



ECO Annual Economic Report 2021

Overall Economic Situation and Trade in ECO Area

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FOREWORD



It's a privilege to present the ECO Annual Economic Report 2021. In this Report, the emphasis is made on the overall regional economic situation and the latest trends in trade among the ECO Member States. The Report is developed in special consideration of the expressive views and inspirations of the ECO Heads of State/Government that they put forward during 14th and 15th Summits in March and November 2021, respectively. The document also reviews the progress made while moving forward to gain on the objectives and expected outcomes as envisaged in the ECO Vision 2025.

Against the backdrop of the COVID-19 pandemic that appeared to devastatingly affect all aspects of economic activity – an analysis of the current regional economic situation and latest trends in trade may facilitate the ECO Member States in identifying the most feasible areas of cooperation to be increasingly engaged in and mutually working on with enhanced economic activities for their joint development and growth.

This Report specifically reflects on the volume and structure of trade among the Member States, the growth rates over time, and the contribution of ECO in the world trade as well as shares of each individual ECO Member State in the intra-regional trade.

I am objective to say that this Report does not portray a complete image of trade and economic activities in the region. Relevantly, I look forward to the esteemed Member States to come up with their valued views and proposals that, I am confident, would further enrich and develop this informative economic outlook of our region.

While I consider this document to be collectively effective and useful, it will remain open for any adjustments and alterations based on the inputs, updates and guidance from the relevant agencies of the Member States.

Khusrav Noziri
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 all the 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 Secretariat 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

CHAPTER I: ECONOMIC SITUATION IN THE WORLAND ECO AREA

I. Trade, Investment and Inflation in the World and ECO Region in 2021

The year 2020 posed an unprecedented challenge to the world economy with the outbreak of the COVID-19 pandemic shrinking the global GDP by 6.7%¹ and bringing worldwide severe economic repercussions. Thanks to the massive vaccination program, the global economic recovery was witnessed in 2021 while the economic growth sustained largely with the revival of demand for goods and services. On the other hand, supply shortages with respect to the demand, increasing prices in energy & food, and disruptions in the supply chain triggered higher inflation in most of the economies, whereas, the widespread outbreak of Omicron variant in the second half of 2021 bore uncertainties about global economic growth in the ensuing period.

2. After the adverse effects of COVID-19 pandemic, the recovery of overall global GDP was projected by 4% on average¹ but actually the growth rate reported in 2022 stood at around 3.3%. The projections for subsequent recovery with a positive growth of 3.2% for the 2023-2025 periods are solely dependent upon the duration of the pandemic². Like global economy, the economies in the Economic Cooperation Organization (ECO) are projected to face similar trends. The projected GDP growth rates of most of the countries are in the negative trajectory.

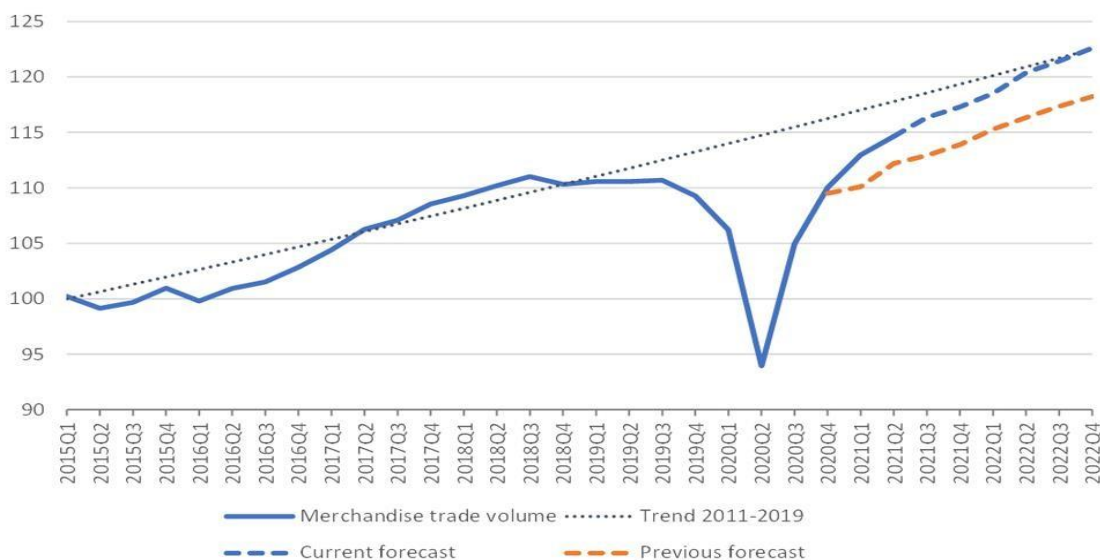
3. In the ECO region, the inflation rate is projected by IMF at 16% and 15.4% in the year 2022 and 2023, respectively. In economic terms, if we look at the global GDP of US\$ 96.1 trillion in 2021 with shares of countries as the US reported 23.8 per cent; China 18.4 per cent, Japan 5.1 per cent and Germany 4.3 per cent³; the ECO's total share of 1.86 per cent of the total world GDP (as a group of ten countries) is not commensurate to its genuine potential. Within the ECO region, the economies of Türkiye, Pakistan, Kazakhstan and Iran have dominated on account of population and economic size. In terms of GDP growth rates, Türkiye is leading with more than 11 per cent in 2021, followed by Tajikistan 9.2 per cent, Uzbekistan 7.4 per cent and Turkmenistan 6.2 per cent. While in relation to GDP Per Capita in 2021, Kazakhstan is leading (US\$ 10,041.5) followed by Türkiye (US\$ 9586.6), Turkmenistan (US\$ 7612) and Azerbaijan (US\$ 5384).

1. Estimated based on the IMF Data accessed at <https://www.imf.org/en/Publications/WEO/Issues/2022-economic-outlook-october>

2. World Economic Outlook 2021 and 2022 and IMF data accessed at the link <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october>.

3. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>.

4. Trade and Investment sector is a reflection of any economy that occupies central place in the ECO region too. As an ECO priority area, it can play crucial role in improving the economies of the Member States with increased intra-regional trade as well as expansion of trade flows to all other global regions. Trade has been a critical tool in combating the pandemic and the strong growth underscores how important trade will be in underpinning global economic recovery. The WTO is now predicting growth in global merchandise trade volume at 10.8% in 2021 - up from 8.0% forecasted earlier, followed by a 4.7% rise projected in 2022.⁵ The situation is more clear on a quarterly canvas as depicted in the following graph:



5. The world merchandise trade recorded a pandemic induced contraction from US\$ 19.425 trillion to US\$ 17.606 trillion at a rate of 9.3% in 2020 over 2019 (aggregate on a year-on-year basis). The world trade registered a rebound of 26.4% around in 2021 over 2020 and reached US\$ 22.265 trillion (aggregate on a year-on-year basis)⁶. The situation in the first quarter (Q1) of 2020 was particularly worse which improved in the second and third quarter of 2020. Due to geo-political conflict in Eastern Europe the economists are predicting looming economic recession in coming year, which can affect world trade adversely.

6. The share of the ECO in the global trade recorded a pandemic induced decline of 2.5% from US\$ 729 billion (2019) to US \$ 711 billion in 2020.⁴ However, it increased by 23% and reached at US\$ 927.8 billion in 2021⁵. The contribution of the region in world trade, at around 4.1 per cent in 2021, clearly falls below its commensurate potential with a share of more than 12% in world population and abundance of endowments in natural and human resource. The

⁵ https://www.wto.org/english/news_e/pres21_e/pr889_e.htm

⁶ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AF-AZ-IR-KZ-KG-PK-TJ-TR-TM-UZ>.⁹
ITC Web based tools, Trade map.

imports of the ECO region from world stood at USD 499.43 billion in 2021 and ECO exports to world were recorded at USD 428.41 billion in the same period. Major export destinations of the ECO region have been China (9.1%, US \$ 39.1 billion), followed by the EU countries like Italy (7.1%, \$30.8 billion), Germany (5.1%, US \$22.2 billion), USA (5.08 %, \$21.8 billion) and the UK (4.03% with \$17.3 billion). Major import sources of the ECO region have been China (16.7%, US \$ 83.5 billion) followed by Russian Federation (12 %, 60.1 billion), Germany (5.6 %, US\$ 28.2 billion), UAE (5.6 %, 28 Billion) and the US (3.92% with US \$ 19.6 billion)

7. The ECO intra-regional trade remained around US\$ 76.3 billion in 2021, with imports recorded at US \$ 35.5 billion and exports recorded at US\$ 40.8 billion. The reported intra-regional trade is only around 8.2 per cent of region's trade with the world. Within the ECO, the top exporting economies in 2020 were Türkiye, which accounted for over 50% of the total exports of the region followed by Kazakhstan and Pakistan according to the reported data (Source: WTO Trade map ITC web based tools).

8. The services sector is pivotal in providing inputs for other economic activities, including connecting supply chains, facilitating trade in goods through transportation channels, mobility of men and material etc. Any disruption in services supply has resulted in a broad economic disruption. The type and extent of effects on trade in services vary by sector and mode of supply.

9. The trade in services in ECO region was recorded at US\$ 152.97 billion in 2021 with services' exports to the world stood at US\$ 82.95 billion and imports from the world at US\$ 72.02 Billion. Türkiye, with exports figures of US\$ 58.13 billion accounted for more than 70% of the services exports in the ECO in 2021, followed by Pakistan (US\$ 6.4 billion, 7.7%). In 2021, Transport services accounted for 44.7 % share in services' exports with US \$ 37.1 billion, followed by Travel services (27.2 %, US\$ 22.9 billion) and telecommunication (6.7%, US\$ 5.6 billion). Two major sectors i.e. tourism and transport services, suffered adversely due to Pandemic in 2020 in the wake of social distancing and lockdowns restricting domestic and cross-border mobility of goods and services, jeopardizing travel, tourism and hospitality sector. The supply chains across the globe were disrupted compromising supply of essential goods. Nevertheless, the crisis spotlighted the importance of cross-border supply mode (Mode.1 of GATS) in telecommunications and computer services. The use of ICT services in trade through e-commerce and digital trade and communication has seen a revolution with virtual exhibitions/ fairs, tele-health services virtual education etc.

10. The effects and recovery on different modes of service supply are explained below:

- a) Trade in services that involves proximity between suppliers and consumers has been severely impeded. GATS mode 2 consumption abroad (supply in the context of the movement of consumers abroad) and mode 4 natural persons (involving the temporary movement of natural persons) have been largely paralyzed in 2020 but restored, somewhat, in 2021.
- b) The crisis is leading to a greater focus on online mode of supply in many new sectors such as retail, health, education, food and audiovisual services. The suppliers are accelerating efforts to expand their online operations and the consumers are expressing more interest in online shopping, which has contributed to a long-term shift towards paperless/cross-border trade and E-Commerce. In the future, increased supply of services through digital networks could increase trade through mode 1 (cross-border supply).
- c) The increased use of online (mode-1) services during the pandemic has reflected pronounced disparities in north-south 'digital divide' in technology. The access to digital platforms varies from country to country, based on their relative digital profile, technological advancement and status of development. The demand of companies for access with broadband connectivity increased manifold for businesses during the Pandemic and the operators in developed and developing countries alike; have been forced to suspend data limits and boost data capacity to meet the growing demand for increased band width.

11. Services sectors, and the creation of conditions conducive to trade in services have been pivotal to economic recovery from the pandemic induced slump. Global trade in services had registered a decline of (-) 7.3% in the first quarter (Q1) of 2020 and (-) 28.5% in the second quarter (Q2) on a year-on-year basis. The hardest hit sector had been travel services, which registered a decline of (-) 26.2% in Q1 and (-) 81.4% in Q2 of 2020. In the ECO region, exports in services sector reported a decline of 24.41 % in Q1 and Q2 of 2020 compared with corresponding period in 2019, in six reporting ECO Members.

12. FDI remains the most important source of external finance for developing countries according to UNCTAD. The Global FDI stock stood at \$37 trillion at the end of 2020. Global foreign direct investment (FDI) flows fell 49% in the first half of 2020 compared to 2019, due to the economic fallout from Pandemic. In the wake of the pandemic, lockdowns around the world slowed existing investment projects and the prospects of a deep recession led multinational enterprises to reassess new projects. According to the report by

UNCTAD, developed economies saw the biggest fall, with FDI reaching an estimated US \$ 98 billion in the six-month period – a decline of 75% compared to 2019. (Data for 2021 will be included on publication by ITC). The ECO countries received foreign direct investment (FDI) of about US\$ 32 billion in 2019, making up 1.95% of total global FDI in 2019 compared with 1.87% five years ago.

13. The inflow of Foreign Direct Investments (FDI) to the ECO countries reached their peak at US\$ 21.4 billion in 2021 against US\$ 18 billion in 2020⁶. As seen in table below, the ECO countries' performance on FDI indicates the need to have a regional financial architecture to streamline investment inward/outward flows for the health of financial systems of each of individual countries. FDI Flows (million US\$) 2014-2019:

Name	Inward						Outward					
	2017	2018	2019	2020	2021	2022	2017	2018	2019	2020	2021	2022
Afghanistan	53	119	39	13	21	N.A	11	41	26	37	31	N.A
Azerbaijan	2867	1403	1504	507	-1707	N.A	2564	1761	2432	825	77	N.A
Iran	51019	2373	1508	1342	1425	N.A	76	75	85	78	81	N.A
Kazakhstan	4669	3757	3118	3675	3172	N.A	913	-	-2592	-2155	1468	N.A
Kyrgyzstan	222	139	209	-401	247	N.A	-29	-5	3	2	3	N.A
Pakistan	2496	1737	2218	2057	2102	N.A	52	-21	-7	-45	242	N.A
Tajikistan	307	360	213	106	84	N.A	159	822	23	70	48	N.A
Türkiye	11020	12981	8434	7821	12530	N.A	2662	3607	2841	3229	4979	N.A
Turkmenistan	2086	1985	2166	1169	1452	N.A	-	-	-	N.A	N.A	N.A
Uzbekistan	1798	625	2286	1726	2044	N.A	9	2	3	2	3	N.A

Source: UNCTAD's data 2020

14. The pandemic has increased the urgency to rethink strategies to strengthen local and regional productive capacities amid intensified competition for attraction of FDI in the context of staggering global flows. On investment regulatory Regional Framework, it is pleasing to note that the *ECO Agreement on Promotion and Protection of Investment (APPI)* has been made operational in 2022 with ratification by four ECO Member States, which is expected to increase the confidence of investors and traders and positively affect their decision to come and invest/ trade in the region.

15. The sphinx of Pandemic has revealed inevitability of supply side integration to meet the aggregate consumer demand in global and regional markets alike, leading to emphasis on Regional Supply/Value Integration (RS/VCs). With a renewed global focus on 'regionalism' for economic growth, the ECO region can play a substantial role in socio-economic development of its

6. UNCTAD's World Investment Report-2020

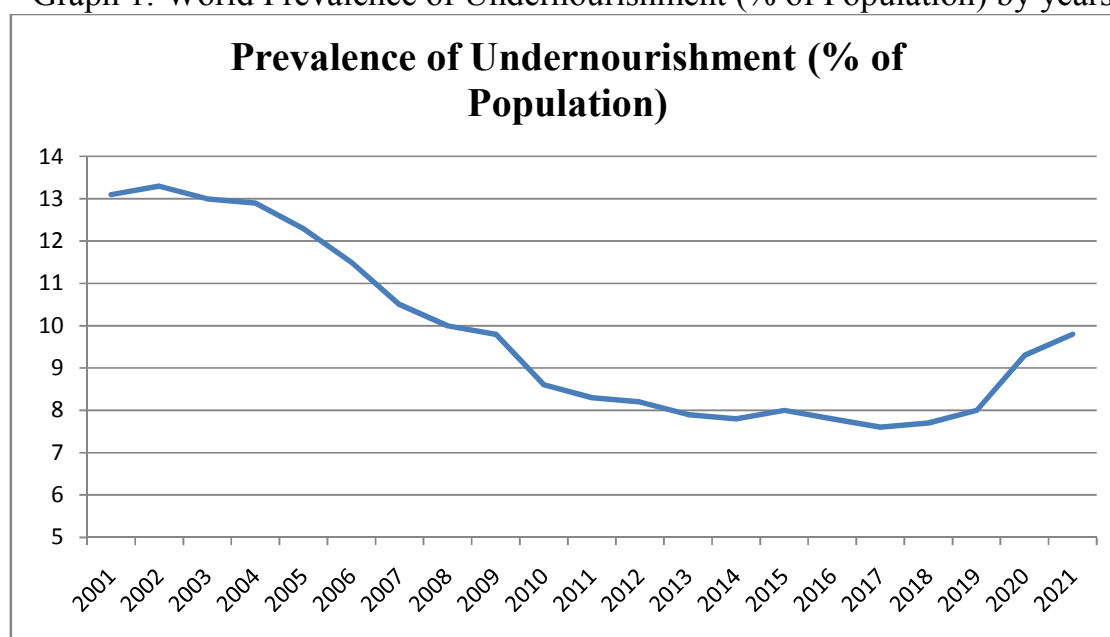
people through collective responses to shared challenges such as the digital trade, regional supply chains, harmonization of policies and procedures, greater connectivity etc.

II. Agriculture and Industry in the World and ECO area in 2021

(i) Agriculture

16. In the last ten years, the frequency and intensity of conflict, climate variability and extremes, and economic slowdowns and downturns have increased significantly. The increased occurrence of these major drivers, exacerbated by the COVID-19 Pandemic, has led to a rise in hunger and has undermined progress in reducing all forms of malnutrition, particularly in low- and middle-income countries. Economic downturns in 2021, including those resulting from COVID-19 containment measures, contributed to one of the largest increases in hunger in countries. When economic downturns occurred along with other drivers, particularly climate-related disasters, conflict, or a combination of both, the largest increases in the prevalence of undernourishment (PoU) occurred in the world.

Graph 1: World Prevalence of Undernourishment (% of Population) by years



Source:

<https://data.worldbank.org/share/widget?end=2020&indicators=SN.ITK.DEFC.ZS&start=2001&view=chart>
width='450' height='300' frameBorder='0' scrolling='no' ></I frame>

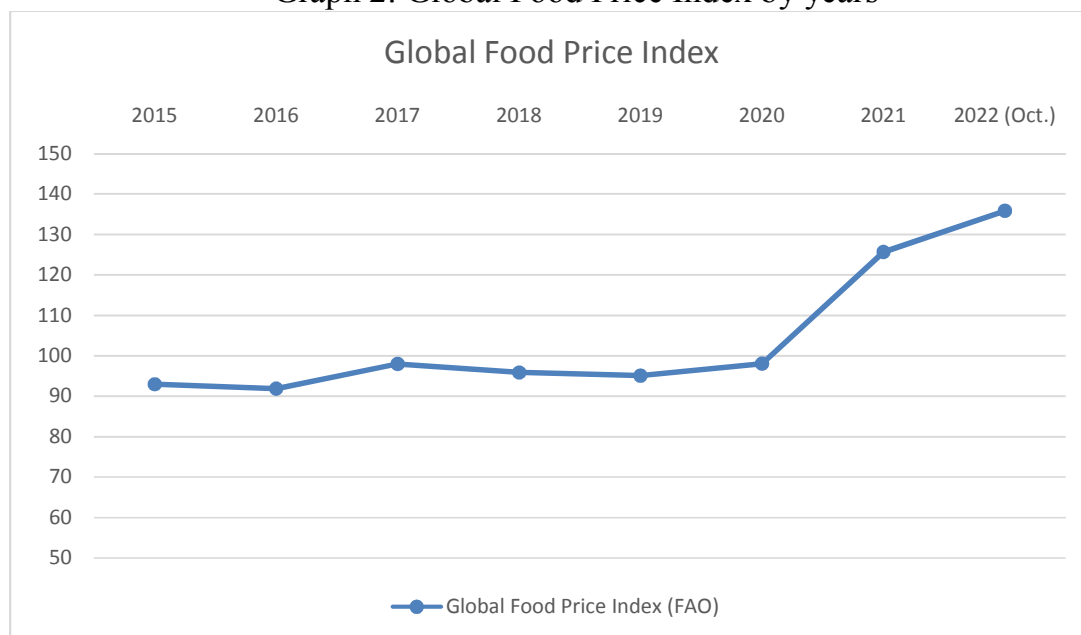
17. Despite hopes that the world would emerge from the COVID-19 pandemic in 2021 and food security would begin to improve, world hunger rose further in 2021. After remaining relatively unchanged since 2015, the prevalence of undernourishment (PoU) jumped from 8.0 to 9.3 percent from

2019 to 2020 and rose at a slower pace in 2021 to 9.8 percent (see the Graph 1). It is estimated that between 702 and 828 million people were affected by hunger in 2021. The number has grown by about 150 million since the outbreak of the COVID-19 pandemic.

18. The further increase in global hunger in 2021 reflects exacerbated inequalities across and within countries due to an unequal pattern of economic recovery among countries and unrecovered income losses among those most affected by the COVID-19 pandemic, all in a context of diminishing social protection measures that had been implemented in 2020. Accordingly, in 2021, hunger affected 278 million people in Africa, 425 million in Asia and 56.5 million in Latin America and the Caribbean –respectively 20.2, 9.1 and 8.6 percent of the population. Therefore, after Africa, most of the world’s undernourished people lived in Asia in 2021.

19. The effects of the COVID-19 pandemic have destabilized social and economic sectors worldwide with devastating adverse effects. Imposed health measures, such as travel restrictions, border closures, social distancing and lockdowns severely disrupted income-generation activities and slowed the flow of food and agricultural production to markets. Large quantities of perishable food were lost due to logistical challenges facing affecting value chains and markets, with particularly severe impacts on smallholders. Food and agricultural production and next-season farming preparations also were disrupted due to the scarcity of imported external production inputs. Food safety and quality, especially of animal-based foods, was compromised by the reduction in food hygiene inspections linked to lockdown measures, which in turn led to scarcity and high increase in food price (see the Graph 2) in markets.

Graph 2: Global Food Price Index by years

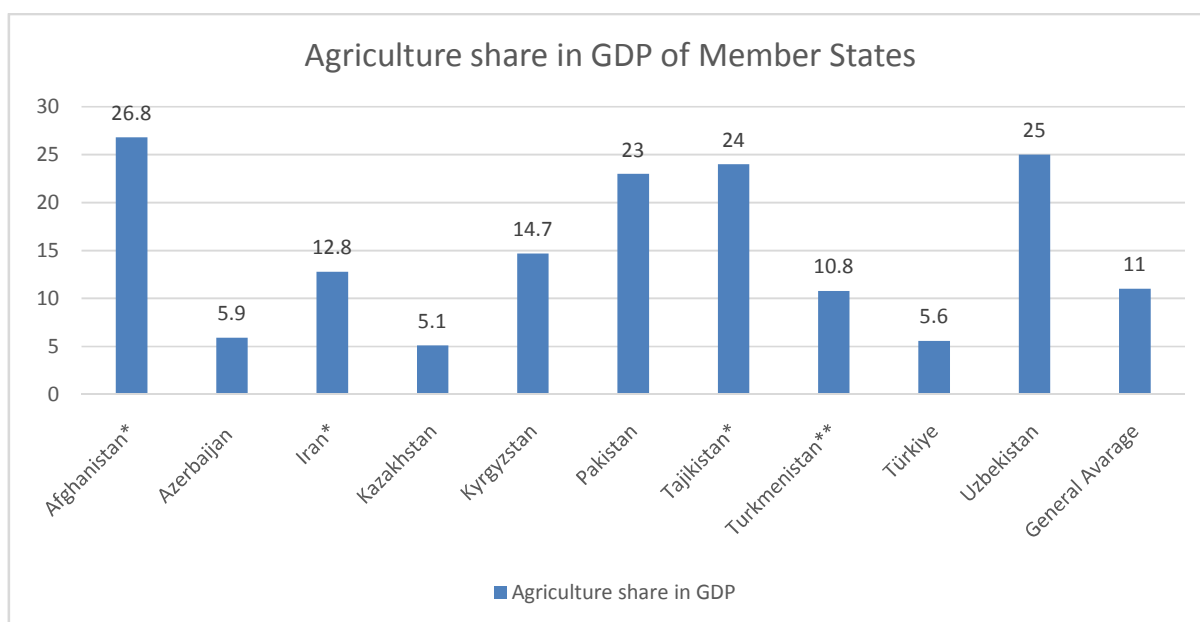


Source:

<https://www.fao.org/worldfoodsituation/foodpricesindex/en/#:~:text=%C2%BB%20The%20FAO%20Food%20Price%20Index,%2C%20dairy%2C%20meat%20and%20sugar.>

20. About half of the total population of the ECO Region lives in rural areas and about one third is employed in agriculture; therefore agriculture is main sector for increasing the national income as well as for decreasing the poverty and income distribution gap in this region. As an organization which is composing of mainly developing countries, economic outlook of ECO region is changing towards more industrialized and service sector dominated. In accordance with this outlook, agriculture sector's share tends to decline in Member States' GDPs. However, it still constitutes a significant part of the economy of region and moreover, it is the basic source of income for the ones who lives in rural areas. While the share of agriculture sector in GDP of ECO member countries varies between 5,1% and 26,8%, the share of total agriculture in total GDP of our region is 11%. Moreover for 4 member countries agriculture constitutes more than 20% of the GDP (see Graph 3). Due to this fact, the agricultural development is considered one of the most powerful approaches to end acute poverty and boost shared prosperity.

Graph 3: Agriculture Share in GDP of ECO Member States



Note: * 2020, ** 2019, all other date belongs to 2021.

Source: <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=AZ>

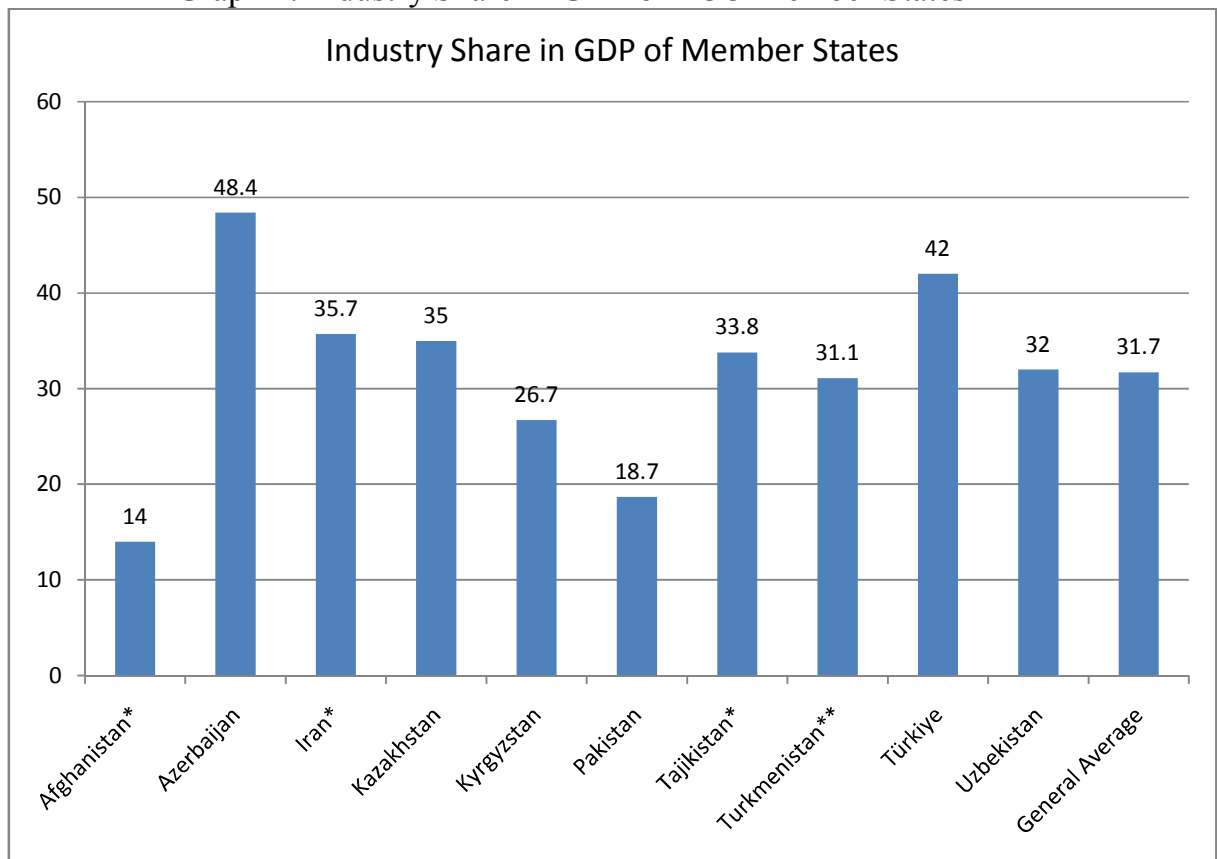
21. Furthermore, according to latest statistics, inhabitants of ECO region with travels and migrations is more than 480 million, while population growth rate in our region is more than the world's average which may increase more than ten percent. The governments of Member states have to deal with not only to secure their citizens nutrition needs but also feed the tourists and emigrants. Taking into consideration the increase in the world population and the need for high

quality food, developing agriculture sector and decreasing the number of undernourished people became main concerns. No country has enough sources to confront these challenges by itself, therefore there is a strong need to find global and regional solutions to overcome the existing problems in the field of agriculture and food security, especially in the pandemic and post-pandemic era, as it has a deep impact on the livelihoods of people.

(ii) Industry

22. Industry is one of the main drivers which bring nations to more prosperous and sustainable futures. ECO Member Countries are at varying degrees of industrialization (see Graph 4). The extent of industrial and technological development particularly in the hi-tech arena is very limited thus requiring particular attention. Prevalence of natural and economic human resource is among the advantages that makes investment in industries affordable and cost-effective. The COVID-19 Pandemic has shaken the world unlike any other crisis in recent history. It simultaneously triggered supply-side and demand-side effects that drastically slowed the economic activity of countries. In this regards, the world gross domestic product (GDP) fell by 3.3 percent in 2020, the deepest global recession in 70 years. The sudden stop in economic activity led to an estimated loss of 255 million full-time employment jobs.

Graph 4: Industry Share in GDP of ECO Member States



Note: * 2020, ** 2019, all other date belongs to 2021.
Source: <https://data.worldbank.org/indicator/NV.IND.TOTL.ZS>

23. Small and Medium Enterprises (SMEs): SMEs play a major role in most economies, particularly in developing countries. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included. According to estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs.

24. Access to finance is a key constraint to SME growth; it is the most cited obstacle facing SMEs to grow their businesses in emerging markets and developing countries. The International Finance Corporation (IFC) estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of \$5.2 trillion every year, which is equivalent to 1.4 times the current level of the global MSME lending. East Asia and Pacific accounts for the largest share (46%) of the total global finance gap and is followed by Latin America and the Caribbean (23%) and Europe and Central Asia (15%). About half of formal SMEs don't have access to formal credit. The financing gap is even larger when micro and informal enterprises are taken into account.

25. It is widely accepted that *technology* is the key driver of economic growth of countries and regions. Technological progress allows for the more efficient production of more and better goods and services, which is what prosperity depends on. In this regards, the ECO focused on usage of nanotechnology in the ECO textile and garment sector. The basic idea behind this, was to mull over the benefits of nanotechnology which is a growing interdisciplinary technology often seen as a new industrial revolution, offering a novel means of processing fabrics for the transformation of clothing industry. Furthermore, The ECO Vision 2025 has envisioned the strategic objective of achieving long-term high-level growth, knowledge and information based production through increased contribution of research and development (R&D), entrepreneurship, involvement of private sector, increased women participation and SMEs for the Region. The data indicates that the ECO Member States (except Tajikistan and Turkmenistan, which the data is not available) have the capacity to export textiles and garments to the world worth of US\$ Billion 44.9 (44,903,288,000/-) which includes US\$ 2.43 Billion (2,437,856,100) to the ECO countries itself and 42.46 Billion (42,465,432,000/-) to the outside of ECO region. The ECO

Member States also imports an aggregated amount of US\$ 19.4 Billion (19,441,303,700/-) which includes US\$ 2.08 Billion (2,086,167,800/-) from the ECO countries and US\$ 17.35 Billion (17,355,135,900/-) from the other countries.⁷

III. Tourism in ECO area

26. The ECO Region is well-known for its natural beauty, as well as diversity of its historical-cultural heritage, echoing the memoirs of the ancient Silk Road and home to 74 UNESCO registered World Heritage Sites. The Member Countries have a lot more to offer in terms of culture, pilgrimage, ecotourism, health and wellness, gastronomy and other types of tourism, all of which could target tourists from different parts of the world. Taking these objectives in mind, tourism sector was placed among one of the ECO's important areas of interest, prioritized for development under the ECO Vision 2025.

27. Unfortunately, tourism sector has remained one of the hardest hit industries by the COVID-19 pandemic. The estimations made by the ECO Secretariat indicate that the tourist arrivals to the region shrank by 73% in 2020 and the tourism receipts decreased by 67%. While the regional tourism experienced a mild upturn in 2021 with tourist arrivals increasing around 50% compared to 2020 when the global widespread use of vaccines boosted hopes for recovery though it was still below the 2019 levels.

28. As the ECO Member States continue to look forward to coming out of the yolk of the pandemic, the 4th Ministerial Meeting on Tourism to be held in 2022 is expected to play an important role for discovering some fresh ways and means to attract tourists to the region. The meeting is going to adopt Samarkand Declaration and Road Map on Facilitating Accelerated Recovery, Safe and Sustainable Development of Tourism after COVID-19 in the ECO Region as a post-COVID general framework for cooperation among the Member States.

29. The ECO continued the ECO Tourism Capitals tradition which was initiated with Dushanbe, the capital of Tajikistan in 2021. The events related to proclamation of Sari as the ECO Tourism Capital for 2022 are scheduled to be held on May 2022 in Sari, Mazandaran province of Iran. Ardabil in the Islamic Republic of Iran will be declared as the ECO Tourism Capital for the next year.

30. The ECO Tour Operators' Network was established as an outcome of the 1st Forum of the ECO Heads of Tourism Associations held on 20 June 2022. Nowadays the Network unites 242 tour operators and tourism agencies from Azerbaijan, Iran, Pakistan, Tajikistan, Türkiye, Turkmenistan and Uzbekistan. It

⁷All the data (2018) have been taken from World Integrated Trade Solution (WITS) software of World Bank available at <https://wits.worldbank.org>

is a platform for sharing and refining ideas on actions, as well as a mechanism for acting together with a collective voice to promote the region through preparation of joint regional tour packages to attract the intending travellers/tourists towards various areas of tourism that could benefit all partners in tourism destinations.

CHAPTER II: ECONOMIC SITUATION IN ECOMEMBER STATES AND TRADE IN ECO AREA IN 2021

31. In this part of the Report the emphasis was made on highlighting the trade among the ECO Member States pursuant to the aspirations and priorities of the participating countries expressed at the 14th and 15th summits of ECO heads of state and government that took place in 2021 as well as in line with the goals and objectives enshrined in the ECO Vision 2025.

32. The Report pays attention to the volume and structure of trade among the Member States as well as share of ECO in the overall trade of an individual ECO MemberState.

33. Obviously, this Report cannot draw the full picture of the trade and economic activity in the region and therefore the colleagues from the Member States are invited to kindly contribute to the exchange of views and information in this regard.

34. The Report is open to adjustments and alterations in line with the up-to-date data from the relevant agencies of the Member States as well as taking into account their approaches and methods in conducting accounts and statistics.

35. In 2021, the World Trade in Goods reached 22.2 trillion USD, from 17.5 trillion USD in 2020. The share of ECO region in this was recorded at 928 billion USD -up from 711 billion USD in 2020. In 2021, imports of the ECO region from world stood at 500 billion USD while ECO exports to world were recorded at 428 billion USD. This volume represents 4.1 per cent of total world trade in goods. On the other hand, our intra-regional trade was recorded at 76 billion USD in 2021, which is 8.2 per cent of the region's total trade with restof the world.

36. In light of these figures, and also keeping in mind that the ECO region is strategically located on important trade routes, we believe that there is ample room for further improving our shares in trade. Therefore, the Organization has remained focused on trade expansion through tariff reduction, trade facilitation, financial sector reforms and investment promotion through some important projects.

	2020	2021
ECO exports to world	314.4 bln\$	434.4 bln\$
ECO imports from world	391.8 bln\$	495.8 bln\$
ECO trade with world	706.2 bln\$	930.2 bln\$
Bilateral trade among the ECO Member-States		76.0 bln\$

37. The attention needs to be drawn to the differences in the official calculations of the bilateral trade statistics. For example, the official statistics of Türkiye for bilateral trade with Kazakhstan in 2021 is \$2,883 mln, whereas the official statistics of Kazakhstan for the bilateral trade with Türkiye is \$4,111 mln.

38. The country reports on overall economic situation and trade of ECO Member States are as under:

I. Azerbaijan

Azerbaijan	2021
Population	10.2 mln
GDP nominal	75 bln\$
Inflation	6.7%
Currency exchange rate	AZN1.69/1USD

39. In 2021 Azerbaijan's GDP grew by 5.6%, industrial sector – 5%, agriculture, forestry and fishing products – 3.4%.

40. Azerbaijan's external trade in 2021 equalled to \$34 bln, among which exports were \$22.2 bln, imports were \$11.7 bln. Azerbaijan exports chemicals, machinery, food (particularly grapes and other fruits and vegetables), beverages, petroleum and natural gas, iron and steel, nonferrous metals, and other products; its imports include iron and steel, machinery, wheat, food and beverages, meat, dairy products.

41. Azerbaijan's strategic currency reserves exceed \$53 billion.

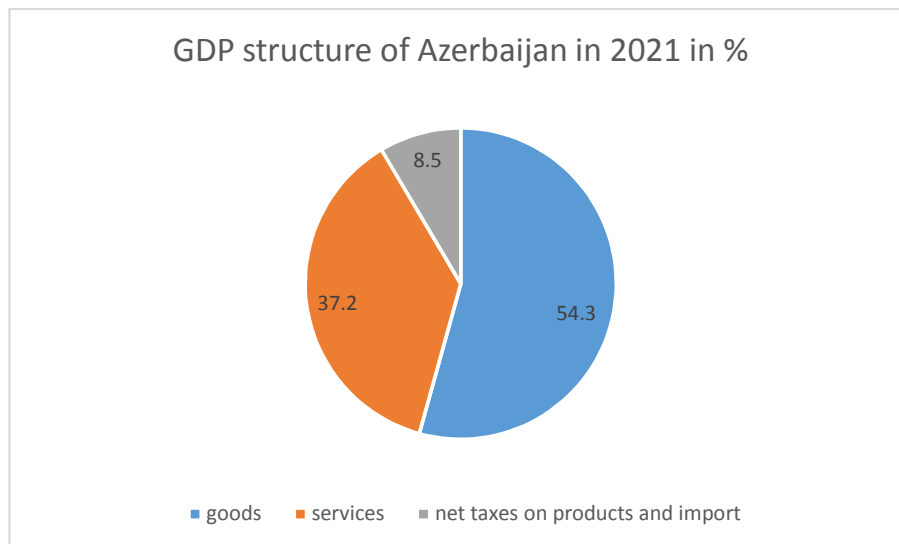
42. The increase of the minimum wage from AZN 250 to AZN 300 from January 1, 2022, is important in terms of minimizing the impact of inflation on the population's welfare.

43. Azerbaijan's bilateral trade with ECO countries in 2021 equalled to \$5 bln 491 mln and share of ECO countries in foreign trade turnover was 16%.

	Exports to	Imports from	TOTAL:
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Afghanistan	6.5M	0.076M	6.5M
Iran	43.2M	397.5M	441.0M
Kazakhstan	40.0M	95.9M	135.8M
Kyrgyzstan	6.0M	3.0M	9.0M
Pakistan	0.74M	11.0M	12.0M
Tajikistan	7.3M	0.2M	7.5M
Türkiye	2818M	1844M	4662.0M
Turkmenistan	34.3M	70.7M	105.0M
Uzbekistan	33.5M	78.4M	112.0M
TOTAL:			5490.8M

44. Notwithstanding the continuation of pandemic-related negative consequences, the scaling up of vaccination process, entrepreneurial support, a relatively favourable state of the global economy, and loosened quarantine restrictions contributed to economic recovery in 2021 in Azerbaijan leading to a growth in oil as well as the non-oil sector of the economy. The recovery has been stronger than expected on the back of rising oil and gas prices. GDP growth accelerated to 4.8 percent year-on-year in the period January to September 2021 (EBRD, 2021), particularly by a non-oil sector. Foreign economic activities of Azerbaijan were being developed with the increasing rate of crude oil price and expansion of non-oil exports to the trade partners owing to the economic upswing in them. Foreign trade turnover in the previous year accounted for 33.9 billion US dollars. The nation's trade surplus reached the value of 10.5 bln US dollars surging 3,5 times compared to 2020 and among the ECO countries Türkiye and Iran was among the top trading partners, whereas bilateral trade with Kazakhstan, Uzbekistan and Turkmenistan exceeded USD100 mln. The year 2021 is accompanied by a 61.6% and 46.6% increase in total exports and non-oil exports respectively. It is noteworthy to mention that in 2021 non-oil exports amounted to the record level of 2,7 billion US dollars exceeding the pre-pandemic level. Exports more than tripled year on year in December 2021. Imports also rose by 24% year on year in December further stimulated by an increase in domestic demand. The economy is projected to generate a positive balance of foreign trade in 2022 with the continuation of current circumstances. Although, based on the initial forecast of EBRD, GDP was expected to constitute 4% growth in real terms, according to the State Statistical Committee the figure is 5.6%. On the other hand, the year 2021 marks average inflation rate with 6.7% in comparison to 2020. In addition, rising energy prices coupled with the relaxation of quarantine heated the retail market exerting more pressure on prices.



Exchange rate and Monetary Policy

45. In 2021, the Central Bank's monetary policy focused on price stability. In the year, the national currency's exchange rate was formulated by the interaction of supply and demand in the currency market. With the surplus in the balance of payments, the expansion of the supply in the currency market maintained the exchange rate stability. The manat remained stable with the rate of 1.7 AZN per USD, while FX demand rose in January. State Oil Fund sold USD 727 million in January (12.7 percent yoy increase). The Central Bank's reserves remained flat at USD 7.07 billion in January while SOFAZ assets amounted to USD 45 billion in 2021, which is 3.4 percent higher than in 2020.

Investment Environment

46. According to the Statistical Committee, investment in capital assets in 2021 totalled 16.1 billion manats of which 10.4 billion manats has been diverted to the non-oil/gas sector. The source of funding of the investments was generated by national means as well as by foreign sources with a proportion of 73.1% and 26.9% respectively.

		Compared to 2020 in %
Investments directed to fixed capital, million manat	16 127,0 (\$9.5 bln)	91,8
including: non oil-gas sector	10 361,5	90,4
of which non oil-gas industry	1 563,0	49,8
Agricultural products, million manat	9 163,4	103,4
including: plant-growing	4 511,0	104,0

cattle-breeding	4 652,4	102,8
Cargo transportation in transport sector, million tons	193,9	102,8
Passenger transportation in transport sector, million passenger	1 214,2	103,1

Employment

47. On January 1, 2022, the economically active population in the country amounted to 5303.9k which is 51.4k higher compared to the same period of the previous year. The number of employed people in Azerbaijan is 4988.2k with 111.6k increase from the previous year.

II. Iran

48. The economy grew by 4.4% in the fiscal 2020-21, according to the Central Bank of Iran. The CBI report added that GDP growth stood at 3.9%, excluding crude oil production.

49. The Gross Domestic Product (GDP) in Iran was worth 231.55 billion US dollars in 2020, according to official data from the World Bank. Annual inflation rate in 2021 was around 40%.

50. The “services”, “oil and gas”, “industries and mines” and “agriculture” groups saw a respective growth rate of 6.5%, 10.1%, 1.1% and -2.6%.

51. According to SCI, the Iranian economy experienced a -7% contraction in the fiscal year 2019-20.

52. According to the Center, GDP shrank by -0.6% without taking oil production into account.

53. This is while CBI put the fiscal year 2019-20 growth at -6.5%. Excluding oil, growth was put at 1.1%.

54. In 2021, Iran's trade balance amounted to approximately 22.67 billion U.S. dollars.

55. Iran's oil exports have seen a 40-percent rise and the capacity of oil production has reached pre-sanctions level.

56. Iran is in the first place of the world in aggregate oil and gas reserves, adding that Iran has about 175 billion barrels of oil and 33 trillion cubic meters

of natural gas considering recovery factor, that is 330 trillion cubic meter equivalent in aggregate oil and gas reserves.

57. Iran has 1,200 billion barrels of oil equivalent gas condensates underground.

58. Iran's non-oil foreign trade recorded 100 billion dollars' worth during the past Iranian calendar year ended on March 20, 2022

59. The country reached the figure after exchange of 162 million tons of commodities with world countries last year. The figure showed a 38 percent growth as compared to the same period the preceding year

60. 122 million tons of Iranian products worth 48 billion dollars were exported to different world states during the past year

61. The figure shows 41 percent growth compared with the previous year as Iranian exporters earned 14 billion dollars more in the year ended on March 20.

62. The United Arab Emirates, China, Turkiye, Iraq and Afghanistan were the main destinations for the Iranian exports in 2021.

63. Investment cooperation within ECO: Iran has held talks with Afghanistan to help exploit iron ore mines in the country. Afghanistan is rich in mineral reserves. A huge deposit of an Iranian iron ore mine named Sangan, which is situated in Khaf lies in Afghanistan. Thanks to its facilities and high-tech know-how, Iran can help exploit the iron ore in Afghanistan. This will be mutually beneficial, he added.

64. Afghanistan lies at the crossroads of Central and South Asia and is sitting on mineral deposits worth nearly \$1 trillion, including critical industrial metals such as lithium.

65. Iran Nanotechnology Innovation Council (INIC) has developed 915 products which are exported to 49 countries in five continents of the world. Iran's nanotechnology has obtained the fourth place in the world, led by knowledge-based companies and the INIC which is an entity under the supervision of Iran's presidency.

66. Currently, nanotech products are developed in 15 industrial fields based on domestic capabilities and make a way to the market. During 2021 Iran has gained 115.453 billion rials from nano-products sales.

67. From among nano-products developed in Iran, 42 percent are related with construction, 17 percent with petroleum and the related products, 13 percent with automaking and 10 percent with optoelectronics.

Major Indicators of Labour Market

Active (economic participation rate): (41.0%)

Unemployed (unemployment rate): (8.9%)

Employed (employment rate): (91.1%)

68. A review of employment in major economic sectors indicates that the services sector holds the biggest share of employment with 50.4% of the total, followed by the manufacturing sector with 33.8% and the agriculture sector with 15.8%. The contribution of the employed people to the agriculture sector decreased by 1.6 percent and the contribution of the employed people to the services sector increased by 1.6 percent in comparison with the corresponding season in the previous year. The contribution of the employed people to the manufacturing sector experienced no changes in this period.

69. A review of the unemployment rate among the population aged 15 and over shows that 8.9 percent of the economically active population was unemployed. In addition, based on the confidence interval of 95%, the total national unemployment rate was between 8.5 and 9.3 percent with a 8.9 percent point estimation. This means that this interval with the confidence of 95 percent covers the national real unemployment rate. Based on the results, the unemployment rate was higher for women and urban areas than men and rural areas. A review of the trend of changes that happened in the indicator at the national level shows that this indicator experienced a 0.7 percent fall compared to the corresponding season in the previous year.

70. Iran population is believed to be around 85 mln, the fertility rate declined to 1.71.

71. Iran's vehicle manufacturing sector: Three major Iranian carmakers, namely Iran Khodro Company (IKCO), SAIPA Group, and Pars Khodro, manufactured 867,363 vehicles in 2021. Iran ranks 19th among world's top automakers.

72. Iran plans to reform its auto industry in order to increase both the production and quality of its products.

73. Iran's steel industry: Annually Iran produces around 30 mln tonnes of crude steel and exports around 10 mln tonnes.

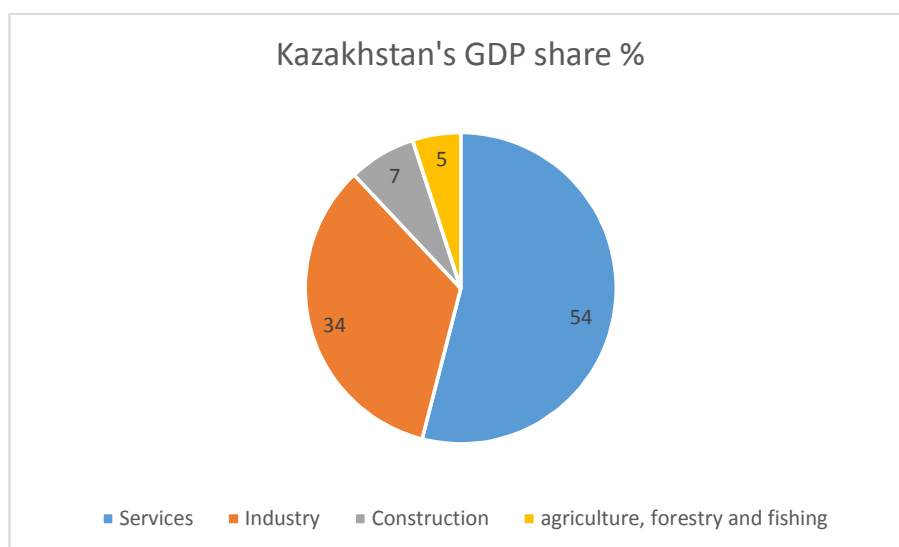
74. In 2021 Iran's total external trade turnover equalled to \$128.1 bln (exports - \$75.1bln, imports - \$53bln). Bilateral trade of Iran with ECO countries consisted of \$16.7 bln (exports to ECO countries - \$10.7 bln, imports - \$6 bln) and ECO's share in Iran's world trade was around 13%.

75. Main export products: mineral fuels, mineral oils and products of their distillation; bituminous substances; plastics; iron and steel; fruits and food products, carpets, etc. Main import products: machinery, mechanical appliances, nuclear reactors, boilers; parts thereof; electrical machinery and apparatus, food products, wheat, rice, etc.

III. Kazakhstan

Kazakhstan	2021
population	19 mln
GDP	202.9 bln\$
GDP per capita	10693,5 \$
school coverage	100%
life expectancy	73.2
inflation	8.4%

76. Kazakhstan is the largest economy in Central Asia. The services sector is the most important and accounts for 54 percent of total GDP. The biggest segments within services are: wholesale and retail trade and repairs of motor vehicles and motorcycles (15 percent of total GDP); transport, warehousing, information and communication (10 percent); real estate (9 percent) and professional, scientific, technical, administrative and support services (7 percent). Industry contributes 34 percent of the wealth; construction 7 percent and agriculture, forestry and fishing 5 percent.



77. In 2021 GDP of the country grew by 4%. The key factor has been the real sector (3,5%). The services sector entered the positive dynamics and has shown growth of 3,9%. The growth has been observed in the following fields: information and communication by 12,9%, trade – 9,2%, construction by 7,6%, processing industry by 5,5%, electricity generation by 4,8%. Investments to the main capital has grown in 2021 by 3,5%. External trade turnover has increased by 11.4% and comprised \$101,5bln.

78. At the end of 2021 the inflation stood at 8,4%. Prices for the consumer goods have increased by 9,9%, non-consumer goods by 8,5%, paid services by 6,5%.

79. In 2021 overall volume of investments to the main assets were 13,2 trillion tenge (approx.\$30 bln), which is by 7.3% more than in 2020. The volume of investments to GDP equalled 16,5 %.

2017	2018	2019	2020	2021
8.7 trln KZT	11.2 trln KZT	12.5 trln KZT	12.2 trln KZT	13.2 trln KZT

80. In the rural areas 1140 projects aimed at the modernization of the villages have been carried out for the amount of KZT96.2 bln. Due to the realization of these undertakings 9 thousand jobs were created, 1.7 thousand km of rural roads, 1.3 thousand km of engineering systems and 302 units of social importance were modernized.

81. Population of the country at the end of 2021 reached 19 mln 122,4 thousand people, which is in comparison with 2018 more by 965.1 thousand people or 5.3%.

82. The highest life expectancy was in Astana – 72.87 years and the lowest was in the North Kazakhstan oblast – 68.57 years. In 2021 году 446.5 thousand children were born.

Migration

	2017	2018	2019	2020	2021
incoming	946 415	900 931	1122 507	856 570	767 549
outgoing	968 545	930 052	1155 477	874 288	788 766
balance	-22 130	-29 121	-32 970	-17 718	-21 217

Inflation

Products and services	2021 (in%)
Food products and non-alcoholic beverages	37,25
Alcoholic beverages, tobacco products	1,81
Clothes and shoes	11,18

Communal services, water, electricity, gas and other types of fuel	14,61
Consumer products	39,06
Non-consumer products	29,62
Paid services	31,32

83. In 2021 the external trade turnover of the Republic of Kazakhstan equalled more than \$101.5 bln, of which total exports comprised \$60.3 bln, total imports - \$41.1 bln.

84. Bilateral trade of Kazakhstan with countries of ECO in 2021 equalled to \$11 bln 756 mln and ECO's share in Kazakhstan's foreign trade was around 11%.

	exports to	imports from	TOTAL:
Afghanistan	469,377.2	4,957.50	474,334.80
Azerbaijan	287,885.20	44,357.30	332,242.50
Iran	275,290.60	165,559.40	440,850.00
Kyrgyzstan	674,755.20	375,777.00	1,050,532.20
Pakistan	65,892.50	29,202.60	95,095.20
Tajikistan	800,259.10	363,522.80	1,163,781.90
Türkiye	2,964,665.60	1,146,382.30	4,111,047.90
Turkmenistan	211,359.50	42,852.00	254,211.50
Uzbekistan	2,776,871.20	1,057,043.00	3,833,914.10
TOTAL:	8,056,978.90	3,229,653.90	11,756,010.10

85. Main export products of Kazakhstan: oil and related products (73 percent of total exports), ferrous metals, copper, aluminium, zinc and uranium and wheat.

86. Main import products of Kazakhstan: electronics, machinery and mechanical appliances (25 percent of total imports); mineral products (15 percent); transport equipment (12 percent); base metals and related products (10 percent); chemicals and related products (8 percent) and foodstuffs and beverages (6 percent).

87. Oil and gas sector of Kazakhstan: On 2021 the oil extraction stood at the level of 85.7 mln tonnes and 67.7 tonnes of them were exported. Subject to the government plans the oil extraction by 2030 will reach 104 mln tonnes.

88. Realization of the projects in Karachaganak, Kashagan and Tengiz will enable to increase the volume of gas extraction up to 87 bln cubic metres.

89. In 2021 within the framework of the government plans on gasification of the country 46 projects were completed and 1.8 thousand km of gas distribution network was built, which enables to reach the country's gasification 55% or more than 10 mln people will have access to gas

90. In 2021 the electricity generation was equal to 112.3 bln kilowatt/hours and electricity consumption grew by 6.3% on the year.

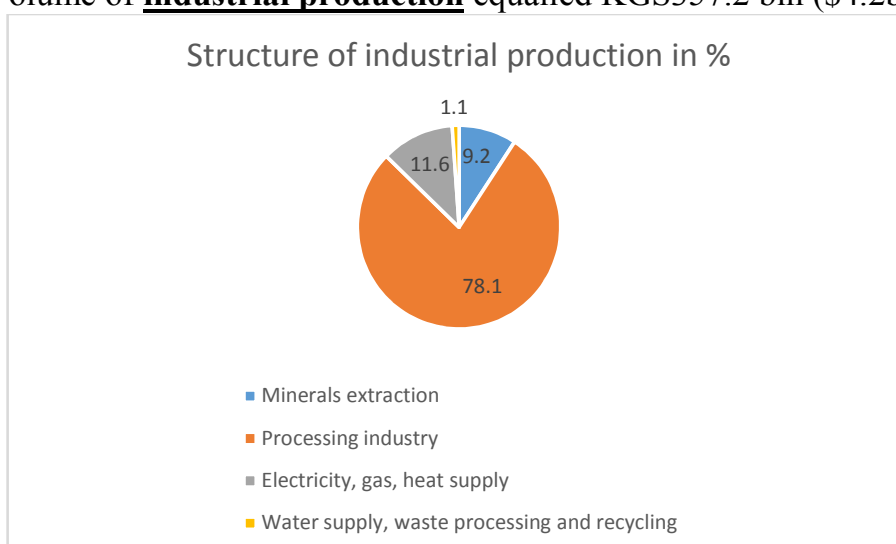
91. Labour market: Labour force from the age of 15 and over - 9,3mln (total population – 19 mln). The number of employed among them is 66.2%. Unemployment rate – 4.9%.

IV. Kyrgyzstan

Kyrgyzstan	2021
Population	6.7 mln
GDP	723,1 blnsoms (8.5bln\$)
Currency exchange rate	KGS84.6/1\$
Inflation	11.9%

92. In 2021 Kyrgystan's GDP grew by 3.6%, population has grown by 1.7%, rate of inflation was 11.9%. Total external trade turnover of Kyrgyzstan in 2021 was \$8 332.4mln and has grown in comparison with 2020 by 46.4%.

Volume of industrial production equalled KGS357.2 bln (\$4.2bln).



Agricultural production (thousand tonnes)

Cereals	1 329.1
Legumes	85.5
Cotton	66.9
Tobacco	1.1
Sugar beets	365.6
Potato	1 289.1
Vegetables	1 114.1
Meat	235
Milk	1 698.9
Eggs	564.2 mln pieces
Wool	13.1

Number of livestock and domestic poultry (in thousands)

Cattle including the cows	1 750.5
Sheep and goats	6 278.1
Horses	547.2
Poultry	5 924.7

Investment and construction activity

	2019	2020	2021
Commissioning of fixed assets, billion soms	78.3	73.1	35.4 (\$418mln)
Investments in fixed capital, billion soms	162.2	123.3	122.3 (\$1.45bln)
Commissioning of residential buildings, thousand square meters	1 380.1	1 063.3	1 118.2

Foreign direct investment by type of economic activity (without outflow)

	2020		2021	
	Mln USD	% to total	Mln USD	% to total
Total	537.6	100	698.4	100
Mining	80,9	15,1	92,5	13,2
Manufacturing industries	259.1	48.2	277.9	39.8
Information and communication	38.7	7.2	46.5	6.8
Professional, scientific and technical activities	59.1	11.0	161.9	23.2

Bilateral trade of Kyrgyzstan with countries of ECO in 2021 equalled to \$2bln81mln and ECO's share in the country's foreign trade was around 25%.

	exports to	imports from	TOTAL:
Afghanistan	14.37m	2.42m	16.79m
Azerbaijan	4.3m	5.6m	9.9m
Iran	0.96m	25.85m	26.81m
Kazakhstan	382.2	662	1044m
Pakistan	1.2m	7.74m	8.95m
Tajikistan	23.8m	4.1m	27.9m
Türkiye	90.64m	321.6m	412.24m
Turkmenistan	5.0m	32.8m	37.8m
Uzbekistan	180.14m	316.76m	496.9m
TOTAL:			2081.29m

93. Total external trade turnover of Kyrgyzstan in 2021 was **8 332.4mln\$** and has grown in comparison with 2020 by 46.4%.

94. In Kyrgyzstan's external trade turnover in 2021 shares of Kazakhstan and Uzbekistan respectively were 12.5% and 6%.

95. Main export items of Kyrgyzstan have been livestock, milk and dairy products, vegetables and fruits, sugar, tobacco, wool and gold.

96. Main import items – oil and oil products, gasoline, gas, coal and other products.

97. Tourism: In 2021, 419 recreation facilities and tourism organizations received and serviced tourists, of which 155 specialized accommodation facilities, 185 hotels and similar accommodation facilities, 8 natural parks and reserves, 39 other tourist sites, 32 travel agencies and tour operators and excursions bureaus. In addition, 1.449 guest houses provided reception and service for tourists.

98. The number of tourists in 2021 made up 1.3 mln. people, of which more than 70% were in Issyk-Kul oblast.

99. In 2021 2.3 thousand citizens of Kyrgyzstan and 0.9 thousand people traveling in Kyrgyzstan were sent to other countries through travel companies, of which 0.7 thousand people were citizens of other countries.

100. According to data of State Border Service of the Kyrgyz Republic, the number of arrivals of foreign citizens (border crossings by country of citizenship) in 2021 exceeded 3 mln. people, that is more in 1.5 times in comparison with 2020.

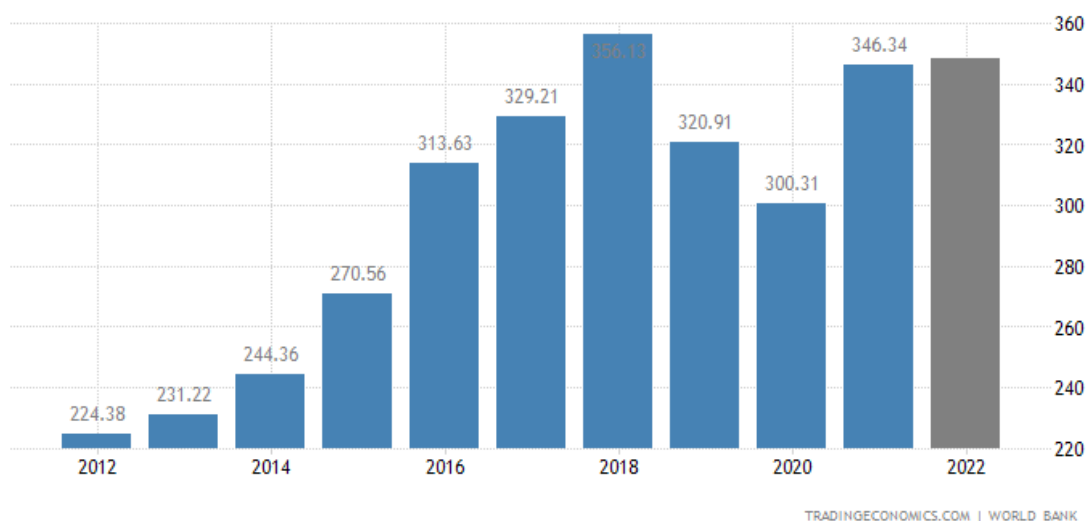
Main indicators of tourism development

	2019	2020	2021
Share of tourism in GDP, in %	5,1	3,3	3,6
Hotels and similar accommodation facilities	207	167	185
Specialized accommodation facilities	192	97	155
Number of tourists - total, thsd. people	1 778,9	463,9	1 337,5

V. Pakistan

101. The economy of Pakistan is among the three largest economies of the ECO region. The Gross Domestic Product (GDP) in Pakistan was worth 346.34 billion US dollars in 2021, according to official data from the World Bank. The GDP value of Pakistan represents 0.26 percent of the world economy. Growth of Pakistan's GDP in 2021 was 3.94%.

102. Pakistan's economy is the 23rd-largest worldwide in terms of GDP based on purchasing power parity (PPP). According to the National Institute of Population Studies (NIPS), the country has a population of approximately 225 million people (5th-largest worldwide). As of the financial year 2022 (FY22), the nominal GDP of Pakistan stands at US\$376 billion with a nominal GDP per capita of US\$1,658 (177th worldwide); its GDP based on PPP stands at US\$1.512 trillion with a GDP (PPP) per capita of US\$6,662 (168th worldwide).



103. Structure of GDP: In 2021, agriculture contributed approximately 22.96 percent to the GDP of Pakistan, around 18.7 percent came from the industry, and over half of the economy's contribution to GDP came from the services sector.

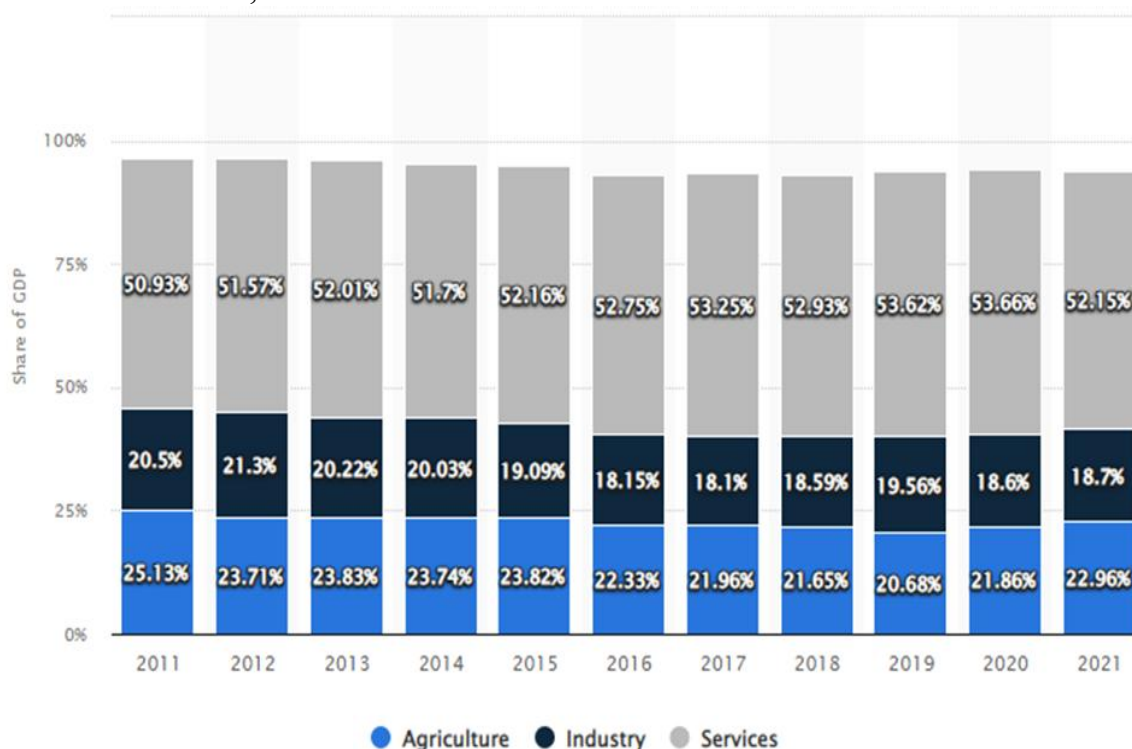
104. Agriculture contributes around 22.96 percent of gross domestic product (GDP) and accounts for 37.4% of employed labor force in 2021 and is the largest source of foreign exchange earnings. The most important crops are wheat, sugarcane, cotton, and rice, which together account for more than 75% of the value of total crop output. Pakistan's largest food crop is wheat. In 2017, Pakistan produced 26,674,000 tonnes of wheat, almost equal to all of Africa (27.1 million tonnes) and more than all of South America (25.9 million tonnes), according to the FAOSTAT.^[82] In the previous market year of 2018/19 Pakistan exported a record 4.5 million tonnes of rice as compared to around 4 MMT during the corresponding period last year.

105. Pakistan is a net food exporter, except in occasional years when its harvest is adversely affected by droughts. Pakistan exports rice, cotton, fish, fruits (especially Oranges and Mangoes), and vegetables and imports vegetable oil, wheat, pulses and consumer foods. The economic importance of agriculture has declined since independence, when its share of GDP was around 53%.

106. Industry accounts for approximately 18.7 of GDP. In 2021 it recorded a growth of 3.57% as compared to the growth of negative 3.77% in 2020. Government policies aim to diversify the country's industrial base and bolster export industries. Large Scale Manufacturing is the fastest-growing sector in Pakistani economy. Major industries include textiles, fertiliser, cement, oilrefineries, dairyproducts, food processing, beverages, construction materials, clothing, paper products and shrimp.

107. In Pakistan SMEs have a significant contribution in the total GDP of Pakistan, the share in the annual GDP is 40% likewise SMEs generating significant employment opportunities for skilled workers and entrepreneurs. Small and medium scale firms represent nearly 90% of all the enterprises in Pakistan and employ 80% of the non-agricultural labor force. These figures indicate the potential and further growth in this sector.

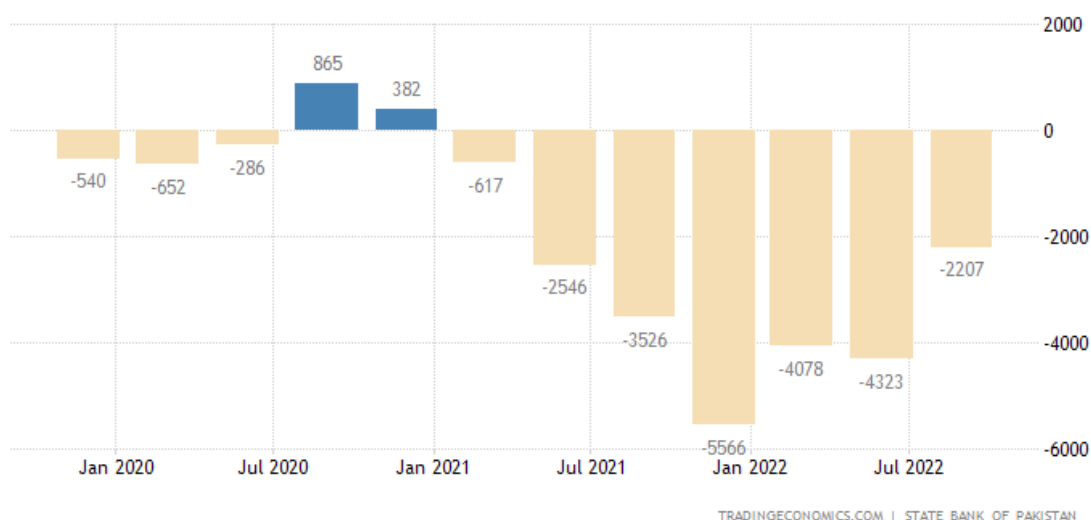
108. Services accounts for about 61.7% of GDP. Transport, storage, communications, finance, and insurance account for 24% of this sector, and wholesale and retail trade about 30%.



109. Trade and Payments: Amidst the uncertain and precarious global economic environment, where the global economy was lurching under the impact of the unprecedented COVID-19 shock, Pakistan's external sector has appeared as a key buffer for resilience. The comfortable external balance position of Pakistan has been supported by surplus current account balance on the back of robust flow of remittances and a sustained recovery in exports. Furthermore, improvements in the services and primary income account also provided a cushion to turn the current account deficit of \$ 4.7 billion in FY2020 into a surplus of \$ 773 million during July-April FY2021.

110. The inflow of workers' remittances in Pakistan has been rising consistently since FY2018 and the trend continued in FY2021 with a meritorious growth of 29.0 percent and reached \$ 24.2 billion during July-April FY2021.

111. Pakistan's total liquid foreign exchange reserves increased to \$ 22.7 billion by the end of April 2021, up by \$ 3.8 billion, indicating a growth of 20.1 percent over the end-June 2020. On account of increased foreign exchange reserves, supported by remittances, exports and financial support from International Financial Institutions, the Pakistani Rupee started to appreciate. The introduction of a market-based exchange rate regime also helped to stabilize the Rupee and the exchange rate reached Rs 153.5 per \$ by the end of April 2021, effectively appreciating by 9.5 percent over end-June 2020.



Related	Last	Previous	Unit	Reference
Current Account	-2207.00	-4323.00	USD Million	Sep 2022
Current Account to GDP	-4.60	-0.60	percent of GDP	Jun 2022
External Debt	126914.00	130192.00	USD Million	Sep 2022
Terms of Trade	58.00	66.20	points	Jun 2022
Remittances	7685.00	8219.00	USD Million	Sep 2022
Capital Flows	-349.00	-2755.00	USD Million	Sep 2022
Foreign Direct Investment	83.90	110.70	USD Million	Sep 2022

112. **External trade:** Pakistan's external trade in 2021 comprised 104.6 bln\$. Pakistan imports for 2021 was \$69.04B, a 31.94% increase from 2020. In 2021, exports for Pakistan was 35,565 million US dollars. Exports of Pakistan increased from 12,158 million US dollars in 2002 to 35,565 million US dollars in 2021 growing at an average annual rate of 6.47%.

113. Pakistan's Top Exports in 2021: Bed linen, table linen, toilet linen and kitchen linen; men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear); rice; cotton yarn; woven fabrics of cotton, etc.

114. Pakistan's Top Imports in 2021: petroleum oils and oils from bituminous minerals; petroleum gases and other gaseous hydrocarbons; palm oil and its fractions; electrical apparatus, machinery, etc.

Pakistan's Balance on trade in goods and services										
Q3	Q4	CY20	Q1	Q2	Q3	Q4	CY21	Q1	Q2	Q3
CY20	CY20		CY21	CY21	CY21	CY21		CY22	CY22	CY22
-6,012	-7,304	-24,765	-7,976	-9,856	-11,071	-11,921	-40,826	-10,316	-11,392	-9,128

Pakistan's bilateral trade with ECO countries in 2021 (volume of trade with ECO countries – \$3.3 bln and its share in external trade – 3%)

Country	Exports to	Imports from	Total
Afghanistan	\$833.42M	\$638.60M	\$1472.02M
Azerbaijan	\$5.76M	\$3.64M	\$9.4M
Kazakhstan	\$193.10M	\$21.73M	\$214.83M
Kyrgyzstan	\$2.81M	\$32.33K	\$3.133M
Iran	\$18M	\$659.47M	\$677.47M
Tajikistan	\$2.48M	\$2.98M	\$5.46M
Turkey	\$293.58M	\$533.10M	\$826.68M
Turkmenistan		\$10.97M	\$10.97M
Uzbekistan	\$48.79M	\$37.59M	\$86.38M
TOTAL:	\$1397.94M	\$1940.41M	\$3306.343M

115. Inflation: The Consumer Price Index (CPI) inflation for the period July-May FY2021 was recorded at 8.8 percent against 10.9 percent during the same period last year. The other inflationary indicators like the Sensitive Price Indicator (SPI) was recorded at 13.5 percent against 14.0 percent last year. Wholesale Price Index (WPI) was recorded at 8.4 percent in July-May FY2021 compared to 11.1 percent last year.

116. Manufacturing and Mining:The Large-Scale Manufacturing (LSM) performance has been much favorable during July-March FY2021 and witnessed 8.99 percent growth as compared to 5.1 percent decline during the same period last year. The government's thoughtful decision to resume the business activities and adoption of smart lockdown boosted the business sentiments and the economy gained traction after witnessing a hefty decline in FY2020. Targeted fiscal and monetary incentives accompanied by related support packages helped speed up the economic recovery.

117. Out of 15 subsectors, nine posted growth during July-March FY2021. Textile and Food Beverages & Tobacco, the top two sectors of LSM, grew by 5.9 and 11.7 percent, respectively. Coke & Petroleum Products, Non-metallic Mineral Products, Automobile and Pharmaceuticals also grew by 12.71, 24.31, 23.38 and 12.57 percent, respectively.

118. The Mining and Quarrying sector declined by 6.49 percent during FY2021, against 8.28 percent contraction last year. This sector is lagging behind despite huge potential due to interconnected and cross-cutting issues like poor regulatory framework, insufficient infrastructure at mines sites, outdated technology installed, semi-skilled labor, low financial support and lack of marketing. During July-March FY2021, production of major minerals plunged such as Coal, Natural Gas and Crude Oil declined by 5.97, 4.70 and 6.72 percent, respectively. However, some minerals witnessed positive growth during the period under review such as Chromite 28.28 percent, Magnesite 6.17 percent, Rock Salt 5.44 percent and Iron Ore 26.23 percent.

119. Population, Labour Force and Employment: According to the National Institute of Population Studies (NIPS) estimated population of Pakistan is approximately 225 million with a population growth rate of 1.80 percent in 2021 and population density of 270 per Km². Pakistan has an extraordinary asset in the shape of youth bulge, which means that the largest segment of the population consists of young people. The population falling in the age group of 15-59 years is 59 percent, whereas 27 percent is between 15-29 years. This youth bulge can translate into economic gains only if the youth have skills consistent with the requirements of a modern economy. The government has started different programmes for improving employment opportunities for youth such as "Prime Minister's Youth Entrepreneurship Scheme" and "Prime Minister's Hunarmand Programme-Skills for All" etc.

120. According to the "Special Survey for Evaluating Socio-Economic Impact of COVID-19 on Wellbeing of People" conducted by the Pakistan Bureau of Statistics, population working were 55.74 million, prior to COVID-19. This

number declined to 35.04 million which indicates people either lost their jobs or were not able to work. The government announced package for construction sector and provided industrial relief, etc. Thus opening of these sectors, in which daily wagers were working along with fiscal stimulus and monetary measures, helped economy to recover. Thus according to the survey in August-October FY2021, 52.56 million resumed jobs.

121. Education: Present government is committed to achieve Goal 4 of SDGs i.e., “Quality Education”; which stipulates equitable education, removal of discrimination, provision and up-gradation of infrastructure, skill development for sustainable progress, universal literacy, numeracy and enhancement of professional capacity of teachers.

122. Pakistan Economic Survey 2020-21 xvi A Single National Curriculum (SNC) has been designed with the vision of one system of education for all, in terms of curriculum, medium of instruction and a common platform of assessment, so that all children have a fair and equal opportunity to receive high quality education.

123. The total number of enrolment during 2018-19 was recorded at 52.5 million as compared to 51.0 million during 2017-18, which shows an increase of 2.9 percent. The enrolment is estimated to increase to 55.0 million during 2019-20. The number of institutes (both public and private) reached to 273.4 thousand during 2018-19 as compared to 262.0 thousand during 2017-18. However, the number of institutes is estimated to increase to 279.4 thousand in 2019-20. The number of teachers during 2018-19 were 1.76 million as compared to 1.77 million during the last year. The number of teachers is estimated to increase to 1.80 million during 2019-20.

124. According to the PSLM, District Level Survey 2019-20, the literacy rate of population (10 years and above) is stagnant at 60 percent in 2019-20 as compared to 2014-15. Province wise analysis suggests that Punjab has the highest literacy rate, with 64 percent followed by Sindh with 58 percent, Khyber Pakhtunkhwa (Excluding Merged Areas) with 55 percent, Khyber Pakhtunkhwa (Including Merged Areas) with 53 percent and Balochistan with 46 percent.

125. Public expenditures (federal & provincial governments) on education were estimated at 1.5 percent of GDP in 2019-20, as compared to 2.3 percent in 2018-19. The education-related expenditures decreased by 29.6 percent i.e., from Rs 868.0 billion to Rs 611.0 billion due to closure of educational institutes, amid country-wide lockdown and decrease in current expenditures (other than salaries) due to COVID-19 pandemic.

126. The COVID-19 Pandemic has not only created a health crisis in the country but also adversely affected other sectors including education sector. In order to mitigate the learning losses of students during the closure of educational institutes, the government has launched initiatives like Tele School and Radio School to provide distance learning and addressed provision of education to the children of far flung and remote areas during the pandemic.

VI. Tajikistan

Tajikistan	2021
Population	9.9 mln
GDP growth	9.2%
GDP size	8.7 bln\$
Inflation	8%
Currency exchange rate	Somoni11.3/1\$

127. Major macroeconomic indicators of Tajikistan 2021:In 2021 real GDP growth was secured at a rate of 9.2%, which is 4.7 percentage points more than in 2020.

128. It should be noted that the country's economic growth in 2021 is the highest in the last 17 years.

129. International financial institutions also rated the economic development of Tajikistan in 2021 as one of the highest in the region.

130. The growth rate of the economy is due to the increase in investments in fixed assets by 23.3%, industrial production by 22%, passenger traffic by 12.6%, domestic trade turnover by 13%, agriculture by 6.6%, transportation by 2.7%, paid services by 7,9% and foreign trade turnover by 39.5%, including exports by 52.8%.In 2021, the inflation rate was 8 percent, which is 1.4 percentage points lower than the same period in 2020 (9.4 percent).

131. Inflation in the country has been formed due to a 7.3% increase in food prices, 7.5% increase in non-food prices and 11.3% increase in tariffs for paid services.

132. Growth of industry has been ensured by 16.3% increase in production of processing industry, 1.5 times increase in mining industry, 15.2% increase in electricity, gas, steam and air purification supply and 9.2% increase in water supply, purification, processing waste and secondary processing.

133. Electricity production in the country in 2021 reached 20,623.8 million kWh. and was ensured at the volume of 853.3 million kWh or by 4.3 percent more compared to 2020.

134. In 2021, the volume of agricultural production reached 39.8 billion somoni, which is 6.6 percent more than in 2020, including 5.9 percent in crop production and 8.4 percent in livestock.

135. As of January 1, 2022, 78 projects are being implemented (39 grant projects, 7 loan projects and 32 projects in mixed loan-grant financing), the total amount of which is 42 billion somoni (\$3.7 billion).

136. Within the framework of these projects from the start till January 1, 2022 15.4 billion somoni (\$1.3 billion) were disbursed.

137. The disbursement in 2021 is estimated at 5.4 billion somoni (\$481.2 million), which is 96 percent of the total financial plan for the reporting period. In 2021, the inflow of foreign capital in to the country amounted to \$718.3 million, which is \$289.9 million or 1.7 times more compared to the same period of the previous year.

138. The total foreign investments consists of \$342.2 million direct investments and \$376 million other types of capital investments.

139. The inflow of direct investments in 2021 compared to the same period in 2020 amounted to \$179.7 million, which is 2.1 times more, and other investments \$110.6 million, which is more by 42%.

140. Direct investments were mainly directed to the mining sector 56.9%, manufacturing 9.9%, construction 2.1% and other sectors 31.1%.

141. According to statistics, the volume of investments in fixed assets in 2021 reached 14757.2 million somoni, which is 23.3% more compared to the same period of 2020.

142. The volume of paid services in all spheres in 2021 will reach 15111.8 million somoni, which 7.9 percent more compared to the previous year. Out of the total volume, paid services provided to the population amounted to 77.6% or 11721.2 million somoni, which is 1.4% more than in 2021.

143. In 2021, 82 million tons of cargo were transported by all modes of transport, which is 2.7% more than in the same period of the last year. At the same time, the number of passengers transported amounted to 737.1 million

passenger, which 12.6% more compared to the same period of the previous year.

144. According to statistics, the foreign trade amounted to \$6359.1 million, which is considered the highest indicator in the history of independence, as an increase of 39.5% or \$1801.3 million was recorded compared to the same period last year.

145. In 2021, exports reached \$2149.6 million, and imports to \$4209.5 million, which is correspondingly higher compared to 2020, when exports amounted to \$742.7 million or 52.8% and imports amounted to \$1058.6 million or 33.6 percent.

146. The main trade partners of the Republic of Tajikistan in 2021 were the Russian Federation (21.3%), Kazakhstan (18.5%), Switzerland (14.4%), China (13.2%), Uzbekistan (7%), Turkey (6,1%), India and Iran (1.9%), Germany (1.7%), Belgium (1.6%), Japan (1.4 %), Sweden (1,1 %) and other countries.

External trade of Tajikistan in 2021

	2021	% on previous year
Total trade turnover	6.369 bln\$	39.5%
<u>Exports</u>	2.15bln\$	52.8%
<u>Imports</u>	4.21bln\$	33.3%
Volume of international services	305.7 M\$	
Exports	146.8M\$	
Imports	158.9M\$	

Main export products: gold, raw aluminium, raw cotton, lead ore, zinc ore.

Main import products: wheat, refined petroleum, petroleum gas, raw iron bars, cars

Tajikistan's trade with ECO countries in 2021

Equalled \$2313.176M, out of which exports - \$861.276M, imports - \$1451.9M.

Share of ECO in the country's external trade was around 36%.

	Exports to	Imports from	TOTAL:
Afghanistan	\$82.58M	\$2.93M	85.51
Azerbaijan	\$0.080M	\$6.06M	6.14
Iran	\$38.93M	\$82.05M	120.98
Kazakhstan	\$360.08M	\$816.59M	1176.67
Kyrgyzstan	\$5.56M	\$20.62M	26.18
Pakistan	\$15.20M	\$17.09M	32.29
Türkiye	\$232.17M	\$158.29M	390.46

Turkmenistan	\$0.006M	\$22.20M	22.206
Uzbekistan	\$126.67M	\$326.07M	452.74
TOTAL:	\$861.276M	\$1451.9M	\$2313.176M

VII. Türkiye

Türkiye	2021
Population, million	84.1
GDP, current US\$ billion	720.0
GDP per capita, current US\$	9,626.1
GDP growth in 2021	11%
Inflation (12month averages)	19.6%
Life expectancy at birth, years	77.7

147. After expanding 11 percent in 2021, the economy is expected to grow 4.7 percent in 2022 and 2.7 percent in 2023.

148. With a GDP of roughly US\$720 billion, Türkiye is the 19th-largest economy in the world. It is a member of the OECD and the G20, and an increasingly important donor of Official Development Assistance. The GDP value of Turkey represents 0.61 percent of the world economy.

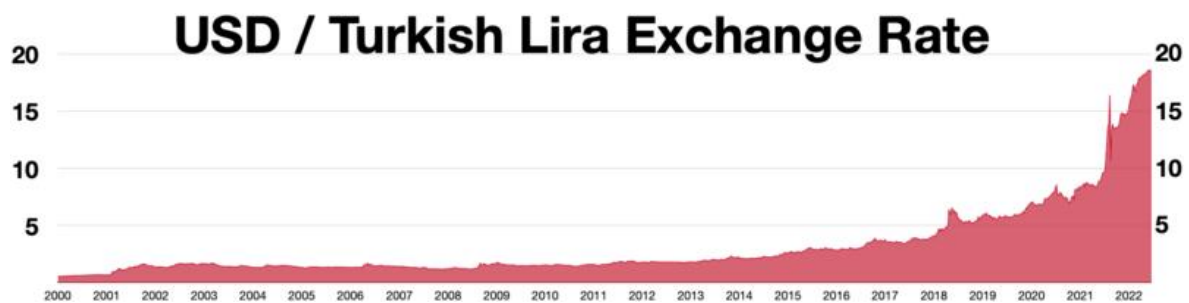
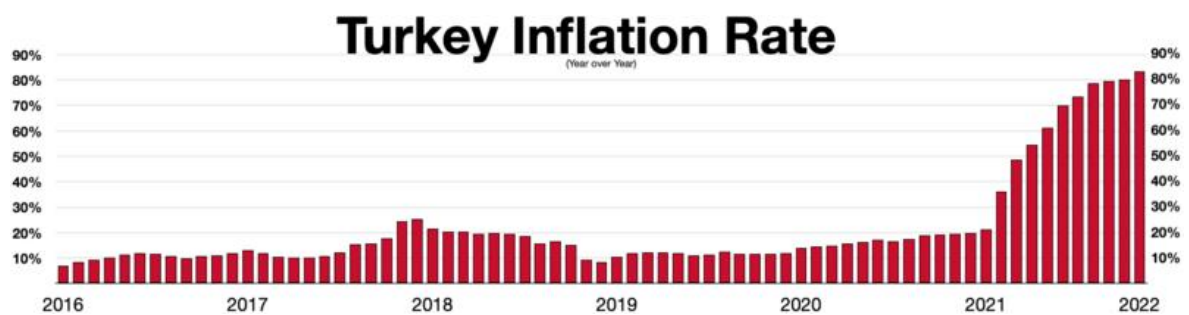
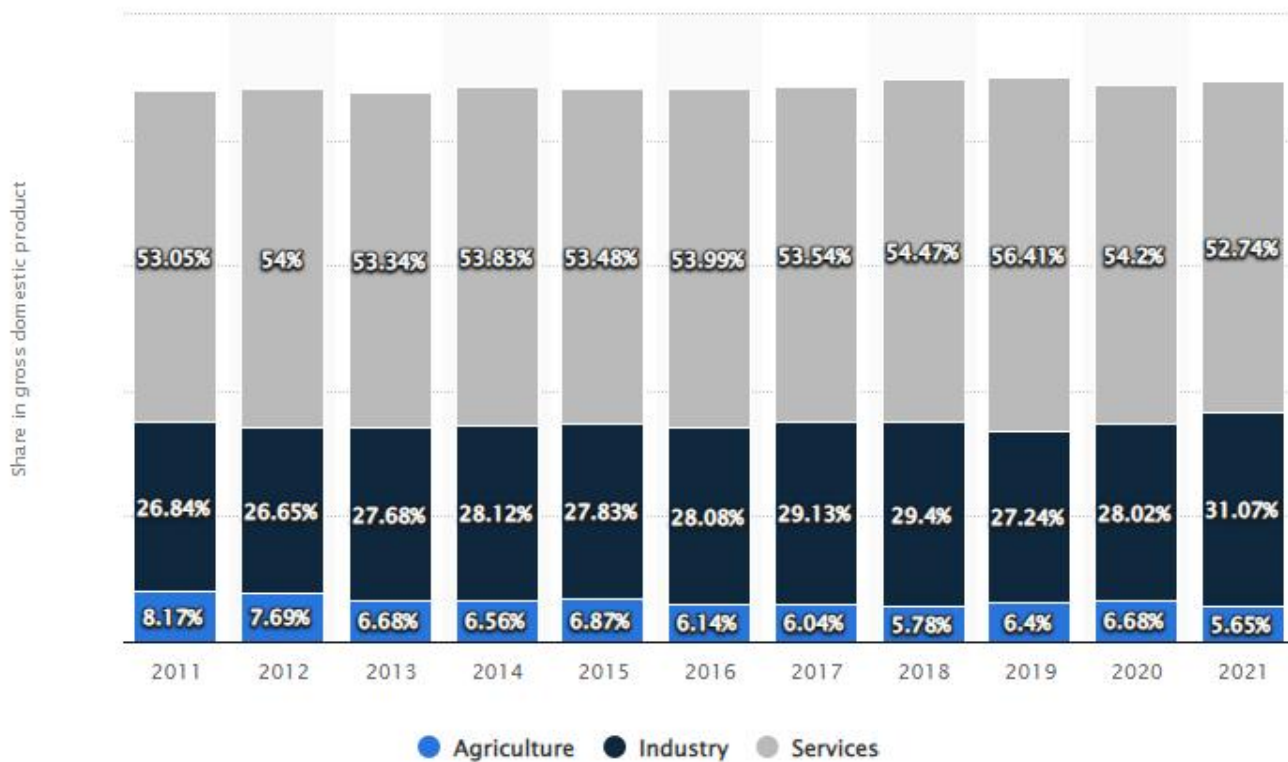
149. Türkiye pursued ambitious reforms and enjoyed high growth rates between 2002 and 2017 that propelled the country to the higher reaches of upper-middle-income status and reduced poverty. The share of people below the US\$5.50 per day poverty line fell by three quarters to 8.5 percent between 2002 and 2018.

150. However, productivity growth has slowed and efforts have turned to supporting growth with credit booms and demand stimulus, intensifying internal and external vulnerabilities. High private sector debt, persistent current account deficits, high inflation, and high unemployment have been exacerbated by macro-financial instability since August 2018.

151. The Government's economic policy response to COVID-19 was swift but focused on loose monetary policy and rapid credit expansion. This supported economic activity — Türkiye's economy was one of the few in the G20 and OECD to experience growth in 2020 - but also fueled inflation, which is expected to be close to 20 percent in 2020.

152. The COVID-19 crisis has also increased youth unemployment and the poverty rate. The pandemic is expected to have severely negative consequences for Türkiye, further weakening economic and social gains.

153. Structure of GDP: In 2021, agriculture contributed 5.65 percent to GDP, while industry and services accounted for 31.07 percent and 52.74 percent respectively.



Türkiye's external trade

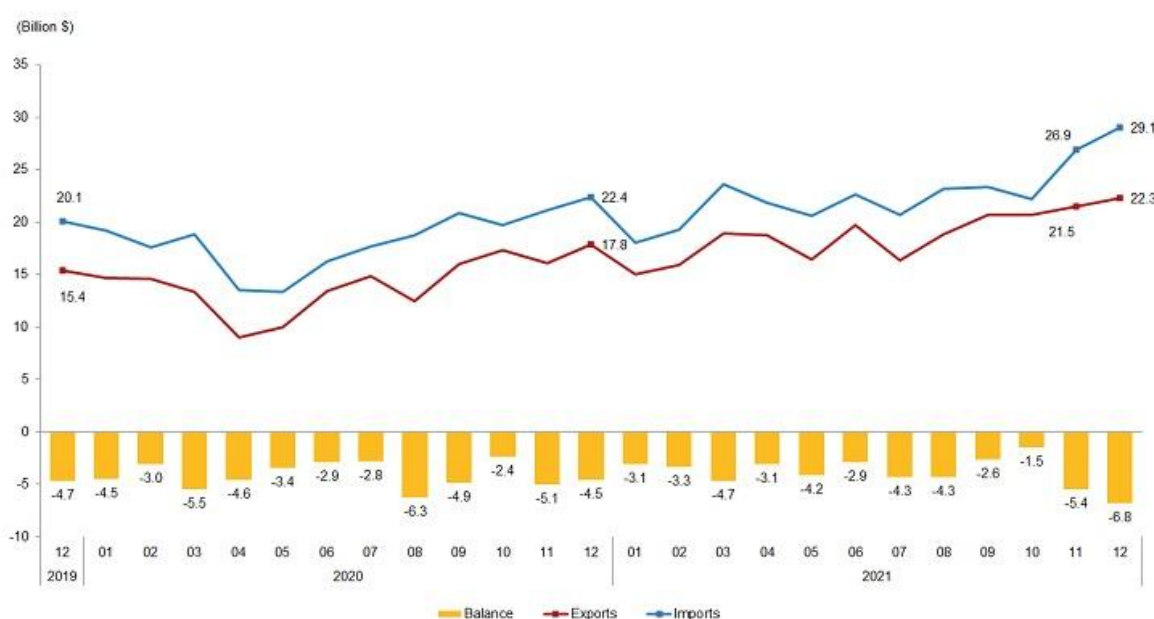
154. Exports and imports increased by 32.8%, 23.6% respectively in January-December 2021 and equaled to 496.7 bln\$. In January-December 2021 period, exports were 225 billion 291 million dollars with a 32.8% increase and imports were 271 billion 424 million dollars with a 23.6% increase compared with January-December 2020.

Foreign trade by months, December 2021

		(Million US \$)						
Months	Year	Exports (FOB)		Imports (CIF)		Balance		Proportion of imports covered by exports (%)
		Value	Change (%)	Value	Change (%)	Value	Change (%)	
January-December	2020	169 638		219 517		- 49 879		77.3
	2021	225 291	32.8	271 424	23.6	- 46 133	- 7.5	83.0
December	2020	17 837		22 387		- 4 550		79.7
	2021	22 278	24.9	29 070	29.9	- 6 792	49.3	76.6

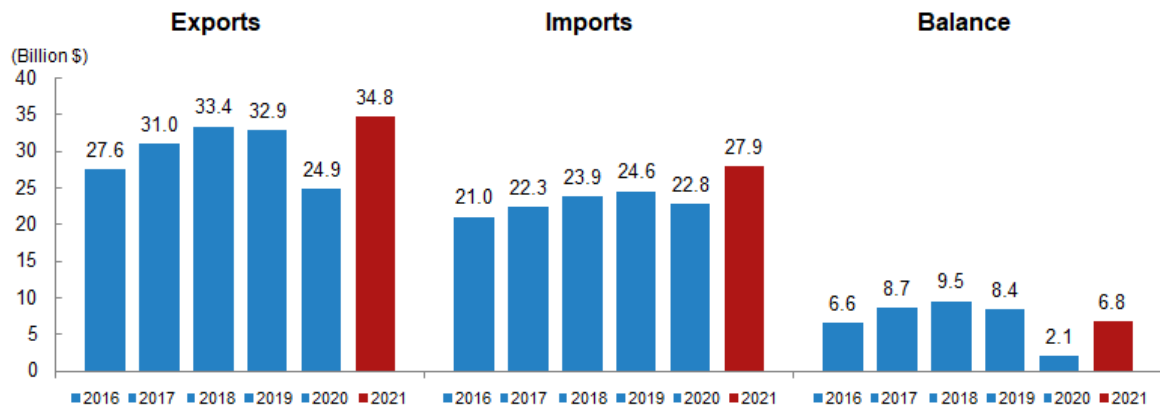
155. In January-December 2021 period, foreign trade deficit was 46 billion 133 million dollars with a 7.5% decrease compared with January-December 2020. In the same period, exports coverage imports was 83.0% while it was 77.3% in January-December 2020.

Export, import and balance, December 2021



156. Services exports were 34.8 billion dollars in 2021, and imports were 27.9 billion dollars. According to International Trade in Services Statistics (travel excluded), while services exports were 24.9 billion dollars in 2020, it increased by 39.6% to 34.8 billion dollars in 2021. While service imports were 22.8 billion dollars in 2020, it increased by 22.3% in 2021 to 27.9 billion dollars.

Exports and imports of services and the balance, 2016-2021



157. Türkiye's main exports products groups are vehicles, machinery including computers, gems, precious metals, knit or crochet clothing, accessories, iron, steel, electrical machinery, equipment, clothing, accessories (not knit or crochet), articles of iron or steel, plastics, plastic articles, mineral fuels including oil.

158. Türkiye's main imports products groups are mineral fuels including oil, machinery including computers, iron, steel, electrical machinery, equipment, plastics, plastic articles, vehicles, organic chemicals, gems, precious metals, pharmaceuticals, aluminum.

159. Türkiye's bilateral trade with ECO countries in 2021 equalled to \$19.6bln and its share in the country's external trade was around 7%.

Country	Exports to	Imports from	Total
Afghanistan	\$268.64M	\$33.46M	\$302.1M
Azerbaijan	\$2342.79M	\$751.29M	\$3,094.08M
Kazakhstan	\$1288.14M	\$1595.31M	\$2,883.45M
Kyrgyzstan	\$749.44M	\$86.46M	\$835.9M
Iran	\$2770.74M	\$2823.68M	\$5,594.42M
Pakistan	\$773.08M	\$314.84M	\$1,087.92M
Tajikistan	\$258.35M	\$195.73M	\$454.08M
Turkmenistan	\$984.45M	\$710.86M	\$1,695.31M
Uzbekistan	\$1841.62M	\$1800.00M	\$3,641.62M
TOTAL:	\$11,277.25M	\$8,311.63M	\$19,588.88M

160. Labour market: Unemployment rate was 11.2%.The number of unemployed persons aged 15 years old and over equalled 3 million 777 thousand persons in the November 2021.Seasonally adjusted employment rate

was 46.6%. The number of employed persons was equal to 29 million 855 thousand persons in the period of November 2021.

VIII. Turkmenistan

Turkmenistan	2021
Population	6.1 mln
GDP	107 bln\$
Inflation	12.5%

161. Turkmenistan's natural gas reserves are estimated at 50 trillion cubic meters.

162. In January–November 2020, Turkmenistan extracted 62.3 billion m³ of natural gas, of which, according to one source, it exported 31 billion.

163. In 2021 in Turkmenistan 83.8 billion m³ of natural gas was extracted. In this period production of gasoline (benzin) was 105%, bitumen 142.3%, polypropylene 105.9%, natural gas extraction was 120.1% and its export was 129.8% in comparison with 2020 and investments have grown by 9% on the year. Turkmenistan exported 2 bln³ gas to Azerbaijan via gas swap with Iran.

External trade has grown by 14.6% and equalled \$13 bln 238 mln.

Foreign Trade Indicators	2017	2018	2019	2020	2021
Imports of Goods (<i>million USD</i>)	4,571	2,351	2,913	3,127	4,026
Exports of Goods (<i>million USD</i>)	7,458	9,573	9,695	6,385	9,212
Foreign Trade (<i>in % of GDP</i>)	54	35	n/a	n/a	n/a
Imports of Goods and Services (<i>in % of GDP</i>)	31	12	n/a	n/a	n/a
Exports of Goods and Services (<i>in % of GDP</i>)	22	23	n/a	n/a	n/a

Source: WTO – World Trade Organisation; World Bank - Latest available data.

Main economic indicators

	2017	2018	2019	2020	2021
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					proj.
GDP growth	6.5	6.2	6.3	5.9	6.1
Inflation (average)	8.0	13.3	5.1	7.6	12.5
Government balance/GDP	-2.8	-0.2	-0.3	-0.2	-0.3
Current account balance/GDP	-10.4	5.5	5.1	-2.6	1.0

164. Structural reform developments: Financial support will be provided to SMEs to help their digitalization efforts. The relevant resolution was signed by the President in August 2021 as part of the Concept for the Development of the Digital Economy in Turkmenistan for 2019-25. Loans will be issued to SMEs to help them develop hardware and software products. The loans will be for five years at a 2 per cent interest rate with a grace period of two years. In addition, financing will be provided for the purchase and commissioning of domestic software products and equipment for a period of three years at a 2 per cent interest rate with a grace period of six months.

165. Talks are under way on advancing the TAPI gas pipeline project: Turkmenistan is involved in the talks on the realization of transnational gas pipeline Turkmenistan-Afghanistan-Pakistan-India (TAPI).

Employment in the industry

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (<i>in % of Total Employment</i>)	20.7	39.8	39.5
Value Added (<i>in % of GDP</i>)	10.8	42.0	47.2
Value Added (<i>Annual % Change</i>)	14.0	29.3	13.6

Source: World Bank - Latest available data.

The Active Population in Figures

	2018	2019	2020
Labour Force	2,348,369	2,380,596	2,360,858

Source: International Labour Organization, ILOSTAT database

	2017	2018	2019
Total activity rate	61.29%	61.25%	61.20%
Men activity rate	75.44%	75.43%	75.41%
Women activity rate	47.66%	47.57%	47.49%

Source: International Labour Organization, ILOSTAT database

166. Electricity: The work on creating an electricity network within the country is ongoing as well as construction of electricity transmission line Turkmenistan-Afghanistan-Pakistan. The State Energy Institute has developed a project on the construction of hybrid solar-wind electricity generation station with capacity of 10 megawatts.

167. Glass manufacturing: Largest in Central Asia plant on glass production «Türkmenaýnaönümleri» has manufactured 6 mln m² of glass, part of which is being exported.

168. Cotton industry: In 2021 1 mln 250 thousand tonnes of cotton was harvested from 580 000 hectares.

169. Bilateral trade of Turkmenistan with ECO countries (approximate estimates) in 2021 equalled \$3 bln 939 mln and ECO's share in the country's world trade was around 30%.

Afghanistan	700M
Azerbaijan	105M
Iran	227M
Kazakhstan	254M
Kyrgyzstan	38M
Pakistan	11M
Tajikistan	22M
Türkiye	1700M
Uzbekistan	882M
TOTAL:	3939M

IX. Uzbekistan

Uzbekistan	2021
population	34.5 mln
GDP	70 bln\$
life expectancy	73.8
inflation	10%

170. Gross domestic product: According to preliminary data, the volume of GDP of the Republic of Uzbekistan for January-December 2021 at current prices amounted to 734 587.7 billion soums (70 bln\$) and increased by 7.4% compared to the corresponding period of 2020.

171. The largest contribution to GDP growth was made by the industry, which grew by 8.7%. Due to the growth of the industry, GDP growth by 2.2 percentage points was ensured. The increase in the volume of construction work amounted to 6.8%. The positive contribution to GDP growth from the construction industry amounted to 0.4 percentage points.

172. The increase in the service sector amounted to 9.2%. Of this, trade, including accommodation and catering services increased by 13.0%, transportation and storage, information and communication - by 17.2% and other service industries - by 5.9%. The positive contribution to GDP growth from the service sector is estimated at 3.3 p.p.

173. The growth of the agriculture, forestry and fisheries sector amounted to 4.0% and a positive contribution to GDP growth is estimated at 1.0 p.p.

174. Industrial products: In January-December 2021, enterprises of the republic produced industrial products worth 451.6 trillion soums, the industrial production index compared to the same period last year amounted to 108.7%.

175. At the same time, the share of manufacturing in the total volume of industrial production was 83.0%, mining and quarrying 9.5%, electricity, gas, steam and air conditioning 6.8%, water supply, sewerage, waste collection and disposal 0.7%.

176. The main factors behind the growth of industrial production were an increase in output at mining and quarrying enterprises by 10.7% compared to the same period of the previous year, as well as at power supply, gas, steam and air conditioning enterprises by 13.0%. At the same time, there is an increase in the volume of production in the manufacturing industry by 8.2% and a decrease in the volume of production at enterprises of water supply, gas supply, steam supply and waste conditioning by 17.7%.

177. A significant impact on the change in the volume of the mining industry and quarrying had an increase in output at enterprises for the extraction of crude oil and natural gas (108.5% compared to January-December 2020) and at enterprises for the extraction of metal ores (113.4%).

178. In the manufacturing industry, there is an increase in the volume of production for the production of textiles (119.1% compared to

January-December 2020), clothing (118.7%), beverage (117.7%), at the enterprises of the metallurgical industry (108.1%). At the same time, however, the volume of production was reduced at enterprises producing coke and refined petroleum products (70.8% compared to January-December 2020) and at enterprises producing vehicles, trailers and semi-trailers (94.3%).

179. Compared to the same period of the previous year, the growth rate of consumer goods amounted to 113.5%. Their share in the total volume of industrial production reached 33.7%. In the structure of consumer goods production, the share of food products was 36.4%, non-food products 63.6%. At the same time, the growth rate of food products by the corresponding period of 2020 amounted to 116.9%, non-food products 111.6%.

180. Agriculture, forestry and fisheries: The volume of products (services) of agriculture, forestry and fisheries in January-December 2021 amounted to 317 781.6 billion soums, or 104.0% of the corresponding period of 2020, including in crop and livestock farming, hunting and the provision of services in these regions – 307 515.0 billion soums (103.9%), in forestry – 7 581.5 billion soums (101.5%), in fisheries – 2 685.1 billion soums (121.4%).

181. The increase in the volume of products (services) of agriculture, forestry and fisheries is mainly due to an increase in agricultural production by 3.6%. The increase in agricultural production in all categories of farms was due to an increase in the production of meat - by 4.8%, milk - by 2.8%, eggs - 3.5%, potatoes - 4.7%, vegetables - 4.1%, melons - 6.9%, grapes - 5.5%.

182. An analysis by category of farms shows that 65.9% of the total volume of agricultural production falls on dehqan (personal subsidiary) farms, 29.2% - on farms, 4.9% - on organizations engaged in agricultural activities.

183. Inflation rate: The inflation rate in the consumer sector of the republic for January-December 2021 amounted to 10.0%.

184. During the year, food products became more expensive by an average of 13.0%, which manifested itself in a general increase in the inflation rate by 5.5 percentage points (hereinafter referred to as p.p.), non-food products rose in price by an average of 7.8%, providing an increase of the consolidated indicator by 2.7 p.p., services became more expensive by an average of 7.7%, increasing the consolidated indicator by another 1.8 p.p. In the structure of the contribution to the growth of the composite indicator, food products account for 55.2%, non-food products - 27.0%, services - 17.8% of the total increase.

185. Investments in fixed assets: According to the results for January - December 2021, investments in fixed assets from all sources of financing

amounted to 244 962.6 billion soums, and the growth rate compared to the corresponding period last year was 105.2%.

186. Construction works: The volume of construction work in January-December 2021, construction work was completed for 107 447.6 billion soums, the growth rate was 106.8%. Of the total construction work, 29 685.6 billion soums or 27.6% were carried out by large enterprises and organizations, small enterprises and microfirms 56 357.6 billion soums or 52.5% and informal sector entities 21 404.3 billion soums or 19.9%.

187. Retail trade turnover: The retail trade turnover in January-December 2021 increased by 12.0% compared to the same period last year and amounted to 249 493.3 billion soums.

188. Foreign trade turnover: According to the results of January-December 2021, the foreign trade turnover of the republic reached 42.1 billion US dollars, which, compared to the same period in 2020, increased by 5.8 billion US dollars (an increase of 16.0%).

189. Of the total volume of the FTT, exports amounted to 16 610.6 million US dollars (an increase of 10.0% compared to January-December 2020), and imports – 25 461.0 million US dollars (an increase of 20.4%). As a result, the balance of foreign trade turnover amounted to a passive balance in the amount of - 8 850.4 million US dollars.\

190. Bilateral trade of Uzbekistan with countries of ECO in 2021 equalled \$11 bln and ECO's share in Uzbekistan's foreign trade was around 26%.

Five countries of ECO were in the top-10 largest trade partners.

	exports to	imports from	TOTAL:
Afghanistan	649.4M	6.2M	655.6M
Azerbaijan	75.9M	42.9M	118.8M
Iran	176.8M	254.2M	431M
Kazakhstan	1172.1M	2738.4M	3910.5M
Kyrgyzstan	791.1M	161.5M	952.6M
Pakistan	130M	48.79M	178.79M
Tajikistan	500.9	103.6M	604.5M
Türkiye	1690.1M	1698.3M	3388.3M
Turkmenistan	191.3M	690.6M	881.9M
TOTAL:	5377.6M	5744.49M	11122M

191. Export structure: In January-December 2021, the total number of exporting entities amounted to 6 547 units, which ensured that the volume of exports without gold reached 12 500.8 million US dollars (an increase of 34.4% compared to the same period in 2020). In the structure of exports, 84.7% is occupied by goods, which mainly fall on industrial goods (26.1%), food products and live animals (8.3%), chemicals and similar products (6.8%). The structure of exports also showed a decrease, including: ferrous metals (products from them) decreased compared to the same period last year - by 41.3% and cotton fiber - 7.0%.

192. Import structure: During the reporting period, imports amounted to 25 461.0 million US dollars (an increase in growth rates, compared to January-December 2020, amounted to 120.4%). The main share in its structure is occupied by machinery and transport equipment (32.4%), industrial goods (18.5%), as well as chemicals and similar products (14.3%). An analysis of the dynamics of imports of goods also showed that in January-December 2021, compared to the same period in 2020, the volume of imports of goods increased by 3 791.8 million US dollars and amounted to 23 724.2 million US dollars, and imports of services reached 1 736.8 million US dollars. In the structure of imports, the main share falls on machinery and equipment (including parts and components) - 37.1% (an increase of 6.2%), on chemical products (and products from them) - 16.7% (an increase of 24.0%), food products - 11.5% (growth 35.5%), ferrous metals (and products from them) - 7.8% (growth 34.8%).

193. Labour market: Unemployment rate – 9.6%. Labour resources – 55.4% of the total population of 34.5 mln.
