reached 177 million (figure 3).

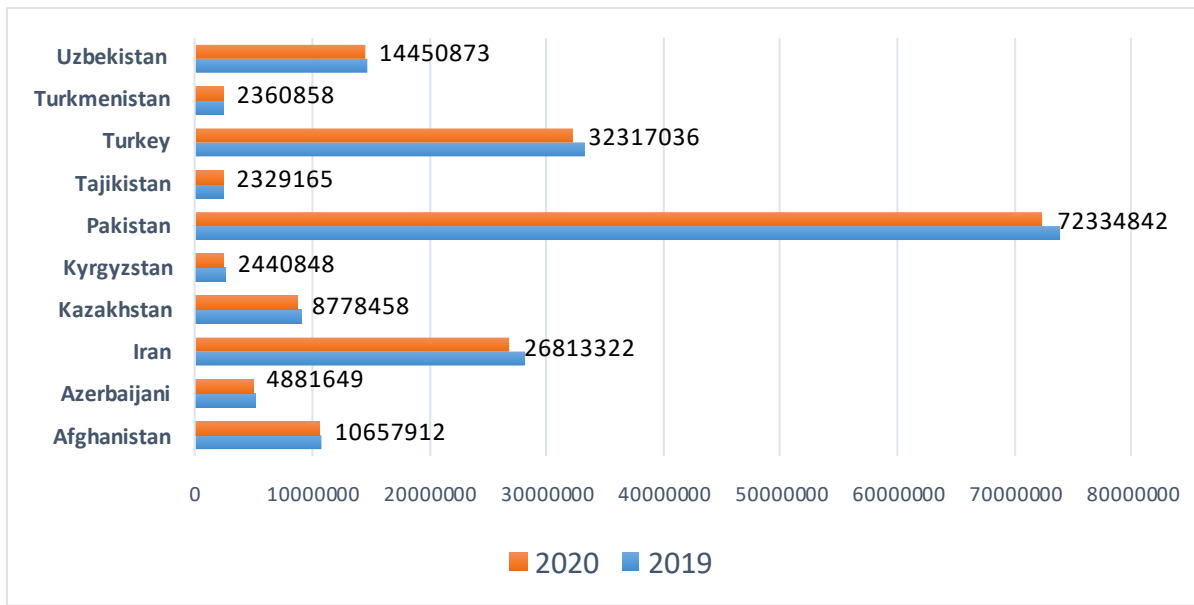


Figure 7: Labor force, total (thous.) 2020 vs. 2019

This sub-section has mainly focused on presenting a snapshot picture of total labor force in the ECO region with pertinence to its role as a contributing factor to the regional output. Some figures, for international harmony, for some countries like Turkmenistan, Iran have been derived from credible international sources (UNSD, 2020). Other qualitative and quantitative features of labor force will be described in the subsequent sub-sections of the report.

## Inflation

Inflation naturally rose during 2020. The rise in global prices has again attributed to the pandemic-caused reasons, for the most part. One of such triggers has been a sharp spike in price levels for consumer goods. The latter has been activated as mass consumers in most world countries rushed to the stores to stash essentials in anticipation of much longer persistency in the pandemic. Moreover, the higher than usual percent of the price levels' rise for commodities, by midyear 2020, has explicitly indicated at pandemic-triggered spike in prices.

Compared to the previous dynamics in inflation, the 2020 inflation rate has still not been the fastest pace over the last decade. That has so been because the highest inflation rate was indeed observed back in the year 2000 (figure below).

Member State	(in Percentage)			
	Year			
	2000	2005	2010	2015
<b>Afghanistan</b>	12.69	12.69	0.89	-1.53
<b>Azerbaijan</b>	1.81	9.68	5.67	4.17
<b>Iran</b>	14.48	13.43	10.14	13.71
<b>Kazakhstan</b>	13.18	7.58	7.12	13.60*
<b>Kyrgyz Republic</b>	18.70	4.35	7.97	6.50
<b>Pakistan</b>	4.37	9.06	13.88	2.54
<b>Tajikistan</b>	7.09	7.09	6.42	5.71
<b>Turkey</b>	54.92	10.14	8.57	7.67
<b>Turkmenistan</b>	..	..	..	..
<b>Uzbekistan</b>	..	..	..	..

Figure 8: Inflation Rate (%) 2000-2015; ECO Review (2017) "Fifteen Years of Economic Development 2005-2015", p.58

During 2020, especially in its second half, the ECO regional economy has been largely recalibrating. That took time due to overall expectations of the second and even third wave resurgences of covid-19. At the backdrop of such overwhelming expectations, the ECO region's inflation rate averaged to annual 8.9 percent in 2020 (figure below).

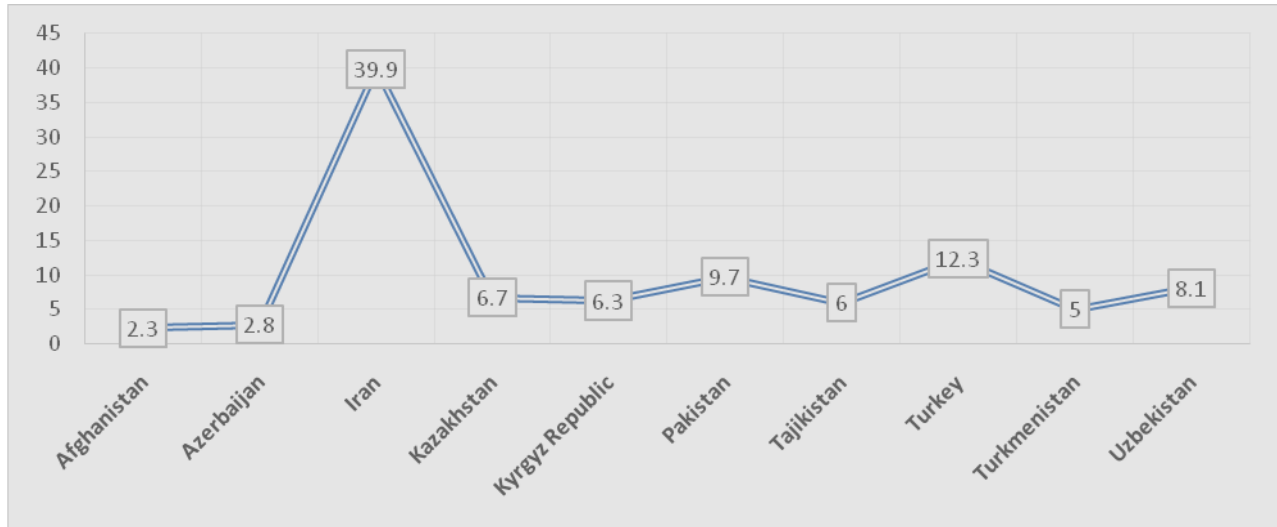


Figure 9: Inflation rate (consumer prices, annual growth) 2020

Other reasons have been conjoint with the rise in price levels for industrial produce which due to economic lockdowns first went down but then bounced back at even higher levels. In specific terms, owing to subsequent shortages of once suppressed industrial produce mainly kept at storage at ports during much of the first half of 2020, the resulting soaring demand for manufacturers have contributed to the 1.4 percent increase in prices (from (-2.1) in 2019) for manufacturers in the second half of year 2020 (Table below).

Table 1: Prices for manufacturers (% change) 2008-2020 and 2021est.

Commodity groups	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021est.
<b>All commodities</b>	33.4	-31.6	24.3	28.6	-3	-3.7	-7.9	-36.2	-9.4	17.4	16	-7.4	-15.9	43.5
<b>Non fuel commodities</b>	22.2	-17.8	26.1	18.9	-12.7	-6.5	-8	-18.9	2.3	9.1	-2.2	0.1	4.2	41
<b>Non fuel commodities (in SDRs)</b>	18.3	-15.7	27.3	14.9	-10	-5.7	-8	-11.9	3	9.4	-4.2	2.5	3.4	34.5
<b>All food</b>	32.6	-10.4	12	24	-6.5	-9.6	-0.8	-15.6	3.6	-1.3	-6.5	-2	6.5	28.1
<b>Food and tropical beverages</b>	31.1	-2.2	11.6	23.6	-9.9	-9.1	3.8	-14.2	2.2	-1.6	-6.7	0.3	3.6	13.7
<b>Tropical beverages</b>	19.2	1.1	19.8	31.2	-22.4	-19.8	24.1	-10.3	-3.3	-3.1	-8.5	-5.1	4.8	8.2
<b>Food</b>	34.9	-3.2	9.1	21.1	-5.6	-6	-1.2	-15.4	4	-1.2	-6.1	1.9	3.3	15.2

<b>Vegetables, oilseeds and oils</b>	35.2	-	13	24.8	0.7	-10.5	-9.6	-18.8	7	-0.5	-6.2	-6.9	13.4	61.8
		24.1												
<b>Agricultural raw materials</b>	8.4	-	37	24.5	-19.2	-8.8	-11.8	-13.3	-0.4	5.3	-1.8	-3.9	-2	16.6
		16.4												
<b>Minerals, ores and metals</b>	19.7	-	33.6	20.5	-6.9	-9.5	-12.8	-17.2	4.6	11.3	1.3	6.2	15.5	34.6
		12.9												
<b>Minerals, ores and non-precious metals</b>	17.5	-	39	12.2	-16.8	-2	-14.6	-24.8	1.4	25.7	2.6	3.4	3.7	62.7
		25.4												
<b>Precious metals</b>	23.4	7.5	27.5	30.8	3.4	-15.8	-11	-9.9	7.1	0.4	0	8.9	26.3	14.3
<b>Fuel commodities</b>	37.9	-	23.1	32	-0.5	-1.2	-7.5	-44.4	-	25.9	27.5	-12.6	-32.1	54.8
		38.6							17.5					
<b>Manufacturers</b>	4.9	-5.6	1.9	10.3	-2.2	4	-1.8	-9.5	-1.1	4.7	4.7	-2.1	1.4	2.5

Source: UNCTAD

In terms of the by-country dynamics in consumer prices among the ECO regional countries, the highest inflation rate driven by consumer prices spike has been registered at 39.9 percent in Iran, 12.3 percent in Turkey and 9.7 percent in Pakistan. The physical weight of these countries in the regional economic pie is weighty; therefore their consumer prices rates have fed the core of the ECO region's annual consumer prices rate in 2020. When grouping the ECO regional economies by their performances in curbing inflation in 2020, Iran, Turkey and Pakistan have grouped under the 39.9 percent threshold, Uzbekistan, Kazakhstan, Kyrgyz Republic and Tajikistan 8.1 percent moderate threshold whereas Turkmenistan, Azerbaijan and Afghanistan under the lowest 5 percent of annual average consumer prices rate (image below).

Image 1.

<b>Groupings "A", "B" and "C" of regional countries by consumer prices rates of inflation (annual growth, %) 2020</b>		
A.1	Iran	39.9
A.2	Turkey	
A.3	Pakistan	
B.1	Uzbekistan	8.1
B.2	Kazakhstan	
B.3	Kyrgyzstan	
B.4	Tajikistan	
C.1	Turkmenistan	5
C.2	Azerbaijan	
C.3	Afghanistan	



Based on the above-described dynamics, the ECO regional consumer prices driven inflation rate has recorded the rate higher than world's average 1.9 percent. Among selected international regional organizations, including the Organization for Economic Cooperation and Development (OECD), European Union (EU) and the grouping consisting of the upper middle income countries, the ECO has staged the highest consumer prices driven inflation rate (for details pl. see figure below).

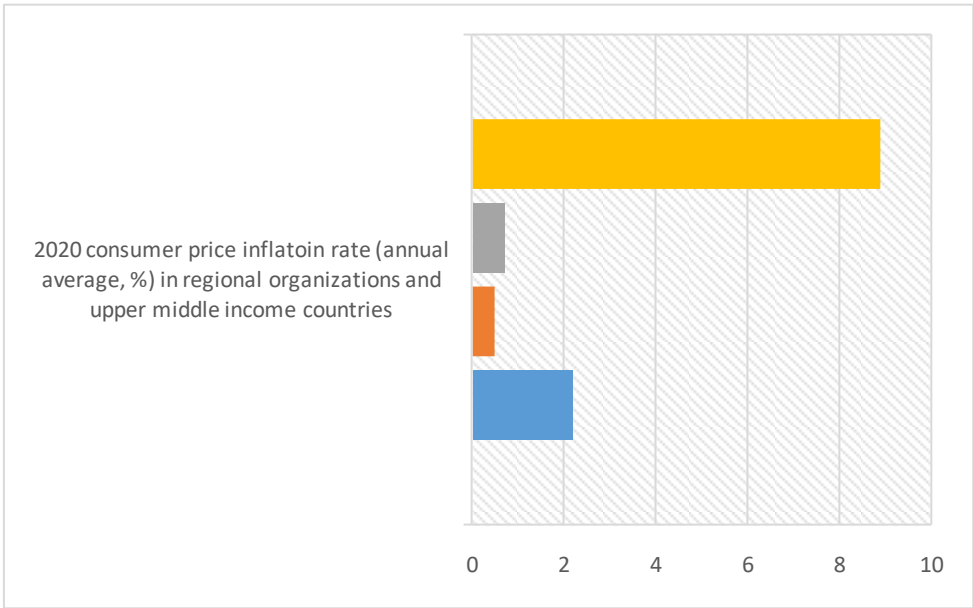


Figure 10: Consumer prices growth (% rate) in ECO, OECD, EU and in upper middle income countries

In view of the above-described inflationary trends in world's selected international organizations and groupings, the annual rate of inflation in the ECO region at average 8.9 percent has been high (figure 8 above).

### GDP at Current Prices

Labor force concentration, as a contributing factor to GDP, and increase in money supply concomitant with inflationary trends which took upward trends especially in the second

half of 2020, have enabled the aggregate regional output of ECO no to fall by a larger margin. Thus, the regional GDP (current prices) has sustained its previous volume sufficiency, which has sustained in line with world GDP's overall trajectory. To that effect, the combined regional GDP (current prices) in 2020 has sustained from a much deeper fall as expected (figure below).

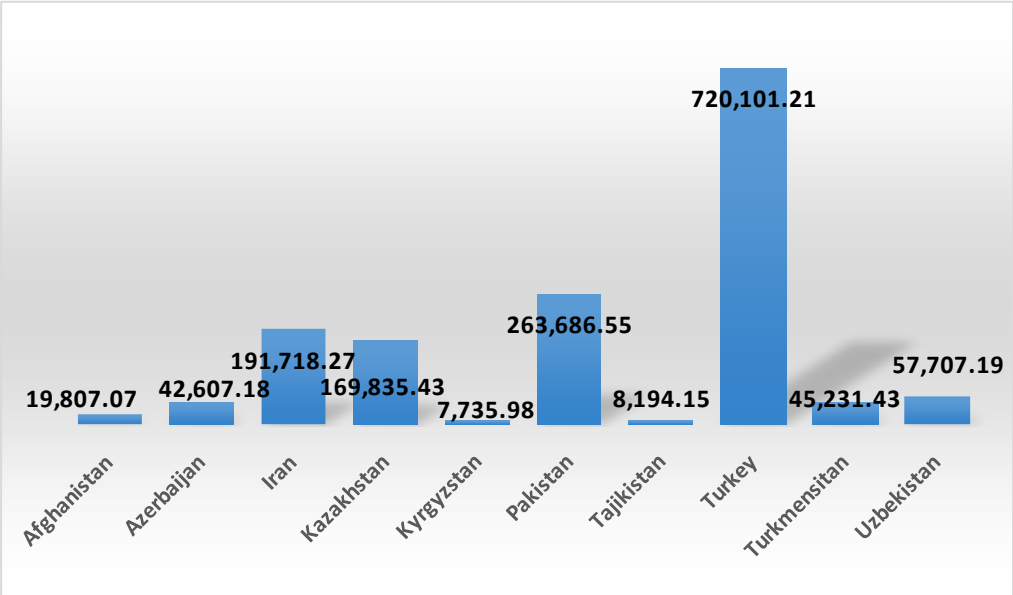


Figure 11: GDP current prices (million US\$) 2020

By physical weight, Turkey's GDP (current prices) stood out as the largest in the ECO region. In specific terms, it contributed to the 47 percent share of the combined ECO regional GDP. The GDPs of Pakistan accounted to the 17 percent share and of Iran to the 13 percent share of the combined GDP of ECO (figure below).

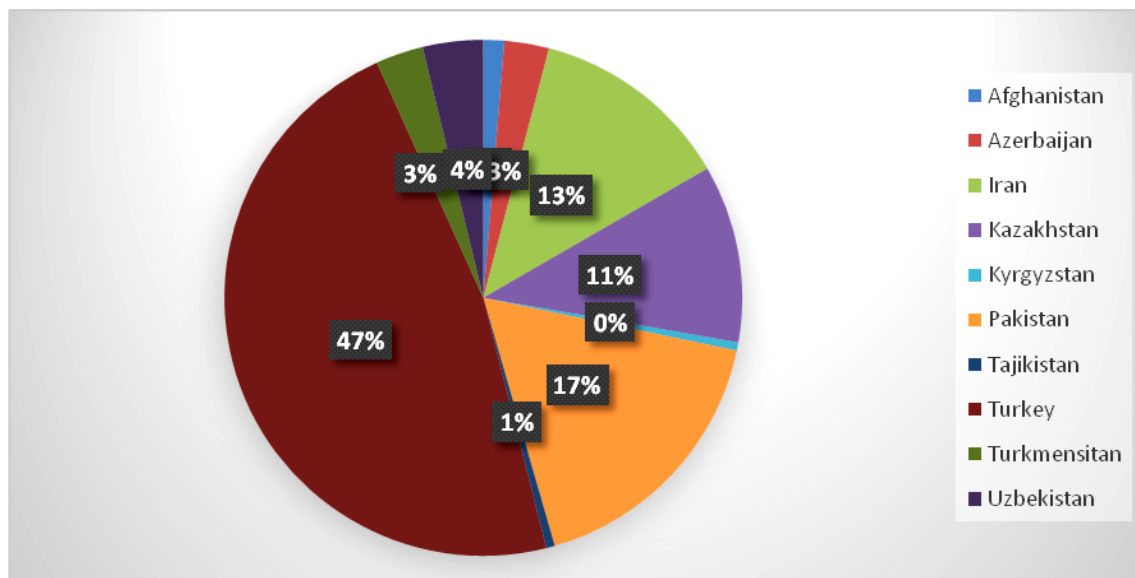


Figure 12: Share of GDP (% of total) 2020

In overall, the ECO region's economic performance in 2020 has mirrored performances, in aggregate, of gross domestic outputs of the ten of ECO's member economies totaling to US\$1,526 billion. At the global level, ECO's contribution to world's GDP (current prices) accounted to 1.7 percent. When compared to the mark recorded five years back (2015) in the same measurement, the ECO region's share in world's GDP has decreased from 2.2 percent in 2015 to the aforementioned 1.7 percent in 2020.

The route cause behind the regional economic setback, as elsewhere in world, has been an unexpected breakout of coronavirus epidemic, which then fast acquired an untamed scale turning into the pandemic-caused economic & financial crises. The latter turnouts have led to disruptions in conventionally global economic supply chains while, at the same time, suppressed consumer demand given ubiquitous closedown of economic entities at the global scale.

At the backdrop of the above-described economic landscape during much of year 2020, a dive in the region's GDP at current prices has resulted in the deep 8.6 percent dip in the GDP of the Kyrgyz Republic. By volume, that fell from US\$8,871.0 million 2019 to US\$7,735.9 million in 2020. The GDP (current prices) of Azerbaijan slid at the rate of 4.3 percent shrinking from US\$48,174.2 million in 2019 to US\$42,607.1 million in 2020. Afghanistan likewise experienced sensible reduction in value and volume of its GDP from US\$19,291.1 million to US\$19,807.0 million. Kazakhstan had its GDP (current

prices) contracted from US\$181,667.1 million in 2019 to US\$169,835.4 million in 2020 decreasing at the 2.6 percent rate. Other regional countries of ECO have managed to remain in the positive zone at the cost of applying imminent remedial measures to restore previously obtained volumes of GDPs (current prices) despite heavy rollouts of systemic disruptions in demand-supply chains around the world (figure below).

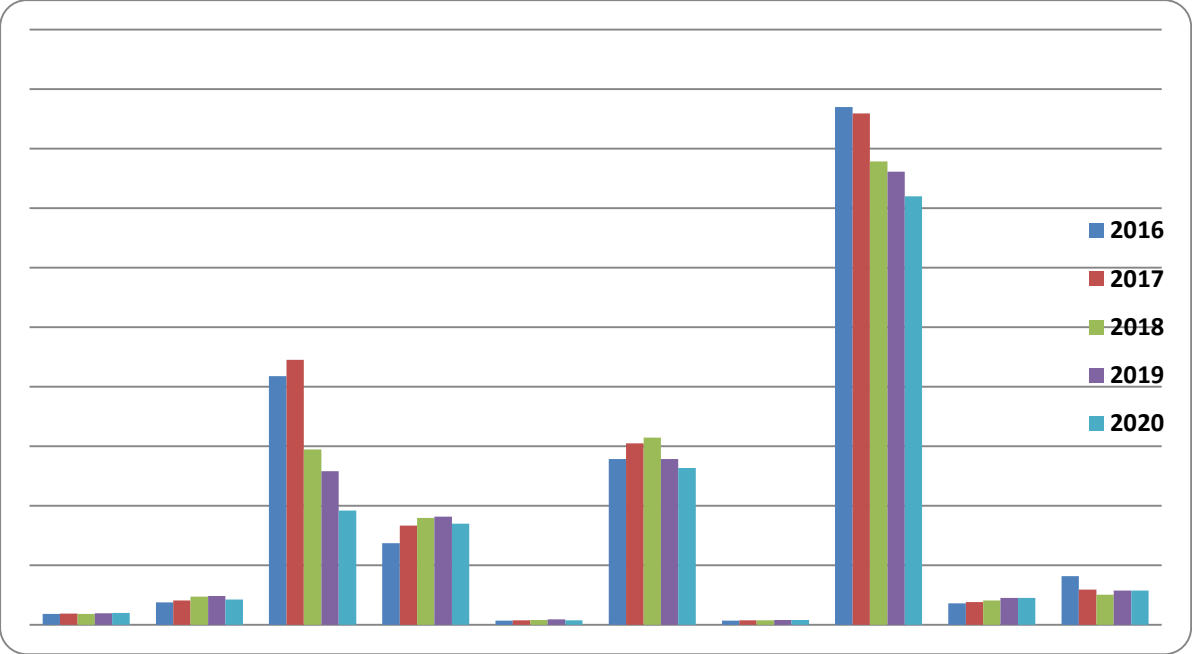


Figure 13: By country GDP (current prices US\$) 2016-2020

At the global level, the share of the ECO region’s GDP (current prices) has reduced as the percent of world’s GDP. The peak of the contribution of ECO to the global output has been observed in 2017 where the ECO’s share went up to 2.5 percent of global GDP. In the subsequent years, notably, 2018 it has reduced to mark 2.3 percent share of world’s GDP, thereupon in 2019 it further reduced to 1.9 percent and in 2020 to 1.7 percent (figure below). The time series in table below have been reflected in the ascending order from 1 to 5 corresponding to years 2016, 2017, 2018, 2019 and 2020, accordingly.

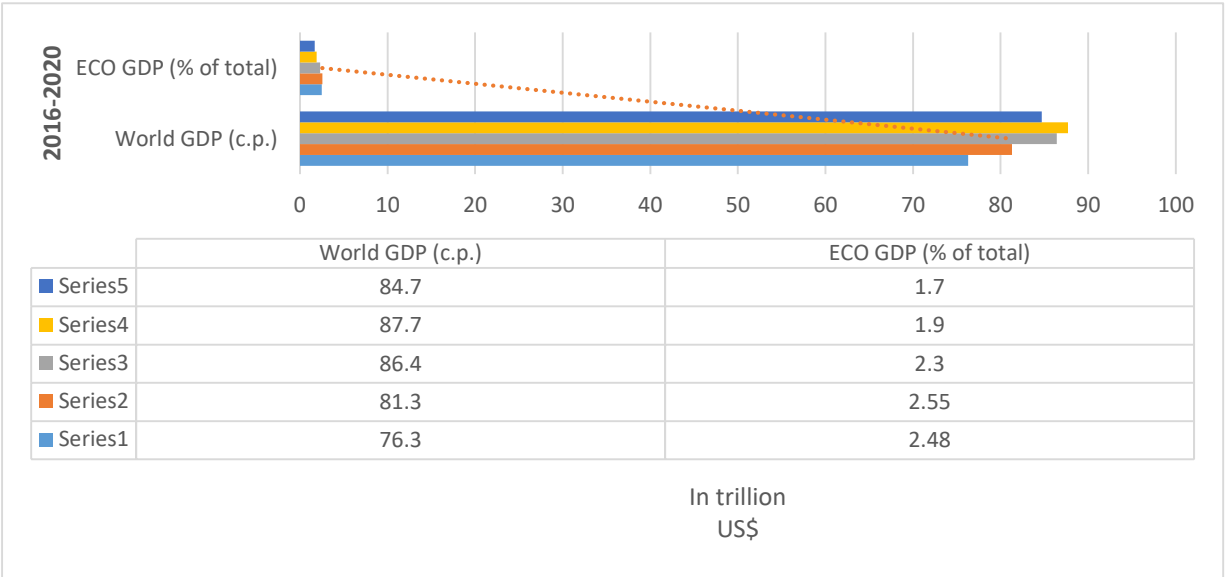


Figure 14: GDP (current prices) of ECO and World (% of total) 2016-2020

### GDP per capita

The ECO countries' GDP per capita (current prices) in 2020 registered US\$3,712. That indicated the 19.4 percent decrease compared to the average GDP per capita over preceding seven years (figure below).

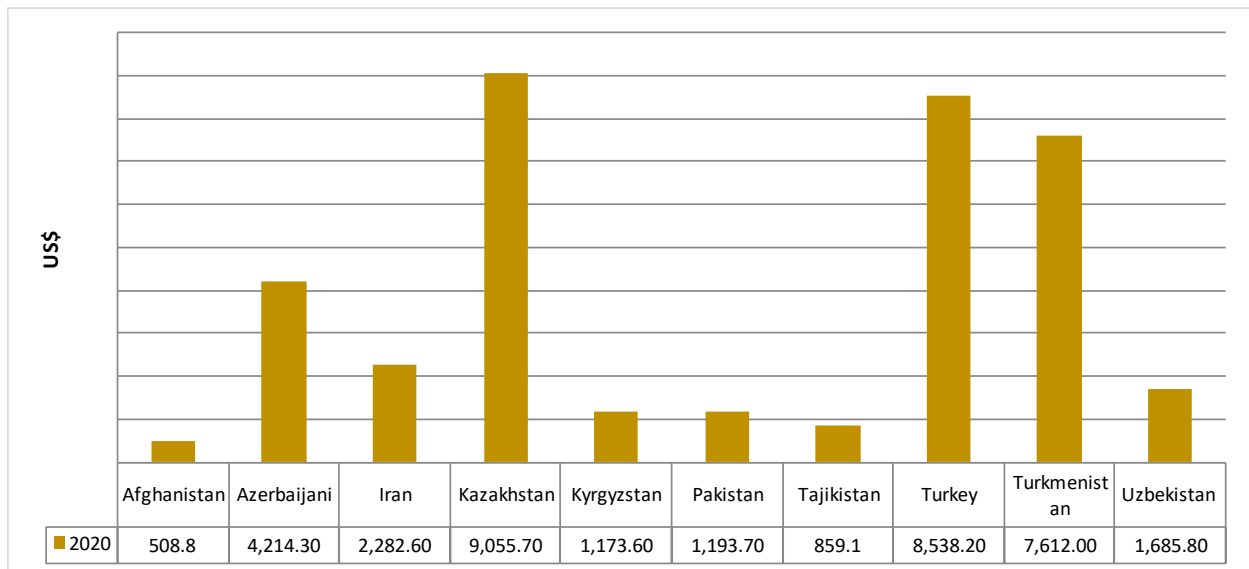


Figure 15: GDP per capita (US\$) 2016-2020

When compared with global performance for this socio-economic indicator in 2020, the latter has recorded US\$10,925. It has indicated a nearly threefold gap that has been observed in socio-economic life style quality of people at the ECO regional level vis-a-vis that of the rest of world.

Specifically, the GDP per capita of the region has faced, during the reported period, a fall in monetary value of the per capita which resulted in the 2.7 percent downslide in this indicator compared to the preceding year (2019). That was mainly caused by cuts in individual households' incomes despite generous encashment of citizenry from state-administered budgets for purchases of medication, to cure from coronavirus. Such decisive measures taken on at national levels in member countries have come as a response to temporary stoppages of economic production in almost all sectors of regional economies because of covid-19 pandemic.

Among the regional countries of ECO, the highest GDP per capita in 2020 has been staged by Kazakhstan at US\$9,055.70 GDP per capita (current prices). Turkey, the second highest per capita income country of the ECO region, recorded US\$8,538.20 followed by Turkmenistan US\$7,612.00. Other countries of the region enjoyed their relevant GDPs per capita that have been below US\$4,220.00.

To focus on the socio-economic bias in economic development, especially, during hardships imposed by covid-19, the ECO region has deployed social stimuli for the people. The socio-economic factors of ECO's regional economic development, especially in the context of the environmental, socio-economic and corporate governance (ESG) criteria, have been prioritized by most regional countries in their national development agendas throughout 2020. That was required by the ongoing global changes caused by covid-19 pandemic. Even prior to sudden outbreak of coronavirus, several countries of the ECO region stepped up their deserved ambitions to join the upper middle income countries' development level. In that sense, further improvements along this path are yet ahead. In this regard, the GDP per capita (current prices) of world's upper middle income countries recorded US\$9,191.00 income vs. that of the ECO at US\$3,712 (figure below).

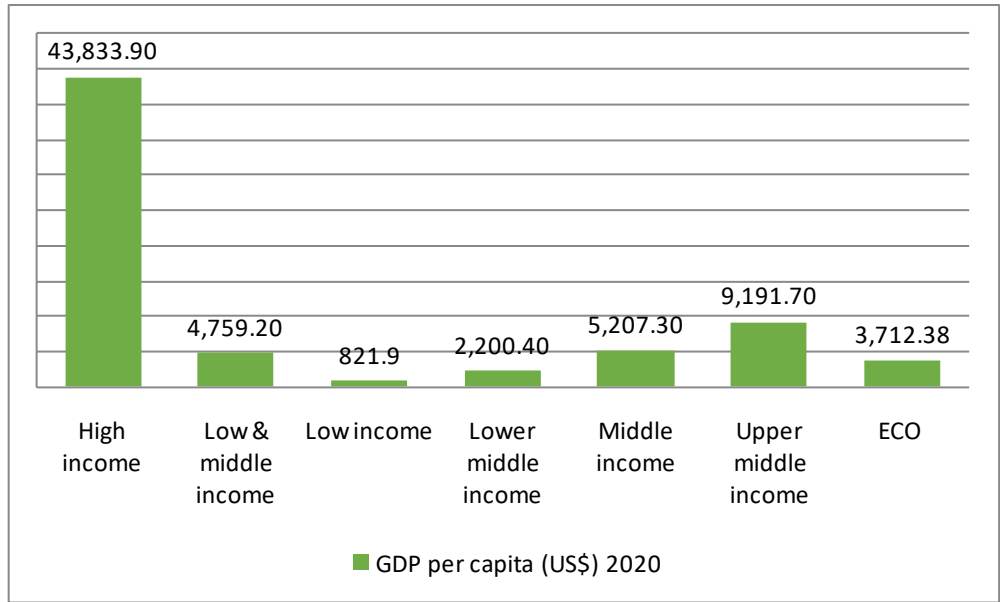


Figure 16: World countries groups by income, 2020

When comparing the ECO GDP per capita-related performance with world's geographic regions, the ECO has been comfortably fitted in its position between the Middle East & North Africa at US\$6,669.90 of GDP per capita (current prices), at one end, and the South Asia at US\$1,804.90, at the other end (figure below).

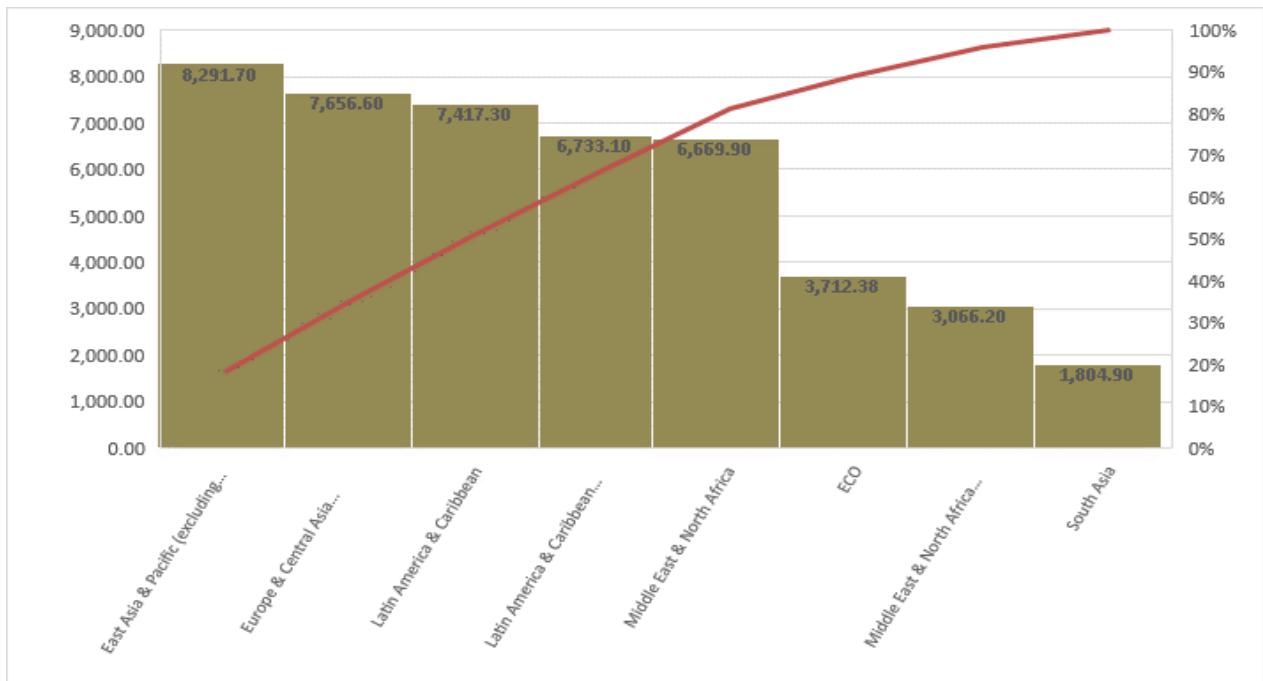


Figure 17: World regions' GDP per capita (US\$) 2020

When looking at the GDP per capita of world's economic regional groupings like the European Union (EU), for example, with the latter's GDP per capita of US\$33,927.70 in 2020 and the Organization for Economic Cooperation and Development (OECD) with US\$37,975.90 in the same period, it becomes evident that ECO has yet to make further advancements along the path of gaining more of the social benefits for its vast regional community (figure below).

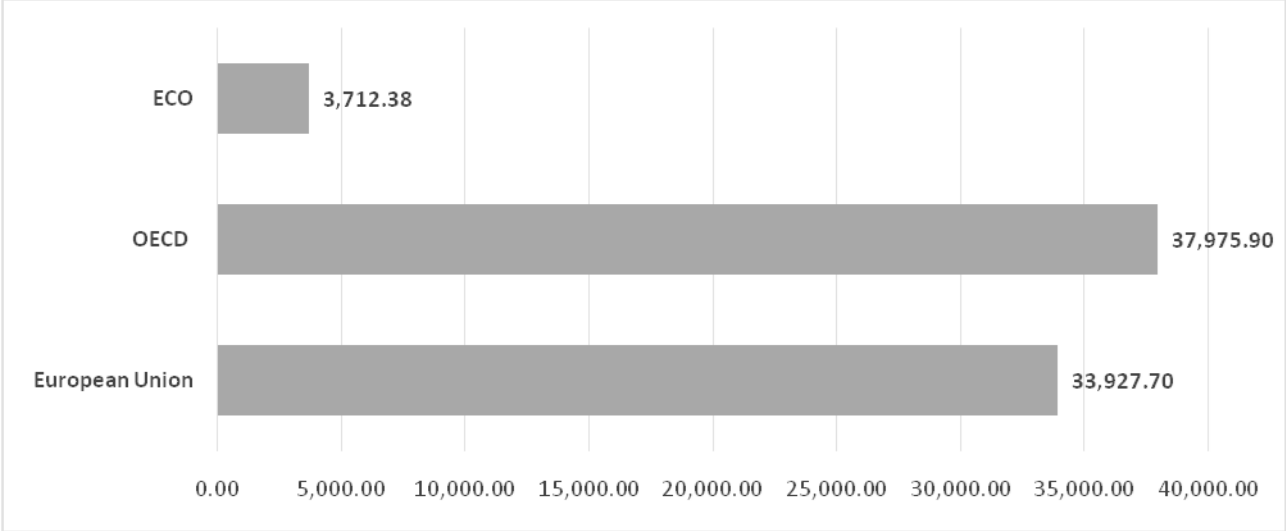


Figure 18: GDP per capita in ECO and selected world's regional economic groupings (US\$) 2020

By the similar token, when comparing the ECO's performance in GDP per capita (current prices), the ECO's performance in this indicator was highest during the period 2010-2019 recording 7.0 percent growth in GDP per capita (current prices). And in 2020, under the hardships imposed by covid-19 pandemic, the GDP per capita still sustained its previous trend not falling by a larger margin as in other regional groupings of countries (figure below).



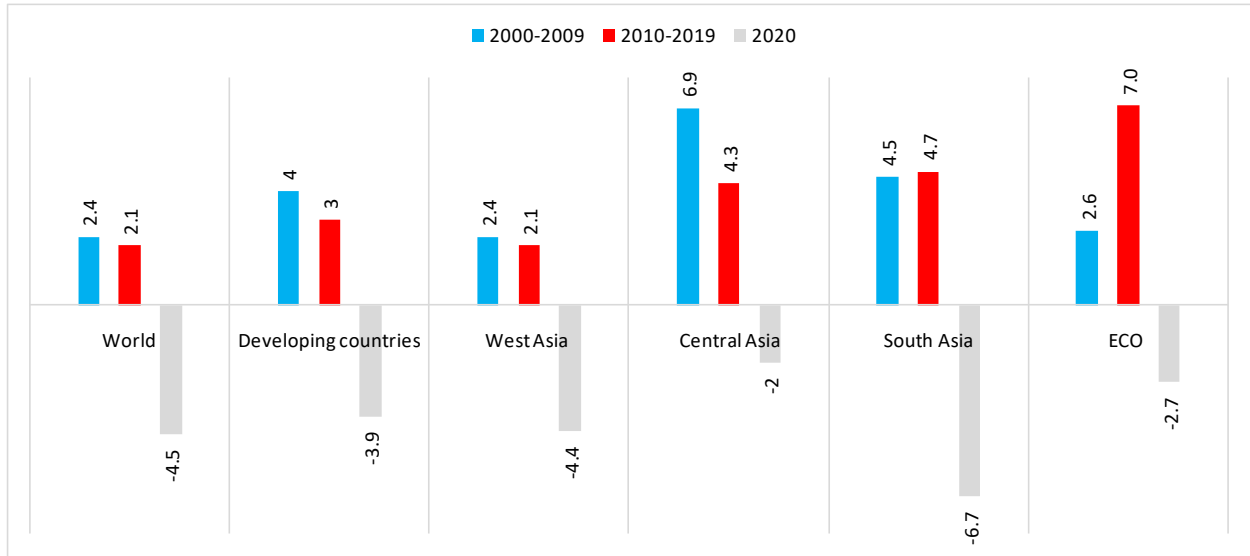


Figure 19: GDP per capita (% change) in world and its selected regions and country groupings, 2000-2009; 2010-2019; 2020

The above-reflected table has been composed from world's countries selected for the purposes of the report. To that effect, countries of the ECO geographically located in the Middle East, South Asia, Central Asia and North Caucasus. By the level of development, they are categorized as developing countries.

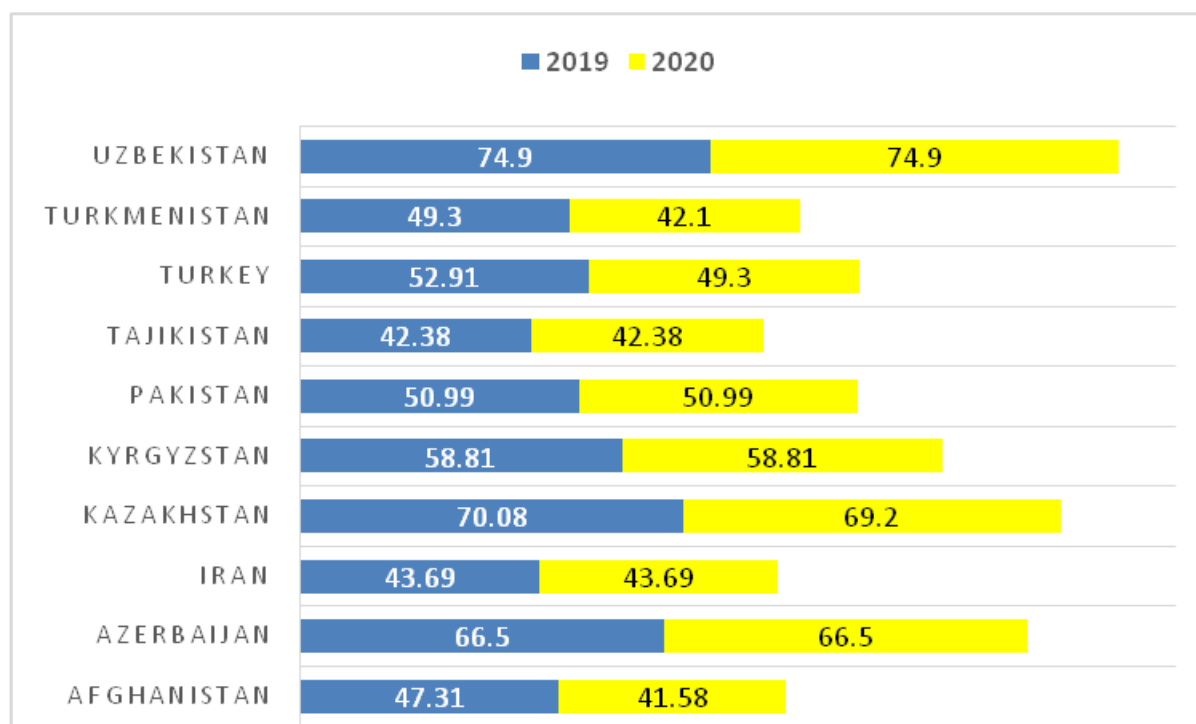
## Unemployment

In the first half of 2020, the ‘preliminary estimates’ of the annual unemployment rates of ECO regional economies have been predicted as shown in figure below.

	2018	2019	2020	2021	2020	2021
			Before COVID-19 Est.	COVID-19	After COVID-19 Est.	COVID-19
Afghanistan	11.1	11.1	10.8	10.5	11.5	11
Azerbaijan	4.9	5.5	5.5	5.5	5.5	5.5
Iran	12	11.4	15.2	16.1	14.1	14.5
Kazakhstan	4.1	4.5	4.5	4.5	7.5	5.5
Kyrgyzstan	4.8	4.6	4.6	4.6	4.6	4.6
Pakistan	6	6.3	8.5	8.5	6.7	7.4
Tajikistan	11.1	11	10.9	10.8	11	10.9
Turkey	10.9	13.5	13.5	12.7	17	15.3
Turkmenistan	3.8	3.9	3.8	3.7	3.9	3.8
Uzbekistan	5.7	5.9	5.5	5.2	5.8	5.5
ECO	8	8.5	9.9	9.9	9.9	9.8
World	5.4	5.4	5.3	5.2	5.6	5.5

Source: First half of 2020 preliminary estimates by Staff

To see to the actual state of unemployment in the ECO region by the end of 2020, the point at which the rate of labor participation could be sufficient has, first, been looked at from a different angle than entailing from descriptions in previous sub-sections. Thus, the assessment of the rate of labor force participation as the percent of the total population (aged 15 years and above) in regional countries during 2020, has shown that this percent has had a reduction in 2020 versus 2019 (figure).



Of the total population of the region, the 53.9 percent population has participated in labor force in the reported period of 2020 (World Bank, 2020). In the context of labor force participation at the global level, this indicator, has accordingly, shrunk. More specifically, seven years ago, the ECO region recorded 4.9 percent share of labor force participation in world's total labor force. As with the passage of time, the indicator has, since then, decreased at 0.8 percent rate by the end of the year 2020. The factors that have largely influenced such reduction were labor force migration from low income countries to more advanced countries, among others. At inter-regional markets, the more advanced countries offered much higher per hour pay for labor.

As evident from figures above, the highest rates of labor force participation have been observed during 2020 in Uzbekistan 74.9 percent, followed by Kazakhstan 69.7 percent and Azerbaijan at 66.5 percent. These countries have sustained their pre-pandemic employment systems intact.

While the by-country dynamics of labor participation has been vigilant and responsive to covid-19 complexities, the total labor force at the ECO regional level fell by 2.7 percent in 2020 vs. 2019 (figure). In growth terms, the total labor force cumulated to 182.2 in 2019 but reduced to 177.3 million persons in 2020. Comparisons may be observed in figure below.

In most ECO countries, female population participated at nearly the same proportion as male population in labor force. For comparison, the female labor force as the percent of the total population in the region in 2019 has marked 34.6 percent.

In turn, by comparing the latter indicator with one in preceding year (2018), labor participation slightly decreased by three percentage points but at the global level, the ratio of the ECO region's female participation in labor force accounted to 0.89 of 1.00 throughout the preceding five-year period, from 2015 to 2019. For details pl. see table below reflecting the longer time series 1990, 2000-2019.

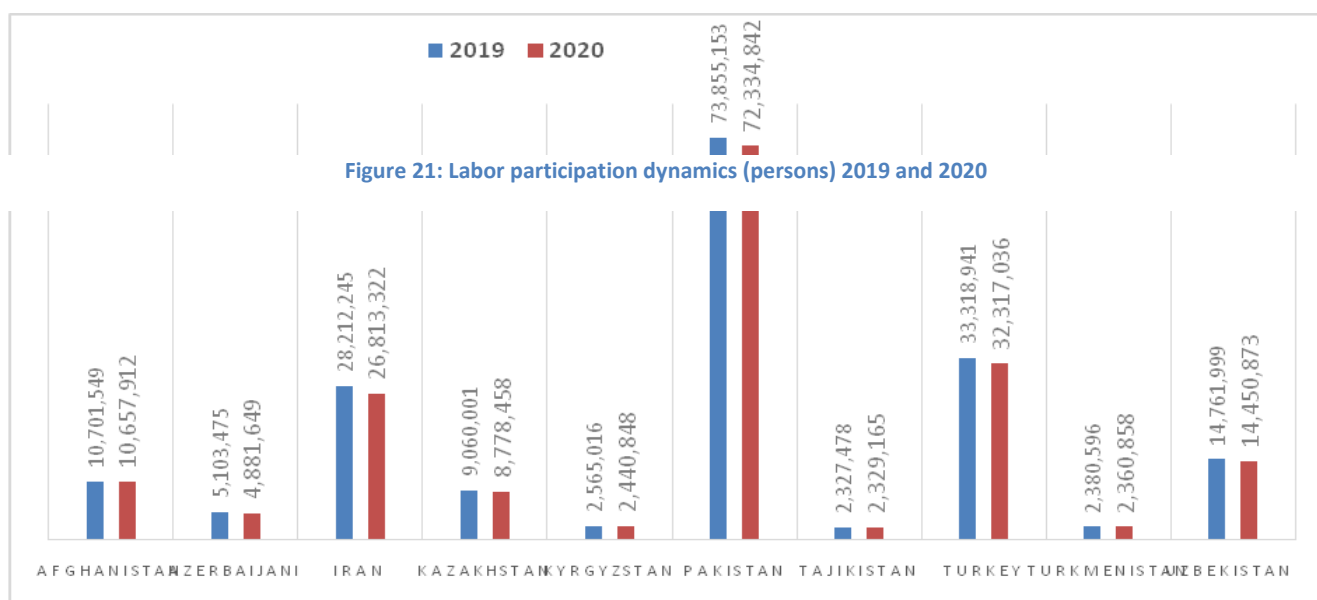


Table 2: Female labor force (% of total) 1990-2019

ECO country	1990	2000	2011	2012	2013	2014	2015	2016	2017	2018	2019
Afghanistan	15.75	15.08	15.76	16.12	16.96	17.85	18.79	19.82	20.89	21.25	21.61
Azerbaijan	48.12	49.24	49.09	48.96	48.90	48.95	49.02	48.79	48.73	48.76	48.63
Iran	10.41	15.44	17.65	17.09	16.55	16.04	17.27	18.81	19.80	19.59	19.40
Kazakhstan	48.24	49.06	48.86	48.84	48.81	48.69	48.57	48.33	48.08	48.06	48.05
Kyrgyzstan	41.50	44.15	41.82	41.37	40.37	41.40	41.01	40.30	39.23	38.56	38.47
Pakistan	13.15	15.20	20.87	20.97	21.09	21.47	21.95	21.33	20.73	20.13	20.12

<b>Tajikistan</b>	35.73	36.10	35.25	35.70	36.20	36.73	37.30	37.92	37.53	37.19	36.90
<b>Turkey</b>	30.71	27.70	29.89	30.50	31.21	31.04	31.73	32.26	32.76	33.02	33.28
<b>Turkmenistan</b>	40.41	41.85	40.26	40.09	39.94	39.80	39.71	39.64	39.57	39.51	39.44
<b>Uzbekistan</b>	41.63	42.78	41.29	41.08	40.89	40.70	40.53	40.40	40.31	40.22	40.12

In terms of qualitative characteristics of the dynamics in labor participation, female labor force participation has varied from country to country over the past decade. Thus, in some ECO countries, female labor force had been having a tendency of the upward scaled movement as in 2000 compared to 2019; in others, such tendency has been showing a reverse movement (figure).

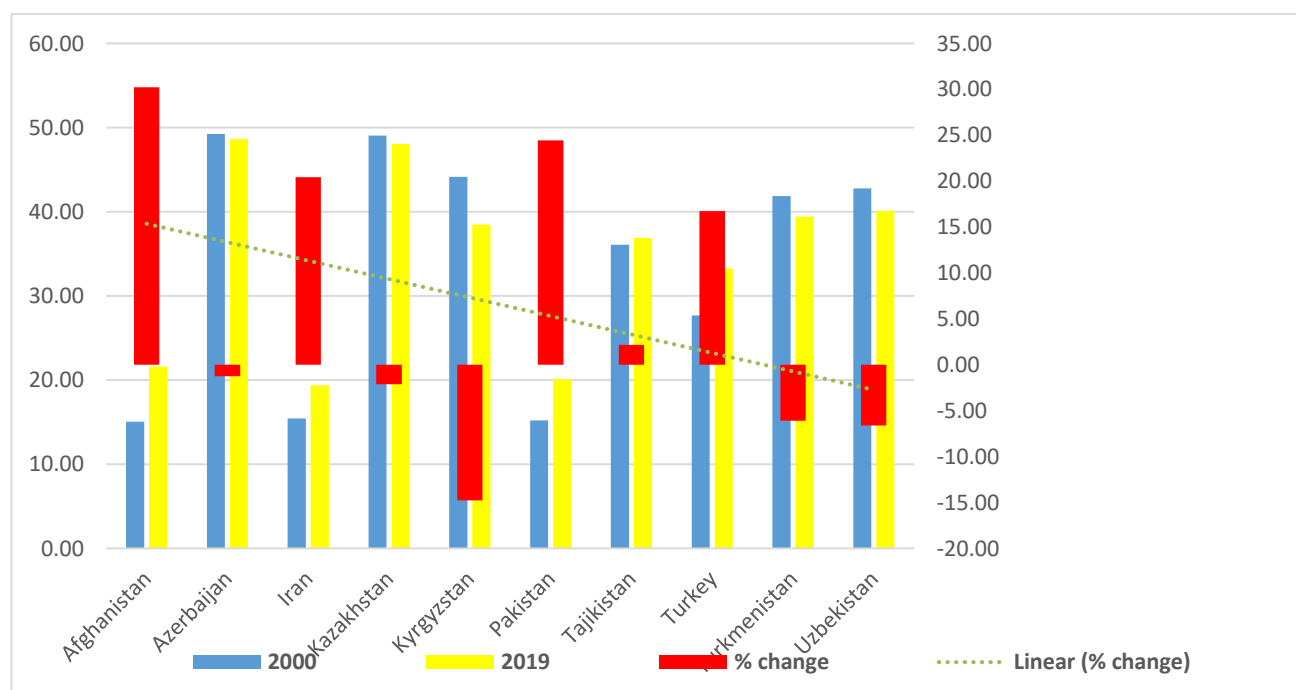


Figure 22: Female labor participation (persons) and change in percent, 2000 vs. 2019

In Afghanistan, Pakistan and Iran female force in 2019 increased by 30.2, 24.4 and 20.4 percent, accordingly, against 2000. By contrast, in the Kyrgyz Republic, Uzbekistan and Turkmenistan, female labor force decreased in 2019 by 14.7 and 6.6 and 6.1 percent, accordingly, compared to 2000 (Table ). On the one hand, such dynamic-driven changes in the gender composition of labor force in the ECO regional countries has indicated at the positive impacts of government-led policies in these countries toward improving gender-related aspects of labor force in favor of increasing the female share in the total labor force. On the other hand, contraction in female employment in a few countries of the ECO region has attributed to mainly temporary, non-structural changes in the form of shortages of jobs due to the pandemic-caused travel restrictions that were the most unforeseen, especially, starting from end November-December 2019 when frontier cross borders were abruptly shut for any entry, including for migrant work force.

**Table 3: Female labor force (% of total) 2009 vs. 2019 and change in percent**

<b>ECO country</b>	<b>2000</b>	<b>2019</b>	<b>% change</b>
<b>Afghanistan</b>	15.08	21.61	30.22
<b>Azerbaijan</b>	49.24	48.63	-1.25
<b>Iran</b>	15.44	19.40	20.42
<b>Kazakhstan</b>	49.06	48.05	-2.10
<b>Kyrgyzstan</b>	44.15	38.47	-14.75
<b>Pakistan</b>	15.20	20.12	24.44
<b>Tajikistan</b>	36.10	36.90	2.18
<b>Turkey</b>	27.70	33.28	16.75
<b>Turkmenistan</b>	41.85	39.44	-6.10
<b>Uzbekistan</b>	42.78	40.12	-6.63

Given the above-reflected different aspects of labor force participation that have direct pertinence to the unemployment, the actual unemployment data relating to the end year annual average indicator in this measurement at the ECO regional level in 2020, has revealed a wider amplitude in differing annual unemployment rates, on average. These ranged from over 12.5 percent in Afghanistan (as the regional country that observed the highest unemployment rates not only in 2020 but in preceding years as well) to below 5 percent annual as in Turkmenistan (4.0%) and Pakistan (4.5%) as the latter countries came to be the countries with the lowest unemployment rates in the ECO region as ever (figure).

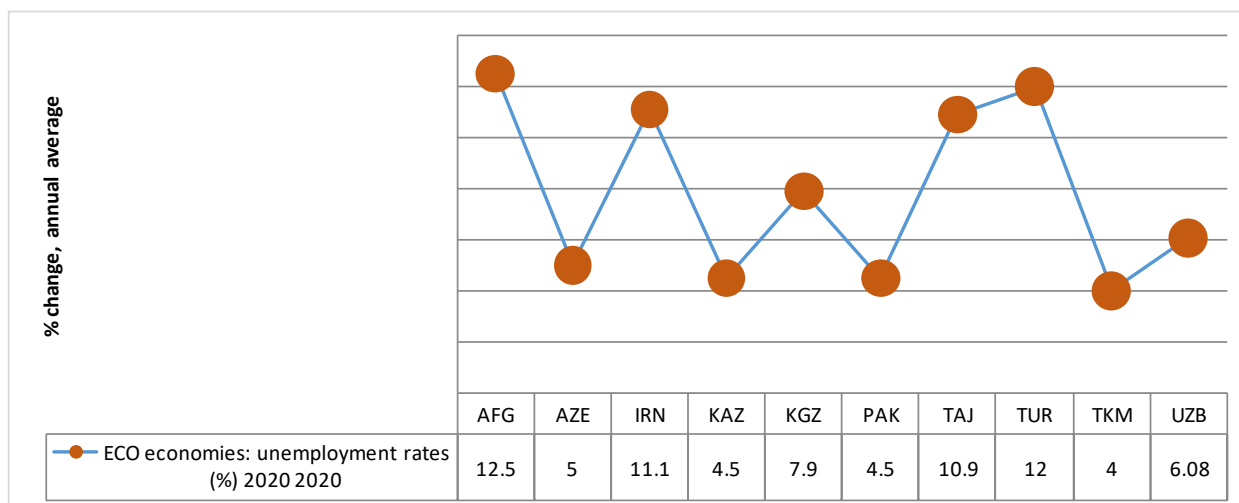


Figure 23: Unemployment (annual, average %) 2020

In overall, in those of the ECO regional economies that could more effectively manage non-systemic types of unemployment, including in Pakistan, Turkmenistan, Azerbaijan and Kazakhstan, the annual average unemployment rate remained low and moderate. Thus, the ECO regional annual unemployment rate has averaged to 5.8 percent in 2020.

The historical tendencies in the ECO regional countries' unemployment have shown that, over the period of 2011-2020, the unemployment has averaged over 10 percent mainly in the countries, notably, Afghanistan, Iran and Turkey. As mentioned in the previous sub-section of this report, the countries with the lowest unemployment included Pakistan and Turkmenistan. The latter countries observed the annual unemployment rates averaging below 4 percent over the decade. In terms of growth in the ECO regional unemployment, it grew at 1.6 percent rate, annual average, over the decade (2011-2020). For details please see figure below.

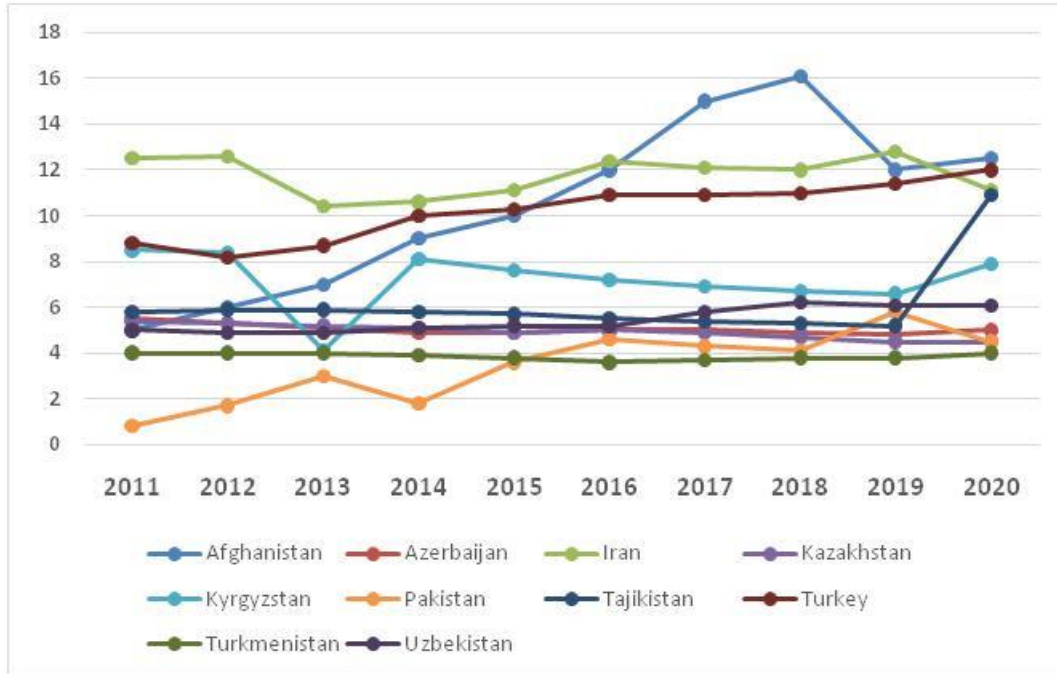


Figure 24: Unemployment (% change) 2011-2020

The by-gender assessment of unemployment of the ECO economies revealed that male unemployment tended to rise in countries like in Iran at over 11 percent and, in Tajikistan, at 10 percent. Again, the lowest rate of unemployment among male population was registered in Pakistan (4.1%), Kazakhstan (4.3%) and Azerbaijan (4.4%).

By contrast, the rise in male unemployment in Turkmenistan and Uzbekistan has been observed at above 8 percent. This indicator in Turkey, the Kyrgyz Republic and Afghanistan fluctuated between 7 and 9 percent.

## External Balance

### Trade Balance: Exports and Imports

The estimates predicted by ECO Secretariat staff, during the first half of 2020, to estimate the trends in exports that would prevail within the ECO region have been as reflected in figure below. Under both optimistic and pessimistic scenarios, it was expected that the total exports volumes of goods and services would reach US\$295 billion falling by 8 percent by end 2020.



### Projection on exports as of early 2020

			Optimistic		Pessimistic	
Exporters	Exported value in 2018 (in thousand USD)	Exported value in 2019 (in thousand USD)	2020	2021	2020	2021
			-8%	8.60%	-8%	9.30%
<b>ECO</b>	393,505,595	320,988,201	295,309,145	320,705,731	295,309,145	322,772,895
<b>Afghanistan</b>	884,504	708,680	651,986	708,056	651,986	712,620
<b>Azerbaijan</b>	19,489,068	19,635,580	18,064,734	19,618,301	18,064,734	19,744,754
<b>Iran</b>	96,617,521	26,987,767	24,828,746	26,964,018	24,828,746	27,137,819
<b>Kazakhstan</b>	60,956,233	57,722,942	53,105,107	57,672,146	53,105,107	58,043,882
<b>Kyrgyzstan</b>	1,764,613	1,965,502	1,808,262	1,963,772	1,808,262	1,976,430
<b>Pakistan</b>	23,778,621	20,745,921	19,086,247	20,727,665	19,086,247	20,861,268
<b>Tajikistan</b>	1,073,858	1,115,850	1,026,582	1,114,868	1,026,582	1,122,054
<b>Turkey</b>	167,923,862	171,098,411	157,410,538	170,947,844	157,410,538	172,049,718
<b>Turkmenistan</b>	10,098,303	9,921,778	9,128,036	9,913,047	9,128,036	9,976,943
<b>Uzbekistan</b>	10,919,012	11,085,770	10,198,908	11,076,015	10,198,908	11,147,407

Source: Preliminary assessments by Staff

As per estimates of imports to be traded within the ECO region by end 2020 and onwards, those were predicted as reflected in table below. The total exports volumes of imports of goods and services were to reach, by end 2020, the mark of US\$316 billion, reducing by 10 percent under optimistic scenario and US\$271 billion falling by 22.6 percent under pessimistic scenario.

### Projection on exports as of early 2020

			Optimistic		Pessimistic	
Importers	Imported value in 2018 (In Thousand USD)	Imported value in 2019 (In Thousand USD)	2020	2021	2020	2021
			-10%	13.60%	-22.60%	18%
<b>ECO</b>	404,242,894	351,206,355	316,085,720	359,073,377	271,833,719	320,763,788
<b>Afghanistan</b>	7,406,590	3,754,021	3,378,619	3,838,111	2,905,612	3,428,622
<b>Azerbaijan</b>	11,460,338	13,649,269	12,284,342	13,955,013	10,564,534	12,466,150

<b>Iran</b>	41,236,168	27,148,162	24,433,346	27,756,281	21,012,677	24,794,959
<b>Kazakhstan</b>	32,533,536	38,356,664	34,520,998	39,215,853	29,688,058	35,031,908
<b>Kyrgyzstan</b>	4,907,400	4,903,813	4,413,432	5,013,658	3,795,551	4,478,750
<b>Pakistan</b>	60,391,133	37,836,543	34,052,889	38,684,082	29,285,484	34,556,871
<b>Tajikistan</b>	3,144,346	3,327,744	2,994,970	3,402,285	2,575,674	3,039,295
<b>Turkey</b>	223,046,879	200,658,596	180,592,736	205,153,349	155,309,753	183,265,509
<b>Turkmenistan</b>	2,802,552	2,637,176	2,373,458	2,696,249	2,041,174	2,408,586
<b>Uzbekistan</b>	17,313,952	18,934,367	17,040,930	19,358,497	14,655,200	17,293,136

Source: Preliminary assessments by Staff

In actual situation, the total external trade of goods and services of ECO countries by the end of 2020 cumulated to US\$684.1 billion showing 6.4 percent decrease compared to US\$728.1 billion in the previous year (2019). The figures shown in preliminary estimates have been adjusted for some countries of ECO based on country reports and statistical tables provided by the National Statistical Offices (NSOs) of the ECO Member States.

In the structure of external trade in 2020, exports of goods and services of regional countries reached US\$307.2 billion indicating the 4.5 percent reduction in aggregate trade volume compared to the same period in 2019 in which year this indicator registered US\$320.9 billion. Such decline has come soft at the back of a drop in global exports (figure below).

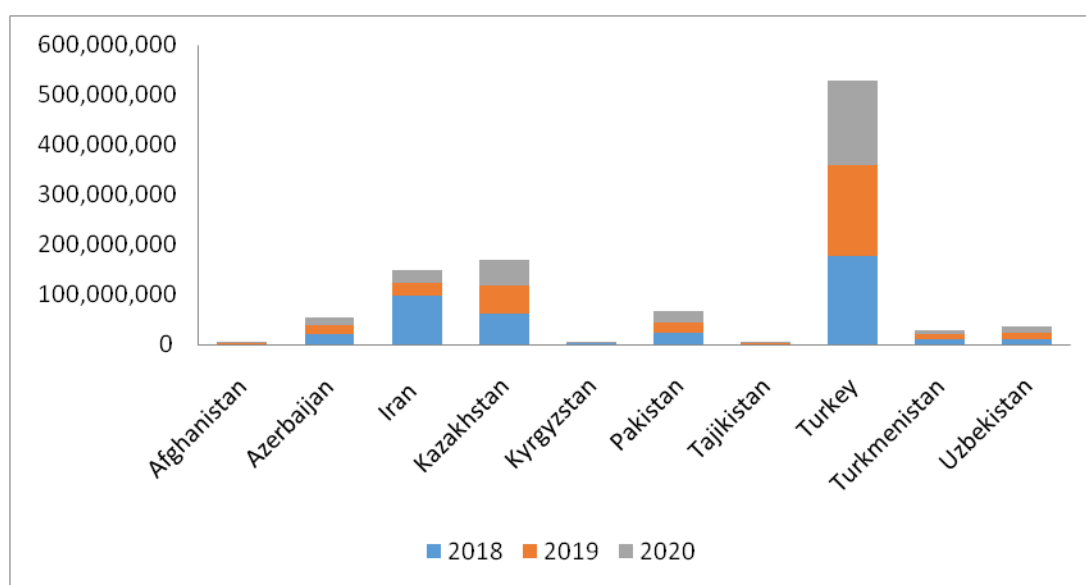


Figure 25: Exports of ECO countries (US\$ million) 2018-2020

As ever, Turkey’s exports prevailed in the structure of overall volume of the ECO region’s exports. It contributed to the 55.3 percent share of ECO regional exports in 2020. The share of Kazakhstan was second largest at 16.8 percent of total exports and Iran 7.8 percent and Pakistan contributed the 7.1 percent share of total exports. These countries thus helped sustain the export levels from a much deeper downside during the peak of the covid-19 pandemic-caused trade restrictions in 2020 (figure below).

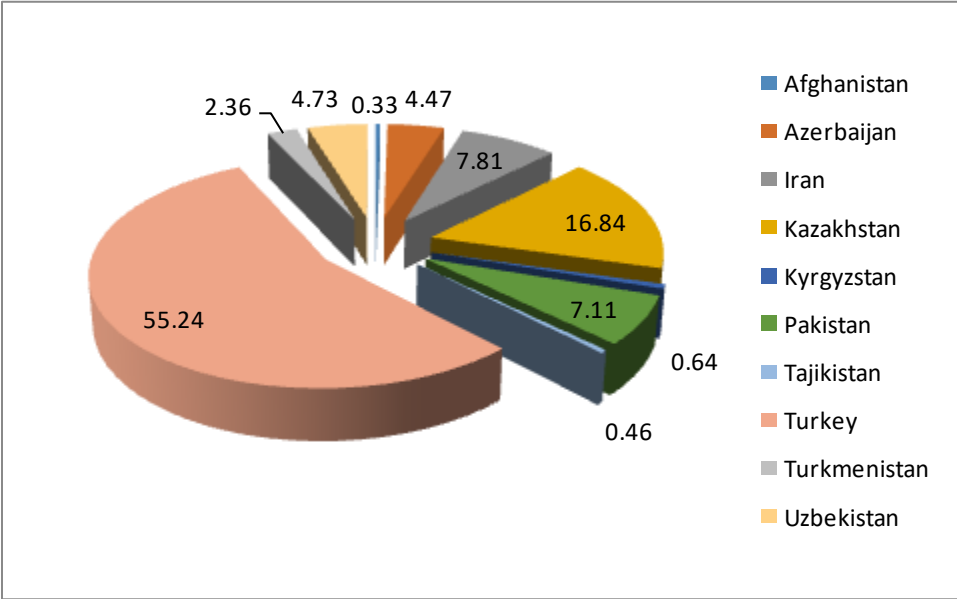


Figure 26: Share of exports (% of total) 2020

In comparing export performance of world’s large groupings and especially the grouping consisting of world’s upper middle income countries, chart below reflects that the combined export potentials of the upper middle income countries have been essential even in the face of covid-19 pandemic in 2020 marking US\$5.2 trillion. World’s exports were at US\$22.4 trillion in 2020.

Imports of goods and services in the ECO region cumulated to US\$376.9 billion in 2020 (figure) increasing by 6.8 percent compared to 2019. Such turnout has been justified by the need in countries to purchase essentials, medication, vaccines, sanitizing equipment and food for which some depended on global market chains. For another, countries’ risk averse behavior has largely shaped up a “stashing style of consumer goods” in the face of global economic crisis despite that the vital needs for purchases to sustain livelihood in citizenry during the worst pace of the pandemic persisted.

From another perspective, the rising prices for goods and commodities have kept purchasing propensities of countries low keeping mainly to wait-and-see approaches (UNCTAD, 2020). Else, uncertainties in the regional countries' national currency units have kept the amplitude of their exchange rate fluctuations thin not presenting favorable time spots for purchase of imports. These reasons were fairly understandable under the pandemic. The prudence in the countries' timely steps taken toward saving for the rainy day but, at the same time, purchasing agricultural products and food stuffs and medication was urgency given that agriculture sectors of regional countries relied on global supply chains. For another, there has been no sensible pharmaceuticals production industry up and functioning in the ECO region so that internal regional supplies of medication be ensured from inside the region. These reasons contributed to keeping imports from deeper suppression the pressing hard conditions of the global economic and financial crises.

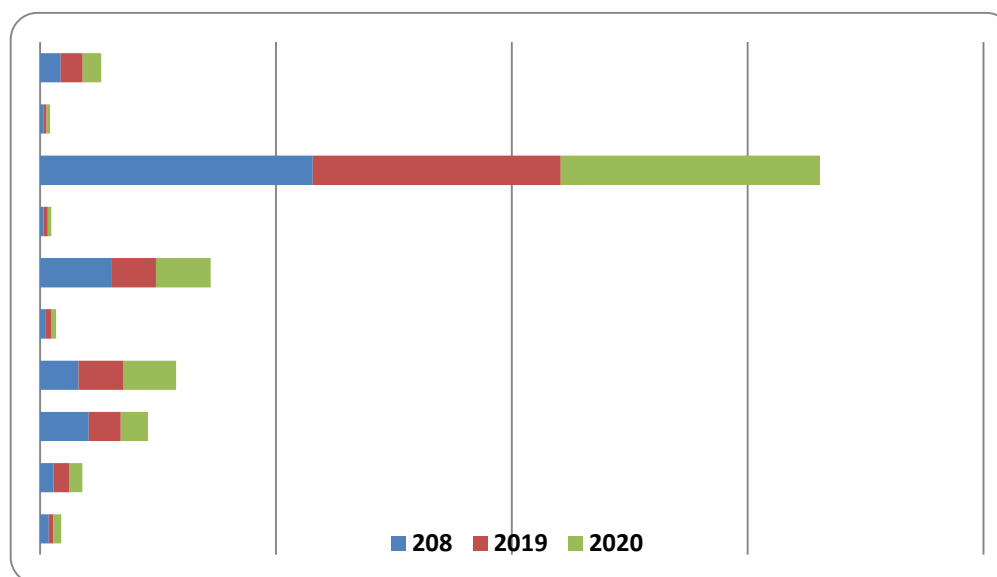


Figure 27: Imports of goods and services (BoP, current prices US\$ thous.) 2020

In the structure of total imports of the ECO region, the largest share one attributed to Turkey at 58.2 percent, Pakistan 12.3 and Kazakhstan 11.8 percent. Iran's imports have been lower as the country experienced the complexities of economic sanctions that came hardest during the covid-19 pandemic in 2020 (figure ).

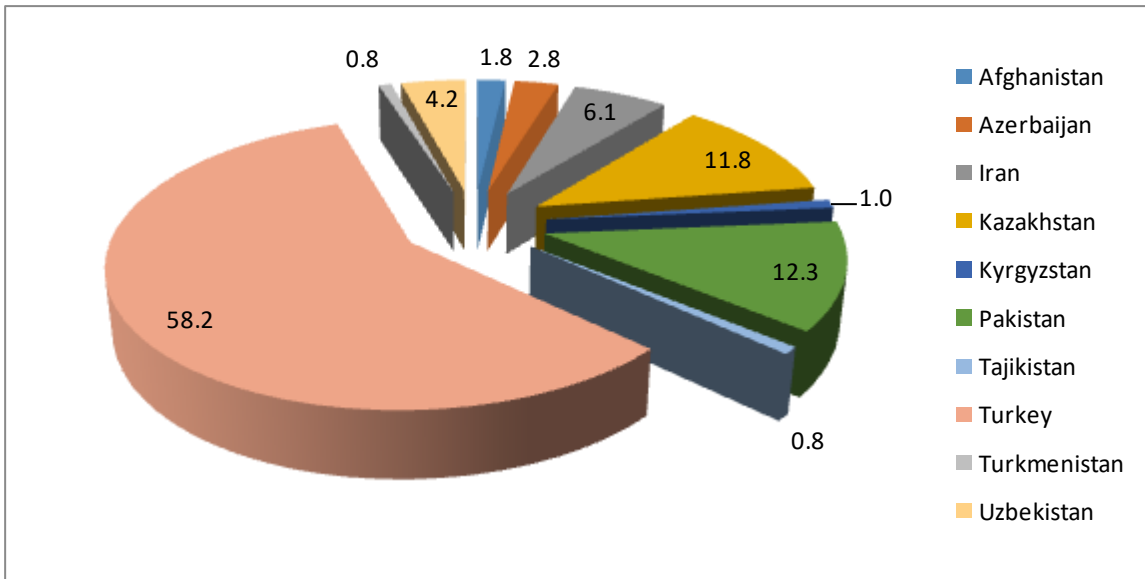


Figure 28: Share of imports (% of total) 2020

The trade balance resulted in the US\$69.793 thousand deficit in 2020 (figure). The share of exports and imports in the structure of the ECO's total external trade in 2020 marked 44.9 and 55.1 percent, respectively.

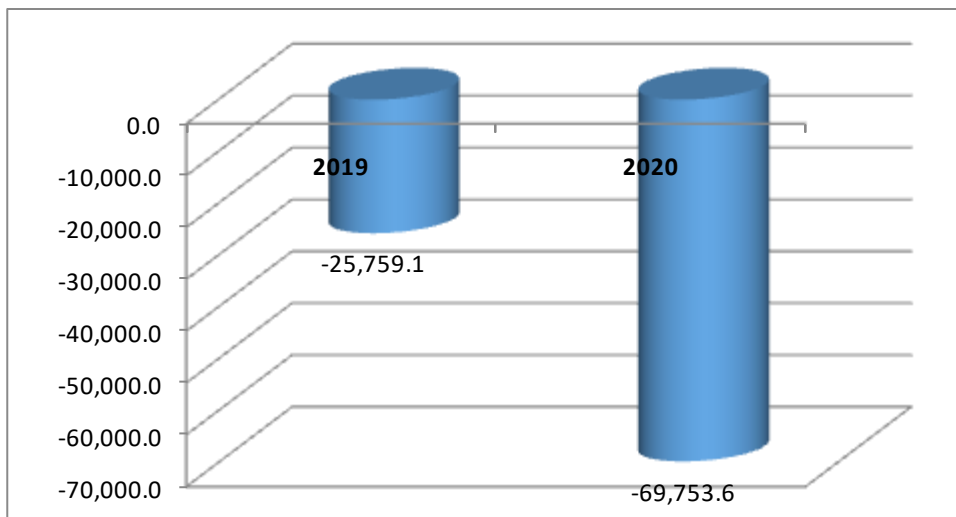


Figure 29: Trade deficit (current US\$ thous.) 2020

Compared to previous year 2019, the change in the share of exports in 2020 has seen a

7.4 percent reduction in 2020 whereas the share of imports has increased by 6 percent in 2020 compared to level in previous year of 2019.

For some countries like Turkmenistan and Iran, the indicators have been derived from credible international sources including UNCTAD, WTO and UN statistical updated editions reflecting 2020.

## **Current Accounts Balance**

The current accounts of the member economies have been disturbed in 2020 during both of economic and financial crises at global level (IMF, 2020). The changes first occurred in current accounts of net oil exporter countries. Thus, Azerbaijan's current accounts have depleted from 9.1 percent share of GDP in 2019 to a negative 0.5 percent in 2019. Depletion in Iran's current accounts has been less from positive 0.6 in 2019 to a negative 0.1 percent in 2020. Kazakhstan's current accounts have leveled from negative 4 percent in 2019 to a negative 3.7 percent in 2020 depleting by 8.1 percent compared to the previous year. Uzbekistan's current accounts have remained largely non-disturbed in 2020.

Among those of the ECO countries who have experienced the down dips in their relevant current accounts, Turkey has also seen a drop from a positive 0.9 percent share of her current accounts in GDP in 2019 to a negative 5.2 percent in 2020.

At the same time, the Kyrgyz Republic, a non-oil exporter, has managed to refill its current accounts from negative 12.1 in 2019 to positive 4.5 percent in 2020. Much in this positive performance of current accounts of member economies has attributed to external aide and swift government decision making. The similar situation has been in Tajikistan who has improved its current accounts from negative 2.3 percent in 2019 to a positive 4.2 percent in 2020. Turkmenistan and Uzbekistan have registered negative 2.6 and 5 percent accordingly in 2020. These indicators in 2019 were positive 1.1 percent for Turkmenistan and negative 5.6 percent for Uzbekistan. For more details pl. see figure below.

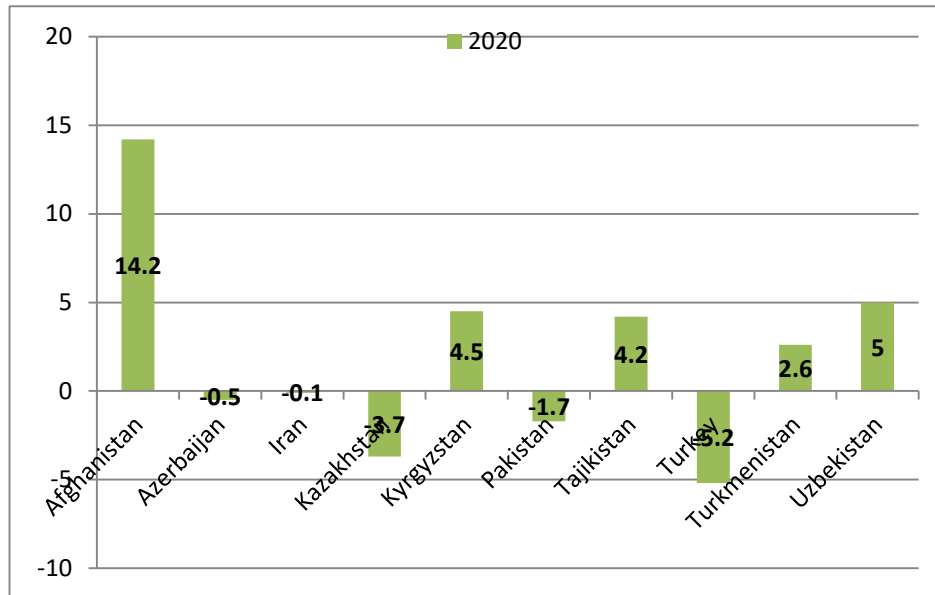


Figure 30: Current account balance (% GDP) of ECO economies, 2020

### Foreign Direct Investments (FDI)

The total foreign direct investments (FDIs) of the ECO regional countries in 2019 reached US\$25,912 million decreasing by 22 percent compared to US\$31,600 million in 2018. When the FDIs of the region have been compared at international inter-regional level, for example, the European Union countries (UN, 2020), the ECO's FDIs have in total accounted to 0.25 percent share of that of the EU countries in 2019 whereas, in the world, this share recorded the 0.09 percent share.

By volume of FDI flows amongst ECO, Turkey has led, followed by Kazakhstan in selected years of 2000, 2010 and 2019, in both inflows and outflows (figure below).

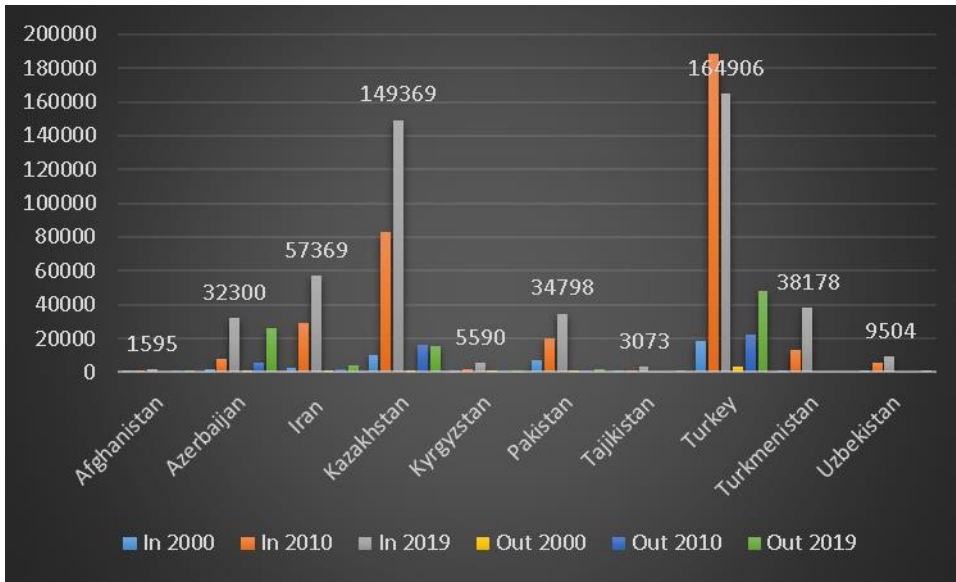


Figure 31: FDI flows (inward, outward) 2000, 2019 and 2020

Specifically, in the FDI inflows, Turkey has firmly taken a lead in the ECO region with the largest share of inward FDIs contributing to the 37.5 percent of ECO’s total inflowing FDIs. Kazakhstan has followed Turkey’s pattern at 13.8 percent second largest share and Uzbekistan 13.6 percent third largest share, respectively, during 2014-2019 (figure below).

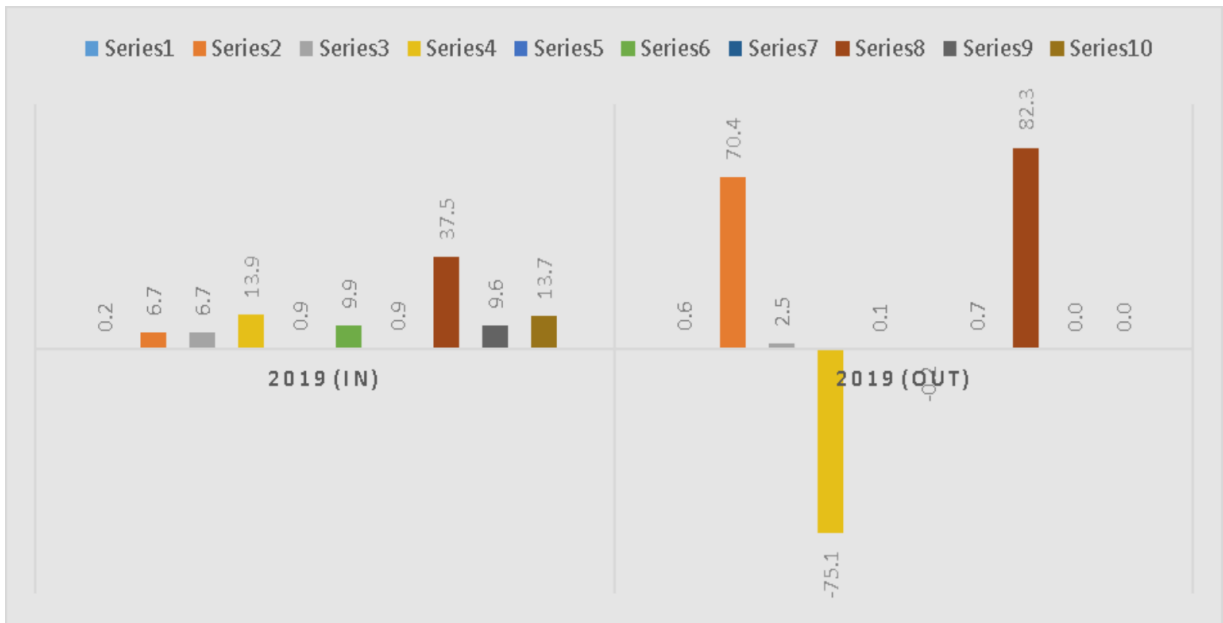


Figure 32: Increase/Decrease (%) in ECO FDIs (inward, outward) 2019



In FDI outflows, again Turkey has been leading at 82.2 percent share of ECO's total FDI outflows, followed by Azerbaijan at 70.4 percent share. Such performance has pointed out the increasing outward investments for the purposes of intense investment activities, during the period of 2014-2019.

Over the past, Turkey, at the global level, was positioned as world's 22<sup>nd</sup> country with the highest level of FDIs among world countries. That was in 2012. In that year, Kazakhstan also followed Turkey's step as world's 28<sup>th</sup> country among top countries with sufficient FDIs.

In 2019, the upward trend in ECO region's FDIs has softened. That has been at the back of shrinkages of global FDIs and investment risk-averse behavior elsewhere.

As per the share of FDIs in ECO's combined regional GDP (current prices), it has reduced from 1.9 percent (eight years back) notably in 2012 to 1.6 percent in 2019.

In comparing how ECO's FDIs' dynamics is positioned in the world, the share of ECO's FDIs in world's FDIs has turned out insignificant, below zero. Among world's developing countries, ECO's FDI share was at its highest 24.9 percent in the year of 2016. By the same token, among countries of Asia, ECO's FDIs hit the highest in 2016 at 34.7 percent of Asia's total FDIs. For more details, pl. see table below.

Figure 33: ECO and Developing countries, Asia and World (FDIs, million US\$) 2014-2019

	FDI inflows (million US\$)						FDI outflows (million US\$)					
	2014	2015	2016	2017	2018	2019	2014	2015	2016	2017	2018	2019
<b>World</b>	1,403,865	2,041,770	1,983,478	1,700,468	1,495,223	1,539,880	1,366,900	1,708,088	1,543,239	1,600,984	986,351	1,313,770
<b>ECO</b>	34,963	38,685	162,960	31,340	27,209	22,479	13,963	9,203	511	6,406	4,419	3,453
<b>% of total</b>	0.025	0.019	0.082	0.018	0.018	0.015	0.010	0.005	0.000	0.004	0.004	0.003
<b>Asia</b>	460,182	514,308	468,403	502,002	489,560	473,228	4,123,634	372,364	399,357	416,980	406,741	327,588
<b>ECO</b>	34,963	38,685	162,960	31,340	27,209	22,479	13,963	9,203	511	6,406	4,419	3,453
<b>% of total</b>	7.60	7.52	34.79	6.24	5.56	4.75	0.34	2.47	0.13	1.54	1.09	1.05
<b>Developing countries</b>	677,340	729,889	651,979	700,636	699,306	684,723	446,188	400,401	414,234	467,357	414,747	373,102
<b>ECO</b>	34,963	38,685	162,960	31,340	27,209	22,479	13,963	9,203	511	6,406	4,419	3,453
<b>% of total</b>	5.16	5.30	24.99	4.47	3.89	3.28	3.13	2.30	0.12	1.37	1.07	0.93

## External Debt

To measure the dynamics in ECO's debt stock, normally, a longer time period is needed. Thus, the total external debt of ECO regional countries during the ten year period of 2009-2019 has been observed to acquire a downslide trend (figure).

Growth in debt stock has been reducing at an average 4 percent during the above-referred long term period.

Over the past, starting from 2015, the external debt of the ECO region had shown zero percent growth. Since then, in 2019, growth in debt was registered at low 0.6 percent, only.

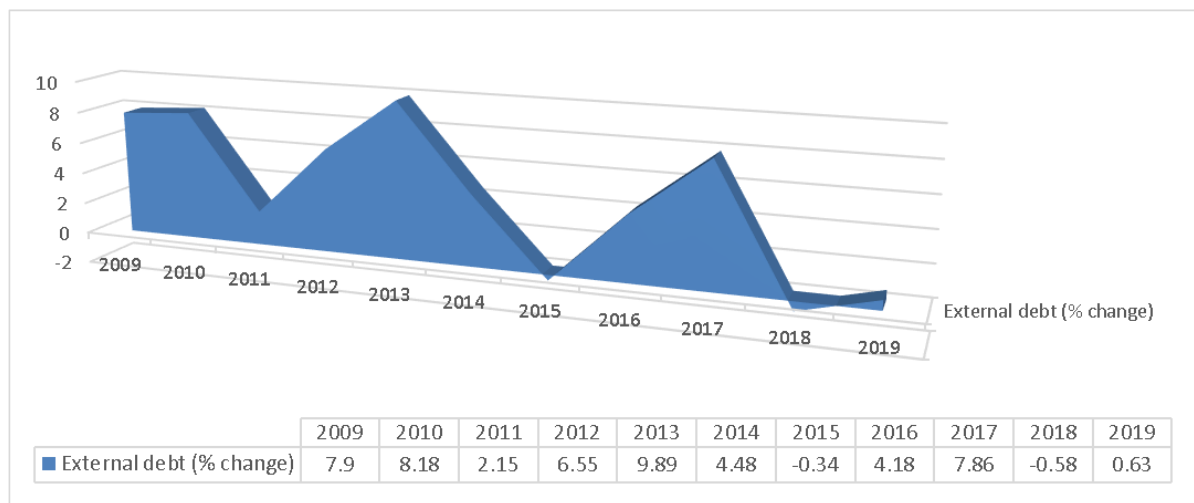


Figure 34: External debt (% change) 2009-2019

In the structure of an external debt, in the eyes of most world countries, the short term debt posts a strong hurdle within a matter of a year, at most, and from 2 to 3 years, the least. Growth in the short term debt, in the structure of regional economies' external debts, has averaged to below 12 percent over the period of 2000, 2011-2019. In 2019, the short-term debt registered 11.9 percent.

The largest growth rate in short-term debt has averaged to over 30 percent in Iran in the above-observed period. Below 30 percent but yet still high increase in

short-term but manageable debt has been observed, among ECO regional countries, in Turkey, followed by Tajikistan. Growth in the short-term debt in Uzbekistan has been the lowest in the region at 4 percent rate, only (figure below).

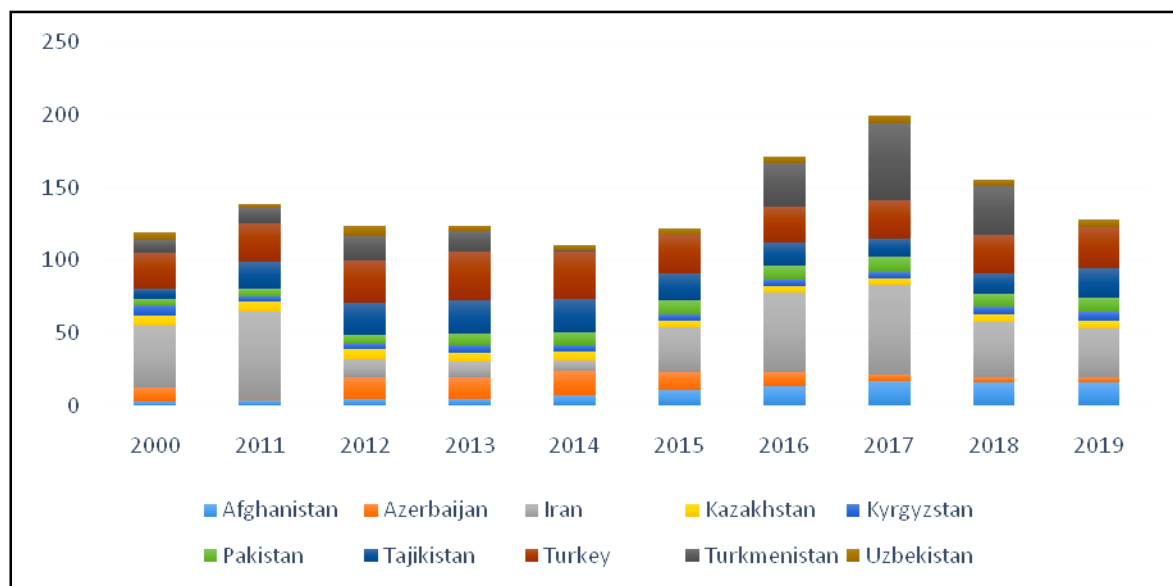


Figure 35: Short-term debt (% of total external debt) 2011-2019

Bearing in mind that most ECO countries have plans for joining world's upper middle income countries, member countries have been well positioned compared to afore-mentioned groups of countries as regards of the short-term debt in the period of 1990, 2000, 2022-2019 (Table below).

Table 4: Short-term debt (% of total external debt) 1999, 2000, 2011-2019

COUNTRY GROUPINGS	1990	2000	2011	2012	2013	2014	2015	2016	2017	2018	2019
MIDDLE INCOME COUNTRIES	14.88	13.25	29.23	28.60	30.96	31.11	25.84	24.28	26.51	28.03	26.96
UPPER MIDDLE INCOME COUNTRIES	17.78	15.38	32.32	31.16	34.28	34.90	29.03	26.86	29.66	31.78	30.52
ECO COUNTRIES	11.9	13.9	12.4	12.4	11.0	12.2	17.1	19.9	15.5	12.8	11.9

The share of ECO's total external debt-to-GDP (current prices) stood at 27 percent, which has shown a significant reduction in this economic parameter compared

to one that had been prevailing eight years back, notably, in 2012 where this indicator was at 34 percent of GDP, which is high for developing countries but lower than permissible 60 percent for the developed.

The above-described debt-related indicator has embedded the debt figures of the Kyrgyz Republic with the 98 percent debt-to-GDP ratio. Among the region’s lowest indebted countries has been Turkmenistan with the debt-to-GDP ratio of only 1.3 percent.

The debt-characterizing positions of the ECO countries do not singularly imply the availability of debt stocks; rather they embed many other qualitative characteristics such as the countries’ capacities to swiftly manage debt. Partner assistance and cooperation to restructure and thus minimize debt is important. The latter measures have largely involved the impacts of institutional reforms at ECO countries’ national levels.

In the world, the countries of the ECO region have safely been positioned, during period of 2016-2020 (figure). In IMF-rated global debt positions’ of world ranking from 1 to 100, many of ECO countries have been settled at well-balanced and therefore stable level (figure below).

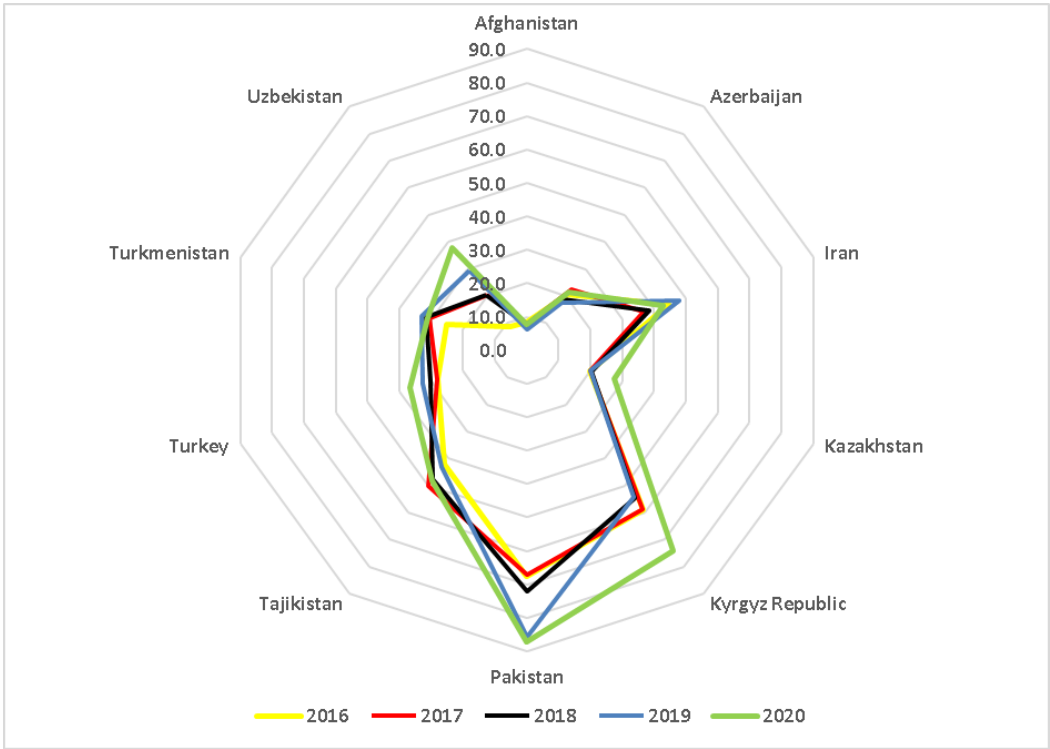


Figure 36: ECO countries’ debt positions in world (1-100) 2016-2020  
Source: IMF

The steps toward returning back to economic normalcy of pre-Covid years, during the coming years ahead of 2020, is a complex task. It requires a combined effort at ECO regional level. That is especially acute as the debt levels in world countries signal of the tendencies to rise in near future, further from the 2020 mark. In near sight, the countries with large debt stocks have been preparing in 2020 to resort to an option of considering ways of raising revenues whilst the tightening of expenditures, over the medium term. Other measures that world countries thought reasonable has been to resort to the increasing a progressive tax following proposals of some world countries, at global level.

At the ECO inter-regional level, some development banks also supported the idea of a progressive tax collection. Among them, Asian Development Bank (ADB) suggested expanding the tax base as a measure that can include reducing the corporate tax breaks and applying more rigid caps on personal income tax deductions.

The value-added tax has been suggested by some world countries at global level as a measure to increase taxable base.

As a way to lower down debt levels, measures have been suggested to cut down spending. In specific terms, such measures included reducing subsidies. The measures on debt restructuring so that it can easy be handled through small packages has also been suggested by world countries –for minimizing debt.

In sum, the collective action has been agreed as the most needed at the time of global crises such as covid-19 pandemic. Although most countries left the corporate debt to be addressed by private sector, nevertheless they indicated the need to collectively address this issue as corporate debt overhang may disturb current accounts and thereby may eventually hurt the public budgets. In this regard, equity injections were named as deserving option that may be considered at regional level.

Providing liquidity support has likewise been suggested as feasible. That pattern has been intensively practiced in 2020 by the European Union vis-a-vis corporate businesses that have been heavily indebted during the covid-19 pandemic (EU). Such included tourism, civil aviation, and road transport.

As another way of minimizing debt, promoting investments in new growth areas has emerged particularly during 2020. That was seen as a feasible path, which helps with post-pandemic reorganization of regional economy as firms in regional countries avail of aforementioned advantage of new opportunities. Among newly opened doors, an emerging cluster of new growth opportunities during the pandemic has been singled out as the one, which relates to a shift to **Ecommerce** and to **Digitalization** of the regional economy. Many, during 2020, have jumped into innovating new cluster of digital services. Another cluster has targeted **Medicine** and **Biotechnology**.

In locating ECO region's niche among the groupings of world countries on external debt, the image below reflects the landscape of debt positions of ECO and of advanced countries (figure below).

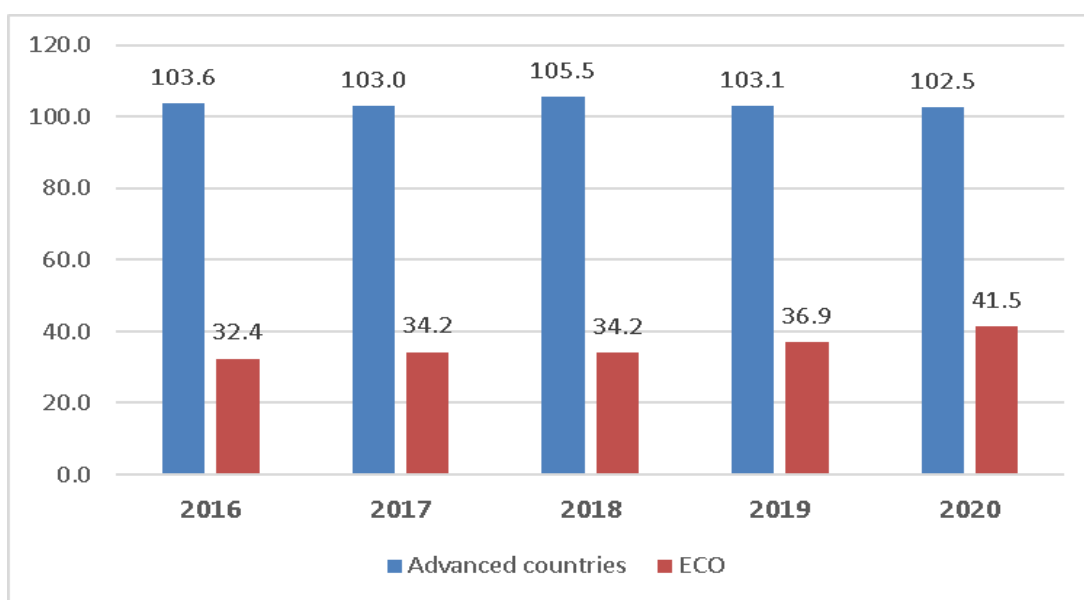


Figure 37: Debt positions of ECO and advanced countries 2016-2020  
Source: IMF

## International Reserves

The ECO regional countries' overall international reserves conventionally comprise holdings of monetary gold, special drawing rights, reserves of member

countries of the International Monetary Fund (IMF) stored by the latter, and also, holdings of foreign exchange that fall under the control of monetary authorities.

Back in the years, the total international reserves of the seven countries of the region amounted to US\$189 billion in 2013. That showed 3.5 percent increase compared with the previous year. The data was at times derived from IMF data base.

With the passage of time, Turkey among ECO countries, has recorded the highest level of international reserves in the region in 2020, at staging US\$93.5 billion of international reserves. That, compared to Turkey's US\$131 billion in 2013, when Turkey was ranked as world's top country with the largest international reserves accounting to the 69.4 percent share of world's total international reserves, has shown a sensible shrinkage.

Kazakhstan, back in year 2013 had come to be world's second top country with international reserves reaching high US\$ 24.7 billion accounting to the 13.1 percent share of world's reserves. As the time passed, in 2020, Kazakhstan has seen a decrease in its international reserves.

Turkmenistan's international reserves surpassed those of Kazakhstan amounting to US\$ 41.5 billion by the end of 2020.

International reserves, in 2020, in Uzbekistan totaled to US\$34.9 billion. This indicator for Pakistan has recorded US\$18.5 billion, Azerbaijan US\$ 9.6 billion, Afghanistan US\$9.6 billion and the Kyrgyz Republic US\$2.8 billion. The lowest international reserves have been seen in Tajikistan at US\$1.4 billion in the same year.

Thus, the shares of international reserves in the structure of the ECO's aggregate international reserves by regional countries have been observed as in figure below.

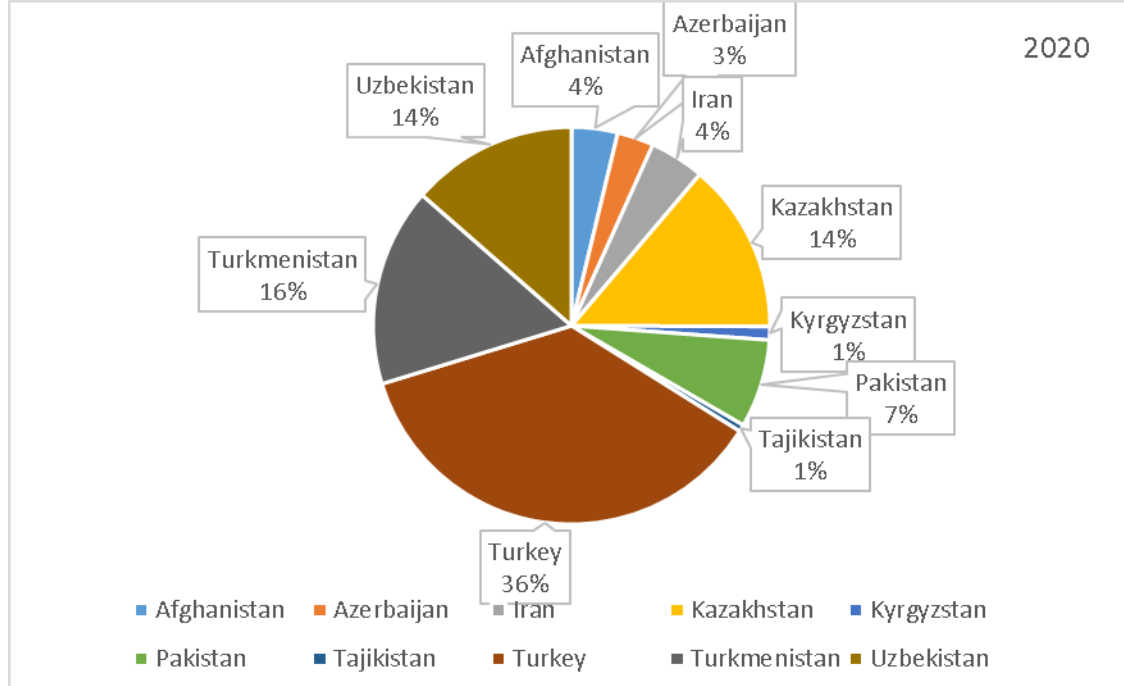


Figure 38: By country shares (% GDP) of international reserves, 2020

Comparisons of the increases/decreases in international reserves of ECO countries in 2020 have revealed the following: the highest increase has been recorded by Azerbaijan at 34.6 percent. Growth rate of total international reserves in Turkey has marked 10 percent growth. In the Kyrgyz Republic such growth has been at 8.3 percent and Tajikistan at 4.9 percent. The lowest increase among ECO regional countries was recorded in Afghanistan at 1.9 percent. Pakistan has seen a significant decrease in its international reserves at 44 percent rate. The total international reserves of Kazakhstan decreased in 2020 at 12.7 percent rate (figure below).



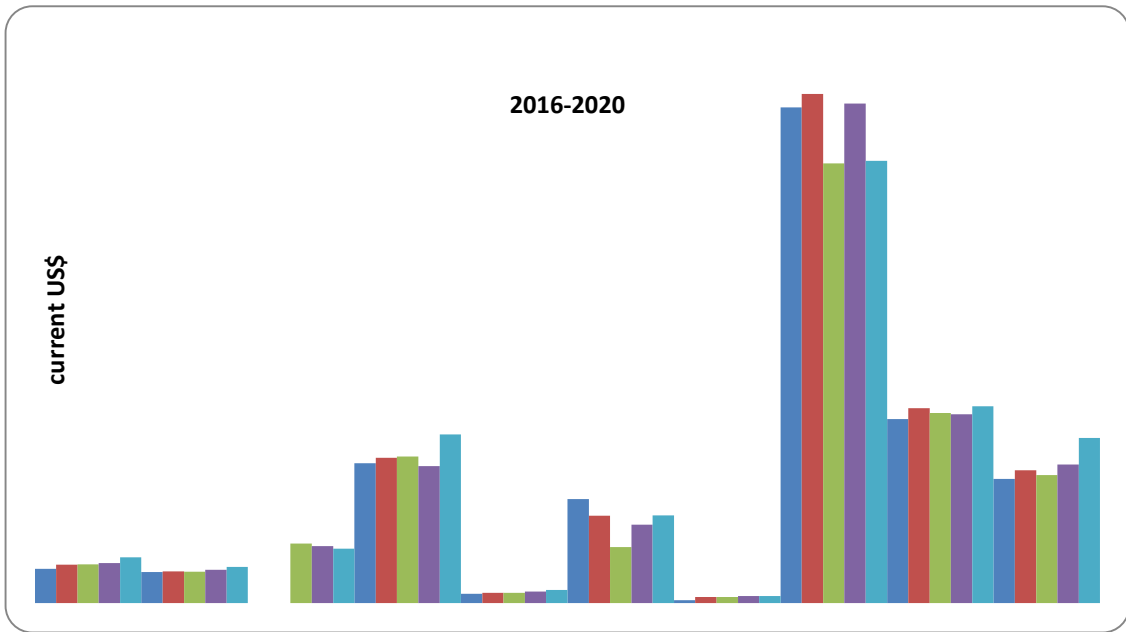
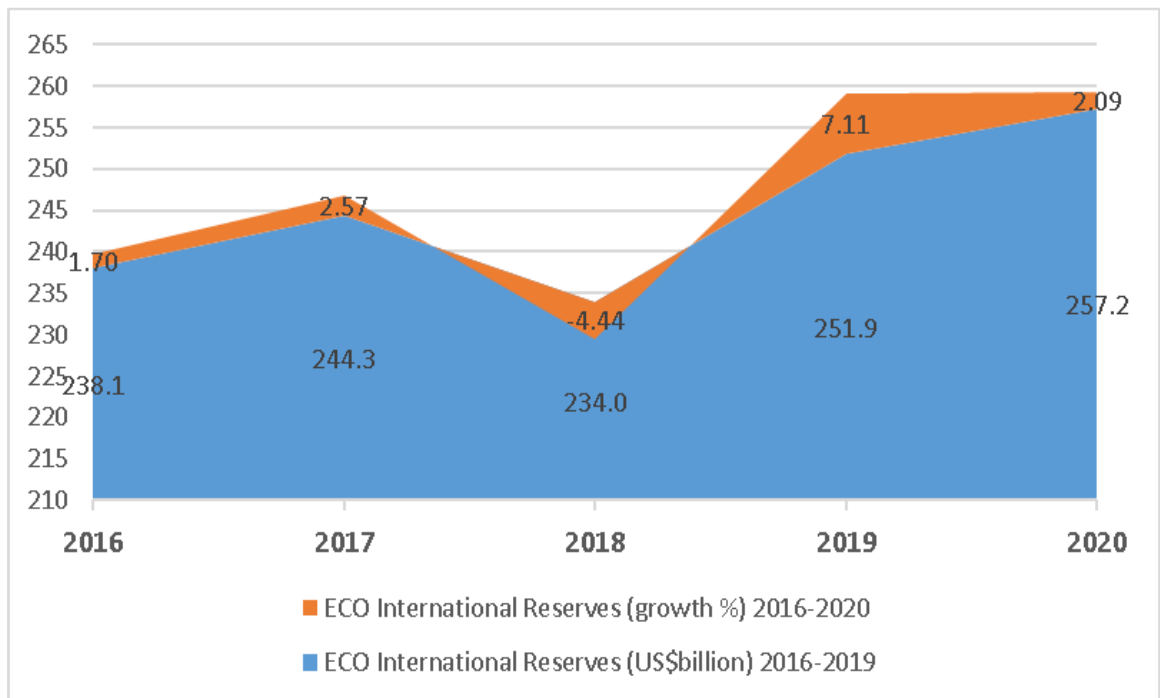


Figure 39: International reserves of ECO countries (% change) 2016-2020

In aggregate, the ECO region's international reserves in the five year period 2016-2020 increased at average percent 2 percent reaching US\$257.2 billion in 2020 (figure below).



## CHAPTER II. DEVELOPMENTS IN CORE ACTIVITY AREAS OF ECO

This chapter reflects the milestone developments in each of ECO's core activity areas. Those include: Transport & Communications, Trade & Investments, Energy, Minerals and Environment, Agriculture & Industry, Human Resources & Sustainable Development, and Tourism. The chapter does not pursue the sector analysis; rather it is the analysis of the key developments in each of the aforementioned core activity areas has been made based on the key statistical indicators for each sector, as endorsed in ECO. Likewise, the inputs from reports of relevant sector Directorates have been incorporated in the present document. Likewise, the results of study projects, that have been fulfilled in the form of small sized projects within 3 to 6 months' time, during 2020, in the core activity areas of ECO, have found their selected reflection in this section.

### **Transport & Communications**

During the first quarter of 2020, in the area of transit transport, some of the latest milestone developments included: (i) Commercialization of Kazakhstan-Turkmenistan-Iran (KTI) railway, (ii) finalization of study reports of Kyrgyzstan-Tajikistan-Afghanistan-Iran (KTAI) and Islamabad-Tehran-Istanbul (ITI) road corridors, (iii) resumption of ITI cargo train.

In plans there was turning the major ECO transit corridors into economic corridors with single window, one-point access system to be installed on ECO's main Border Crossing Points (BCPs) so that the ECO's dry ports can be linked with the region's main sea ports and sea hubs.

Map 1: ECO transit transport routes, 2019-2020



In overall, the ECO's regional transport connectivities have expanded. In specific terms:

**On road**, the loaded trucks have opened way to regular ECO transit transportation of goods and commodities among member countries (photo).



Figure 42: Launching of regular road truck operations on KTAI via test run

To obtain greater economic efficiency, the TIR-provisioned electronic document-based clearance of cross border passage of transport vehicles and drivers have been activated among the ECO regional countries.

**Road transport** has experienced the heaviest impact of covid-19 pandemic primarily due to the ban in early 2020 of cross border passage of goods and services, except essentials and medication. In early 2020, the ECO Secretariat developed practical guidelines for the ECO regional transport operations in respect of softening internationally imposed cross border bans. To assist the Member States in their resilience against hardships imposed by covid-19 pandemic, “*ECO Guidelines for ECO Member States under COVID conditions to facilitate trans-border movement of essential food and medical stuff*” were developed and circulated to all member countries for information and use in practice. Given that this publication (Annual Economic Report) also serves the purposes of disseminating the ECO’s good governance practices across the region and beyond it, the key provisions of the “COVID-19 Guidelines” for transport that were disseminated for observance at ECO cross border points (BCPs), are also reflected in this section of the report for publicity. The contents of the “COVID-19 Guidelines” read as follows:

### **Practical Guidelines on Cross Border Facilitation Measures under conditions of COVID19**

The Directorate for Transport & Communications (TC) of the ECO Secretariat admits that current realities at border crossings of the ECO countries indicate that way out of COVID19 impact is by moving ahead together.

To adequately assess the situation, ECO supports UNECE’s virtual tracing of countries’ cross border developments. The evidences unveil that entrusting COVID19 to quarantines alone will not entail immediate recovery from virulent pandemics. Prolonged quarantines may rather bounce back with much longer reign of pandemic restrictions thereby increasing human and economic costs.

In this situation, TC Directorate shares the awareness with ECO Member States that COVID19 can be defeated if effective cross border coordination among countries is in place. Practicality of cross border coordinated action is the international solidarity, which is a single solution to fight COVID19 down.

**Railway** transport mode has felt the impact of covid19-caused losses in 2020, at minimum. Thus, the ECO railway networks rather profited from the change in users’ choices of transit transportation mode in favor of railway mode of transportation due to ubiquitous travel ban by road during 2020.

**Civil aviation** of the ECO region has suffered from the covid-19 related causes the most. In spite that civil aviation accounted to only 2 percent of overall transportation volume, it has been heavily impacted by the pandemic due to suppressed air travel elsewhere. In the previous years, however, the civil aviation has been stable (Table).

Table 5: Air transport, passengers carried in 2016-2020

ECO Country Name	2016	2017	2018	2019
Afghanistan	1,917,924	1,647,425	1,125,367	1,066,747
Azerbaijan	1,961,639	2,331,308	2,279,546	2,585,280
Iran	17,084,581	26,858,179	23,029,380	21,641,449
Kazakhstan	5,007,869	6,903,190	5,920,110	6,800,111
Kyrgyzstan	1,015,750	1,122,951	1,175,001	874,326
Pakistan	9,628,354	7,260,769	6,880,637	7,420,378
Tajikistan	1,037,897	580,374	492,320	539,095
Turkmenistan	1,318,350	2,136,219	2,457,474	2,081,424
Turkey	100,366,461	107,917,326	115,595,496	111,028,629
Uzbekistan	2,383,631	2,581,865	3,056,558	3,685,192
<b>ECO</b>	<b>141,722,456</b>	<b>159,339,606</b>	<b>162,011,889</b>	<b>157,722,632</b>
Growth (% change)	6.1	11.1	1.6	-2.7
World	3,705,101,897	3,973,790,463	4,242,447,521	4,396,665,797
Growth (% change)	6.4	6.8	6.3	3.5

At the global civil aviation level, the International Air Transport Association (IATA) reported 1.8 billion air passengers in 2020. The Association pointed out the decline of 60.2 percent in the number of air passengers in 2020 compared to the 4.5 billion in the preceding 2019. For year 2020, the international air transport institutions have not released the end of year data yet.

**Maritime transport**, during 2020, has, alongwith railway, become the most preferred mode of transportation despite longer time frame that is usually required for this type of transportation. As a result, the maritime transport sub-sector of the ECO region has seen a sensible rise in quantity of offers for the transportation from both sources: passengers and cargo.

**On communications**, the regional dynamics during 2020 has been on the rise owing to the fact that consumers have switched their communications preferences to digital tools. Given that six of the total nine targets set in “**ECO Vision 2025**” for the transport sector, have been linked to the communications sub-sector, the number of mobile cellular subscriptions across the ECO region has increased, especially in the recent past. Thus, in 2019, it rose by 5.1 percent compared to a slight dip by one percent in 2018.

In 2020, owing much to the pandemic-caused cuts in individual household incomes the subscriptions have diminished in size but were still at positive 0.1 percent growth rate. This indicator reflects the quantity of cellular subscriptions (per 100 persons) to a publicly owned mobile telephone service that provides access in a country for using cellular technology. Over the past period of 2016-2020, the mobile subscriptions have expanded at 2.7 percent rate, on regional average.

**Table 6: Mobile cellular subscriptions (per 100 persons) 2016-2020**

<b>ECO countries</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Afghanistan	61.1	65.9	59.1	59.4	58.3
Azerbaijan	104.7	102.9	103.9	107.0	102.0
Iran	101.2	107.9	108.5	142.4	151.9
Kazakhstan	143.2	147.6	142.3	138.6	134.1
Kyrgyzstan	125.3	136.8	138.6	134.4	135.4
Pakistan	67.0	69.5	72.6	76.4	79.5
Tajikistan	108.5	111.5	112.0	113.4	114.0
Turkey	94.0	95.9	97.3	96.8	97.4
Turkmenistan	151.4	162.9	160.1	154.0	152.0
Uzbekistan	74.00	75.92	71.52	101.21	99.75
<b>ECO</b>	<b>103.0</b>	<b>107.7</b>	<b>106.6</b>	<b>112.4</b>	<b>112.4</b>
% change	5.0	4.3	-1.0	5.1	112.4
<b>ECO, World, Country groupings</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
World	100.7	102.9	106.5	109.5	107.5
Upper middle income countries	108.0	111.2	118.0	121.8	118.5
Middle income countries	100.7	103.7	106.0	108.6	107.0

For statistical tables on ECO’s core activity area of Transport and Communications, pl see Statistical Appendix of this report. In addition, during 2020, the Statistical Report has been released with special emphasis on transport.

## Trade & Investments

The objectives of the ECO regional trade and investment-related activities have mainly been on having international agreements on trade and investments, notably, the ECO trade agreement (ECOTA) as well as ECO Trade Facilitation instruments and Investment Promotion Agreement be activated.

While the aforementioned activities have been deploying to reach the desired target, the ECO intra-regional trade, which has been aspired by the ECO Member States to expand twofold in four years, as envisaged in “**ECO Vision 2025**”, has been developing at its own pace.

### ECO’s Intra-regional Trade

The percent of the ECO’s intra-regional trade has been stated as “around **8%** of ECO’s trade with the world. It may be recalled that external trade of the ECO Countries was recorded at **US \$ 484** billion and the intra-ECO trade with figures of **US\$ 40.4** stood, a partly **8.3%** of the ECO Members world Trade” [end of quote] (<https://eco.int/news/88572-The-First-Expert-Group-Meeting-on-Banking-Financial-Matters-of-ECO-and-Forming-ECO-Clearing-Union.html?t=News>).

Based on the above, the present report deems important to reflect some of selected well-performing performances of regional countries in their trade with ECO.

### Pakistan’s Intra-ECO Trade

During 2020, Pakistan’s overall intra-regional trade with ECO countries reached **US\$2,527** million, in total.

Exports to ECO countries by Pakistan have amounted to US\$ 1, 244 million whereas imports to US\$ 1, 303 million.

The details have been reflected in table below.

**Table 13: Pakistan's Intra-ECO trade 2014-2020**

**Table 7**

	Unit	2014	2015	2016	2017	2018	2019	2020
<b>Exports to Each ECO Countries</b> <i>(excluding oil &amp; gas)</i>	Mln. US\$							
.a. Afghanistan	Mln. US\$	1,882.50	1,724.39	1,369.10	1,389.70	1,356.28	1,179.07	869.90
b. Azerbaijan	Mln. US\$	27.49	41.39	61.33	12.52	14.28	15.98	3.78
c. Iran	Mln. US\$	43.11	32.32	35.28	26.34	22.35	4.31	0.00
d. Kazakhstan	Mln. US\$	6.59	12.72	24.55	70.67	88.55	83.20	59.03
e. Kyrgyzstan	Mln. US\$	0.98	0.85	1.13	0.90	1.52	2.16	1.66
f. Pakistan	Mln. US\$							
g. Tajikistan	Mln. US\$	9.15	3.99	4.38	2.96	9.62	7.81	2.05
h. Turkey	Mln. US\$	389.61	234.19	235.14	326.04	302.60	292.44	260.42
i. Turkmenistan	Mln. US\$	6.92	8.20	3.99	3.22	0.82	2.64	2.32
j. Uzbekistan	Mln. US\$	2.33	1.97	3.38	3.94	16.13	22.49	25.19
<b>Total Exports to ECO Countries</b>	Mln. US\$	<b>2,368.69</b>	<b>2,060.02</b>	<b>1,738.28</b>	<b>1,836.29</b>	<b>1,812.15</b>	<b>1,610.10</b>	<b>1,224.35</b>
<b>Imports from Each ECO Countries</b>	Mln. US\$							
a. Afghanistan	Mln. US\$	391.99	388.90	370.28	414.68	496.82	578.80	517.93
b. Azerbaijan	Mln. US\$	0.11	0.04	0.10	1.72	0.93	0.80	0.92
c. Iran	Mln. US\$	185.02	261.29	323.29	327.44	372.73	530.99	371.98
d. Kazakhstan	Mln. US\$	4.23	3.76	2.71	7.65	3.26	0.85	0.52
e. Kyrgyzstan	Mln. US\$	0.15	0.06	0.12	0.12	0.12	0.01	0.13
f. Pakistan	Mln. US\$							
g. Tajikistan	Mln. US\$	0.05	0.10	18.98	8.70	3.64	0.15	0.84
h. Turkey	Mln. US\$	192.43	203.81	258.96	266.34	354.37	374.80	400.82
i. Turkmenistan	Mln. US\$	15.80	14.71	24.98	16.83	18.94	6.69	4.66
j. Uzbekistan	Mln. US\$	0.69	1.13	3.23	2.94	3.37	5.38	5.44
<b>Total Imports from ECO Countries</b>	Mln. US\$	<b>790.47</b>	<b>873.81</b>	<b>1,002.66</b>	<b>1,046.42</b>	<b>1,254.18</b>	<b>1,498.47</b>	<b>1,303.23</b>



Imports Price Index (1994=100)	Index	1414.423	1309.228	1185.843	1207.818	1318.968	1370.833	1376.410
Imports Quantity Index (1994=100)	Index	279.333	314.830	342.613	387.388	423.823	347.180	336.865
<b>Pakistan's total ECO-Intra Trade (US\$ million)</b>	<b>Mln US\$</b>	<b>3159.159</b>	<b>2933.825</b>	<b>2740.936</b>	<b>2882.713</b>	<b>3066.331</b>	<b>3108.571</b>	<b>2527.582</b>

## Azerbaijan's Intra-ECO Trade

During 2020, Azerbaijan's intra-ECO trade has reached US\$ 4,894 million in total. Exports to ECO countries amounted to US\$ 2,750 million whereas imports from ECO countries to US\$ 2,144 million.

**Table 14: Azerbaijan's Intra-ECO trade 2014-2020**

Table 8

<i>Item</i>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Exports to Each ECO Countries (excluding oil & gas)	Million US\$						
a. Afghanistan	Million US\$	208.4	44.3	52.2	71.5	82.7	37.7
b. Azerbaijan	Million US\$						
c. Iran	Million US\$	34.2	49.7	16.8	31.2	41.1	38.5
d. Kazakhstan	Million US\$	18	26.3	34.3	46.6	24	25.9
e. Kyrgyzstan	Million US\$	6.6	5.6	0.6	4.1	2.7	1.8
f. Pakistan	Million US\$	0.3	1.4	1.8	0.8	0.3	1.7
g. Tajikistan	Million US\$	6.4	12.1	2	6.5	3.2	5.2
h. Turkey	Million US\$	1477.3	1185.6	1393.8	1826	2862.7	2597.8
i. Turkmenistan	Million US\$	32.8	113.8	54.1	23.7	23.1	18.9
j. Uzbekistan	Million US\$	10.9	3.4	4	9.4	28.9	23.1
<b>Total Exports to ECO Countries</b>	<b>Million US\$</b>	<b>1794.9</b>	<b>1442.2</b>	<b>1559.6</b>	<b>2019.8</b>	<b>3068.7</b>	<b>2750.6</b>
Imports from Each ECO Countries	Million US\$						
a. Afghanistan	Million US\$	0	0	0	0	0	0
b. Azerbaijan	Million US\$						
c. Iran	Million US\$	90.5	171.5	240.3	414.8	452.7	300.6
d. Kazakhstan	Million US\$	98.9	98.1	107.8	174.1	205.6	116.1
e. Kyrgyzstan	Million US\$	1.6	1.1	1.2	2.1	3	3.6
f. Pakistan	Million US\$	1.7	5.9	6.4	10.4	14.5	11.6

g. Tajikistan	Million US\$	0	0.2	0	0	0	0
h. Turkey	Million US\$	1171.4	1181.6	1273.8	1576.8	1646.9	1563.1
i. Turkmenistan	Million US\$	19.6	38.5	110	109.4	202.6	89.9
j. Uzbekistan	Million US\$	6.2	11.9	26.1	34.6	53.1	59.2
<b>Total Imports from ECO Countries</b>	<b>Million US\$</b>	<b>1389.9</b>	<b>1508.8</b>	<b>1765.6</b>	<b>2322.2</b>	<b>2578.4</b>	<b>2144.1</b>
<b>Total intra-ECO trade</b>	<b>Million US\$</b>	<b>3184.8</b>	<b>2951</b>	<b>3325.2</b>	<b>4342</b>	<b>5647.1</b>	<b>4894.7</b>

## Intra-ECO Trade of Kyrgyz Republic

In 2020, the intra-ECO trade of Kyrgyz Republic reached US\$1,489 million. Exports to ECO countries registered US\$563 million whereas imports from ECO countries marked US\$925 million. The details of Kyrgyz Republic' intra-ECO trade has been reflected as below:

**Table 15: Kyrgyzstan's Intra-ECO trade 2014-2020**

Table 9

Item	Unit	2014	2015	2016	2017	2018	2019	2020
<b>Exports to Each ECO Countries (excluding oil &amp; gas)</b>	Million US\$							
a. Afghanistan	Million US\$	23.23726	9.000032	8.192478	2.547376	1.924919	1.881164	1.258628
b. Azerbaijan	Million US\$	3.739847	3.802816	0.706974	1.121961	1.893098	3.965702	5.035817
c. Iran	Million US\$	6.58172	3.640274	8.147657	12.66885	13.88496	15.42877	1.638467
d. Kazakhstan	Million US\$	508.6577	237.5524	265.4763	268.5841	270.2892	347.0657	293.8632
e. Kyrgyzstan	Million US\$							
f. Pakistan	Million US\$	0.474426	0.061541	0.313754	0.165355	0.388697	1.653291	1.895547
g. Tajikistan	Million US\$	75.05399	35.01681	21.84049	24.28799	47.06971	57.20544	28.05553
h. Turkey	Million	7.853426	6.308234	5.713699	4.891634	3.306756	3.004933	4.565113

	US\$							
i. Turkmenistan	Million US\$	85.99807	85.20373	90.02511	131.2041	104.2725	89.8549	74.58584
j. Uzbekistan	Million US\$	163.6984	112.0982	125.0781	146.2854	158.4996	138.8797	152.5493
<b>Total Exports to ECO Countries</b>	Million US\$	<b>875.2948</b>	<b>492.684</b>	<b>525.4946</b>	<b>591.7569</b>	<b>601.5293</b>	<b>658.9396</b>	<b>563.4474</b>
<b>Imports from Each ECO Countries</b>	Million US\$							
a. Afghanistan	Million US\$	2.459307	0.072738	0.086552	0.239242	0.006128	0.02427	0.199745
b. Azerbaijan	Million US\$	20.64594	6.071727	6.557174	0.439966	2.761659	2.152791	1.905034
c. Iran	Million US\$	14.089	4.507368	6.631215	9.091021	13.71199	17.52534	17.91492
d. Kazakhstan	Million US\$	776.7381	553.1651	437.2038	520.4809	602.7128	649.4014	500.1584
e. Kyrgyzstan	Million US\$							
f. Pakistan	Million US\$	2.188885	2.591858	3.284709	4.319004	4.961146	5.416954	5.463117
g. Tajikistan	Million US\$	7.989758	8.137983	6.490701	14.48999	12.83443	10.56061	9.181019
h. Turkey	Million US\$	3.493411	3.891616	4.421199	0.462756	1.465017	5.091679	7.161098
i. Turkmenistan	Million US\$	307.9678	166.2921	191.1016	224.9295	290.2322	222.8426	194.7748
j. Uzbekistan	Million US\$	102.2382	56.21342	67.21889	163.6141	177.9883	200.8876	188.8237
<b>Total Imports from ECO Countries</b>	Million US\$	<b>1237.81</b>	<b>800.944</b>	<b>722.9958</b>	<b>938.0665</b>	<b>1106.674</b>	<b>1113.903</b>	<b>925.5818</b>
<b>Total Intra-ECO Trade</b>	Million US\$	<b>2113.105</b>	<b>1293.628</b>	<b>1248.49</b>	<b>1529.823</b>	<b>1708.203</b>	<b>1772.843</b>	<b>1489.029</b>

## Energy, Minerals and Environment

The main developments in this area at the ECO regional level have been in policy development and adjustment of main energy sector developments with those of world. Thus, the ECO Energy Cooperation Strategy has been developed in embed major prevailing trends in the global sector in the regional roadmap. Concrete and clear Action Plan for Cooperation on Energy in the ECO region has been laid down.

**Renewable energies'** area has been on the rise over the recent past worldwide. In the ECO region, the renewable energies have gradually started intensification in this area. This has especially been visible in Turkey, Kazakhstan, Iran and Azerbaijan.

**Fossil fuels** area is not in the central focus of the Member States rather it pursues to achieve a balanced economy. As the ECO region has, on the one hand, fossil fuels net producers and, on the other, fossil fuels net consumers, it in effect contributed, by using its regional frameworks and through policy support and advisory to the installing of the win-win based balance in this dimension.

**Minerals** production has seen the decline during 2020 mainly due to the fall in prices for raw minerals. Delivery of the ECO region's minerals and its products to the rest of the world as well as exchange of these products among ECO countries has been varied in the past. Thus, fuels exports of ECO countries in 2017 cumulated to US\$5.3 billion accounting to 10.1 percent share in world's exports in this mineral extractive commodity.

**Table 16: Exports of fuels (US\$ million) of rest of world to the ECO region and ECO countries exports, 2010-2017**

Table 10

Countries	2010	2011	2012	2013	2014	2015	2016	2017
Russian Federation	9927	9914	15277	14589	9736	7286	5672	7839
United Arab Emirates	4497	6895	7538	7743	7875	6852	7052	7829
Iran	600	248	2780	2497	2846	2408	2525	3299
Saudi Arabia	2806	3700	3613	3096	3097	1545	1359	1899
Algeria	2669	2511	2709	2745	2612	1749	1298	1801
Qatar	280	126	402	113	198	310	616	1463
Netherlands	386	417	257	167	259	142	322	1402
Colombia	192	565	746	606	843	733	753	1394
India	294	814	942	925	1637	1116	1062	1281
Greece	614	1647	2781	3154	3238	971	770	1218
Kuwait	2007	3413	3643	3398	2683	1261	951	1073

United States of America	614	2196	1723	2026	1368	622	437	1032
Italy	1202	2077	2842	2283	1800	1353	687	888
Oman	107	211	711	1120	1089	439	259	841
South Africa	289	376	370	403	503	469	383	819
Kazakhstan	1663	2124	2223	2252	1899	830	545	813
Azerbaijan	358	417	488	432	373	253	636	559
Bulgaria	153	516	835	803	847	598	603	537
Singapore	859	1029	284	325	580	423	197	522
Norway	107	476	534	409	543	148	167	453
Intra ECO Trade								
Afghanistan	1	24	31	33	51	37	35	57
Azerbaijan	358	417	488	432	373	253	636	559
Iran	600	248	2780	2497	2846	2408	2525	3299
Kazakhstan	1663	2124	2223	2252	1899	830	545	813
Kyrgyz Republic	89	181	121	74	102	44	69	111
Pakistan	668	779	12	27	108	54	62	94
Tajikistan	24	40	12	11	11	10	8	17
Turkey	240	90	111	123	97	64	46	55
Turkmenistan	790	1033	986	1113	949	1086	557	158
Uzbekistan	1610	1428	469	388	399	443	150	141
ECO Total	6044	6363	7233	6952	6833	5230	4633	5302
World	37594	48707	57058	54125	50102	33883	29693	40479
ECO's Share	16.10%	13.10%	12.70%	12.80%	13.60%	15.40%	15.60%	13.10%

The ECO countries have intensively been importing fuels from among each other. Thus, fuels imports in ECO countries in 2017 cumulated to US\$57 million accounting to 2.8 percent share in world's exports in this mineral extractive commodity.

**Table 16: Imports (US\$ million) of fuels in the ECO region from rest of world and from ECO countries**

Table 11

Countries	2010	2011	2012	2013	2014	2015	2016	2017
China	189	275.7	313	315.2	316.8	198.6	176.5	249.6
United States of America	364.1	462.7	432.6	389.2	358	200.5	163.1	203.9
Japan	199.1	274.6	302.5	281.6	262.1	128.3	110.9	141.5

India	99.4	148.7	170	165.6	165.1	100	83.8	121.7
Korea, Republic of	122.6	173.7	186.2	180.4	175.7	103.4	81.8	110
Germany	122	166.6	165.3	166.6	148	97.9	75.5	94
Netherlands	110	147.7	164.8	160	144.5	86.4	72.5	93.1
Singapore	77.5	107.1	115.3	107.9	107	59.6	50.7	75.8
France	82.7	115	115.2	110.5	96.2	59.6	47.1	59.7
Italy	89.8	110.1	109.1	95.5	77.3	52.3	41.1	54.1
United Kingdom	63.4	91.6	95.4	88.2	81	50.9	39.7	51.6
Belgium	54.2	76.2	76.8	91.7	74.4	45.7	37.9	48.3
Spain	58.2	77.7	79.7	75.9	73.5	42.8	32.7	45.5
China, Taiwan Province of	51.6	63.1	70	68.7	65.2	37.6	31.9	42.9
Turkey	38.5	54.1	60.1	55.9	54.9	37.8	27.2	37.2
Mexico	24	35	33.3	32.9	33.2	26.5	25.1	35.5
Thailand	31.7	43.5	47.9	52.2	48.1	30.2	24.6	30.7
Canada	39.5	53.2	51.3	50.2	47.7	29.5	25.3	29.7
Indonesia	26.4	39.7	41.2	42.1	40.1	22.5	17.3	25.1
Malaysia	16.4	22.1	27.8	33.3	35.1	21.8	17.4	24.7
(Million Dollars)								
Afghanistan	1,191	1,710	1,326	936	920	1,128	692	929
Azerbaijan	74	84	85	142	297	150	272	379
Iran	1,521	1,049	2,689	1,766	1,630	1,197	1,219	1,447
Kazakhstan	1,843	3,041	4,838	5,396	2,323	1,786	1,326	1,570
Kyrgyz Republic	854	972	1,167	1,282	1,139	778	402	636
Pakistan	11,398	14,860	15,947	15,247	14,822	10,030	9,528	13,712
Tajikistan	447	454	685	708	684	520	374	393
Turkey	38,497	54,117	60,116	55,916	54,889	37,842	27,167	37,204
Turkmenistan	50	78	106	111	97	64	106	59
Uzbekistan	663	633	747	833	747	598	492	753
ECO Total	57	77	88	82	78	54	42	57
World	2,354	3,217	3,355	3,249	3,047	1,848	1,529	2,017
ECO's Share	2.40%	2.40%	2.60%	2.50%	2.50%	2.90%	2.70%	2.80%

**Environment** as ever has been the prime agenda of world, including its regions, ECO being one of them. Because the notion of environment is an inalienable part of the

climate change, the world and the region has witnessed how important climate change is in the face of the covid-19 inflicted global economic and financial crises.

For the statistical tables reflecting indicators in ECO's core activity area of Energy, Minerals and Environment pl. see Statistical Appendix.

## Agriculture & Industry

**Food security**, during 2020, has been the major concern of all Member States. As with covid-19's threat not only to health of population but also to food they consume, the food security has acquired its re-enforced sense of life-supporting importance at global level.

It is commonly admitted that 41 percent of global population recognizes the need for the transformation in food systems during this decade. In the ECO region, decisive steps have been undertaken during the pandemic. Thus, a national program of distribution of food packages to 90% of country citizenry has been active in Pakistan. ECO countries considered it necessary, jointly with the Food and Agriculture Organization of the United Nations (FAO), to develop and adopt a new program for ECO in the field of food security. To adopt concrete road along this path, the member countries decided to convene in the ECO Ministerial Meeting on Agriculture in Uzbekistan during 2021.

Meat products are main source of protein for people. Based on market analyses of meat product propensities in the region that showed the increasing demand for bovine meat at the back of downslide in the demand for traditional poultry, the ECO imports of bovine animals have revealed the rising tendencies (table below).

**Table 12: Exports/Imports of Meat Products to/from ECO and World (million US\$) 2017-2019**

Products		ECO Export to ECO			ECO Import from World			ECO Export to World		
Product code	Product label	2017	2018	2019	2017	2018	2019	2017	2018	2019
'0201	Meat of bovine animals (fresh or chilled)	2.9	10.9	23.2	53.1	289.3	83.4	116.9	175.7	220.0
'0202	Meat of bovine animals (frozen)	1.1	1	3.3	711.8	575.3	774.5	51.1	24.5	34.9

'0203	Meat of swine (fresh, chilled or frozen)	0	0	0	14	12.5	8.8	0.8	1	1.6
'0204	Meat of sheep or goats (fresh, chilled or frozen)	5.4	16.1	10	135	285.8	130	26.8	42.7	60.7
'0205	Meat of horses, mules or hinnies (fresh, chilled or frozen)	0	0	0	5.3	5.9	6.1	0	0	1.4
'0206	Edible offal of bovine animals, swine, sheep, goats, horses, mules or hinnies (fresh, chilled or frozen)	11.5	2.1	0.2	19.7	15.8	14.8	39.9	29.6	30.1
'0207	Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys	14.8	26.5	24.1	291.7	323.6	348	576.7	640.5	598.2
'0208	Meat and edible offal of rabbits, hares, pigeons and other animals (fresh, chilled or frozen)	0	0	0	0.1	0	0	2.3	2.7	4.6
'0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted (fresh, chilled)	0	0	0	10.2	6.8	6.7	0.7	0.4	0.3
'0210	Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat	0.1	0	0	0.9	0.7	1.4	2.8	2.2	6.4
Total '02	Meat and edible meat offal	35.9	56.6	60.8	1242	1516	1374	818	919	958

Source: Excerpt from project report on "Establishment of ECO network of regional slaughter houses and reference laboratories" (available at: [www.eco.int/research studies](http://www.eco.int/research_studies))

Given the increase in trade in meat, meat products and in movement of animals through cross borders, the prerequisites have been explored for establishing the ECO regional network of slaughter houses. To ensure the regional community adequate food security, the uniform certification for meat and meat products and live animals has been developed.

**Industrial agriculture** which was designed to feed the growing numbers of populations worldwide, using its global chains of production, as a common global system; in reality, results in massive levels of food waste, degradation of once-fertile soils, and biodiversity loss. If not transformed, such consumption-oriented system may devoid future generations of people of food leaving them in hunger. In this regard, Heads of State/Governments during their 13<sup>th</sup> ECO Summit Meeting wished to join hands in timely addressing the issues related to food security.

Along similar lines, the policy work to make "regenerative farming" to become the dominant model, globally, has been stated at global Food Summits. This form of agriculture involves farming and grazing practices that heals the soil and regenerates it.



During 2020, in the ECO region, the norms and standards have been reviewed particularly in meat production and processing industrial agriculture. Thus, the uniform quality standard certificates for slaughter houses and certificates for reference laboratories have been developed for ECO Member States.

To encourage production of organic agricultural products, the market integration guidelines for organic products have been developed for use of small farming agriculturists of the ECO region. Organic production in the ECO region has been fully researched by ECO Lead Regional Expert-Consultant Dr. U. Aksoy though ECO small sized project. Thus, the region's highest number of organic agricultural producers has been observed, in Turkey 74,545 units followed by the Kyrgyz Republic 1,051 units. For more details, pl. see table below.

**Table 18: Organic area (ha) under cultivation (including in conversion) or harvested from wild, number of producers, processors, exporters and importers in ECO countries, 2019**

Table 13

ECO member countries	Organic cultivated land (ha)	Organic wild harvest (ha)	Total organic area (ha)	Average organic farm size (ha)	Number of producers	Number of processors	Number of exporters	Number of importers
Afghanistan	786	--	786	786	1	1	5(2018)	-
Azerbaijan	37630	1063	38939	123	305	50		50
Iran	11916	50219+20000(other)	102135	496.5	24	50	28	
Kazakhstan	294289		294289	7178	41	6	2(2018)	
Kyrgyzstan	19054	13479	32533	18	1051	9	6	
Pakistan	64885	44620	109505	156	415	125	37	
Tajikistan	10340		10340	10.9	949		1	
Turkey	518435	180336	698771	7	74545	1356	209	58
Turkmenistan	..	..	..	..	..	..	..	..
Uzbekistan	932	5000	5932	466	2			

Source: Excerpt from midterm report, Dr. U. Aksoy, ECO Lead Regional Consultant (www.eco.int)

The ECO region, even at the back of just the three countries involved in the organic bee product harvesting, has been recognized as world's 1.8 percent contributor to global honey production industry, given significant number of entities involved in this organic agriculture sub-sector. For details see table below.

**Table 14: Number of organic beehives in selected ECO member countries, 2019**

ECO member countries	Number of organic beehives
Azerbaijan	932
Iran	4,640
Turkey	50,100
ECO total	55,672
World	3,025,224
ECO share (% of world total)	1.84

*Source: ibid*

During 2020, the project which was dedicated to finding the ways of supporting the development of organic production in the ECO region has been initiated under the Directorate of Agriculture and Industry. Below are the main recommendations that have been researched and analyzed, in-depth:

In all ECO countries, except Turkmenistan, organic production currently is oriented to export markets. The main issue in terms of inputs (e.g. biological agents, soil amendments, cleaning agents, vaccines for animals etc.) is harmonization of norms and standards. Authorized certification is required for international marketing.

Therefore, the system put in place should consider the capacity of the farmers.

As there are no recognized national Certification Boards in ECO member states except Turkey, a third party certification cost is quite high.

Thus, the national Strategies and Action plans **must be prepared** in a participatory approach.

To trigger Organic Production and trade, the starting point could be the bringing forward the importance of organic agriculture among decision makers.

The **New Green Deal** policy of the EU is a way towards accepting organic as a mean to achieve biodiversity and farm-to-fork strategies and to better adapt to climate change and carbon neutral targets.

The target set is to convert 25% of the agricultural land in the EU to organic in order to reduce pesticide and fertilizer use and carbon emissions by 50 % until 2030. The major drivers of agri-food production and trade within ECO Region **will be the population dynamics and climate change** which will surely affect the production, consumption and trade within the ECO Region. In this respect, ECO member states, in addition to being the producers, are the consumers of agri-food products. Along with the population's increase and changes in urban to rural population, people's incomes are expected to increase especially in ECO member states rich in natural gas, oil reserves or other natural resources. Income increases are expected to boost the demand for healthier and local food. Plans to develop sustainable organic agriculture systems should consider developing organic production chiefly in peri-urban areas for short marketing channels, identify suitable sales methods (specialized shops, supermarkets, open bazaars, on-line, basket scheme) in domestic markets, and raising consumer awareness and trust for domestic organic products. A strengthened domestic market will be able to boost production volume and product range and consequently supply healthy food and environment and create job opportunities for the local population and push the export markets (Except from research study project done by Dr. Uygun Aksoy, ECO Lead Regional Expert-Consultant. (The full contents of the project are now available at: [www.eco.int](http://www.eco.int) under "Research and Studies", and also, under PMS).

**Industrial dynamics**, vibrant in previous years, has been suppressed, throughout 2020, due to shutdown of production plants and processing industry factories. Yet, the near future in industrial development, to be based on plant-grown proteins for food agricultural industry, a savior of the future of human generations, will be intensively developed at ECO regional level. In the rest of the world, investors are already glued to this plant protein-based prospect in industrial agriculture as way out of food security gridlock.

Cohesion among Soil, Health and Food production will be strengthened in the ECO region following conceptualizing of these notions by World Food Summits. Expansion of water-harvesting systems and conservation-based agriculture will be main focus of near future agriculture in every region of the world with **new** forms of perennial and staple

food crops. To avoid the monopolization and syndication in seed development, regional farmers will be able to harvest the perennial crops up to six years in a row.

For the statistical tables reflecting dynamics in ECO's core agriculture and industry activity area, pl. see Statistical Appendix.

## **Human Resources and sustainable Development**

Following aspirations of the Member States stated during the 14<sup>th</sup> Summit Meeting of Heads of State/Governments of ECO Members States, the pharmaceuticals have been the main focus in the sense that they serve to protect people's lives and ensure quality-based life styles ultimately contributing to the social well-being in the region.

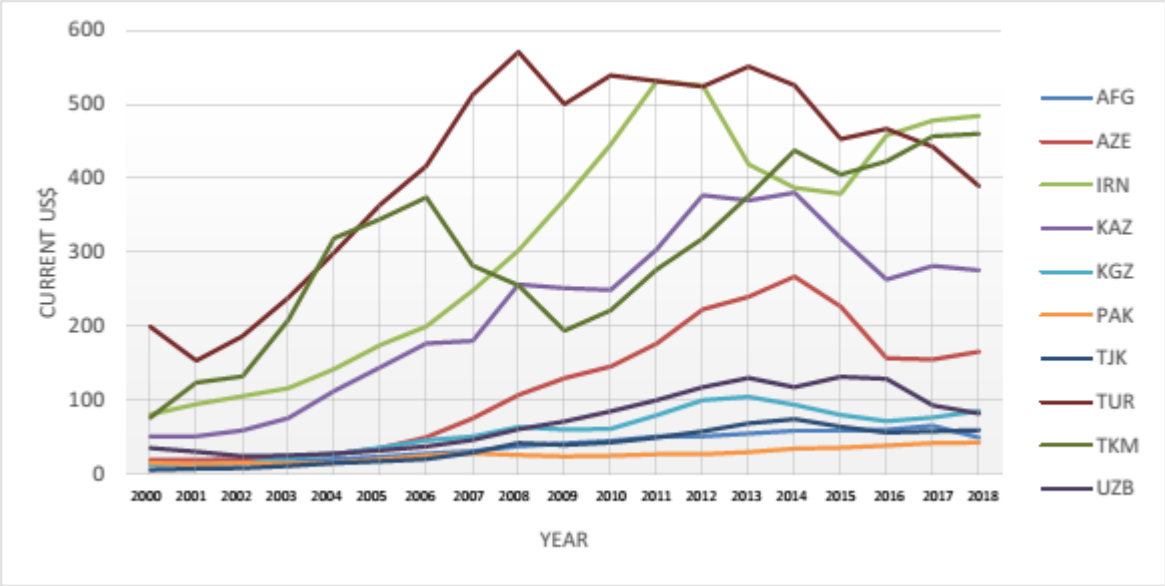
The global loss of learning as schools and universities stay closed for a large part of 2020 is likely to be one of the most enduring legacies of the COVID-19 crisis. Virtual learning may not be an adequate substitute, even in locations with widespread high-speed internet connectivity where consumers have adequate access to online learning and supplementary instruction is available at home. Loss of learning can have long-lasting consequences on individuals' lifetime earning potential and economy-wide productivity growth. Policymakers will have to devise makeup strategies for use when the pandemic is under control and it is safe to resume full-time schooling. Options could include setting aside funding to accommodate adjustments to the length of the school year, training teachers on remedial approaches to correct learning losses, and instituting or expanding supplementary after-school tutoring programs (see WB 2020b).

At the same time, educational and vocational programs will need to accommodate training needs in jobs that are likely to be in high demand (emergency first responders, nurses, and lab technicians and digital literacy more broadly, so that more and more people can take advantage of tele-working opportunities). Even with these adaptations in vocational programs, take-up may still fall short if the training involves acquiring a substantively different and challenging set of skills, raising the possibility of a persistent increase in dropouts and large numbers of people neither in education, employment nor training.



In Health, the Member States wished to have the possibility of establishing the regional pharmaceutical industry explored. Thus, during 2020, a study project has been initiated to explore this matter. It has been revealed by study project Specialist-Consultant that the share of health in the GDP per capita in regional countries is moderate (figure below).

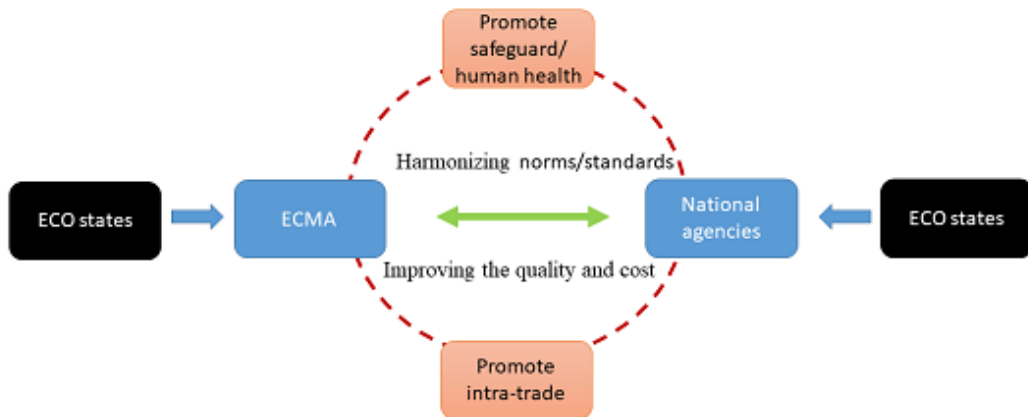
Figure 41: Share of health in GDP per capita (US\$) 2000-2018



It has also been revealed that such moderate state of Health in the quality of social lives of regional community stems from small shares of health-related expenditures in regional countries GDPs.

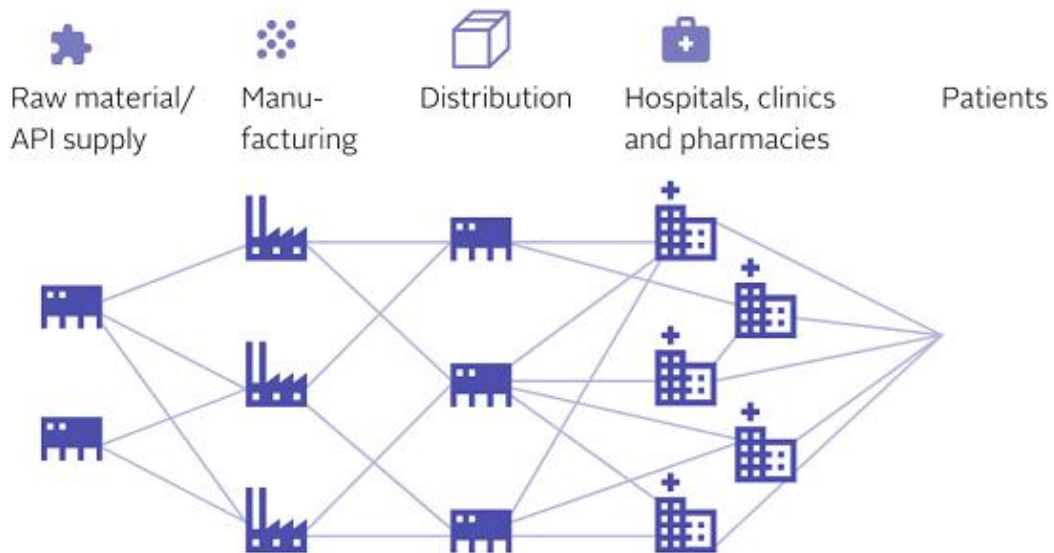
Based on the study findings, the concept model of the development of pharmaceutical industry in the ECO region has been suggested as in the diagram below:

Diagram 1: Concept model of ECO pharmaceutical industry development



The pharmaceuticals supply chains in the region may be developed following the pattern, as researched by the said study, as in the diagram below:

Diagram 2: Pattern of ECO regional pharmaceuticals supply chains



## Tourism

### **Tourism Priorities in ECO**

ECO Vision 2025 adopted in the 13th ECO Summit in 2017 at Islamabad, specified the Tourism industry as the priority development field for the coming decade. The strategic objective of the Vision is to establish a peaceful and green tourism destination with diverse products and high quality services in the region. It is the intention of the ECO Member States to vigorously pursue success on this sectoral track going forward. With its huge potential, tourism can be a powerful tool for regional development, as it stimulates new economic activities and has a positive economic impact on employment and community development in reducing inequalities. With these objectives in mind, the Secretariat is committed to contributing to the growth of tourism and urging the Member States to take the necessary measures for promotion of ECO region as a considerable tourism destination.

The 3<sup>rd</sup> ECO Ministerial Meeting on Tourism was held on 3-4 October 2019 in Khujand, Republic of Tajikistan. The meeting underlined the importance and the necessity of a Plan of Action to promote cooperation in the field of tourism among Member States and adopted the ECO Principles for Sustainable Tourism Development in ECO Region. The meeting further approved city of Dushanbe as ECO Tourism Capital for the years 2020-2021 and Sari and Ardabil in the Islamic Republic of Iran as ECO Tourism Capitals for the years 2022 and 2023 respectively.

### **Tourism during COVID-19 pandemic**

#### **World tourism industry**

In 2020, global tourism sector was faced with one of the most acute crisis suffering sizeable losses and setbacks when travel and mobility almost came to a cessation due to COVID-19. As COVID-19 spread across the world, travel restrictions and border shutdowns were introduced in many countries and regions to curb its spread including the ECO region. Flights were cancelled, hotels closed down and travel



restrictions were introduced. Aviation industry is one of the most dramatically affected sectors facing the deepest crisis ever in history due to drastic declines in air travel demands and stringent travel restrictions. The hotel industry is also among the hardest hit with the unprecedentedly low levels of occupancy rates due to declining demand for travel with the fear of health and safety concerns, lockdown measures and forced confinement.

According to WTTC, before the COVID-19 pandemic, tourism and travel had become one of the most important sectors in the global economy accounting for almost 10.4% of the global GDP and creating more than 330 million jobs across the world. During the past five years, one in four of all new jobs created across the world have been in Travel & Tourism. According to WTTC's latest annual research, the travel and tourism sector suffered a loss of almost US\$4.5 trillion to reach US\$4.7 trillion in 2020, with the contribution to GDP dropping by a staggering 49.1% compared to 2019; relative to a 3.7% GDP decline of the global economy in 2020. In 2019, the travel and tourism sector contributed 10.4% to global GDP; a share which decreased to 5.5% in 2020 due to ongoing restrictions to mobility. In 2020, 62 million jobs were lost, representing a drop of 18.5%, leaving just 272 million employed across the sector globally, compared to 334 million in 2019. The threat of job losses persists as many jobs are currently supported by government retention schemes and reduced hours, which without a full recovery of travel & tourism could be lost. Domestic visitor spending also decreased by 45%, while international visitor spending declined by an unprecedented 69.4%.

Prior to the coronavirus outbreak, the global tourism sector had seen almost uninterrupted growth for decades. However, according to UNWTO, international tourist arrivals declined by 74% in 2020 compared to 2019. That equates to a decline of around 1 billion international arrivals, bringing the industry back to levels last seen in the late 1980s.

Every sector of the travel and tourism industry has been affected by COVID-19 including air travel, transport, cruise lines, hotels, restaurants, attractions (such as national parks, protected areas, and cultural heritage sites), travel agencies, tour operators and online travel entities. Small and medium enterprises (SMEs), and micro-firms, which include a large informal tourism sector, make up around 80 percent of the tourism sector

and have not survived the crisis without substantial support. It is estimated that this will result in a domino effect on other sectors throughout the tourism supply chain impacting livelihoods in agriculture, fisheries, creative industries, and other services.

The COVID-19 pandemic and its impacts on individual countries and destinations are changing continuously depending on the level of spread and quarantine restrictions. It is estimated that the recovery of the sector will likely start with rising demand on the side of the travelers for domestic tourism due to the fear of getting infected or being left quarantined in a distant destination while travelling. While governments have extended some support so far to prevent the effects of the pandemic on tourism and travel, it remained mostly domestic and interventions focused on retaining jobs and ensuring key businesses survive. A full recovery is not foreseen in 2021 with many countries still battling the second wave of the pandemic. According to the UNWTO's estimates, it will take the industry between 2.5 and 4 years to return to pre-pandemic levels of international tourist arrivals. To support the sector's recovery in a wider spectrum both regionally and globally, it is essential to have a global and regional coordinated approach in terms of coordination and the implementation of policies to enhance the travel experience, by applying global protocols for health and hygiene to ultimately rebuild the confidence of travelers. To turn current obstacles into opportunities for recovery, leadership in the ECO Region is to coordinate and take steps by jointly creating COVID-19 safe zones in the region as a way forward for revitalizing regional travel and tourism sector in the path for recovery from the pandemic and catalyzing intraregional tourism. If enough measures are taken, the World Travel and Tourism Council reports that the tourism industry will be the key sector in driving the recovery of the global economy post COVID-19 by generating new jobs and driving visitors back to destinations starting the third quarter of 2021 or in 2022.

### **ECO regional tourism**

COVID-19 has hit the region hard and exposed challenges in several areas including tourism sector. Throughout the ECO Region, the Member States have taken several steps to mitigate the socio economic consequences of the Covid-19 pandemic including revitalization of the tourism sector.

In connection with the state of emergency, Kazakhstan introduced some financial support for entrepreneurs in the tourism sector including exemption from property tax and cancellation of payments from the wage fund; deferred payment of all taxes and other obligatory payments to the budget, as well as social payments. Privileges were introduced in terms of non-accrual of remuneration, fines and penalties for late payments, as well as a deferral for payments under bank loan agreements to SMEs. Within the framework of the Tourism Activity Bill, new incentive measures were developed in the post-view period. The package of measures was submitted to the Mazhilis of Parliament and was preliminarily approved by RBC in the amount of 163.7 billion Tenge until 2025. As part of the measures, it is planned to reimburse investors' expenses, subsidize tour operators for each foreign tourist, as well as subsidize domestic flights for children, reimbursement for the purchase of ski equipment, for the construction, reconstruction of tourist facilities, for the purchase of tourist buses, for the construction of OPS and subsidies for the maintenance of SSU.

Kyrgyzstan has taken measures to focus and develop domestic tourism and diversify tourism activities during the pandemic due to continuing closure of international borders. Given the post-COVID-19 pandemic circumstances for the upcoming tourist season 2021, measures are undertaken to develop winter, adventure and medical tourism.

Turkey being the 6<sup>th</sup> most visited country in the world, initiated a broad range of measures named “Safe Tourism Certification Program” to cautiously facilitate the normalization of tourism in the country through preventing the spread of the pandemic and safe functioning of the Tourism related activities documenting fulfillment of the highest level of hygiene and health requirements. The program covers preventive and protective steps for the employees in tourism sector and the tourists. It also functions as a separate insurance for the tourists in case they catch the virus during their stay in Turkey covering their accommodation expenses along with their relatives. Other insurance schemes have also started to be implemented for tourists against the risk of catching the Covid-19 pandemic and its related costs during their stay in Turkey. All kinds of social distancing, and hygiene measures are continuously being inspected in tourism facilities including hotels, air marine and land transportation, restaurants, ports and marinas etc. by relevant Ministries.

On May 28, 2020, Uzbekistan has signed the decree on urgent measures to support tourism sector to reduce the negative impacts of the coronavirus pandemic. The measures included a range of financial and credit instruments, tax and credit holidays, subsidies and customs privileges to accelerate the recovery of tourism sector in Uzbekistan. On June 19, 2020, another presidential decree was signed on additional measures for development of tourism sector with strict compliance with the requirements of the enhanced sanitary and epidemiological safety regime aiming to create safe tourism facilities and services with high hygiene and sanitary measures. Moreover Uzbekistan is setting up the safe tourism fund to compensate \$3000 for the tourists infected during their visit to Uzbekistan. Furthermore, Uzbekistan has created virtual tours through online platforms named “online Uzbekistan” to allow tourists to get acquainted with Uzbekistan. Water creation and beach tourism zones were also created along the lake systems in several regions of the country to prolong the tourism season and diversify tourism products.

In the light of the emerging situation of Covid-19 the ECO Secretariat carried out an extensive exercise to prioritize the calendars of events to ensure they are held in virtual or in-person. Considering the emergency under the COVID-19 pandemic and related restrictions on Tourism, the Member States couldn't host most of the ECO tourism events as planned in the Calendar of Events for 2020 including the official Launch of Dushanbe as ECO Tourism Capital for 2020-21 and ECO Nowruz Festival in Tajikistan, 6<sup>th</sup> International ECO/ Silk Road Food Festival in Zanjan, Iran and the 4th Experts Group Meeting on Ecotourism in Nicosia. It is expected that these events will be held in 2021 in case the pandemic slows down.

### **Tourism dynamics linked to the implementation of projects on regional tourism**

The project of “ECO Regional Action Plan for Sustainable Tourism Development” was considered and approved by the 5th High Level Expert Group Meeting (HLWGM) on Tourism and supported by 3rd Ministerial Meeting on Tourism in Khujand in 2019. Henceforth, the project concept was as well considered at the level of ECO's Council of Ministers (COM) where it was endorsed as part of document set by the 24th COM on 8-9 November 2019 in Antalya (Turkey). This project is currently under consideration for implementation. Draft of Term of Reference (ToR) has been prepared for hiring a

Specialist to prepare the feasibility study of project. This ToR configures the scope of work as commensurate to the preparation of the full feasibility study. Selection of Specialist follows the procedures stipulated by Functional Methodology of ECO for this subject matter. The amount of US\$10,000 has been requested to prepare the feasibility study of the project.

ECO Secretariat through Notes Verbale No: T/Tourism Project/2020/435 dated 26/11/2020 requested Member States to convey their views, plans and priorities in the relevant areas of tourism with special consideration of the circumstances developed in the aftermath of COVID-19 pandemic. Until now 6 Member States including Kyrgyz Republic, Kazakhstan, Pakistan, Tajikistan, Turkey and Uzbekistan have sent their replies.

The process of establishing a databank on selected **ECO tourism destinations** based on the information received from Member States is followed up by Tourism Directorate. According to the criteria of Tourism Destination Choice, which was circulated to MSs before, they were requested to introduce least five cities as tourist destinations.

### **Tourism dynamics linked to events**

ECO delegation actively participated in the following 3 events in 2020:

The ECO CCI Tourism Committee Meeting was held virtually with cooperation of ECO CCI and Tourism Directorate of ECO Secretariat on 6 July 2020.

The World Tourism Day-2020 under the theme of ‘Tourism and Rural Development’ was organized by the Islamic Republic of Iran in Tehran on 27 September 2020.

13th International Exhibition on Tourism and Related Industry was held on 12-15 February 2020 at Tehran Permanent International Fairgrounds. Also 14th Exhibition was held in person and online from February 23 to 26, 2021 following health protocols.

Currently in 2021, 4th ECO Ministerial Meeting on Tourism and 6th High Level Experts Group on Tourism (HLEG) Meeting are followed up from Uzbekistan side. It is

not a confirmed event; however Tourism Directorate is in direct contact with Uzbekistan Embassy in Tehran in this regard.

Tourism Directorate is in direct contact with Tajikistan Embassy in Tehran and related FP in Dushanbe regarding the “International Festival of Dushanbe - ECO Tourism Capital” and "International Forum on Agro-Tourism Development in Tajikistan" which is going to be held in May 2021.

Exact date and other details of the 3rd ECO Conference on ECO Health Tourism is followed up from Iran side. After receiving related information from host, the Member States views/ proposals will be requested for the Agenda of the Meeting.

Turkey will be requested to consider holding the 4th Experts Group Meeting on Ecotourism virtually.

Tourism Directorate in close Cooperation with Transport Directorate will decide about the time of holding the ECO High Level Expert Meeting on Visa Facilitation.

Tourism Directorate will follow up the 6th International ECO - Silk Road Food Festival from Iran side, in case if the Corona situation improves in second half of the 2021.

ECO Delegation attended in 14th Tehran International Tourism and Handicraft Exhibition which was held in person and online from February 23 to 26, 2021.

For the statistical tables reflecting dynamics in ECO regional tourism, pl. see Statistical Appendix.

### **CHAPTER III. COUNTRY REPORTS**

This section reflects the country reports that have been provided by the ECO Member States. Also, this section incorporates key highlights of the relevant authorities in the

ECO member countries in regard of the country performances in 2020 and the ECO regional economic development during the reporting period.

## **Afghanistan**

Afghanistan's GDP at current prices has reached US\$19.8 billion which compared to its volume of US\$19.2 billion in 2019 has indicated a positive growth.

During 2020, Afghanistan's economy has been impacted by external geological factors that have been exacerbated by the burden of the pandemic complexities. In spite of the pandemic, Afghanistan has been aided by its ECO neighbouring countries, Iran and Pakistan.

Help has been provided in addressing refugee-related matters. Based on relevant authorities' assessments, Iran has shouldered Afghanistan by hosting the estimated 780,000 Afghans refugees. About 600,000 Afghan-passport holders live in Iran. According to the United Nations High Commissioner for Refugees (UNHCR), 5 five million Afghans have been registered living outside the country.

By UNHCR estimates, 96 percent of Afghan refugees in Iran live in cities whereas 4 percent live in refugee settlements overseen by UNHCR. Owing to the good neighbourhood policies of Iran, Afghan refugees have been given access to education, health and livelihood. Thus, in 2020, only 947 refugees have returned to Afghanistan, which indicated at a significant decrease compared to 2019.

Afghanistan is a country in transition. As in previous years, it has been fully involved in addressing free market transformation challenges during 2020 as well. In this process, Afghanistan has obtained essential results. Thus, its external debt has increased in 2020 but by a smaller margin. In specific terms, external debt has increased from 7.3 percent of GDP in 2019 to 7.9 percent in 2020 (figure below).

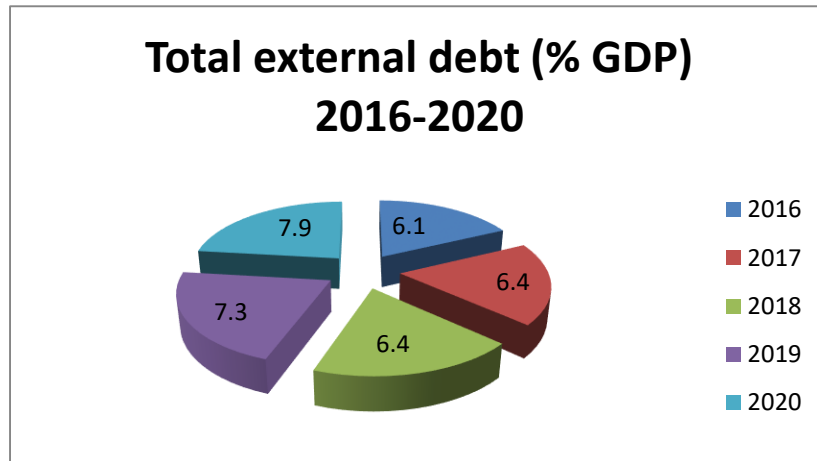


Figure 42: External debt (% of GDP) 2016-2020

External trade has shown a lower imbalance in its volume at the back of global trade disturbances in 2020. Thus, in 2020, imports have slightly surpassed, notably, by 1.4 percent the previous year's volume of 6,817. Exports reached US\$ 1,027 million in 2020 increasing from the 2019 level by 7 percent. During 2020, Afghanistan's main trading partners have been as ever Iran, Pakistan, China, Turkmenistan and Uzbekistan (figure below).

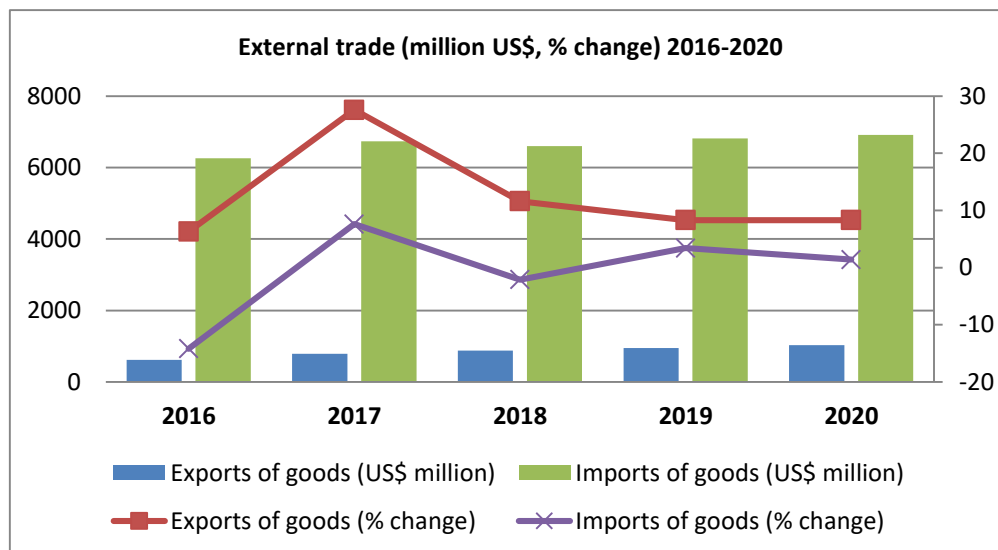


Figure 43: External Trade (million US\$ and % change) 2016-2020



Exchange rate of the country's national currency (Afghani) has helped in augmenting imports by sustaining a lesser extent of appreciation against US dollar (figure below).

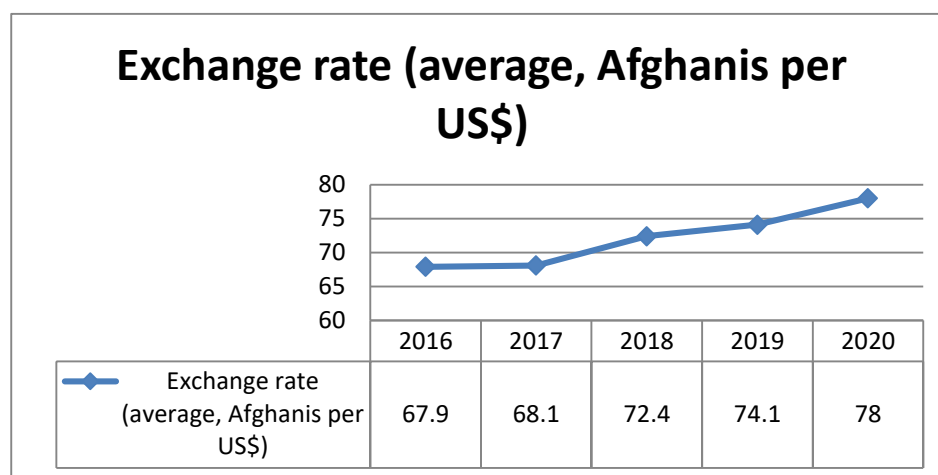


Figure 44: Average annual exchange rate (Afghanis per US Dollar) 2016-2020

The public finance has recorded fairly reasonable performance by cutting expenditures further down. That has been commensurate to country's belt tightening policy required for a transition economy (Table below).

**Table 22: Afghanistan's public finance indicators, 2016-2020**

Table 15

	2016	2017	2018	2019	2020
Nominal GDP (AFN billion)	1,318	1,356	1,426	1,500	1,612,
Consumer prices (annual average, %)	4.4	5	0.6	2.1	3.9
Domestic revenues incl. grants	26.1	25.7	28.5	27	26.5
Expenditures (% GDP)	26	26.3	26.9	26.9	26.8
Operating balance	-8.2	-6.2	-4.8	-5.4	-4.8
Overall balance	0.1	-0.6	1.5	0.1	-0.3

Given that informal economy accounts to an estimated 80 percent of Afghanistan's overall economy, growth which for 2020 has entirely been based on official figures, may even be higher in the reported period.

In spite of the disagreements among social groups in Afghanistan, the healthcare and education have improved by covering broad stratas of population; the rate of death from natural causes fell. In 2020, nearly half of total population of Afghanistan has been

provided access to sanitation compared to just one third in 2000. Female enrollment in primary school education has increased to 80 percent in 2020 compared to zero in 2000.

Adolescent fertility rate in births estimated per 1,000 women in the age group of 15-19, has decreased indicating that teenage females are involved in education in the age from 15 to 19 (figure below).

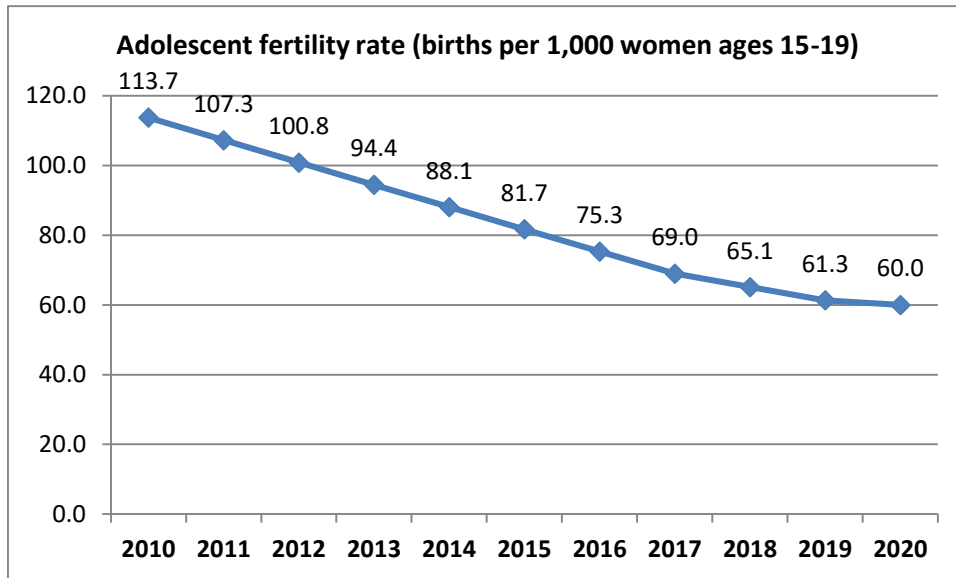


Figure 45: Adolescent fertility rate (births per 1,000 women ages 15-19) 2020-2020

Among the social benefits obtained by Afghanistan people has been the use of cellular phones which is nearly 100 percent in the country, according to relevant authorities in communications. The use of internet, which had been seen having an upward growth in the country over the past decade, in 2020, has reached 17.3 percent of total population of Afghanistan (figure below).

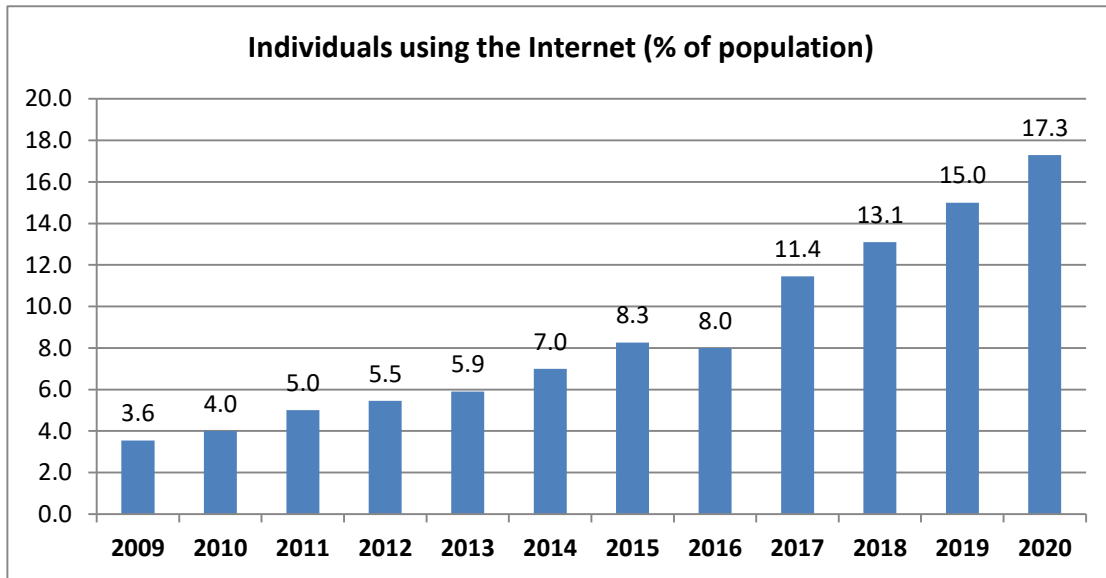


Figure 46: Number of individuals using the Internet (percent of total population) 2009-2020

In overall, Afghanistan has experienced, during 2020, hardships linked to shortages in international financial aid. As with the above, the persisting disagreements among various social groups have made their impact on economic activities. In spite of such complexities which have further been aggravated by the global covid-19 pandemic, Afghanistan has been able to sustain positive economic growth in the reporting period.

## Azerbaijan



In 2020, Azerbaijan's GDP (current prices) has reached US\$ 42,607 million compared to US\$ 48,174 million in 2019 thereby indicating reduction in the volume by 4.3 percent (figure below).

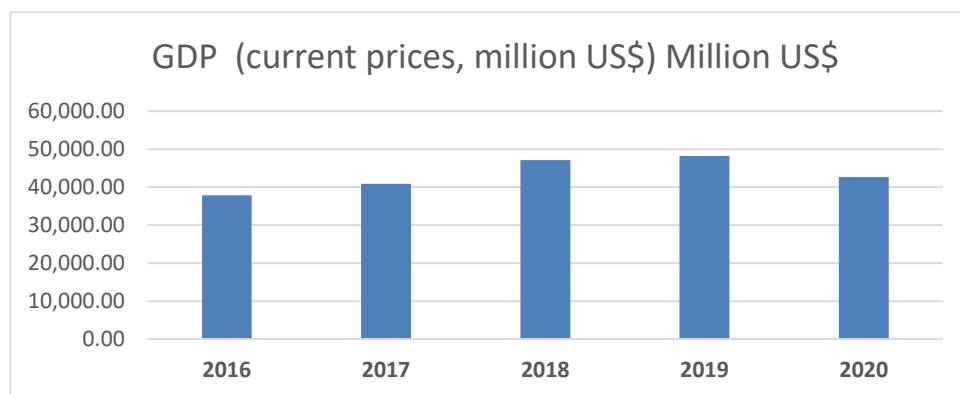


Figure 47: GDP growth (current prices, US\$ million) 2016-2020

Among ECO countries, Azerbaijan maintains onward trading with Turkey, Kazakhstan, Iran and Turkmenistan.

In overall, the external trade of the country has shown a general decline owing to the pandemic disruptions of trade channels. By volume, the external trade (current prices) has reached US\$ 24,471 million decreasing by 36 percent versus the volume in 2019 (Table ).

Table 22: External trade (US million and % of GDP) 2016-2020

Table 16

	2016	2017	2018	2019	2020
Total Exports (US\$ million)	13457.6	15320	19489.1	19635.2	13740.6
Share of Exports in GDP (%)	25.4	40.5	47.7	41.7	28.5
Total Imports (US\$ million)	8,489.1	8,783.3	11,465.9	13,667.5	10,730.7
Share of Imports in GDP (%)	16.0	23.2	28.1	29.0	22.3

The total employment contracted from 4.9 million in 2019 to 4.8 million people in 2020 (Table below).

Table 23: Labor force and employment in 2014-2020

Table 17

	Unit	2014	2015	2016	2017	2018	2019	2020
Non-institutional Civilian Population	Thousand							
Labor Force	Thousand	4,840.7	4,915.3	5,012.7	5,073.8	5,133.1	5,190.1	5252.5

a. Male	Thousand	2,475.7	2,510.8	2,573.2	2,609.0	2,637.4	2,664.1	2685.0
b. Female	Thousand	2,365.0	2,404.5	2,439.5	2,464.8	2,495.7	2,526.0	2567.5
Share of Female in Labor Force	%	48.9	48.9	48.7	48.6	48.6	48.7	48.9
Population not in Labor Force	Thousand	2,120.5	2,135.4	2,143.6	2,147.8	2,149.8	2,152.5	2,159.2
Labor Force Participation Rate	%	65.1	65.4	66.0	66.2	66.3	66.5	66.9
Total Employment	Thousand	4,602.9	4,671.6	4,759.9	4,822.1	4,879.3	4,938.5	4876.6
a. Employment in Services	Thousand	2,252.9	2,315.4	2,348.3	2,376.0	2,391.8	2,430.9	2,391.3
b. Employment in Industry and Construction	Thousand	658.3	657.8	682.0	693.2	718.2	729.9	713.4
c. Employment in Agriculture	Thousand	1,691.7	1,698.4	1,729.6	1,752.9	1,769.3	1,777.7	1771.9
Share of Services in Total Employment	%	49.0	49.6	49.4	49.2	49.1	49.2	49.1
Share of Industry and construction in Total Employment	%	14.3	14.0	14.3	14.4	14.6	14.8	14.6
Share of Agriculture in Total Employment	%	36.7	36.4	36.3	36.4	36.3	36.0	36.3
Underemployed	Thousand	843.4	864.3	885.3	906.6	929.2	953.1	950.9
Unemployed	Thousand	237.8	243.7	252.8	251.7	253.8	251.6	375.9
Unemployment Rate	%	4.9	5.0	5.0	5.0	4.9	4.8	7.2
Ratio of Underemployed Persons to Labor Force	%	17.4	17.6	17.7	17.9	18.1	18.4	18.1

Labor force participation rate has improved from 66.5 percent in 2019 to 65.9 in 2020.

Female labor force attributed to 48.9 percent share of total labor force in 2020 increasing by two percentage points vs. 2019.

Be real economy sectors, share of agriculture of employment in 2020 has slightly increased by three percentage points registering 36.3 percent of total against 36.0 percent in the previous year. In the remaining sectors, including industry, services the share has largely sustained previously gained positions with exception of a few percentage points down in 2020 against 2019.

Driven by the aforementioned dynamics in labor force in 2019-2020, the unemployment rate went up to 7.2 percent increasing by nearly one and half from its 4.8 percent rate in 2019.

**Monetary policy** of Azerbaijan has over the decade been sustainable resulting in the strong national currency unit (Azerbaijani Manat, AZN) against the US dollar. In 2020, the volume of currency in circulation has augmented at 12 percent rate compared to the previous year. So had the broad money mass, which has increased at 13.8 percent rate. Luckily, international reserves have been replenished at the rate of 12.8 percent in 2020 compared to 2019 (figure below).

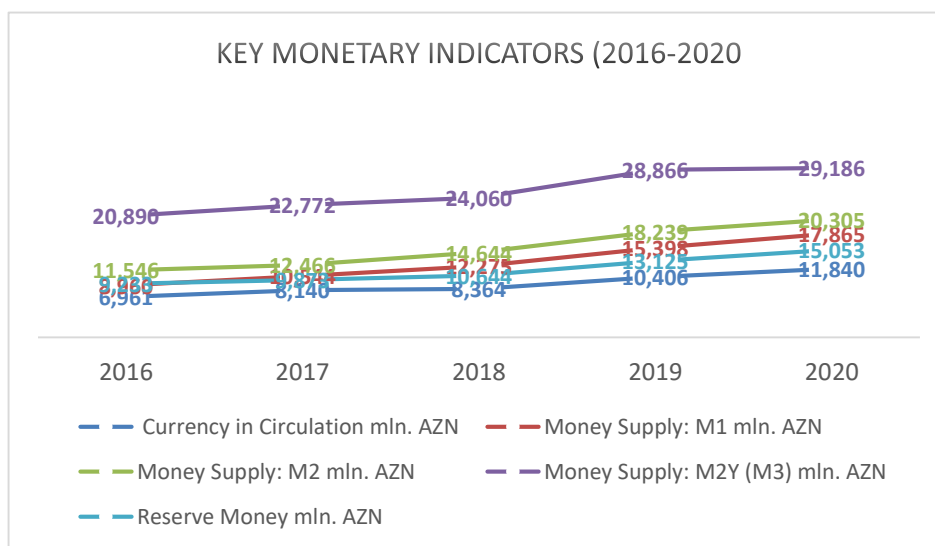


Figure 48: Key monetary indicators (current prices, million AZN) 2016-2020

In **public finance**, the public sector budget deficit has kept within reasonable range in 2020 observing nearly equal increases in revenue and expenditure by 6 and 7 percent, accordingly, compared to 2019. At difficult times imposed by covid-10 pandemic to the globe, other non-tax sources of refilling public budget have been considered by Azerbaijan. As a result, the non-tax resources have increase by essential 15 percent in 2020 vs. 2019 (figure below).

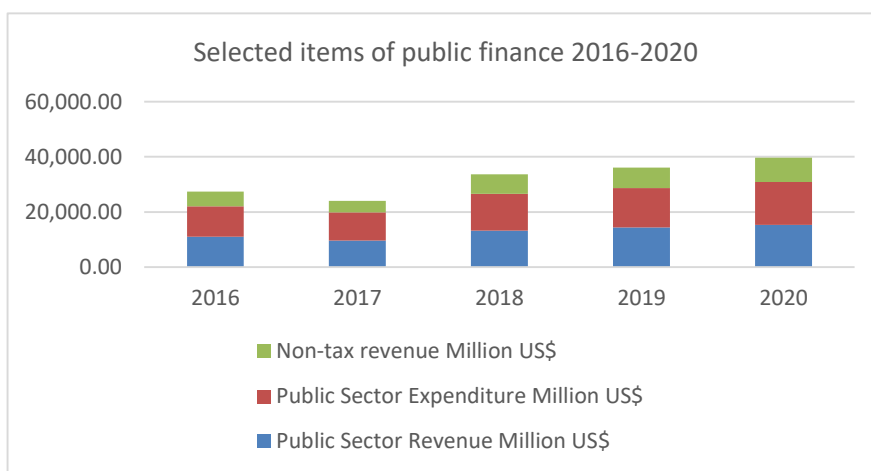


Figure 49: Selected indicators of public finance (current prices) 2016-2020

Azerbaijan's balance of payments (BoP) has shown a well-balanced performance during 2020. As globally trended in 2020, the income contributed from travel has been cut down, significantly. So, has been direct and portfolio investments but due to positive indicators in international reserves and financial account, the overall balance of payment has come out positive (figure below).

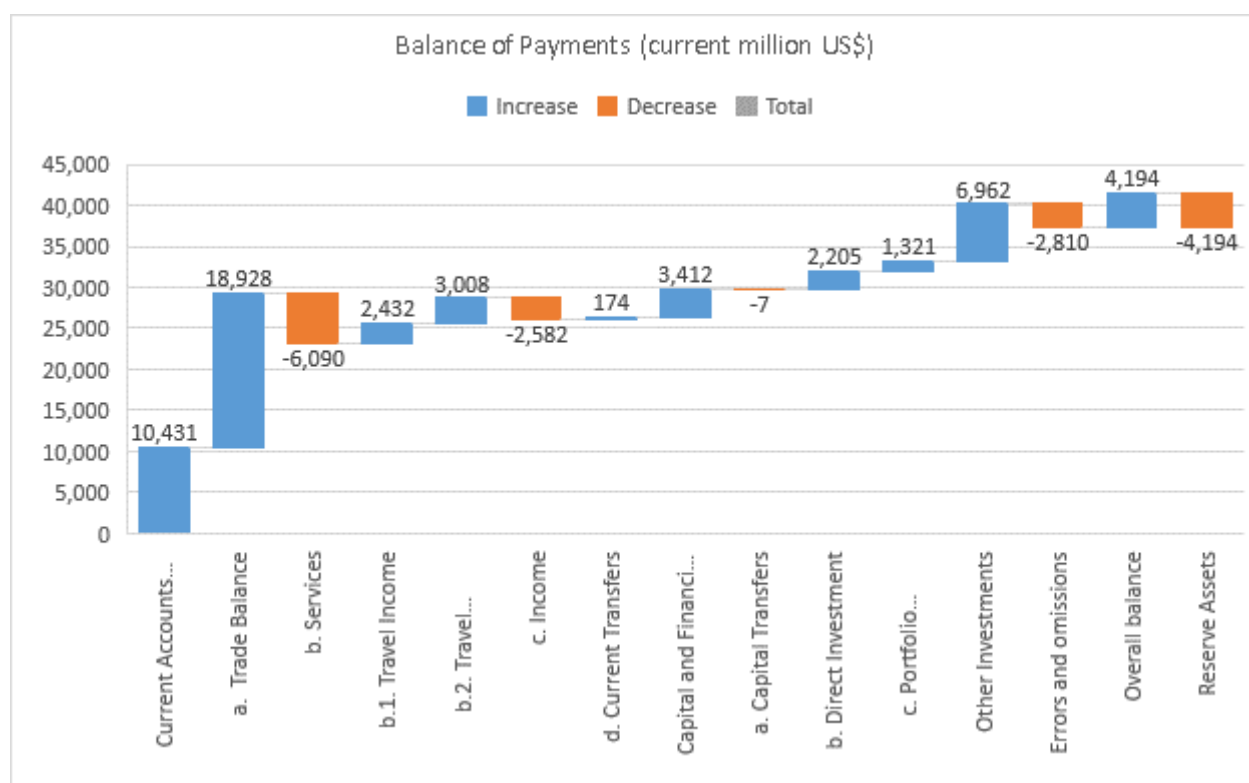


Figure 50: Balance of payments (current prices, US\$ million) 2020

In overall, Azerbaijan has experienced, during 2020, the hardships of oil prices' downward dip, especially in the first half of the year, which later bounced back by even a much larger margin. Along with the rest of the world, the economy has been under the comprehensive economic lockdown. That has had its significant impact on the economy's growth in the reporting year.

## Iran



Iran's economy is second largest among the ECO regional economies. It is also one of a few oil producing countries in the region. The economy is self-sufficient in terms of its reliance on domestic sources of economic growth to a greater extent than external economic growth drivers. In the absence of the country report that is normally provided by country's relevant authorities to Secretariat, the following brief description of Iran's major economic highlights have been reflected as follows:

In 2020, economic growth in Iran has been on the rise by 1.6 percent compared to the same period in 2019.

**Table 25: Real GDP growth (annual percent change) 2013-2020**

Table 25

	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP (annual % change)	-0.2	4.6	-1.3	13.4	3.8	-6.0	-6.8	1.6

Source: IMF

The above-reflected growth has surpassed growth of most regional countries setting record high exports of refined products. Although under a continuous burden of economic sanctions and oil prices' unforeseen behavior for 2020, Iran's oil revenue have remained stable even in the face of a fall in market oil prices to \$14.93 per barrel in March 2020. In the second half of 2020, as with re-take in oil price hikes since August, the terms of trade on oil markets have turned out favorable for oil exporter countries, including Iran. Thus, Iran's oil and gas sector has grown by 4.9 percent.

In manufacturing, growth has recorded the 3.1 percent, during 2020, compared to the same period in 2019 as per the Statistical Center of Iran.

Unemployment has moderated in terms of the records of previous tracks which fluctuated within the range of 10.6 and 12.4 percent annual average rate over the period 2014-2016 (Table) . In the period starting from 2017 till 2020, unemployment has seen a sensible fall



from 12.1 percent to 10.8 percent in 2020. In this period, Iran has managed to curb its unemployment while being under heaviest of economic sanctions, especially in 2018 and the covid-19 pandemic outbreak in 2020.

**Table 26: Unemployment (a. ave. %) 2014-2010**

Table 26

Item	2014	2015	2016	2017	2018	2019	2020
<b>Unemployment (annual average, %)</b>	10.6	11.1	12.4	11.9	12.1	11.1	10.8

The impact of high rates of inflation has been direct on the people of Iran. Historically, the dynamics in consumer prices' driven inflation has always been commensurate to the worsening of economic sanctions on Iran, the harder the sanctions the higher is the inflation, which, in turn, heavily affected people. Thus, in 2018, the renewal of international sanctions has resulted in higher rate of consumer prices inflation at 18 percent compared to 8.04 and 7.2 percent in the preceding years of 2017 and 2016, accordingly. In that preceding period, the sanctions had been eased.

**Table 27: Consumer prices (a. ave. %) 2013-2010**

Table 27

Item	2013	2014	2015	2016	2017	2018	2019	2020
<b>Consumer prices (annual average, %)</b>	35.0	16.61	12.48	7.25	8.04	18.01	39.91	36.90

*Source: IMF*

The non-oil sector of Iran has grown by 1.1 percent in 2020 owing to the favorable exchange rate depreciation helping Iran's domestic produce to be more competitive at international market.

Inflation has a tendency to rise during the global economic and financial crises of which one is the covid-19 pandemic. In 2020, it spiked higher than usual across many advanced economies let alone the developing ones. Expectations are that high inflation will sustain throughout the covid19-related supply disruptions.

In public finance, the tax collection has been eased for the people. In this area, prudence of government in minimizing the tax burden on the people has been visible. Thus, in December 2020, the tax-to-GDP ratio has been as low as 4.2 percent. The impact of tax wavers introduced during 2020 due to the global covid-19 pandemic has necessitated easy terms of taxation for businesses, small enterprises and individual households (Table).

**Table 28: Share of taxes in GDP (%) 2014-2020**

Table 28

Item	2014	2015	2016	2017	2018	2019	2020
Share of taxes in GDP (%)	10.2	12.7	13.3	13.4	12.2	11.6	4.2

Source: Open source

As planned in the Sixth Five Year Development Plan for the period 2017-22, the ratio of tax revenue to GDP has been targeted at 8-10 percent range. That has been stated by Financial Tribune (<https://financialtribune.com/articles/domestic-economy/106743/iran-tax-to-gdp-ratio-at-42>).

Exchange rate of Iranian Rial (IR) has depreciated during 2019-2020 and that helped gain competitiveness for domestic produce at international trading markets.

External trade has been stable and current accounts have shown a low deficit as low as 0.1 percent in 2020 compared to the surpluses in previous years of 2019 at 0.6 percent, 2018 at high 5.9 percent, 2017 at 3.3 percent, 2016 at 3.2 percent, 2015 0.4 and 2014 at 2.8 percent (Table).

**Table 29: Current accounts balance (% GDP) 2014-2020**

Table 29

	2014	2015	2016	2017	2018	2019	2020
Current accounts balance (% GDP)	2.8	0.4	3.2	3.3	5.9	0.6	-0.1

Huge covid-19 related expenditures have impacted Iran's fiscal deficit-to-GDP ratio in the first half of 2020 due to temporarily plummeted oil prices which have reigned up until August 2020. Higher health and social assistance costs entailing from the pandemic have led to increased

expenditures. During the second half of 2020 through the fiscal balance has evened. Public debt has remained moderate within 30 to 35 percent range in 2020.

In terms of social demographic indicators, Iran, according to the World Bank data, may be described as follows:

**Table 30: Demography dynamics of Iran, 2014-2020**

Table 30

Item	Unit	2001	2002	2003	2004	2005	2014	2015	2016	2017	2018	2019	2020
Mid-Year Population: Total	Thous.	65,301	66,300	67,315	68,345	69,390	77,466	78,492	79,564	80,674	81,800	82,914	...
a. Male	Thous.	33,201	33,713	34,234	34,762	35,299	39,184	39,730	40,274	40,819	41,358	41,889	...
b. Female	Thous.	32,100	32,587	33,081	33,583	34,091	38,281	38,762	39,289	39,854	40,441	41,024	...
Annual Growth Rate of Population (% change)	%	1.7	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	...
Surface Area	Thous. sq. km	1,630	1,630	1,630	1,630	1,630	1,745	1,745	1,745	1,745	1,745	1,745	1,745
Population Density	Persons per sq. km	40	41	41	42	43	48	48	49	50	50	50	...

Source: World Bank

The demographic data for year 2020 is unavailable not only for Iran but also for world's other countries.

Based on the available data, annual growth rate of population has been stable at 1.4 percent in the last period of 2014-2019 at the back of its decreasing rate from 1.7 percent in 2001 to 1.5 in 2002, which then has remained at that plank till year 2014.

The density of population has remained steadily at 50 persons per square kilometer over the last pre-covid19 period. As per general birth rate patterns during the pandemic, according to the United Nations Fund Population Agency (UNFPA), the socioeconomic impact of the pandemic has been not been studied yet at full.

Currently, world countries concerns center around fertility patterns and childbearing dynamic, but those trends have as well not been explored yet, to provide accuracy in assessment.

In overall, Iran’s economy has succeeded in developing the adequate resilience to global economic shocks such as covid-19 pandemic. During 2020, at the peak of coronavirus’ spread, Iran’s economic situation has largely remained stable. Added to this, Iran has been one of high performing countries in regard of indicators for health and education. Due to absence of data not only from Iran, but also, world’s other countries on health, especially mortality indicators, and other socio-sensitive parameters, human dimension has received a lesser scope of reflection in this document.

### Kazakhstan



In 2020, Kazakhstan’s GDP at current prices fell by 2.6 percent compared to the same period in 2019. In previous years however performance in this economic indicator has been stable (figure).

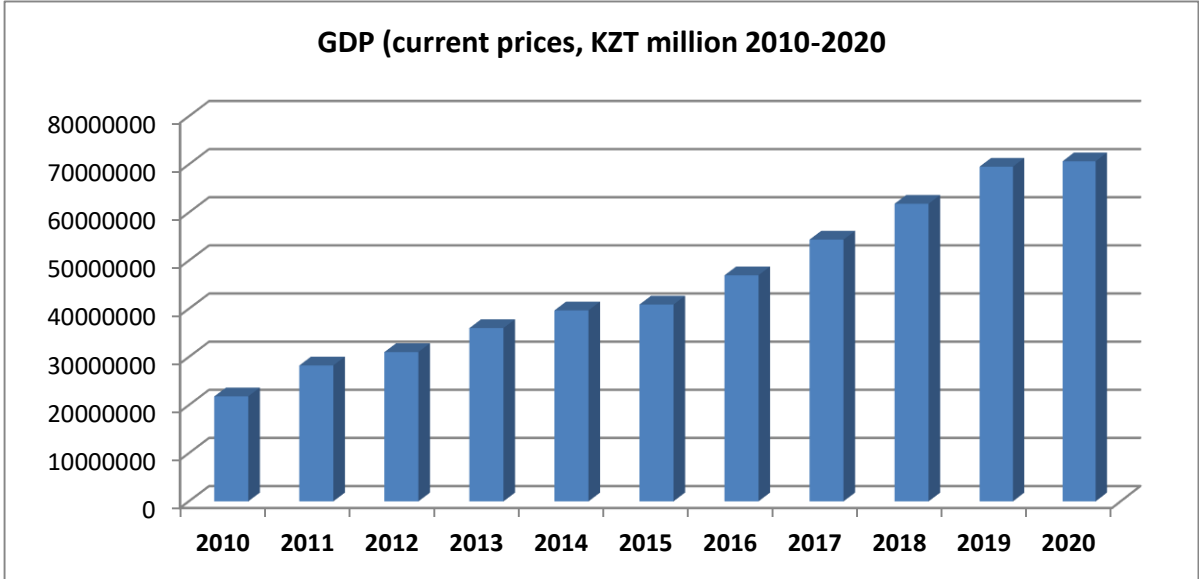


Figure 51

A serious backup for the economic output has ever been population. In 2020, growth in the number of new births per 1,000 people has dropped from 15 in 2016 to 14 in 2020. Compared to 2019, such declining tendency has increased by another 2.6 percent in 2020 (figure).

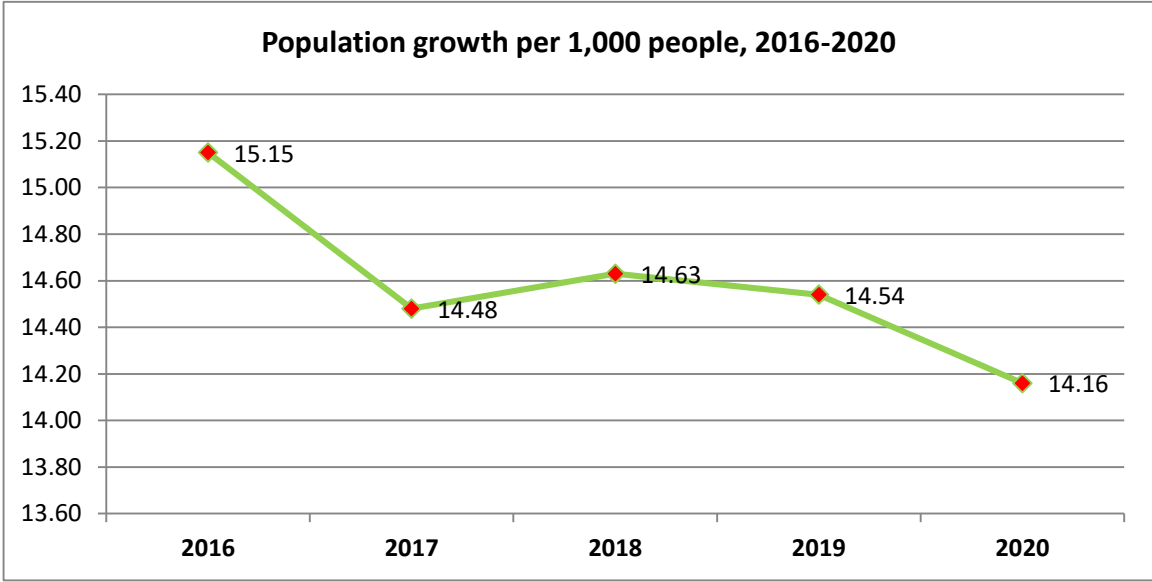


Figure 52

### Industrial sector

During 2020, growth has been observed in Kazakhstan’s processing industry at 3.3 percent rate, construction 10.5 percent, housing 9 percent and agriculture 5 percent. These are economic sectors in which Kazakhstan has vibrant economic exchange with the ECO economies. In housing construction, for example, construction companies from Turkey have been involved for years. In agriculture, Kazakhstan has vibrant economic interaction with Iran. A relatively new development in the economy triggered by the covid-19 pandemic has been cooperation with the ECO countries on health. Thus a number of hospitals have become a joint result of good cooperation between Kazakhstan and Turkey, both the ECO member countries. Growth in Kazakhstan economy’s main economic driver i.e. oil gas sector has been slowing down since 2019 whereas in non oil and gas sector as well as non-raw sources sector growth has been upward until 2020 (Table below).

**Table 31: Kazakhstan’s Gas and oil sector performance, 2016-2020**

Table 31

Sectors	Unit	2016	2017	2018	2019	2020
Oil and gas sector	n.c.u	8,498,204.4	9,847,272.9	13,032,164.0	14,683,110.4	13,149,035.0
	%	102.3	107.4	108.6	105.0	94.2
	%	18.2	18.2	21.1	21.3	18.6
Non oil and gas sector	n.c.u	35,839,381.1	41,348,586.4	44,674,389.3	49,998,494.4	53,679,200.1
	%	100.9	103.2	103.0	104.4	98.7
	%	76.2	75.9	72.3	71.7	76.0
Raw sources sector	n.c.u	8,187,734.9	9,877,979.0	11,922,149.1	13,137,670.2	12,405,724.6
	%	99.9	107.8	104.4	102.3	98.3
	%	17.5	18.2	19.3	18.9	17.6
Non-raw sources sector	n.c.u	36,149,850.6	41,317,880.3	45,784,404.2	51,543,934.6	54,422,510.5
	%	101.5	103.1	104.0	105.1	97.5
	%	77.0	75.9	74.1	74.1	77.0

\*The row containing 100-based percentage indicators reflect change within the range from 1 to 100 instead of 0.0 to 1.0.

A long oil super-cycle has been seen ended, globally. That has been motivated by a new world market environment. Qualitatively new basic principles having social wealth, green economy and climate change, in the lead, have been offered - for the economy to grow.

Industrial potential has so been planned in 2020 to substitute nearly two-thirds of processed goods. Ferrous and non-ferrous industries, petrochemicals, machinery and mechanical engineering, construction materials production have specifically been prioritized during 2020.

By end of 2020, the by sector structure of GDP has reflected economic transformation of which initial sprouts had started in 2019. Thus, manufacturing and agriculture have increased (figure below).

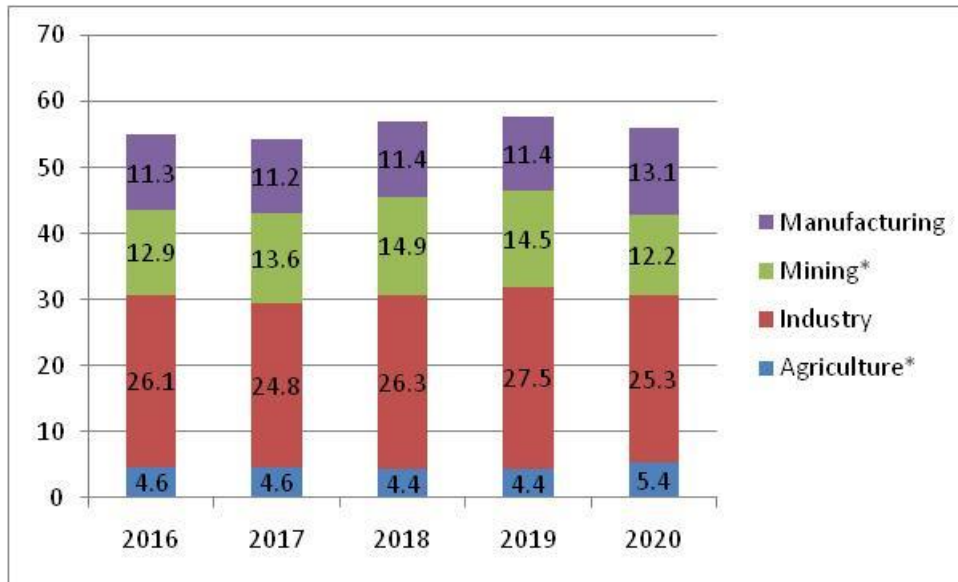


Figure 53: By sector share (%) GDP, 2016-2020

Regulatory mechanisms have been developed to ensure sufficient capacities of manufacturing industries through imports of input materials. Well-regulated imports have directly impacted the industrial development. Thus, imports of input materials for industries have reached US\$35.7 billion accounting to one fifth of GDP at current prices.

In 2020, a “Single Procurement Window” has been introduced for all economic entities, including public-private. The task has been set in 2020 for the industrial sector to increase its production by no less than one and half-fold till end 2025.

## Agriculture

The outstanding challenges in agricultural sector have mainly related to structural matters, which included: low access to land, insufficient long-term financing and low skill. Warehouses and adequate transport infrastructures have been an urge in agriculture. To address such persisting demand, seven large ecosystems for meat production, for processing of fruits, vegetables, sugar, cereals, oilseeds, dairy products have been planned during 2020, for the subsequent years to see their realization as per the 2020 plan.

Fishing industry has been seen as feasible to create Regional Food Hubs. In this sector, the dominance of imports has been observed at increasing scales.

On land, the embargo on the “Land Code on Use of Agricultural Lands” has expired by end 2020.

Investments in agriculture have played a critical role as the challenges entailing from technologically outdated irrigation systems, have persisted throughout 2020.

Water waste has reached 40 percent of total water pool.

## Transport sector

A new infrastructure framework for Kazakhstan’s transport system has been created in 2020. The country's integration with international transport corridors, including those of ECO, has taken place. Thus, Kazakhstan’s status as the “Asia-Europe bridging link” has been restored in 2020.

A new task has been set for national transport, notably, to reconstruct and ensure full capacity of on-road services along the 24,000 kilometers stretch, by 2025.

The transport sector, one of Kazakhstan’s growth drivers, has felt the disruptions caused by travel bans thereby contracting by 7 percent compared to the pre-covid 2019. Positive growth has only been in railway, among all modes of transport, which increased by 1.3 percent in 2020. The remaining modes, including air, other land transport, river, pipeline have contracted in production volume (Table).

**Table 31: Transport of goods (million tons) by all modes, 2016-2020**

Table 18

	Transport of goods (million tons) by all modes, 2016-2020				
	2016	2017	2018	2019	2020
<b>Total</b>	3,729.2	3,946.1	4,103.8	4,222.7	3,944.8
of which:					
railway	338.9	387.2	397.9	397.0	402.3
other land	3,180.7	3,322.3	x	3,550.5	3,287.0
river	1.2	1.6	1.2	1.3	0.9
pipeline	205.8	232.8	281.4	273.0	253.7
marine	2.6	2.1	x	0.8	x
air	18.0	22.5	44.1	26.7	23.4

\* Other land includes non-transport enterprises' activities.



## **Entrepreneurship**

Over 700 thousand small and medium-sized businesses have been granted adequate tax breaks and their due tax payments have been deferred as well as loan refinancing has been offered on significantly easy terms.

Public subsidies at up to annual 6 percent interest rate have been provided to entrepreneurs on all of their active loans.

Such subsidies have been valid for a period of 12 months, starting from March 16, 2020 till March 16, 2021.

The National Bank of Kazakhstan (NBK) has offered a working capital replenishment programme for small businesses in most vulnerable economic sectors.

As a supplementary measure in support of small businesses, US\$ 476 million have been granted to small businesses. Else, small businesses have been freed of one year rentals for facilities in ownership of state or in property of public-private entities. Likewise, the three-year ban on audit has been envisaged for small businesses.

For small business a “Special export acceleration programme” has been launched in 2020. The programme has so been designed to increase the share of contribution to GDP from SMEs to 35 percent by 2025. The programme will ensure that the number of employed in SME will reach 4 million people by 2025.

## **Social sector-targeted stimuli and reform**

Building much needed resilience against economic shocks of the covid-19 pandemic has been the main focus of economy. Social and economic stability, employment and income for the population have remained high on the agenda throughout year 2020.

The anti-crisis measures which have been swiftly developed to mitigate covid-19, have been structured to offer the two sets of measures. Such measures have been motivated by the following situation:

The country has had the degradation in decent lives of 4.5 million of citizenry who have had their incomes and earnings shrunk as a result of covid-19. These have come to be the most vulnerable stratas of population of the country. Therefore, they have been granted

encashment worth of Kazakhstan Tenges (KZT) 42,500 per person totaling to US\$1.1billion.

To obtain a larger margined coverage by social care, the total of US\$2.4 billion in support has been distributed among people by the government. In this, Kazakhstan's National Welfare Fund has had its greater say.

Likewise, free distribution of staple food has been initiated during much of 2020 under covid-19 pandemic. Thus, the social sector-targeted support has embraced nearly half a million individual households through one time financial support.

Owing to prudence of government and economic rationale in addressing the coronavirus-linked restrictions, an adaptive quarantine mechanism has been introduced.

While preparing for at least five year long resilience of national economy to the pandemic and its post-period, the country has started building a solid foundation for the long term crisis-resistant economic development plan, under conditions of a new global order.

Under such circumstances, reforms have been given further but fresh impetus. Thus, the "Plan of the Nation and the Five Institutional Reforms" has been under scrupulous pursuit throughout 2020 to be further onwards.

Public administration and human dimension have also been prioritized in 2020. Accountability and transparency in decision making have been strengthened at national level. To enhance public administration, a new Agency for Strategic Planning and Reform has been established. The reform process has been reviewed for realistic targets.

In these steps, the role of statistics has acquired a new meaning within the reform process structure. As a result, the **Statistics Committee** has assumed functions under aforementioned newly established Agency. Thus, the three responsibilities, notably, Public planning, Executive power, and Economic Evaluation, previously vested with central government; under the new circumstances, have been broadened.

National projects have been recognized as an effective form of implementation of the country's national development plan. As such these have been considered as first priority. Thus, strategic projects have started targeting grants in-kind and concessional financing and partial guarantees and priority export facilitation. A new instrument has been introduced, notably, a strategic investment agreement.

## **Monetary policy**

A new approach to monetary policy has been laid down in 2020. The low level economic diversification and high volatility of the national currency exchange rates discouraged foreign investments in the past. Overregulation of foreign exchange market had also been a hurdle as has the significant part of export earnings did not reach the domestic foreign exchange market at all. The NBK has been motivating exporters to realize foreign-exchange earnings.

The stimulating role of the monetary policy has been strengthened during 2020. Yet, it has still been constrained by expectations of capital outflows to foreign exchange markets outside the country.

Certain measures have been taken, during 2020, to re-orient liquidity to address the purposes of crediting the economy whilst, at the same time, curbing foreign exchange market speculative operations.

Sensible imbalances observed in lending to consumers and business during 2020 have still remained the key bottleneck in the financial sector.

Microfinance organizations, pawnshops and other financial institutions previously under no oversight at all, have during 2020, fallen under the specified regulatory supervision of the NBK.

To raise confidence in monetary policy led by NBK, the “Monetary Policy Committee” within the structure of the NBK has been set up in 2020. Since 2020 onward, the NBK has been tasked to institute uniform tax policy.

Till 2020, nearly 40 different taxes and fees have been collected from population. To discharge heavy tax burden off the people, the revisions of the Tax Code have been started in 2020.

According to relevant authorities’ expert estimates, the estimated one third of GDP has been observed in shadow economy. Apart from negative effects, the mentioned portion, in turn, has presented a potential for increasing public sector budget revenue.

In the meantime, current accounts have been declining in 2020 although not by a larger margin as in 2016 where it registered the downward 5.9 percent slide but still the indicator of a negative 3.7 percent of GDP pointed out a need for improvement in the years to come (Table).

**Table 32: Current account balance (percent of GDP) 2016-2020**

Table 19

	2016	2017	2018	2019	2020
Current account balance (%)	-5.9	-3.1	-0.1	-4.0	-3.7

## Welfare

Stable increase in rural individual households' incomes and increase in labor factor productivity by 2.5 percent have been achieved.

In 2020, the "5-10-25" national programme has been activated at the US\$928 million of funding. Some portion of the programme will cover rental subsidies.

Infertility has hit every sixth family in the country. Such situation has caused in nearly 20 percent of respondents of social polls a tilt for divorce.

To increase wages of public sector workers, an additional US\$2.8 billion has been allocated for the period of 200-2023. The 100 percent coverage of pre-school education for children under age of six has been planned.

Given aforementioned situation, the drafting of the country's new Social Code has commenced in 2020.

The 1 percent share of capital investments in the public budget has been allocated science and technology.

## Health

The funding of US\$357 million has been allocated as stimuli for medical workers in the second half of 2020.

In medical infrastructure, 13 new hospitals focusing on infectious diseases have been commissioned, jointly with Turkey, by the end of 2020.

In addition, it has been in plans in 2020 to commission by the end of 2025, another 20 modern multi-functional healthcare facilities, jointly with Turkey.

The decision has been made in 2020 to increase by 50 percent the funding for purchases of new hospital beds.

Due to a high demand for medicines and equipments mainly attributing to the pandemic causes, growth in Kazakhstan’s pharmaceutical industry went up by 39.8 percent. Conventional growth in the country’s metallurgical industry has sustained at 18.9 percent rate whereas in machinery 16.6 percent, paper production 15.6 percent and textiles 14.1 percent. The number of hospital beds increased essentially to 127,464 by the end of 2020 (figure below).

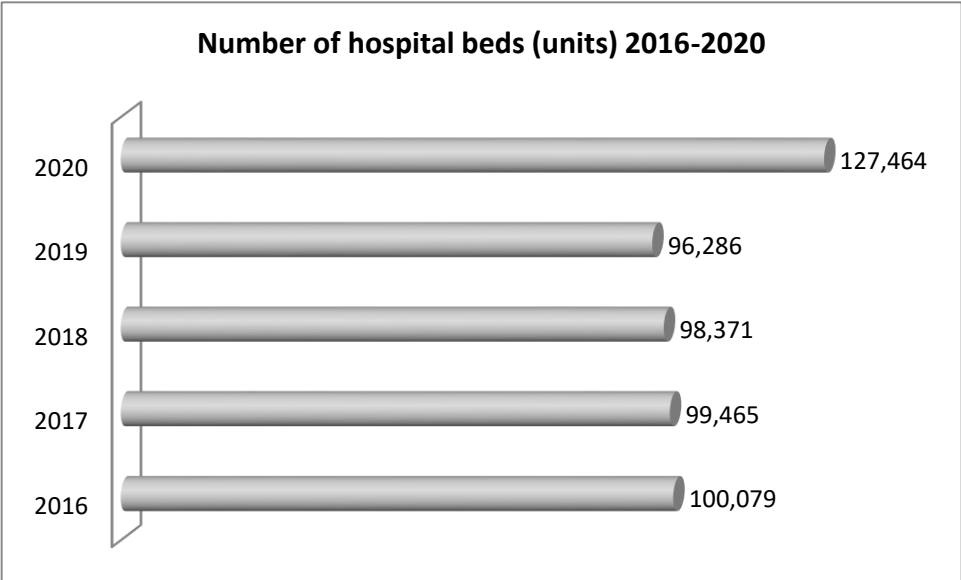


Figure 54

Up until October 2020, economic units inside the country have all been under comprehensive lockdown. A revamp of economic dynamics has picked up, in the second half of 2020, in the services sector. Thus, trade in services has increased by 2.7 percent compared to the same indicator back just in August 2020. Likewise, the communications sector has sprung up growing at 1.3 percent rate whereas the transport and storage 1.2 percent.

**Digitalisation**

By end 2020, every village of over 250 inhabitants has been provided an access to Internet.

During 2019, US\$190 million worth investments has been drawn in for digital mining.

More investment inflows of US\$1.2 billion have been envisaged to realize in the period of 2020-2025.

In overall, Kazakhstan's economy during 2020 has stepped up its rigid economic reforms of which many have been motivated by the coronavirus pandemic. A significant number of new economic initiations have been introduced with reviewed targets assigned, whereas the oversight over previously implemented economic targets, has finalized the outcome results in 2020 with the view of onward development.

## Kyrgyz Republic



The Kyrgyz Republic is among the low income countries of the ECO region. It has been, at times, provided support from the ECO funds in addressing urgent economic needs, especially in emergencies linked to natural calamities.

In 2020, the Kyrgyz Republic' economy has experienced the hardest of complexities imposed by the coronavirus pandemic. Thus, inflation has kept high and production output contacted by 8.9 percent compared to 2019.

**Table 33: Selected macroeconomic indicators, 2019-2020**

Table 20

Macroeconomic indicators	2019	2020
GDP (current prices in million KGS)	619102.7	598344.5
	2019	2020
GDP (current prices KGS)	99,800	94600
	2019	2020
Inflation	11.1	6.3

During 2020, credit to enterprises reached US\$417 million in monetary expression and, in the number of credits 2,814. Those helped to revitalize the economy. Thus, the external trade has gradually started picking up. Although the total external trade have decreased in 2020 relative to its 2019 indicator, but exports have managed to maintain their pre-covid-19 levels and even surpassed the latters by a narrow margin (figure below).

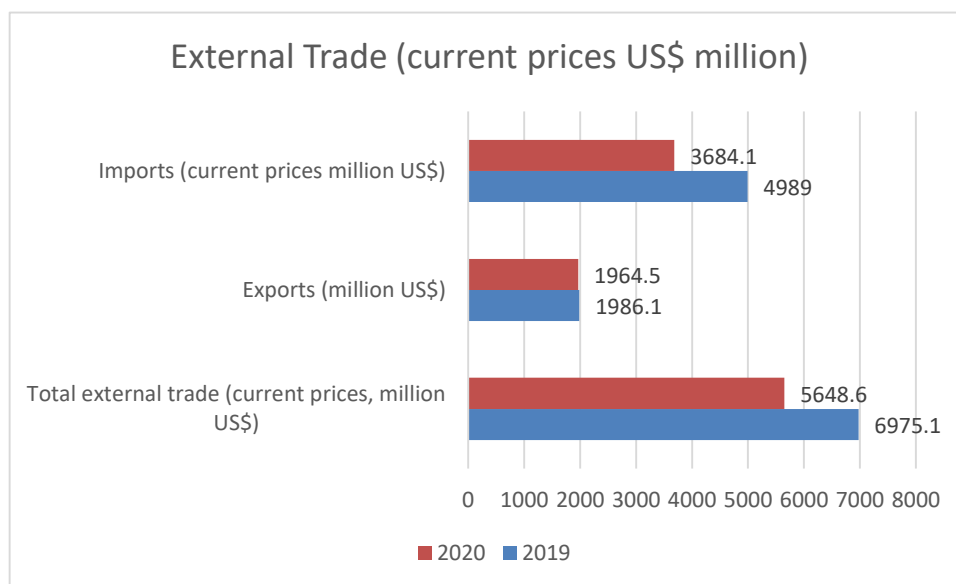


Figure 55: External Trade (current prices, US\$ million) 2019-2020

By the end of 2020, 49 greenhouses have been installed, 90 economic entities in agro-industry have been equipped with droplets irrigation technology.

In the financial sector, the processes of de-dollarization of the economy have reached 34 percent in 2020 compared to 35.1 percent in the previous year.

To support most vulnerable stratas of the country's population, the total of 9,181 tons of high quality flour, 327.8 tons of sugar have been provided to people free of charge.

Encashment of low income and thus most vulnerable citizenry has been provided in the amount of KGS 200 million.

The total of 551, 000 individual households have been granted free food deliveries during the worst of the time that the pandemic has persisted in 2020.

Pensions have been increased and so have average monthly wages, by 7.7 percent.

Workers’ remittances inflows have helped to shoulder the economy during its hardships entailing from the coronavirus pandemic. Thus, by end 2020, workers remittances increased by over 5 percent compared to the same period in 2019 (figure below).

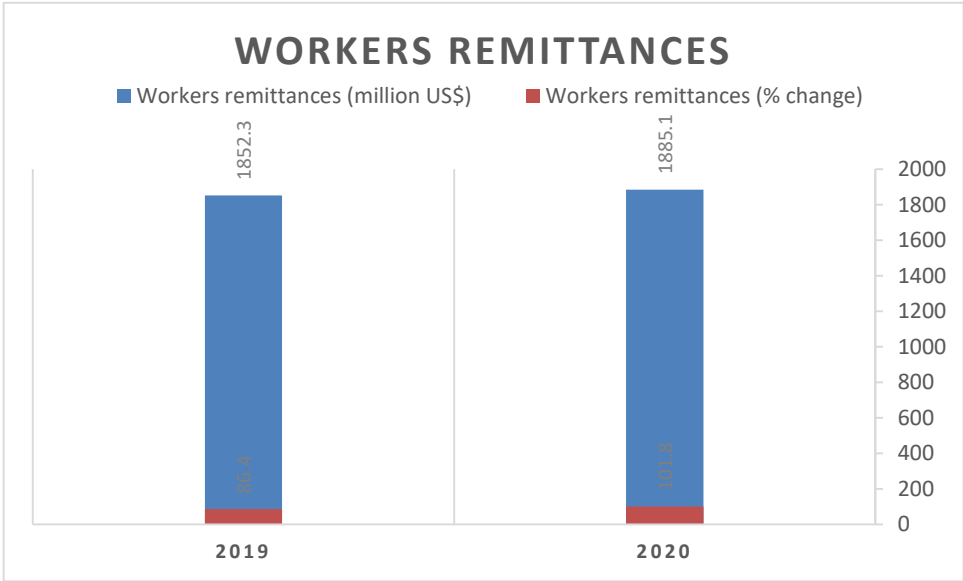


Figure 56: Workers remittances (US\$ million and % change) 2019-2020

Challenges that the Kyrgyz economy had faced in previous years, have further aggravated during 2020. Thus, broad fluctuations in national currency unit (Kyrgyz Som) led to the depreciation of KGS to US dollar by 18.9 percent from KGS69, 5117 to KGS82,9498 during the period of January-December 2020.

Dependence of the whole economy on the sole performance of “Kumtor gold company CSC” has resulted in lower levels of employment of local work force.

Else, “Junda” oil products manufacturing company has been operating below its designed capacities due to absence of input materials.

In spite of low employment generation levels by large national and public-private sector entities, unemployment has been high but tolerable during 2020 (Table below).



**Table 34: Labor force 2016-2020**

Table 21

	Unit	2016	2017	2018	2019
Non-institutional Civilian Population	Thousand				
Labor Force	Thousand	2,547.4	2,525.2	2,538.7	2,583.6
a. Male	Thousand	1,522.5	1,537.7	1,560.0	1,584.3
b. Female	Thousand	1,024.9	987.5	978.8	999.4
Share of Female in Labor Force	%	40.2	39.1	38.6	38.7
Population not in Labor Force	Thousand	1,593.0	1,678.0	1,703.6	1,704.8
Labor Force Participation Rate	%	61.5	60.1	59.8	60.2
Total Employment	Thousand	2,363.7	2,351.2	2,382.5	2,442.7
a. Employment in Services	Thousand	1,208.3	1,265.6	1,308.6	1,348.4
b. Employment in Industry and Construction	Thousand	522.1	544.2	591.2	651.1
c. Employment in Agriculture	Thousand	633.3	541.4	482.7	443.2
Share of Services in Total Employment	%	51.1	53.8	54.9	55.2
Share of Industry incl. Construction in Total Employment	%	22.1	23.1	24.8	26.7
Share of Agriculture in Total Employment	%	26.8	23.0	20.3	18.1
Underemployed	Thousand				
Unemployed	Thousand	183.7	174.0	156.3	140.9
Unemployment Rate	%	7.2	6.9	6.2	5.5

The public budget deficit worsened relative to its targeted 3 percent permissible plank, surpassing the latter by three percentage points in 2020.

High external debt has reached 58.3 percent of GDP at current prices thereby putting an additional pressure on the overall economy.

At external front, the decline in economic activities of the Kyrgyz Republic's main trading partners has negatively impacted the Kyrgyz Republic's economic dynamics. Thus, reduction of economic output in neighbouring Russia has reached negative 3.1 percent, Belarus 0.9 percent, Kazakhstan 2.6 percent, Armenia 7.5 percent. Only one of the Kyrgyz Republic's trading partners, China, has shown positive growth at 2.3 percent for the reporting period.

## Agriculture

Economic dynamics of the Kyrgyz Republic has never left the agriculture sector low. Thus, production of cereals has gone up from 1,781 thousand tons in 2019 compared to 1,856 thousand tons in 2020.

Fodder production, in high demand in neighbouring countries, has also increased from 2,422 thousand tons in 2019 to 2,471 thousand tons in 2020.

In addition, growth has been observed in production volumes of fruits from 245,000 tons in 2019 to 261,000 tons in 2020.

The number of cattle has also increased from 1,681 thousand in 2019 to 1,716 thousands heads in 2020. So has the sheep quantities increasing from 5,465 thousand in 2019 to 5,508 thousand heads in 2020.

Due to weather conditions especially at times of harvesting of sugar beats, which presents one of export items, output volumes in this commodity have reduced from 39.5 percent of total agricultural production in 2019 to further 41.7 percent in 2020.

In top agricultural products, the Kyrgyz Republic has seen the increase in production volumes for wheat from 601.2 thousand tons in 2019 to 629.1 thousand tons in 2020. For barley, the increase has been from 465.9 thousand tons in 2019 to 510.2 thousand tons in 2020 (Table below).

**Table 35: Agricultural production, 2017-2020**

Table 22

	Unit	2017	2018	2019	2020
Agricultural Area	Thousand Hectares	10608.1	10607.2	10607.7	10607.0
Arable Land	Thousand Hectares	1287.9	1287.8	1287.6	1287.4
Permanent Crops Land	Thousand Hectares	1206.6	1214.9	1216.7	1223.6
Fallow Land	Thousand Hectares	3.4	2.6	2.3	2.0
Irrigated Land Area	Thousand Hectares	867	867	867	867
Percentage of Irrigated Land to Agricultural Area	%	67.3	67.3	67.3	67.3
Forest and Woodland Area	Thousand Hectares	1172.0	1172.0	1172.0	1172.0
Percentage of Forest and Woodland Area to Agricultural Area	%	11.0	11.0	11.0	11.0
Name of the Top Agricultural Product	Name	Wheat			
Amount of the Top Agricultural Product	Thousand Tons	601.0	615.9	601.2	629.1
Name of the Second Agricultural Product	Name	Barley			
Amount of the Second Agricultural Product	Thousand Tons	424.4	429.3	465.9	510.2
Name of the Third Agricultural Product	Name	Potato			

Amount of the Third Agricultural Product	Thousand Tons	1416.0	1446.6	1373.8	1327.2
Total Field Crops Production	Thousand Tons				
Total Cereal Production	Thousand Tons	1681.8	1741.5	1781.4	1856.0
Name of the Main Cereal Produced	Name	Wheat			
Amount of the Main Cereal Produced	Thousand Tons	601.0	615.9	601.2	629.1
Total Pulses Production	Thousand Tons	102.6	106.6	108.6	107.2
Total Industrial Crops Production	Thousand Tons	712.3	773.0	741.1	448.8
Total Oil Seeds Production	Thousand Tons	39.7	35.4	31.1	23.9
Total Tuber Crops Production	Thousand Tons	1416.0	1446.6	1373.8	1327.2
Total Fodder Crops Production	Thousand Tons	2270.1	2255.9	2422.6	2471.4
Production of Raw Cotton	Thousand Tons	65.3	74.7	80.2	72.8
Production of Rice	Thousand Tons	38.2	40.8	41.2	44.5
Total Vegetable Production	Thousand Tons	1086.7	1094.9	1133.6	1131.2
Total Fruits Production	Thousand Tons	259.0	249.1	245.8	261.5
Total Heads of Cattle	Thousand	1575	1627	1681	1716
Total Heads of Sheep	Thousand	5257.8	5361.0	5465.6	5508.0
Total Heads of Goat	Thousand	820.0	806.9	801.1	770.7
Production of Meat	Thousand Tons	216.6	221.3	226.2	230.4
Production of Meat for Poultry	Thousand Tons	7.6	8.6	9.5	9.6
Production of Milk	Thousand Tons	1556.2	1589.7	1627.8	1668.0
Production of Eggs	Million	510.7	533.2	561.3	562.0
Production of Wool	Thousand Tons	12.6	12.8	12.9	13.1
Total output produced by Small and Medium Farms	US\$				
Total output in forestry	US\$	311.9	329	324.2	324.1
Total output in fishery	US\$	86.9	161	425.9	853.5

Despite the outstanding challenges faced by the economy, the Kyrgyz Republic has been able to grant credits to most vulnerable economic sectors, in pursuit of keep them abreast. Thus, credit- to- economy has increased from KGS149 966.4 million in 2019 to KGS168 887.8 million in 2020 (figure below).

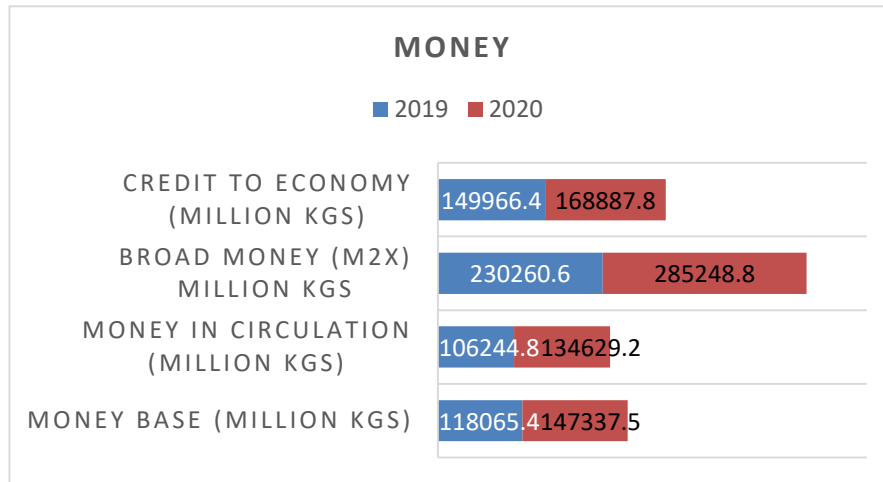


Figure 57: Monetary indicators (million KGS) 2019-2020

In overall, the Kyrgyz Republic' economy has felt the deepest impact of the coronavirus pandemic in 2020. The GDP at current prices has contracted by 8.6 percent. In spite of such external and inherently internal economic realities, the Kyrgyz Republic's economy has been able to support its people from threat of the global coronavirus infection and has even seen growth in some traditional sectors of economy as in agriculture.

## Pakistan



The economy of Pakistan is among the three largest economies of the ECO region. The ECO region benefits from prudent economic policies conducted by Pakistan through the mechanism of knowledge and expertise sharing. To that effect, the model of economic

management developed, at times, by Pakistani lead economists, has been considered for feasibility of deploying it in the ECO region as well.

In 2020, the GDP at current prices of Pakistan has contracted by percent compared to 2019. The prevailing causes for such contraction have been the persisting coronavirus which restricted economic exchange through much of 2020.

The GDP (current prices, US\$ million) has recorded US\$263 billion in 2020 decreasing from its previously recorded volume of US\$279 billion in 2019 (figure below)

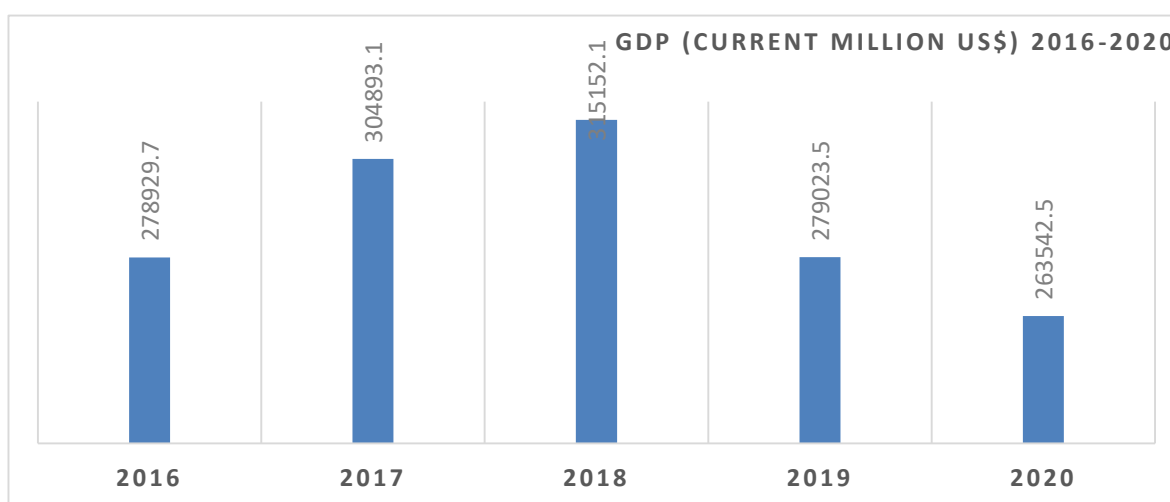


Figure 58: GDP (current prices, US\$ million) 2016-2020

In the structure of GDP (current prices), a change in the by-sector shares have been varied during the period of 2016-2020. To that effect, the share of agriculture has increased in 2020 by 3 percent against its 1.3 reduction in the previous year of 2019 (figure ).

In 2020, reduction in the industrial share of GDP has been smaller i.e. at 2.3 percent compared to a much wider contraction of 4.3 percent in the preceding year of 2019.

The share of services has justifiably expanded by 1.8 percent in 2020 at the back of a meager 0.2 percent shrinkage in the previous year (2019) (figure below).

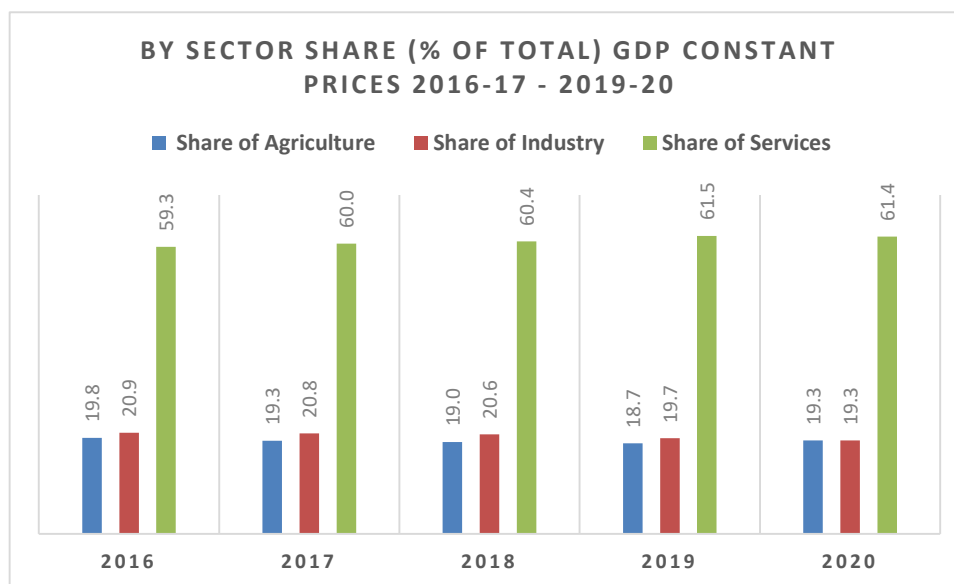


Figure 59: By-sector share of GDP (in percent) 2016-17 to 2019-2020

The Balance of payments of the economy has been disturbed during 2020 by spillover effects of the global economic and financial crises triggered by covid-19 pandemic.

The current account balance (Pakistani Rupee, PKR) has worsened but owing to the increase of worker remittances which increased from US\$24 769, million to US\$25 449, million in 2020, the reduction has not been large at US\$ 2,970 million deficit compared to 2019 where it was had seen a deficit at US\$13,434 million (Table below).

**Table 36: Current account balance, 2019-19 and 2019-2020**

Table 23

Item	Year	
	2018-19	2019-20 (P)
<b>Current account balance</b>	-13434	-2970
<b>Trade Balance</b>	-27612	-19910
Exports of goods FOB	24257	22507
Imports of goods FOB	51869	42417
<b>Services Balance</b>	-4970	-2827
Exports of services	5966	5440
Imports of services	10936	8267

Income Account Balance	-5610	-5682
Income: Credit	578	562
Income: Debit	6188	6244
Balance on Secondary Income	24758	25449
Of which:		
Workers' Remittances	21740	23131

P= Provisional

Source: State Bank of Pakistan

External trade of Pakistan has been among the large as the share of the GDP of ECO.

In merchandising trade, its exports registered US\$ 21,979 million whereas in imports US\$ 45,812 in 2020 compared to 2019.

**Table 37: Merchandising trade (million US\$) 2016-2020**

Table 24

Items	Unit	2016	2017	2018	2019	2020
<b>Total Exports: f.o.b.</b>	Million US\$	20,375.64	21503.69	23416.81378	23301.43091	21979.46757
Share of Exports in GDP	%					
<b>Exports to Each ECO Countries (excluding oil &amp; gas)</b>	Million US\$					
a. Afghanistan	Million US\$	1,369.10	1,389.70	1,356.28	1,179.07	869.90
b. Azerbaijan	Million US\$	61.33	12.52	14.28	15.98	3.78
c. Iran	Million US\$	35.28	26.34	22.35	4.31	0.00
d. Kazakhstan	Million US\$	24.55	70.67	88.55	83.20	59.03
e. Kyrgyzstan	Million US\$	1.13	0.90	1.52	2.16	1.66
f. Pakistan	Million US\$					
g. Tajikistan	Million US\$	4.38	2.96	9.62	7.81	2.05
h. Turkey	Million US\$	235.14	326.04	302.60	292.44	260.42
i. Turkmenistan	Million US\$	3.99	3.22	0.82	2.64	2.32
j. Uzbekistan	Million US\$	3.38	3.94	16.13	22.49	25.19
Total Exports to ECO Countries	Million US\$	1,738.28	1,836.29	1,812.15	1,610.10	1,224.35
Exports Price Index (1994=100)	Index	701.5	708.9	767.6	828.4	870.5
Exports Quantity Index (1994=100)	Index	207.1	214.0	230.62	263.3075	219.05
<b>Total Imports: c.i.f.</b>	Million US\$	46,845.96	57282	60052	50005.14007	45812.47951
Share of Imports in GDP	%					
<b>Imports from Each ECO Countries</b>	Million US\$					

a. Afghanistan	Million US\$	370.28	414.68	496.82	578.80	517.93
b. Azerbaijan	Million US\$	0.10	1.72	0.93	0.80	0.92
c. Iran	Million US\$	323.29	327.44	372.73	530.99	371.98
d. Kazakhstan	Million US\$	2.71	7.65	3.26	0.85	0.52
e. Kyrgyzstan	Million US\$	0.12	0.12	0.12	0.01	0.13
f. Pakistan	Million US\$					
g. Tajikistan	Million US\$	18.98	8.70	3.64	0.15	0.84
h. Turkey	Million US\$	258.96	266.34	354.37	374.80	400.82
i. Turkmenistan	Million US\$	24.98	16.83	18.94	6.69	4.66
j. Uzbekistan	Million US\$	3.23	2.94	3.37	5.38	5.44
Total Imports from ECO Countries	Million US\$	1,002.66	1,046.42	1,254.18	1,498.47	1,303.23
Imports Price Index (1994=100)	Index	1185.843	1207.818	1318.968	1370.833	1376.410
Imports Quantity Index (1994=100)	Index	342.613	387.388	423.823	347.180	336.865

\*Base year is (1990=100)

The data relating to Pakistan's labor force for the period of 2018-2019, as per the information of the National Statistical Office (NSO) of Pakistan, is currently at the stage of the approval. After the approval, the final data will be disseminated and, will be available for informing the ECO Member States. As per the data covering the period of 2019-20, the survey was not conducted in the country due to preparatory works for District level LFS 2020-21.

The consumer prices index (annual average, %) has gone up in 2020 reaching 7.3 percent. That compared to the 3.9 percent in the 2018-2019 period has almost doubled (figure below).

**Table 38: Prices (% , Index) 2016-17 to 2019-20**

**Table 25**

**Base Year:2007-08**

<i>Item</i>	<b>Unit</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Consumer Price Index (CPI) (2011=100)	<b>Index</b>	203.81	212.29	220.62	236.81
Wholesale Price Index (WPI) (1997=100)	<b>Index</b>	207.65	216.02	223.52	250.28



Annual Change of CPI	%	2.85	4.16	3.92	7.34
Annual Change of WPI	%	-1.05	4.04	3.50	11.97

Interesting developments have been observed in Pakistan's mining sector during 2019-20. Thus, production volume of lignite (in high demand at markets because of disfavor of coal) has significantly increased by 35.9 percent in 2020 reaching 8,435 thousand tons of output volume compared to 2019 where it was produced at 5,407 thousand tons, only. Else, lead zinc ores have significantly increased in volume of production by 73 percent in 2020 reaching 15 thousand tons in output against just four thousand tons in 2019. Although modest by volume, this important mining raw resource has remained at zero level in the years preceding 2018-19 and 2019-20 (Table below).

**Table 39: Mining, 2015-16 to 2019-20**

**Table 26**

	Unit	2015-16	2016-17	2017-18	2018-19	2019-20
Production of Lignite	Thousand Tons	3,749	3,954	4,478	5,407	8,435
Production of Iron Ore	Thousand Tons	432	502	677	627	574
Production of Copper Ore	Thousand Tons	0	0	0	0	0
Production of Chrome Ore	Thousand Tons	69	105	97	138	121
Production of Lead Zinc Ore	Thousand Tons	0	0	0	4	15
Production of Bauxite	Thousand Tons	57	75	145	93	101
Production of Barite	Thousand Tons	158	92	89	116	55
15.8. Production of Fluoride	Thousand Tons	9	2	3	4	6
15.9. Production of Gypsum	Thousand Tons	1,872	2,080	2476	2,518	2,150
15.10. Production of Kaolin	Thousand Tons	21	29	19	21	14
Production of Boron Minerals	Thousand Tons	N.A	N.A	N.A	N.A	N.A
Production of Sulphur	Thousand Tons	15	24	22	21	20
Production of Magnesite	Thousand Tons	35	20	24	41	16
Production of Salt	Thousand Tons	3,832	3,807	3,951	4,058	3,549
Production of Molybdenum	Thousand Tons	N.A	N.A	N.A	N.A	N.A

The human dimension in Pakistan has always been the main focus of government authorities. In 2020, in spite of all-wide closure of schools and educational establishments, students have shifted to digital distance learning modes. In digital technologies, Pakistan has been leading among not only ECO countries but world countries in providing digital services. To that effect, the educational indicators of Pakistan's social sector have been on the rise, as in Table below.

**Table 40: Education indicators, 2016-17 to 2019-20**

Table 27

	Unit	2016-17	2017-18	2018-19	2019-20
<b>Primary School Enrollment</b>	Thousand	31,342	33,123	35,506	37,407
<b>Primary School Enrollment Ratio</b>	%	1.3	1.2	1.3	1.3
<b>Number of Primary School Teachers<sup>(1)</sup></b>	Thousand	444.6	475.2	522.4	545.2
<b>Student-Teacher Ratio in Primary Schools (Number of students per teacher)<sup>(1)</sup></b>	Ratio	70.5	69.7	68.0	68.6
<b>Secondary School Enrollment</b>	Thousand	3,886	3,863	4,083	4,339
<b>Secondary School Enrollment Ratio</b>	%	1.4	1.4	1.3	1.3
<b>Number of Secondary School Teachers<sup>(1)</sup></b>	Thousand	538.8	570.6	574.0	591.2
<b>Student-Teacher Ratio in Secondary Schools (Number of students per teacher)<sup>(1)</sup></b>	Ratio	7.2	6.8	7.1	7.3
<b>High School Enrollment</b>	Thousand	3,653	3,583	3,861	4,118
<b>High School Enrollment Ratio</b>	Ratio	1.3	1.3	1.3	1.3
<b>Number of High School Teachers</b>	Thousand	529.5	560.6	563.3	580.3
<b>Student-Teacher Ratio in High Schools (number of students per teacher)<sup>(1)</sup></b>	Ratio	6.9	6.4	6.9	7.1
<b>Total number of teachers (1-11)</b>	Thousand	49.7	56.8	55.8	60.7
<b>Student-Teacher Ratio in 1-11 Schools (Number of students per teacher)</b>	Ratio	33.1	30.9	33.1	33.5
<b>University Enrollment</b>	Thousand	779.0	817.4	893.3	996.3
<b>University Enrollment Ratio</b>	%	1.5	1.5	1.4	1.4
<b>Number of University Instructors</b>	Thousand	34.6	36.8	37.5	39.3

<b>Student-Instructor Ratio in Universities (Number of students per instructor)<sup>(1)</sup></b>	Ratio	22.5	22.2	23.8	25.3
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The most impressive feature of Pakistan’s education system has been a forward-looking prudence of relevant government authorities caring about the current and, most importantly, future generational education levels of people. With that in mind, the performance of the economy in education, has not fallen in 2020; rather has taken on previous gains further onward owing to pre-covid19 dynamics and flexibility in shifting to digital and remote modes of education.

In specific terms, the university enrolment has increased by 10.3 percent whereas student-to-teacher ratio in high schools (measuring the number of students per teacher) has increased by 8 percent, high school enrolment 6 percent, primary and secondary school enrolments as well as student-to-instructor ratio in universities (number of students per instructor) increased by 5 percent, each.

The remaining indicators measuring education have increased at percents lower than 4.5 percent in 2018-19 and in 2019-20 compared to previous years.

In overall, the economy of Pakistan has resisted the pandemic-entailed global economic hardships. Although, reduced in overall production output, the economy sustained its social indicators at pre-covi-19 pandemic levels and even has had them improved. In industrial sector, some selected items have observed rise in production volumes as demand in international markets stood high for them.

## Tajikistan



Tajikistan's economy is one of the relatively small economies in the ECO region. One of the unique perspectives of the economy is its hydropower potential. As with that endowment, Tajikistan has been actively involved in the pre-project stage of the ECO Regional Electricity Market (ECO-REM) project. The recently opened new opportunity in Tajikistan's economy for tourism activities has been deployed in the second half of 2020. In spite of the covid-19 pandemic hardships, during much of 2020, the economy has been able to prepare for its promotion activities in natural tourism in the subsequent year of 2021. The larger part of Tajikistan's geographic landscape consists of mountains. The latter are in demand among mountaineering tourists as an alternative to the far-located Nepal. For another, snow leopards have been rarely seen in nature. Tajikistan may offer well-planned tourist opportunities for those who have interest in visualizing the live rare wild animals at no harm to nature.

During 2020, the economy of Tajikistan has seen growth of 4.2 percent of GDP (current prices) compared to previous year (2019).

That compared to 7.2 percent growth in the previous year of 2018 has been lower but compared to other ECO regional economies, except Turkey, has shown positive growth. Such growth trend has started already by mid-summer 2020, a little after the initial shock of the coronavirus outbreak settled down. Growth has, among other factors, owed to increased exports of precious metals (figure below).

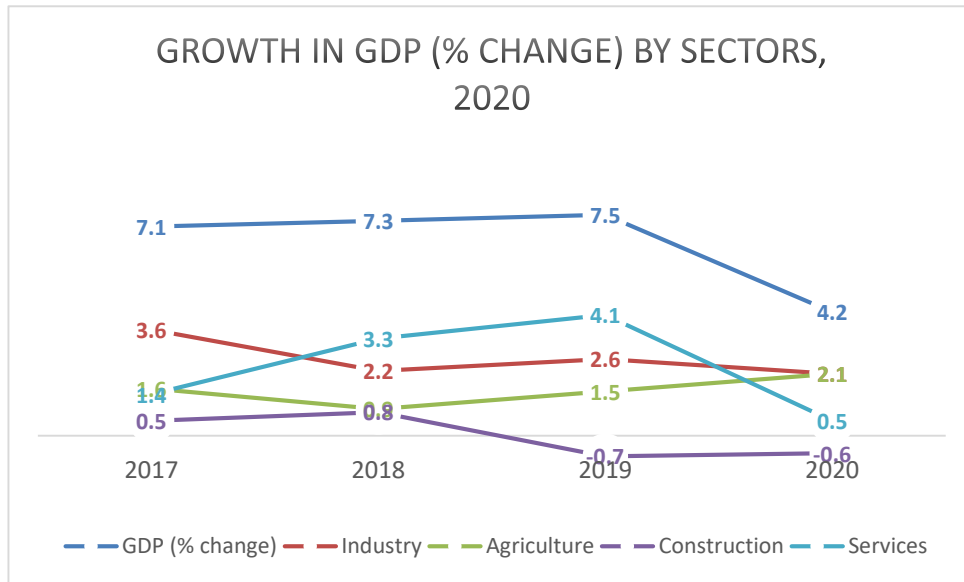


Figure 60: By-sector GDP growth (% change) 2020

The agricultural sector as well as industrial manufacturing, has been the key driving force in the upward growth during 2020. Both the sectors have made sensible contributions to the country's GDP (current prices). In spite of mass locus proliferation in 2020, especially in southern agriculture-intensive parts of Tajikistan, growth in agricultural produce has avoided the downward drop in its output as in most neighbouring economies; rather it has been on the 8.1 percent rise in the volume of agricultural output by the end of 2020. Growth has largely attributed to previously done intensive initiations of new areas of non-arable lands by converting them into arable land mass.

The second economic driver i.e. industrial manufacturing has accounted to the 10.7 percent growth in 2020. Food processing industry increasing at 25.9 percent rate has been helped by no less intensive growth in the metallurgic industry. The latter has increased its production volumes by 25.9 percent compared to 2019.

In the services sector, the dynamics has been seen at its lowest over the past decade. Hoteliers have observed the 67 percent fall in occupancy. On the other side of the spectrum, growth in services in health and banking & communications, have outpaced their previous performances. Owing to such new layout in the provision of services, the services sector has expanded by 1.1 percent by the end of 2020.

A positive setup in the agricultural sector has helped even out the consumer prices by the end of 2020 (Table below).

**Table 41: Consumer prices (annual average %) 2016-2020**

Table 28

Indicator	2016	2017	2018	2019	2020
Consumer prices (annual average %)	5.9	7.3	3.8	7.8	8.6

Selected goods such as ones for pharmaceuticals as well as detergents have increased significantly. Because of spillover effects of price hikes from food stuffs to non-food items given closedowns preventing passage to sales outlets, during the pandemic, the inflation rate has in-taken the rise in prices in April 2020 to further grow into the 8.6 percent rate by end December 2020. The latter compared to 7.8 percent annual inflation in 2019 has increased but a small margin.

The balance of payment has revealed prudence of the government in steering the economy's way out of the pandemic via preserving the capital accounts in surplus of 1.9 by the end of 2020, thereby sustaining the current accounts substantially balanced within the range of a deficit of 2.3 in 2019 and 1.9 in 2020 (Table below ).

**Table 42: Balance of payments, 2017-2020**

Table 29

In percent (BoP)	2017	2018	2019	2020
<b>Current accounts balance</b>	2.2	-5.1	-2.3	-1.8
<b>External trade</b>	-21.2	-25.5	-23.7	-21.9
<b>Exports</b>	12.2	11.8	12.3	17.8
<b>Imports</b>	33.4	37.3	36	39.7
<b>Services</b>	-1.7	-2.9	-3	-4.1
<b>Primary income</b>	16.9	16.5	16.4	15.5
<b>Secondary income</b>	8.1	6.7	8	8.7
<b>Capital accounts</b>	1.9	2.4	2	1.9
<b>Financial account</b>	-6.1	-2.8	-4.5	-10.4
<b>Net PFI</b>	-0.9	-3.4	-2.3	-0.4
<b>Portfolio investment</b>	-7	0	0.9	0
<b>Other capital flows</b>	1.7	0.6	-3	-9.9
<b>Errors and adjustments</b>	-1.6	-3.6	-2	-2.7
<b>Balance</b>	7.4	-3.6	2.2	7.7

<b>Financing</b>	7.4	-3.6	2.2	7.7
<b>Reserve assets</b>	7.4	-3.6	2.2	7.7
<b>IMF crediting</b>	0	0	0	0
<b>Special financing (residual)</b>	0	0	0	0
<b>Notes:</b>				
<b>Nominal GDP (million US\$)</b>	7162	7406	8117	3240

The public sector finance has also shown a fair amount of prudence and care for people that have been built on the government's long time tested practices.

**Table 43: Public sector finance: 2017-2020**

Table 30

IN PERCENT OF GDP	2017	2018	2019	2020
<b>PUBLIC SECTOR REVENUE, INCL. GRANTS</b>	29.7	29.1	27.3	24.6
<b>TAX REVENUE</b>	22.3	22.1	21	18.4
<b>CORPORATE TAX</b>	12.3	11.9	11.8	10.4
<b>DIRECT TAX</b>	6.3	6.6	6	5.4
<b>PERSONAL INCOME TAX AND SOCIAL INSURANCE</b>	2.6	2.6	2.2	2
<b>TRADE SURPLUS TAX</b>	1.2	1.1	1	0.6
<b>NON-TAX REVENUE</b>	4.9	4.1	4	3.2
<b>GRANTS</b>	2.4	2.9	2.2	3
<b>PUBLIC SECTOR EXPENDITURE</b>	35.6	31.9	30	29.7
<b>PUBLIC SECTOR CURRENT EXPENDITURE</b>	16.9	18	17.2	18.4
<b>CAPITAL EXPENDITURE</b>	18.3	14	12.7	11.2
<b>PUBLIC SECTOR NET BORROWING</b>	0.4	-0.1	0.1	0.1
<b>PUBLIC BUDGET BALANCE</b>	-6	-2.8	-2.7	-5.1
<b>GROSS DEBT</b>	50.4	47.9	45.9	52.5

On fiscal and monetary policies, Tajikistan has lowered the re-financing policy rate by 100 basis points. Such measure has, first, been introduced on May 1, 2020. The repetitive measure has come on August 3<sup>rd</sup> in the same year thereby enabling the re-financing rate to reach 10.75 percent.

The above-described measure has eventually helped to stimulate economic activity in the economy under the circumstances of the global pandemic. In turn, the National Bank of Tajikistan (NBT) has lowered the bank reserves' requirement from 3 further down to 1 percent for national currency (Tajikistan Somoni) denominated deposits and from 9 to 5 percent for foreign currency denominated deposits.

Other measures toward bringing back economic growth have been the introduction of easy terms for businesses which included deferrals of due payments, review of taxation scheme, easy loans and wherever required grants for most vulnerable small and medium sized enterprises.

As a result, credits to private sector businesses have jumped up by 13.4 percent in April 2020. Commercial banks have contributed to raising the pace of economic activities, even in the face of the pandemic, by lowering down the interest rate from 24 to 18 percent starting from July 2020.

Following market-driven expectations that predicted much higher inflation trends, individual households withdrew their deposits from banks therefore depleting bank deposits by 6.2 percent. Businesses' withdrawals have caused the 4.7 percent reduction in bank deposits throughout the period of March-June 2020. Luckily, depletion interventions have not lasted long rather till August 2020.

Overdue loans increased from 27 percent share of total loans, in 2019 to 31 percent in 2020. The worsened portfolio investment impacted the return on capital ratio (RoA) and equity (RoE) down to 1.9 percent and 7 percent, accordingly, from the 2019 ratios. The pandemic-triggered circumstances, in their own way, impacted banks' performances thus the capital- to- equity ratio went down 19.7 percent in June 2020 compared to just a quarter earlier in the same year where it balanced at 20 percent.

Tajikistan among a few of the ECO's low income countries takes a particular account of its social indicators (figure).



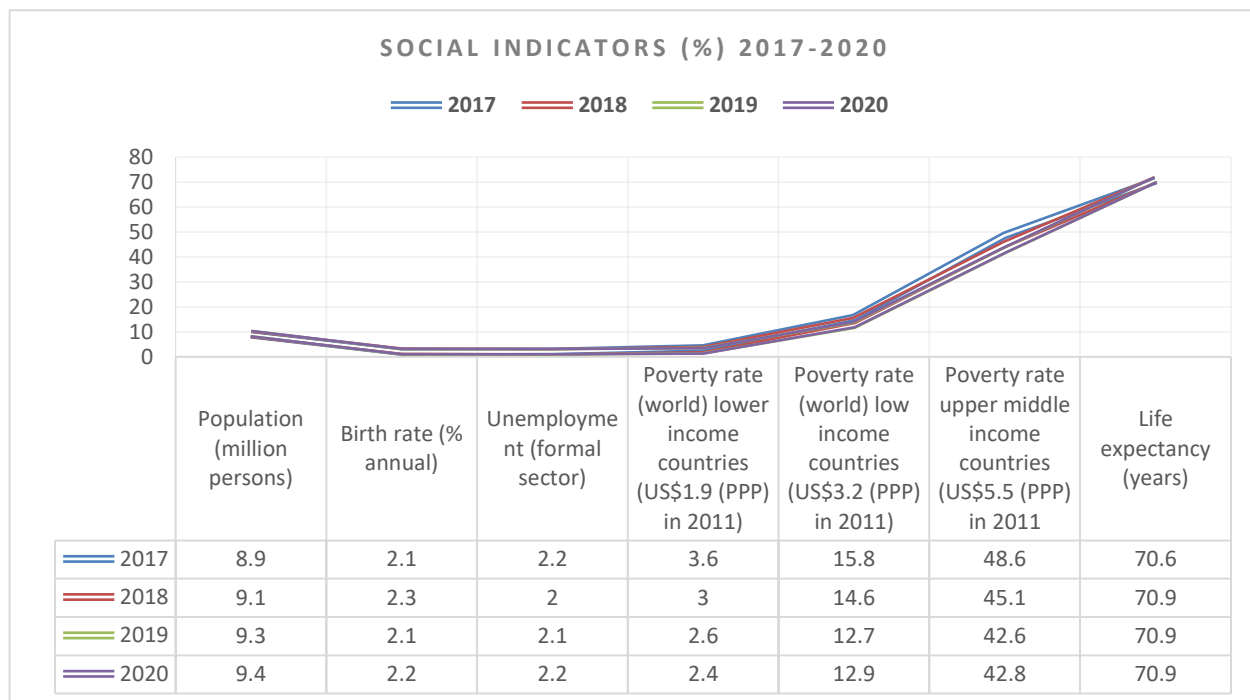


Figure 61: Social indicators (in percent) 2017-2020

In overall, the economy of Tajikistan has been on the rise in 2020 in spite of economic burdens imposed by the covid-19 pandemic. Support to such upward performance has been from the industrial sector, agriculture, and services sector. The latter has taken on starting from 2020 a tendency to slightly increase compared to the past periods. Strong motivation of Tajikistan's economy for channeling the best of benefits from economic performance to its population, have led to a rise in social indicators.

## TURKEY



Turkey is the 13th biggest economy in the world with a GDP (PPP) of 2,472 billion dollars as of 2019. For the same year GDP per capita based on PPP for Turkey was

29,929 dollars and with this figure Turkey ranked in 54th place. Turkey’s remarkable economic and social development performance in the last two decades reflected itself in increased employment and incomes along with progress in terms of improving social indicators. Turkey is classified as **an upper-middle-income country**. Turkey ranked 54th among 189 countries by the Human Development Index in the United Nation's 2020 Human Development Report, placing it in the “very high human development” category. Between 1990 and 2019, Turkey's life expectancy at birth increased by 13.4 years to 77.7, mean years of schooling increased by 3.6 years to 8.1, and expected years of schooling increased by 7.7 years to 16.6. Anything that happens to Turkey’s economy is mirrored in the ECO regional economy, especially in external trade.

### Real Economy

Turkish economy has been standing out with robust growth pace among emerging countries in the last decade. Although the growth rate has slowed down since 2018 due to the adverse impacts of speculative attacks by exchange rate and the pandemic as of the beginning of 2020, economic activity recovered well above the expectations. In fact, Turkey became one of the few countries, which succeeded to record growth in 2020.

In 2020, Covid-19 pandemic has started to affect Turkish economy by the second quarter and GDP shrank 10.3% in that period. A series of measures such as cash supports to households and firms, interest rate cuts, lockdowns for some sectors and limited hours, etc. has been implemented to cope with the pandemic effects. Thanks to a wide range of economic and public health protection measures have been taken in this period, a V-type recovery occurred as of third quarter and GDP growth rates were recorded as 6.3% and 5.9% in third and fourth quarters. Thereby, Turkish economy grew 1.8% in whole year.

In 2020, agriculture and industrial sectors were main drivers of growth, while services sector made no contribution to growth due to the pandemic. Some subservice sectors has diversified from each other in 2020. Trade, information and communication technologies, financial services, real estate services remained buoyant, while activities in construction, transportation and accommodation services were sharply deteriorated due to

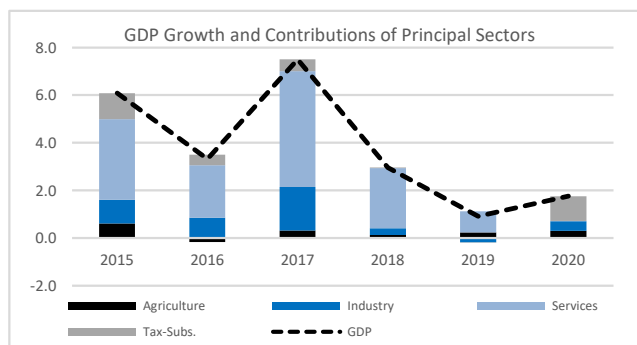


Figure 63

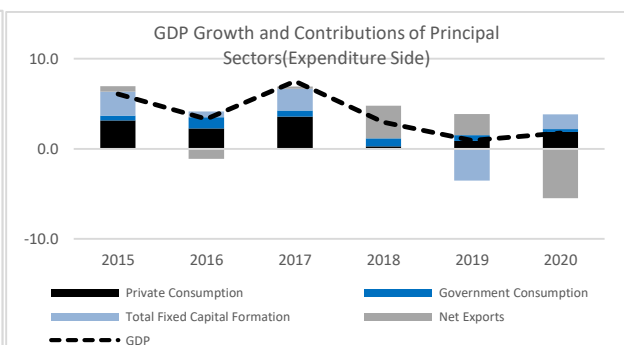


Figure 62

the restrictive measures and consumers' behavioral changes.

Source: TURKSTAT

In 2020, GDP growth was mainly driven by total consumption. Tourism revenues and exports severely contracted. Thus, contribution of net exports to the growth was negative in 2020. Although total fixed capital formation shrank in the second quarter of 2020, it recovered swiftly in the second half of the year and contributed 1.6 points to GDP growth.

The course of the pandemic and its impact on the economy were the main determinants of the developments in the Turkish labour market in 2020.

The precautionary measures taken for controlling the spread of the pandemic and people's tendency to act cautiously to protect their health have created both supply and demand-side pressures on economic activity. Along with the grave effects of the pandemic on the economy and public health, losses in employment and decrease in the labour force participation were observed. Unemployment rate in 2020 decreased by 0.5 point compared to the previous year and realized as 13.2%. In addition to the measures taken to contain the employment losses, the 3.6 points annual drop in the total labour force participation rate was influential in this development. The total labor force participation rate was recorded as 49.4% in 2020. At the same period, the employment rate decreased by 2.9 points to 42.8%.

Despite the positive outlook in food and energy prices, the annual rate of increase in CPI in the first quarter of 2020 stood at 11.9% as of March, mainly driven by the increase in prices of core goods and services.

In the second quarter of the year, the annual CPI inflation recorded as 12.6%, due to the developments in the prices of food and durable goods. In the third quarter of the year, despite the acceleration in gold, food and fuel prices, the annual CPI inflation decreased to 11.7%, with the positive base effect stemming from the administered prices. In the last quarter of 2020, the CPI inflation gained momentum due to the increasing effect of the strong credit impulse on durable goods prices, the strengthening of cost pressures and the high increase in food prices. Accordingly, in December 2020, the annual rate of increase in CPI was 14.60%. In the same period, core (CPI-C index) inflation accelerated to 14.31%. Indicators for the underlying trend and pricing behavior suggested that in the second half of the year, core inflation has followed a high course and price increases have become widespread.

In 2020, the main driver of consumer inflation has been exchange rate developments. The depreciation in the Turkish lira totaled about 38% against the currency basket as of December. Higher cost pressures arising mostly from exchange rates and pandemic related demand-side factors had an adverse effect on inflation expectations and the inflation outlook, particularly in the second half of the year.

## **External Balance**

Collapse in external demand as a result of the pandemic led to increasing merchandise trade deficit in 2020. Exports decreased by 6.2% and amounted to 169.7 billion dollars. The substantial fall in oil prices in 2020 helped to reduce energy imports. However, the strong domestic demand combined with the increase in gold imports driven by rising global uncertainties resulted in 4.4% rise in imports. Thus, merchandise trade deficit widened markedly in 2020 to 49.8 billion dollars from 29.5 billion a year earlier. Meanwhile, travel revenues decreased sharply by 65.7% in 2020 due to worldwide travel restrictions and recorded 10.2 billion dollars. This, combined with the fall in transportation revenues resulted in a fall in the services surplus to 9.5 billion dollars in 2020 from 35.5 billion dollars. As a result, the current account posted a deficit of 36.8 billion dollars in 2020 compared to 6.8 billion surplus a year earlier.

On the financial account, there was a net inflow of 8.0 billion dollars in 2020. Direct investment recorded a net inflow of 4.7 billion dollars while portfolio investments recorded net outflow of 5.5 billion dollars. Regarding the bond issues in international capital markets, banks and General Government realized net borrowing of 310 million dollars and 9.3 billion dollars respectively. Under other investments net inflow of 8.8 billion dollars was recorded. In light of these developments official reserves recorded 31.9 billion dollars net outflow.

As of third quarter of 2020, gross external debt stock has increased by 0.6% and reached to 435.1 billion dollars. The share of short term debt in total debt was 31% in this period.

Turkey has made substantial progress in diversifying export products and markets over the last decades. In 2020, manufacturing industry exports reached 159.8 billion dollars with a share of 94.3 per cent in total exports. Vehicles, textiles, machinery, electronics, iron and steel were the main export items in 2020. Turkey's main destinations for exports are European Union (41.3%), Near and Middle East (18.5%) and other European countries excluding EU (14.4%).

Turkey's intra-ECO trade amounted to 13.3 billion dollars in 2020 down from 16.2 billion dollars in 2019. Share of intra-ECO trade in Turkey's total trade stood at 3.4% in 2020. Iran ranked first in intra-ECO trade of Turkey with a share of 25.9% and followed by Azerbaijan (18.8%), Kazakhstan (16.3%) and Uzbekistan (16%).

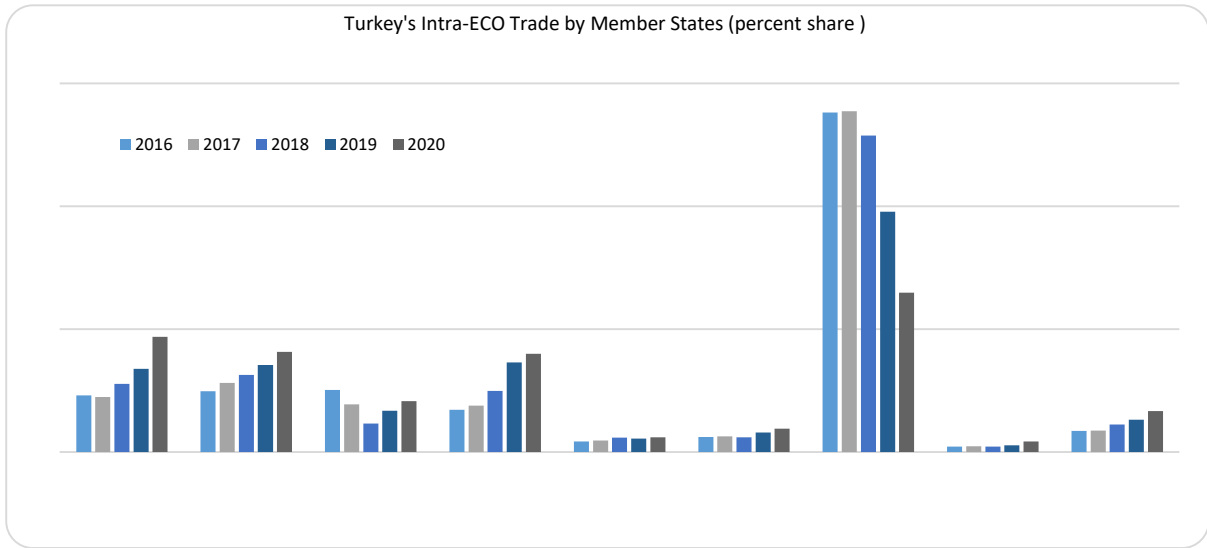
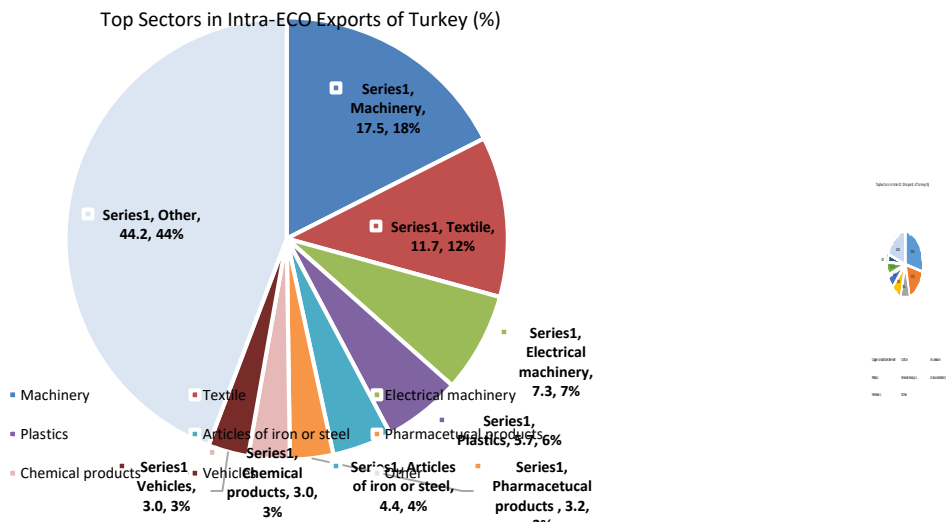


Figure 64

Source: TURKSTAT

Key intra-ECO export items by Turkey in 2020 include machinery, textile, plastics, articles of iron or steel and pharmaceutical products while intra-ECO imports of Turkey consist mainly of copper and articles, cotton, aluminum, plastics, mineral fuels and oil, zinc and fertilizers.



Source: TURKSTAT

## **Fiscal Policy**

Turkey has long been cautious about ensuring consistent financial discipline in the public finance area and fiscal balances are one of the strengths of the Turkish economy. General government revenues increased by 0.1 points to 33.1% of GDP in 2019. In the first half of the year, the contraction in national product, the decline in aggregate demand and developments in the exchange rate, combined with the tax cuts led to a 0.9 points decrease in tax revenues. General government expenditures increased by 0.8 points in 2019 and became 36.1% of GDP. During this period, the share of current expenditures in GDP increased by 0.7 points while the share of investment expenditures has decreased by 1.1 points.

The economic recovery in the first quarter of 2020 was interrupted by the pandemic, and this situation made it necessary to take important fiscal policy measures in terms of public revenues and expenditures. Within this scope, cash transfers were delivered to the families in need, tax liabilities and payments were deferred in sectors affected by the pandemic and, VAT reductions for certain sectors were provided. These discretionary policies led to decrease in certain revenue items and increase in current expenditures and transfers. In 2020, as a percentage of GDP, general government revenues are expected to decrease by 0.6 points while general government expenditures are expected to increase by 2.4 points and reach 38.6%.

In the field of taxation, policies and actions aimed at financing the public expenditures with healthy and continuous revenue sources have been implemented. Significant progress has been made in areas such as registering informal activities, expanding the tax base, increasing tax compliance, reviewing tax expenditures and making taxation services more efficient. In addition, taxation has been used as an effective tool for economic and social purposes. In order to combat the negative effects of the pandemic, tax benefits have been provided for the segments and sectors affected by the pandemic.

As of third quarter of 2020, General Government Debt Stock has increased by 53% on annual basis and reached to 2,018 billion TL. General government debt stock to GDP ratio was 42.6%. As of 2020, the Central Government's domestic and external debt stocks were 144.2 and 102.3 billion dollars, respectively. Domestic and external debt

services of the Central Government, increased by 82% and 0.15% on annual basis, respectively and reached to 289.7 billion TL and 10.9 billion dollars, respectively.

## **Financial Policy**

In 2020, in order to eliminate adverse effects of pandemic, monetary and financial measures were implemented and until the last quarter of 2020 an accommodative monetary policy was conducted. These precautions have stabilized the financial problems and credit channels of private sector and supported the economic growth. Reserve money to GDP ratio increased from 4.7% to 7.6% in 2020. Money supply to GDP ratios have also increased in 2020. M1/GDP ratio increased from 16.5% to 24.2%, M2/GDP ratio increased from 56.9% to 65.9% and M3/GDP ratio rose from 59.6% to 67.7%. As a result of the measures taken during pandemic period, TL loan volume increased by 599 billion from the beginning of the outbreak in Turkey (accepted as March 13) until the end of December. However, the rise in consumer loans declined sharply as the credit campaigns terminated in August 2020.

Albeit the adverse effects of pandemic, the measures taken to reduce volatility and to ensure business continuity and increased global risk appetite enabled the capital market to overcome the volatility in March. BIST 100 index increased by 64.7% in TL and 46.5% in USD in the April-December period of 2020; the ratio of market capitalization to GDP which was 25.7% in 2019 increased to 35.3% in the last quarter of 2020. Eight companies have been offered to the public, which is higher than 2019.

The Central Bank of Turkey (CBRT) decreased policy rate 300 basis points from 11.25% to 8.25%, from January to May 2020. The CBRT did not change its policy rate until September, but it took new liquidity measures. Therefore, weighted average funding cost of the CBRT increased from 7.76% as of July to 10.41% as of September. The policy rate has been increased 875 basis points after September and it reached to 17%. Weighted average funding cost of the CBRT also moved to 15.31%. TL deposit, commercial and consumer credit interest rates were 9.9%, 13.1% and 14.8% respectively at the beginning of 2020 and were 15.9%, 19.7% and 22% respectively at the end of the year.

In overall, Turkey's economy has been on the positive side of the growth. Given that Turkey has ever contributed the largest share to ECO's intra-regional trade, its share in 2020 has contracted mainly because of cross border closedowns. By volume, it

amounted to US\$13.3 billion in 2020 compared to US\$16.2 billion in 2019. The share of intra-ECO trade in Turkey's total trade stood at 3.4% in 2020.

## **Turkmenistan**



In the ECO region, Turkmenistan is among few oil and gas producer economies. As such it is self-sufficient in its economic path. The economy is also a transport hub providing mass rail, road and seaborne transportation and regional transit transport among the ECO countries.

Turkmenistan's economy, during 2020, has been observed as a well-diversified comprehensive economic system. Its main focus has been on revitalizing economic normalcy in the electric power industry, chemical and petrochemical industries, oil and gas production, oil refining industries, mechanical engineering and metal-processing, building materials' production, textiles and food industries.

Owing to the well-balanced and self-sufficient economic structure moving along its sustainable pace, the growth of Turkmenistan's GDP (current prices) reached 5.9 percent in 2020.

Contributing factors to such uplift have been the financial stability, the dynamics of growth in all economic sectors, including social sector.

At the back of global rollout of the coronavirus infection which has amassed further into the pandemic with subsequent economic lockdowns, Turkmenistan has managed, among a few countries of the ECO region, to succeed in retaining economic activity, which has remained largely undisturbed in Turkmenistan by spillover effects of covid-19.

An important factor in developing a firm resilience to global economic shocks has been the socio-economic stability in Turkmenistan.

Thus, the government has allocated TKM 240 billion Turkmenistan Manats for the period of up to 2024. Among the social sector-oriented support measures, during the pandemic in 2020, the 10 percent increase has been introduced in salaries, pensions, government benefits and student scholarships.



More specifically, by power of President’s Decree, the wages of employees of public sector institutions, self-sustained enterprises, pensions, state allowances and student scholarship fees have been significantly augmented.

Owing to the stable socio-economic background, Turkmenistan’s economy has been able to obtain an upward growth in its industrial sector by 3.3 percent compared to 2019.

Growth in trade has been essential at 15.1 percent in 2020 compared to 2019.

To improve terms of trade, Turkmenistan has made effort to have its consumer prices down from 13.3 percent in 2018 to low 7.6 percent annual average in 2020 (figure).

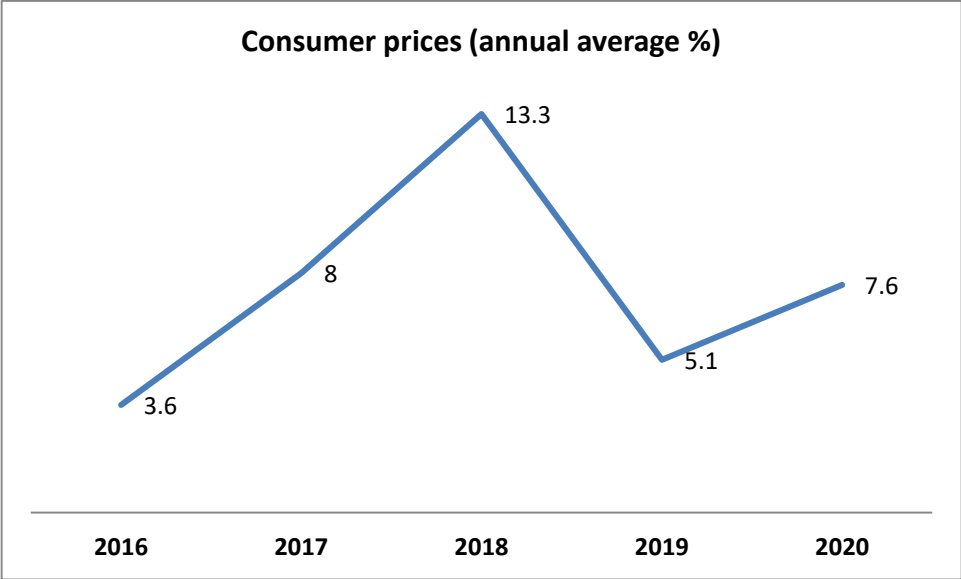


Figure 66: Consumer prices (a. ave change in percent) 2016-2020

The transport and communications sector has grown by 4.7 percent in 2020 compared to 2019.

During 2020, the “Program for Development of Foreign Economic Activity of Turkmenistan for 2020 – 2025” has been started.

Along this path, the “National Program of the President of Turkmenistan on the Transformation of Social Conditions of Villages, Townships, Cities of Etraps and Etrap Centers” has marked in 2020 the completion in its implementation.

Similarly, the “Program on the Enhancement of the Employment Sphere and the Creation of New Working Places for 2015-2020” has also been successfully implemented by the end of 2020.

Given Turkmenistan’s ongoing partnerships with over 100 world countries, the country has been on the path of further strengthening its financial accountability system. The latter system has been seen by government as a key lever of developing complementarity in investment activities. To that impact, Turkmenistan has significantly strengthened its ties with world’s lead financial and development institutions like the IMF, World Bank, WTO, European Bank for Reconstruction and Development (ERBD), ADB, IsDB and others. From that perspective, Turkmenistan has acquired the status of an observer in the WTO. All the above-described measures have created an enabling environment for Turkmenistan to essentially improve its trade and economic exchange at the ECO regional and at the global levels.

In 2020, Turkmenistan was elected to the two of the important United Nations’ bodies, notably, the UN Commission on Social Development for the period 2021-2025 and the UN Commission on Science and Technology for Development for 2021-2024. That has come as evidence of wide international support to Turkmenistan along its sustainable economic growth path, which has been on the rise in 2020.

During 2020, the pace of impressive economic reforms taking place inside the country has had its positive effect on economy’s swift recovery from the covid-19 pandemic. The implementation the framework of national and state-led programs that have resulted in 2020 in introducing into national economy the multifaceted economic diversification and high-tech innovations in the real sector economy have essentially contributed to economic stability during hardships of global pandemic.

Trade dynamics has positively impacted the overall growth in the economy in 2020. Throughout this period and previously, Turkmenistan has been pursuing the policy of diversifying of its foreign trade.

## **Transport**

In Transport, the October 30<sup>th</sup> statement by the Head of State/Government of Turkmenistan at the International Forum on Northern Economic Cooperation in Seoul

has reflected a vision on new plans and strategies for the development on the Eurasian continent. In this, the revival of Great Silk Road has been emphasized. Given Turkmenistan's favorable geo-political location which is between Europe and Asia, the country has been continually contributing to the implementation of international transport projects in Central Asia and in the Caspian. Thus, contribution of Turkmenistan to the Kazakhstan-Turkmenistan-Iran Railway project has been immense.

Turkmenistan is gradually becoming one of world's largest international transit and transport and telecommunications corridor providers. To that effect, transport and communications enable the novice social and economic conditions to people. The transport corridors serve to expand businesses and provide lively connectivities among Turkmenistan and its neighboring countries and interested countries.

Large-scale international transport projects initiated by President of Turkmenistan Gurbanguly Berdimuhamedov have been designed to impetus regional and interregional economic cooperation, including in ECO.

## **Energy**

In the energy sector, creation of a multivariate transport and pipeline infrastructures to bring Turkmenistan-generated energy resources to international energy markets has been the main vector development during 2020 and in previous years.

With involvement of the three ECO member countries, construction of gas pipelines along the Turkmenistan-Afghanistan-Pakistan-India (TAPI) route has been ongoing throughout 2020. The construction works have been in line with planned schedules concerning those in the Turkmenistan territory.

On August 31, 2020, the Memorandum of Understanding on land for implementation of the TAPI gas pipeline project has been signed in Kabul (Afghanistan).

In regard of scope of construction works between Turkmenistan and Afghanistan, on September 30, 2020, a set of documents designed to facilitate the implementation of joint infrastructure projects in these two neighbouring countries of ECO have been signed in Kabul (Afghanistan).

Construction of the TAPI gas pipeline, electric and fiber-optic communication lines, namely "Turkmenistan–Afghanistan–Pakistan" (TAP), and laying down railway tracks have been intensively pursued throughout the entire year of 2020.

The Turkmenistan-Uzbekistan-Kazakhstan-China (TUKC) gas pipeline has increased in length during 2020. Moreover, the marking of the 11<sup>th</sup> anniversary of the launch of this gas pipeline took place in December 2020.

The “Galkynysh” with 27 trillion cubic meters’ capacity is the largest in Turkmenistan compared to the “Yashlar” and “Garakyol” gas fields.

During 2020, over 40 wells have been in intensive operation. The combined area of these wells has hit the 4,000 square kilometers (sq.km) mark. The rate of gas flows in each has been measured at daily 2 million cubic meters, on average.

Ongoing have been the works for the construction of large industrial facilities that specialize in processing hydrocarbon raw materials. These have also included products related to petro-chemistry, gas/chemical and chemical industries as well as electricity.

## **Investment**

Investments have mainly been drawn for joint venturing in the energy sector. Turkmenistan has been implementing the projects that have been designed for European energy resources’ outlets.

Creation of new processing industries has been basing on hydrocarbon raw materials.

Turkmenistan’s energy network has links to Central Asia. By suing the latter links, Turkmenistan has been able in 2020 to export increasing volumes of electricity to Afghanistan, Iran, Turkey and Tajikistan, ECO member countries.

Turkmenistan’s energy landscape has been steadily increasing in 2020. Thus, new power generation plants and power lines have been built in 2020 and some are being built, whilst other existing energy facilities continue to modernize. By the end of 2024, it is expected that the total volumes of electricity generated in Turkmenistan would increase to reach 33 billion kilowatt-hours (kWh), in total.

## **Chemical and Petrochemical Industries**

Turkmenistan has long been in favor of an integrated use of resources of existing deposits. In this regard, it has offered regional partners to develop new deposits of chemical raw stock.

World's first ever plant for production of synthetic gasoline from natural gas has been commissioned in the Akhal velayat in June 2019. This industrial complex in petrochemical industry was included in the Guinness Book of Records as "World's first plant for production of gasoline from natural gas".

The plant has also been awarded Certificates of Innovative Technologies. In the years following 2020, a set of new gas and chemical complexes have been planned for construction in every of Turkmenistan's administrative regions. Such complexes will be for production of polyethylene and polypropylene, rubber and polystyrene, polyvinyl acetate and methanol.

### **Construction**

Added to large-scale construction projects in Turkmenistan that have been ongoing in the industrial, recreational and tourism sectors, one of those being the Avaza National Tourist Zone, the newly housing construction projects have been started in 2020.

In the period from 2019 to 2025, Turkmenistan is planning to build new and modernize the existing facilities in the area of education, healthcare, culture, residential buildings, and infrastructure. In pursuit of these objectives, the 19<sup>th</sup> International Exhibition "My White City of Ashgabat" in Turkmenistan was organized on May 25, 2020.

It has displayed the achievements of Turkmenistan in urban planning and infrastructure, architecture and the designs for future construction.

In 2020, a resort complex located on "Altyn Köl" (Golden Lake) coast, north of Ashgabat, has been commissioned. Along this path, the plans are currently to build multiple two-floor cottages with all type amenities including playgrounds, sports courts, outdoor swimming pools and water parks.

On November 10, 2020 a giant mega complex has been commissioned. The complex has been built as a contribution to the implementation of the 16<sup>th</sup> phase of the Ashgabat city upgradation.

Likewise, six of the 48-apartments and of the ten 72-apartments twelve-floor residential buildings have also been commissioned in 2020. These have been supplemented with new paved pathways stretching for over 5.5 kilometers in length.

The "Gül Zemin" mega mall has also been commissioned in 2020 thereby enabling local citizenry an access to one stop one shop trading center and entertainment services.

The Quarantine Center in the Ahal administrative region has been installed. Nurseries for dogs in the Balkan, Dashoguz, Lebap and Mary administrative regions and in Ashgabat are currently being built.

The construction of a large scale "Smart City", north of Ashgabat, has been ongoing throughout 2020.

Based on the above-described developments in the construction industry, the share of construction in GDP (current prices) over the seven years' period has been set to a further increase to 11.5 percent in 2020. In this regard, fixed assets capital amounted to TKM 229.3 billion.

## **Agriculture**

Turkmenistan's agro-industrial complex has met all outstanding needs of the country's population in food during 2020. It has been so designed for agricultural processing industry with inputs of raw materials from the country's administrative regions. During 2020, the aforementioned complex has been intensively increasing its productivity, commensurate to the strengthening of food security. Owing to this agro-industrial complex, Turkmenistan has obtained self-sufficiency in basic foodstuffs. High-quality agricultural products are being produced at this agro-industrial complex. Its products are competitive at external market. In turn, the economy has obtained full import substitution as regards the basic foodstuffs.

## **Textile industry**

Turkmenistan has come in ownership of over 60 textile complexes and enterprises. Those are equipped with most advanced and high-tech machinery. The estimated 80 percent of manufactured textile products have been exported to the EU, US, Canada, Russia, Turkey, Hungary, China, the Baltic countries and Ukraine.

In overall, Turkmenistan's economy has performed on the positive side of the growth trajectory in 2020. Essential contributions to such growth have come from the industrial sector, manufacturing, mining, petrochemical industry, agriculture and textiles. The positive growth of Turkmenistan's economy signifies the self-sufficiency of the country's economic model, which, at times of global economic shocks, remains on its firm footing sustaining its stability and upward growth.

## UZBEKISTAN



Uzbekistan's economy has opened to the ECO region as recent as 2019. Since then, it has actively been involved in major regional activities. Its success is linked to transport, industries and agriculture. Civil aviation is one of lead industries in the region after Turkey, Iran and Pakistan. That indicates at Uzbekistan's huge potential in tourism industry, part of the services sector. In transport, in general, Uzbekistan is in the ownership of well-diversified links with regard to the ADB-led project and programmes.

During 2020, Uzbekistan has first prioritized policy response to covid-19 pandemic. To that effect, the country is sharing its experience at policy making level with ECO member countries in regard of practices that have been during 2020.

Practical implementation of measures enabling expeditious policy response to minimizing the spillover effects of the covid-19 pandemic on people is being herewith shared as a description of Uzbekistan's economic performance during 2020.

Thus, the unprecedented measures have been taken to combat the spread of coronavirus infection, in particular, by introduction of restrictions on movement of people and suspension of enterprises.

That has caused a sharp decline in production and consumption in major economies, disruption of global production chains and trade relations, lower commodity prices and worsening global financial markets. The economy of Uzbekistan has also been affected by the afore-mentioned factors, which required the adoption of effective proactive measures to mitigate negative impacts. Particular attention has been paid to supporting and ensuring the pre-covid19 sustainability of rapidly developing sectors of the republic's economy like tourism, transport, pharmaceutical and textile industries.

In order to ensure macroeconomic stability, uninterrupted operation of industries and economic sectors, stimulate foreign economic activity, provide effective social support to the population during the period of counteracting the spread of coronavirus infection and other global risks, and preventing a sharp decline in the country's population incomes, the following swift measures have been undertaken in Uzbekistan:

- The Anti-Crisis Fund under the Ministry of Finance of the Republic of Uzbekistan (hereinafter - Anti-Crisis Fund) was established in the amount of 10 trillion Soums (nearly US\$ 988.8 million). The Anti-Crisis Fund's resources have been utilized to combat coronavirus infection, support entrepreneurship and employment, including infrastructure projects, ensuring sustainable functioning of economic sectors and increasing social support to the population.
- In view of the importance of the Republican Anti-Crisis Fund, the Uzbekistan's Prime Minister has led its activities. The Fund has been promptly resolving the challenges and laid down supplementary measures.<sup>1</sup>

Thus, by Decree № 5969 "On priority measures to mitigate the negative impact on the economy of the coronavirus pandemic and global crisis phenomena" dated March 20, 2020, the President of Republic of Uzbekistan has approved a set of measures to mitigate the negative spillover impacts of the coronavirus pandemic and of the global crisis on the national economy.

### **Real economy**

The GDP (current prices) has grown at 1.7 percent positive rate in 2020 compared to 2019 (figure).

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<sup>1</sup> <https://review.uz/ru/post/podderjka-biznesa-vo-vremya-pandemii-tablica-mer>



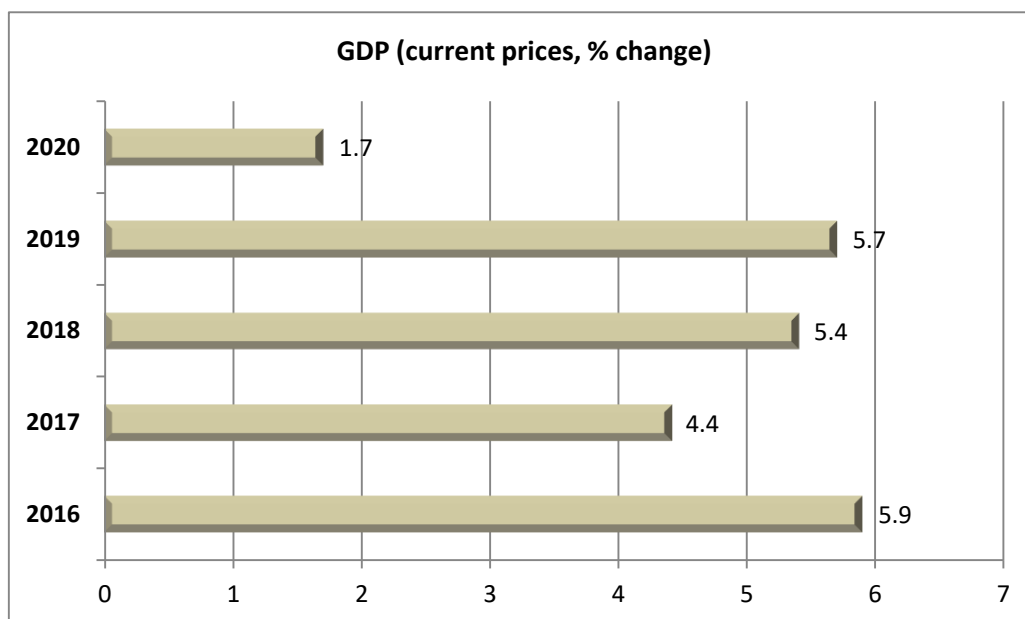


Figure 67: GDP (current prices) change in percent (%) 2016-2020

In the real sector economy of Uzbekistan, the following economic activities have been undertaken during 2020:

- Attraction of external borrowings up to US\$1 billion to support the public budget at the cost of soft loans from international financial institutions and other sources in order to ensure financing of Uzbekistan’s State Budget and the Anti-Crisis Fund.
- Initiation of additional infrastructure projects in the administrative regions of the country, financed from the funds of the Anti-Crisis Fund and providing for construction, reconstruction and repair- more than 3.6 trillion Soum (equivalent of US\$356 million).
- The capitalization of the State Fund for the Support of Entrepreneurship has increased, taking into account the need to expand the volume of provided guarantees to business entities and the compensation for recovery of interest expenses on loans

### Entrepreneurship support

During the period of April-October 2020, Uzbekistan has undertaken a wide range of measures in support of entrepreneurial activities and to help real sector economy in restoring its pre-covid19 normalcy. Such measures have been taken on as follows:

### **Public Sector Tax Administration**

- For self-employed entrepreneurs, the minimum social tax threshold has been cut down to 50 percent of monthly income tax.
- Deductions for wholesalers of alcoholic beverages has been reduced from 5 to 3 percent.
- Alcohol-containing products retail fees for caterers have been reduced by 25 percent of declared amounts.

### **Tourism**

In the period of April-July 2020, the tourist accrual payment tax has been suspended for temporary period.

### **Agriculture**

- Water Resources' Use Tax for irrigation of agricultural land has been reduced by 50 percent of previously set rates.
- Deadline for annual Individual Households Income Tax for the previous year of 2019 has been extended until August 1, 2020.
- Deadline for Property Tax and Land Tax of individuals has been extended til October 15, 2020.
- Starting from April 1, 2020, individual incomes in the form of material benefits granted by charity organizations have been fully exempted from taxation.
- During deployment of antiviral measures, the “Kengashes” people representatives of administrative districts and cities have been granted the 30 percent tax cuts of fixed amount of personal income tax for self-employed entrepreneurs whose activities directly or indirectly depended on the tourism sector.

- Extension via an “Installment Plan” has been granted to business entities for Property Tax, Land Tax and Use of Water Resources Tax at no interest for the duration of six (6) months.

### **Support to self-employed and small businesses**

- Suspension of penalties of business entities for overdue receivables from foreign trade operations.
- Suspension of Accrual Taxable Interest on Property Tax, Land Tax and Use of Water Resources Tax to business entities experiencing temporary difficulties.
- Enforcement of tax collection on debt has been waved off.
- Expansion of remote taxpayer servicing mode to avoid physical contact of taxpayers and tax authorities.
- Tax Audit has been suspended till January 1, 2021 enabling business entities to revert to economic normalcy. The exception in this provision has been for Tax Audit conducted in criminal cases and in connection with closure of a legal entity.

### **Export support**

The easing of doing business measures for entrepreneurs have included the following:

- Exports of goods with no guarantee payment with existing overdue receivables not exceeding 10 percent of the total amount of exports of goods for the reporting year.
- One time wave off for the imports of technology equipment and raw materials in exchange for repayment of overdue receivables from foreign trade operations.
  - The customs clearance mechanism for imports of food products has been introduced in an expeditious manner. Such mechanism involved early issuance of permits prior to the arrival of goods on Uzbekistan’s territory. The said measure has been activated starting from April 1, 2020.
  - Uzbekistan’s Commission for Development of Export Potential of Administrative Regions and Industries has been granted the right to independently make decisions in providing subsidies to compensate a defined portion of transport costs incurred by exporters. Such refund has been effected from resources of the Export Promotion Agency<sup>2</sup>.

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<sup>2</sup> <https://lex.uz/ru/docs/4770763>

## **President's Decree № 5978 (April 3, 2020)**

In the period of April 1 till December 31, 2020, the recovery measures of the economy have been envisaged as follows:

a) Tour operators, travel agents and tourism entities providing hotel services (accommodation services), and «Uzbekistan Airways» JSC and its structural divisions, as well as «Uzbekistan Airports» JSC and «Uzairnavigation Center» State Unitary Enterprise have been granted the following exemptions and easy terms of doing business:

- Exemption from paying Land Tax for legal entities and Property Tax for legal entities.
- Social Tax to be paid at a reduced rate of 1 percent.

b) Payers of Value Added Tax (turnover on sale of goods and services not exceeding 1 billion Soums (equivalent of US\$98.8 thousand) per month using electronic invoices, to be granted the the right to calculate and pay Value Added Tax on a quarterly basis.

c) Enforcement of the norm for applying accumulated Property Tax and Land Tax rates in relation to unused production areas, non-residential buildings, including those identified prior to April 1, 2020, as well as the interest and penalties for recovery of debts arising from the application of increased rates, to be suspended on certain taxes.

### **Support for active businesses**

- Calculation of a fixed amount of Personal Income Tax and Social Tax have been suspended for self-employed entrepreneurs who have been forced to halt their business activities for the period of quarantine measures without having to submit a certificate of state registration at notification of suspension of activities from State Tax Service via a personal taxpayer account.
- Granted the right to interest-free deferment (“Installment Plan”) of taxes for a period of April 1, 2020 up to October 1, 2020 at notification of tax authorities to micro-firms, small enterprises and self-employed entrepreneurs who have suspended business activities and/or whose revenues from sale of goods and services has been reduced by over 50 percent compared to the monthly average for the first quarter of 2020. By the Presidential Decree №5986 from April 27,

2020, the period of granting interest-free deferral (“Installment Plan”) has been extended until December 31, 2020.<sup>3</sup>

Till October 1, 2020, the **State Fund for Support of Development of Entrepreneurship** has been providing the following:

- Guarantee on loans issued to business entities with a positive credit history for working capital replenishment, up to 75 percent inclusive of the loan amount, but not more than 10 billion Soums (equivalent of US\$988.7 thousand), regardless of the number of projects;
- Compensation for interest expenses on loans issued to business entities in national currency for working capital replenishment with an interest rate not exceeding 1.75 times the basic rate of the Central Bank, while maintaining the established compensation amounts.

Among other measures to boost economic recovery during 2020, have been the following:

- Moratorium has been introduced up to October 1, 2020 to initiate bankruptcy procedures and declare bankruptcy of enterprises faced with financial difficulties due to restrictive measures introduced to counter the spread of coronavirus infection;
- Deadline for conducting an audit by end 2019 for business entities subject to a mandatory audit has been extended till October 1, 2020;
- Accrual and collection of rental payments for use of state property by business entities that have been forced to suspend their business activities for the period of the quarantine measures have been suspended;
- Income Tax payers have been granted the right to submit a certificate on the amount of advance payments on Income Tax starting from the second quarter of 2020 based on the estimated volume, with the abolition of the requirement of calculation based on the outcomes of the previous quarter.

**President’s Decree №5996 "On Next Measures to Support the Population and Entrepreneurship during the Coronavirus Pandemic"**<sup>4</sup> issued on May 18, 2020 has

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<sup>3</sup> <https://lex.uz/docs/4800007>

<sup>4</sup> <https://lex.uz/ru/docs/4815482>

envisaged the following measures along the path of sustaining economic activities during the covid-19 pandemic:

From June 1 till September 1, 2020 small businesses as well as markets and shopping malls, cinemas, public catering, public transport, legal entities carrying out activities for the carriage of passengers have been exempt from paying property tax and land tax domestic services, the provision of premises for rent, including for banquets, and sports and fitness facilities.

Small businesses have been provided with additional state support in the form of write-offs of amounts:

- Write-off of property tax and land tax payable for April and May, for which interest-free deferral (Installment Plan) has been provided in accordance with Presidential Decrees № 5969 of March 19 and №5978 of April 3, 2020;
- Write-offs of penalties and fines for land tax and property tax as of May 15; those were due on January 1, 2019.
- Right to apply a deferral of payment of customs duty and excise tax levied on the importation of goods, except for consumer goods for period up to July 1, 2020 with subsequent payment deferred amount in equal installments for 120 days.
- From May 1 to July 1, 2020 the social tax rate has been reduced from 12 to 1 percent.
- President's Decree has suspended collection of debts on taxes, penalties and accrued fines for violation of tax laws by micro-firms and small enterprises as of May 15, 2020.

President's Decree has envisaged providing additional state support in the form of providing by the State Fund for the Support of Entrepreneurial Activities of compensation for the following covered interest expenses:

- For investment loans released in national currency with an interest rate not exceeding 1.75 times the basic rate of the Central Bank in the first year of the loan agreement;
- On loans in the amount of up to 500 million Soums (equivalent of US\$49.5 thousand) issued before October 1, 2020, in national currency for working capital replenishment, in the amount of 10 percentage points for the duration of the loan agreement.

The consumer prices (annual average rate %) has increased considerably up to 12.9 percent in 2020 which compared to the developing countries average annual rates within the range of 5-6 percent has been high (figure).

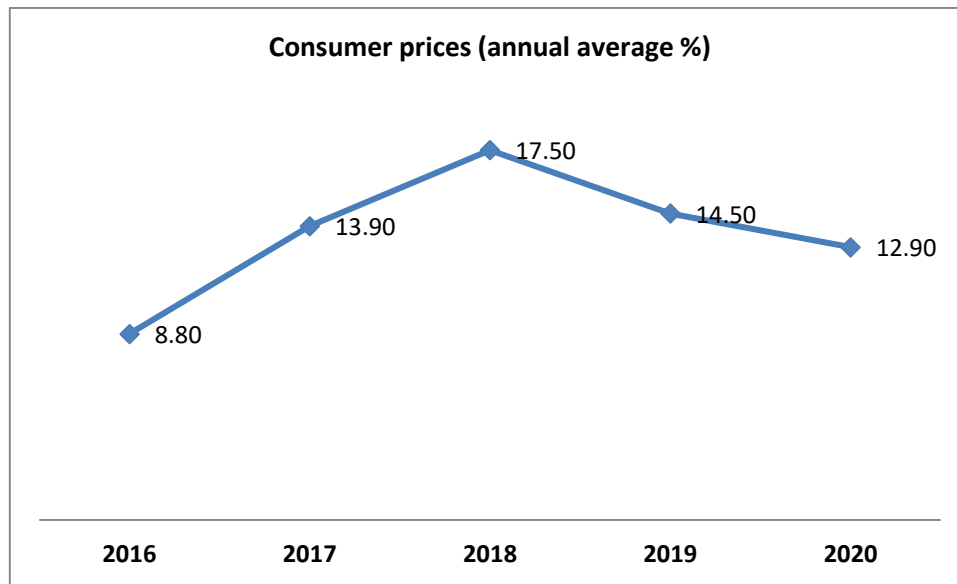


Figure 68: Consumer prices (a. ave (% change) 2016-2020

### **Transport sector as driving force in restoring economic normalcy**

Transport has been seen in 2020 as one of Uzbekistan's major levers of economic dynamics. As per Ms. Didora Ibragimova from Uzbekistan's Institute of Forecasting and Macroeconomic Research, passenger transportation by rail in the 1st quarter of 2020 decreased by 81%, and by air to 83.4 %. Carriage of passengers by road was 103.3% compared to the 1st quarter of 2019. Introduction of quarantine measures did not have an impact on a drop in traffic (Fig.1 of article). Since April 2020, sharp decline in passenger traffic by road has been sensible.

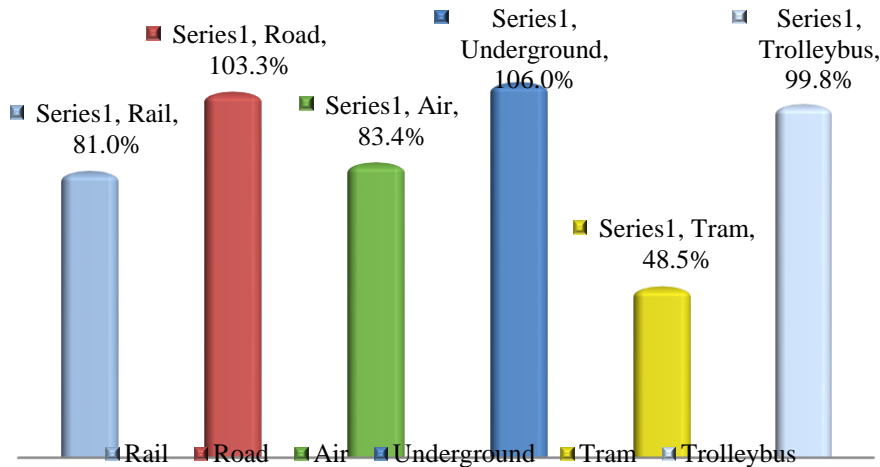


Figure 69

Source: State Committee of the Republic of Uzbekistan on Statistics

**Fig. 1 (of article): Rail passengers, 2020 (% change Q1 2020 vs. Q1 2019)**

As with low performance on roads due to covid-19 restrictions, the pandemic has not affected Uzbekistan's cargo. In this area, in order to ensure timely deliveries of goods and prevent foreign trade flows from lengthy storage, the government of the country has taken on decisive measures to re-orient passenger and cargo traffic to rail as well as multimodal transport, bypassing those countries with strong quarantine bans.

In the 1<sup>st</sup> quarter of 2020, a 35.5% decrease in traffic volumes has occurred due to restrictions combating the pandemic in air transport. In road transport, cargoes shipped by the 1<sup>st</sup> quarter of 2019 have further increased in volumes to 105.8% owing to increasing local transport deliveries. Moreover, 17.1 million tons of cargo have been dispatched from the country's railway stations, which amounted to 100.9% by Q1 2019. (Fig. 2).



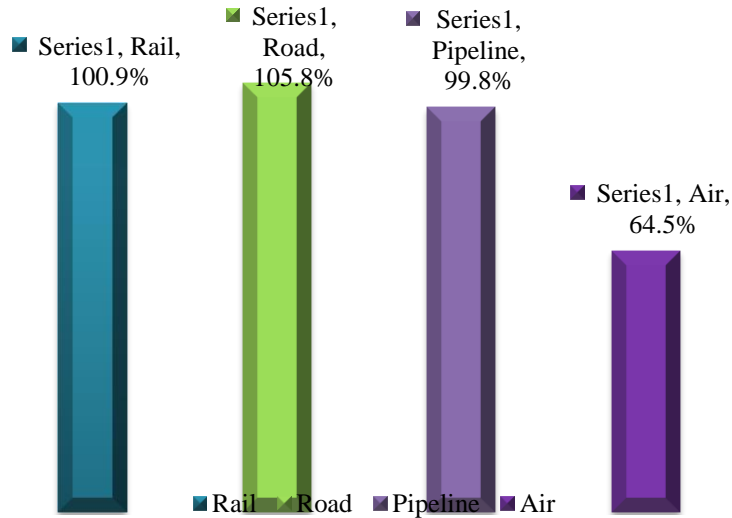


Figure 70 as in figure 2 of article

Source: State Committee of the Republic of Uzbekistan on Statistics

**Fig. 2 (of article): Rail cargo, 2020 (% change Q1 2020 vs. Q1 2019)**

If in the 1<sup>st</sup> quarter of year 2020, the indicators for export and import by air transport and road have seen growth when compared to the same period in the previous year, within April-May 2020, at the height of the quarantine period, those have dropped.

In rail transport, a tendency to increase railway freight volumes has been observed. That has been at the back of fast re-orientation of transport flows from road to rail and sea. Thus, in January-May 2020, transit cargo traffic has increased to 121.1%, export has accordingly rose to 114.3% compared to the corresponding period of 2019 (Fig. 3).

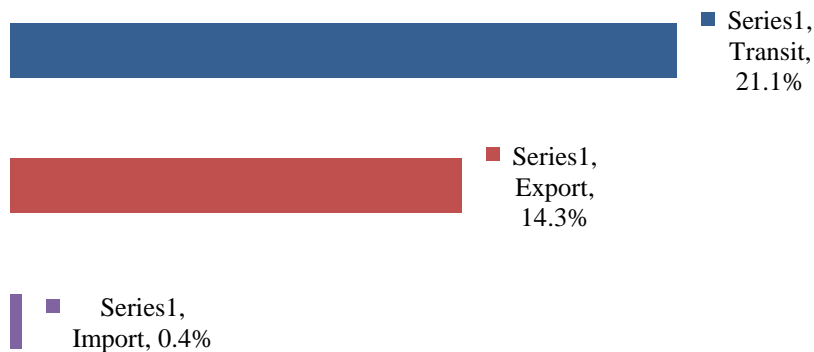


Figure 71 as in figure 3 of article

**Fig. 3 (of article): International rail transport, 2020 (% change vs. Jan-May 2019)**

In spite of covid-19 restrictions, Uzbekistan has been maintaining trade relations with most of its neighbouring countries. A number of problems in transport of goods and services to foreign countries, during the pandemic, have led to a drop in road freight volumes, as follows:

1. Some countries closed down their cross borders for vehicles;
2. In those countries with no restriction for road transport, the following situations have been observed: vehicles were departing from a country of origin with loads of export cargoes to a country of destination. Then, after arrival of a road vehicle to crossing border of a country of destination, the cargo has been taken over by local transport till destination buyer. A driver would then be moved to the quarantine zone for 2 weeks. Upon expiration of quarantine period, road truck would take a load of another passing cargo till destination i.e. to the country of origin. Thereupon, the truck driver goes anew through quarantine therefore wasting nearly one month of idle stay.
3. As a result of above-mentioned problems, truck drivers would increase their freight charges. That measure would affect competitiveness of the automotive services market.

Due to the current problems in road transport, it has been considered appropriate to implement a number of mitigating measures and mechanisms to eliminate road congestions, as follows:

1. A need is to increase road truck drivers' shifts per a road truck so that the latter is not idle while waiting in quarantine. This could have been done by hiring other drivers from a country of destination who have been quarantine cleared. After the arrival of replacement drivers in the destination country, another team is hired to export cargo from Uzbekistan.
2. To encourage road carriers all road tolls for all road vehicles, including tolls for tunnels and bridges, should be cancelled until the threat of COVID-19 be removed, following China's experience.
3. A non-stop and free mode for road trucks transporting medical supplies and personnel should be introduced. That may also be true to simplifying inspections of road vehicles based on the example of China.

Significant revenue loss has occurred in the country's air transport in 2020. In order to increase profitability, as well as to meet the demand of exporters, a re-orientation of the activities of air transport and continuation of the conversion of temporarily stored passenger aircraft to cargo aircraft should be undertaken, following the decision of the Board of Uzbekistan Airways JSC who has decided to re-furbish Boeing-767-300-ER in the Boeing cargo variant-767-300-PTC (passenger-to-cargo). Such step has been designed in 2020 to result in reducing the airline's unprofitability and increasing the volume of

traffic.

In overall, Uzbekistan's economy during 2020 has sustained its positive economic growth. The major contributors to economic stability of the economy have been, among others, small and medium enterprises (SME). These present a unique phenomenon of the rise of Uzbekistan's economy as their share in the country's GDP surpasses that of most ECO countries. By incentivizing the SME sector during the worst times of the global pandemic in 2020, the economy has succeeded in bringing back the pre-covid19 economic normalcy.

Note:

Statistical and economic indicators reflected in the present report through Tables and Figures (Charts) have been provided as inputs by National Statistical Offices and relevant authorities of the ECO Member States for economic research.

The open source indicators reflected in some selected figures have been marked in the report by source.

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## Technical Note and Statistical Appendix